Ferrum Crescent Limited

ACN 097 532 137

Half-Year Financial Report
for the period
1 July 2013 to 31 December 2013

Contents

Ferrum Crescent Limited
ACN 097 532 137

Directors' report

Your directors present their report on Ferrum Crescent Limited ("Ferrum", the "Company" or, together with its controlled entities, the "Group") for the half-year from 1 July 2013 to 31 December 2013.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Ed Nealon
Tom Revy (appointed 19 February 2014)
Bob Hair
Klaus Borowski
Kofi Morna
Ted Droste
Grant Button

Review and results of operations

Operating Results

During the half-year 1 July 2013 to 31 December 2013, the Group recorded a net loss after tax of AUD 1,687,725 (1 July 2012 to 31 December 2012: net loss of AUD 1,011,900). As at 30 June 2011, a financial liability was created in the accounting for the BEE share subscription agreement. Australian Accounting Standards require this liability, which will be satisfied by the issue of the shares, to be re-measured each reporting period to its fair value. The assessment of fair value is significantly impacted by the market value of the shares to be issued in comparison with the subscription price denominated in RAND. As at 31 December 2013, this liability had decreased as a result of a movement in the underlying Company share price and the AUD/RAND exchange rates and the settlement of the first tranche of the BEE share subscription which happened on 28 November 2012. The second tranche was due to be finalised within 120 days from 28 November 2012 as per the terms of the BEE share subscription agreement. However, this has been extended until 31 January 2015.

Principal Activities during the half-year

Moonlight Iron Ore Project

Work during the past six months has focused on progressing the Moonlight Iron Ore Project ("Moonlight" or the "Project") to the development stage. To that end, the Company announced during the half year that it had signed a legally binding letter of intent ("Agreement") with Anvwar Asian Investment ("AAI") to facilitate the completion of the Company's Bankable Feasibility Study ("BFS") at Moonlight. Under the Agreement, AAI will pay US$10m to Ferrum Crescent in return for a 35% shareholding in Ferrum Iron Ore (Pty) Limited ("FIO") (previously, Turquoise Moon Trading 157 (Pty) Limited), which holds the mining right over the three farms Moonlight, Julietta and Gouda Fontein, that contain the Moonlight Project. AAI will also contribute US$1.5m to the on-going costs of the BFS. The Agreement was subject to the fulfilment of certain conditions precedent regarding confirmation due diligence and the receipt of applicable regulatory approvals.

The Ferrum Crescent interest in the Moonlight Iron Ore Project is held through the Group's direct and indirect shareholding in Ferrum Iron Ore (Pty) Limited, the shares of which are currently held as to 74% by Ferrum South Africa (Pty) Limited ("FSA") (previously, Nelesco 684 (Pty) Limited) and as to 26% by Mkhombi Investments (Pty) Limited ("MI"). Following the investment, the shares of FIO will be held 39% by FSA, 26% by MI and 35% by AAI.

Directors' report (cont.)

On 29 November 2013, the Company announced that the confirmation due diligence undertaken by AAI had concluded, and both parties were working towards finalising the structure of the transaction and conclude the relevant shareholders' agreement. The parties are obliged to carry out certain administrative procedures with the Reserve Bank of South Africa, with regard to the issue of shares by a South African company to a non-resident, in order to finalise the structure and in so doing, the Company and AAI agreed to extend the completion of the transaction to mid-March 2014.

AAI is an Oman based investment company chaired by Mr Anvwar Al Balushi, who will be invited to join the FIO board and Moonlight steering committee upon completion of the Agreement. The Moonlight Project provides AAI with exposure to an iron ore project capable of producing high-grade pellet product, located within 200km of established rail hubs. Ferrum Crescent has already undertaken extensive metallurgical testwork as part of the Moonlight BFS and in February 2013 appointed DANIELI C. Officine MeccanicheS. p.A. ("Danieli"), a global leader in engineering services and equipment supply, as the process engineer for the BFS.

Mineral Resource

As previously reported, the Mineral Corporation Consultancy (Pty) Ltd ("The Mineral Corporation") was commissioned to carry out an updated JORC compliant Mineral Resource estimate taking into account the results of the phase 3 drilling and assays on the Moonlight deposit ("the Report"). Phase 3 consisted of 11 holes totalling 990m of diamond core drilling and 13 holes totalling 1,600m of reverse circulation ("RC") drilling. The Mineral Corporation has conducted a thorough re-interpretation of the geological structure of Moonlight, based on historical South African Iron and Steel Industrial Corporation ("Iscor") data collated and validated by Ferrum and recent Ferrum exploration results. Within the constraints of having a cut-off grade of 16% iron, geological losses of 5% and a depth constraint of between 100m and 250m, depending upon dip and the number of mineralised zones present, the JORC compliant Mineral Resources at Moonlight are estimated to be as follows:

Category	Gross					Net (attributable to Ferrum Crescent at 97%)				
	Tonne (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	Contained Fe (Mt)	Tonne (Mt)	Fe (%)	SiO_2 (%)	Al_2O_3 (%)	Contained Fe (Mt)
Inferred	172.1	25.3	51.2	4.8	43.5	166.9	25.3	51.2	4.8	42.2
Indicated	83.0	27.4	50.1	4.0	22.7	80.5	27.4	50.1	4.0	22.1
Measured	52.6	31.3	47.3	2.5	16.5	51.0	31.3	47.3	2.5	16.0
Total	**307.7**	**26.9**	**50.3**	**4.2**	82.8	298.5	**26.9**	**50.3**	**4.2**	80.3

Tonnes are rounded

Note: Ferrum is the operator and owns 97% of the Moonlight Project

Based on these results, your directors believe that whilst the total average Fe grade has decreased slightly (previously estimated to be a JORC compliant Mineral Resource of 74Mt @ 33% Fe in the Indicated Resource category and 225Mt @ 29% Fe in the Inferred Resource category), the tonnage has increased proportionately along with a substantial increase in the confidence and classification of the Mineral Resource. Furthermore, your directors are of the opinion that the depth constraint of 250m (maximum) is conservative, particularly as the previous estimation was not constrained in this way.

Drilling Technique
Drilling data from Iscor and three phases of Ferrum Crescent exploration inform the estimates. The drilling comprised open hole, RC and diamond core drilling and was all vertical. A total of 122 RC holes and 89 diamond core holes were accepted for the estimates.

Sampling Technique
Limited information on the sampling techniques for the Iscor data is known. For the Ferrum Crescent exploration, industry standard sampling techniques were adopted. RC samples (1m-2m) were riffle split on site and diamond core samples were halved with a diamond saw. Primary samples and quality control samples were submitted for analysis to Genalysis Laboratory Services (Johannesburg) for analysis by Intertek Utama Services (Jakarta).

Drill Sample Recovery
Limited information on the sample recovery for the Iscor data is known. With the exception of surficial rubble, the sample recovery through the mineralised zones for the Ferrum Crescent exploration was acceptable.

Directors' report (cont.)

Mineral Resource (cont.)

Geological Logging
The Iscor data included electronic codes for the main lithological unit, certain sub-units, and the core bedding angles. All geological information during Ferrum Crescent exploration was logged in acceptable detail, and stored in an MS Access database. This included lithological, structural and geotechnical information.

Quality of Assay Data / QAQC
No information on the quality of assay data for the Iscor data was obtained. The Ferrum Crescent samples were analysed at an accredited laboratory (Genalysis / Intertek), and appropriate standards, blanks and duplicates inserted in the sample stream. The Mineral Corporation has reviewed the results from these control samples and considers the accuracy and reliability of the analyses to be acceptable.

Verification of sampling and assaying
The Iscor data was verified by means of the identification and re-surveying of borehole collars in the field, and by means of twin-drilling. On the basis of the twinning, the open-hole data from Iscor (142 holes) was considered unacceptable for Mineral Resource estimation. The remaining RC and diamond core drilling showed reasonably good correlation of mineralisation depth and abundance, and was considered acceptable.

Surveying
All Ferrum Crescent boreholes were surveyed by a registered surveyor. Of the Iscor holes, 127 collars were re-surveyed by a registered surveyor, and good correlation between the historical and Ferrum Crescent survey locations were found.

Auditing
No audits of the Iscor exploration results, with the exception of the verification described above have been undertaken. The Mineral Corporation reviewed the results of the first two phases of Ferrum Crescent's drilling prior to carrying out the estimates. Phase 3 of Ferrum Crescent's exploration was carried out by The Mineral Corporation.

Database Integrity
The compiled database for the estimates was housed in an MS Access database. In addition to the verification and QA/QC already described, validation of the sampling data for over-lapping sampling intervals, duplicate samples and spurious data was carried out.

Geological Interpretation
A thorough re-interpretation of the geological structure and correlation between mineralised zones was carried out. Magnetite is interpreted to be hosted in four zones (Zone A to D), which have been subjected to folding, parallel to the regional (Limpopo Mobile Belt) orientation. Younger faulting, oriented parallel to and orthogonal to this trend, is interpreted. The geological interpretation is considered appropriate for the level of estimates, and the Mineral Resource classification takes the confidence in the interpretation into account.

Dimensions
D Zone is approximately 200m x 400m x 30m
C Zone (West) is approximately 1400m x 250m x 35m
C Zone (East) is approximately 1100m x 700m x 30m
B Zone is approximately 1500m x 800m x 25m
A Zone is approximately 1600m x 1200m x 17m

Geological Modelling
Wireframes representing the geological interpretation were generated to constrain the block model.

Drillhole Compositing Procedures
5m vertical borehole composites were utilised, informed by an assumed minimum mining height. These composites were not at right angles to the mineralised zones, but as the dips are shallow (7° to 30° and typically less than 20°) and a 3-dimensional block model was used, the use of vertical composites is unlikely to introduce any bias.

Variography
Variograms parallel to the dip of the mineralised zones were calculated and modelled. Vertical grade distribution utilised downhole variograms. Variograms of between 150m and 250m were obtained in the plane of the mineralised zone and between 7m and 30m downhole.

Drillhole spacing
The combination of Ferrum Crescent's exploration and the KIOL data has provided an acceptable drillhole spacing which ranges from 100m x 100m to 200m x 300m.

Block Model
Horizontal block dimensions were 50m x 50m and 5m in the vertical, informed by borehole spacing and a conceptual minimum mining unit. The block model was rotated to the average dip (12°).

Directors' report (cont.)

Mineral Resource (cont.)

Grade Estimation Methodology
Ordinary Kriging was employed for grade estimates. A three stage search strategy was employed. A minimum of 5 and a maximum of 20 samples was used within the range of the variogram for the first search. The second search was twice the volume of the first, and the third extended to the limits of the mineralised zones. The search and variogram ellipse were oriented to local dip and strike variations using "Dynamic Anisotropy" in Datamine Studio v3.

Accuracy and confidence
Plan and section plots were analysed to evaluate the adherence of the estimation methodology to the geological model. The methodology was found to honour the grade continuity trends, which are assumed to be parallel to the dip of the mineralised zones.

Moisture
Tonnage was calculated on a dry basis.

Bulk Density
The Iscor data included density measurements for all diamond core holes. No information was provided on the methodology used to obtain these density data. The diamond core data from Ferrum Crescent exploration included density measurements obtained by the 'water immersion' method. A strong correlation between density and Fe was observed, and used to estimate block density after grade estimation.

Mining Factors
A minimum mining unit of 50m x 50m x 5m aided in the selection of block size. Approximate stripping ratios were calculated to inform the maximum depth constraint for the Mineral Resources.

Metallurgical Considerations
On the basis of preliminary test work, The Mineral Corporation has assumed that the Fe can be extracted by means of comminution and magnetic separation to form a magnetite concentrate.

Cut-off Parameters
A cut-off of 16% Fe and a maximum depth of between 250m and 100m depending upon dip and the number of mineralised zones was applied.

Resource classification
The borehole spacing, surface mapping, structural interpretation, variography and kriging error estimates inform Mineral Resources which are classified as Inferred, Indicated and Measured. In areas of well-defined geological structure and modest grade variability, the 100m x 100m grid is sufficient for Measured Mineral Resources.

Resource Reporting
The Mineral Resource estimates have been compiled in accordance with the guidelines defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004 Edition).

In September 2012 the Company announced the completion of an aeromagnetic survey over the Moonlight, Julietta and Gouda Fontein farms of its Moonlight Iron Ore Project. The survey consisted of 2,827 line kilometres on 50m line spacing over an area of 129 km^2. The Company, having had a close involvement in the coordination of the survey, is confident that the results of this survey will greatly assist in the planning of future exploration on the area covered by the Mining Right and in future mining operations.

The Mineral Corporation and its associates quality controlled the raw geophysical data, extracted and processed geophysical results from the data, provided a geological interpretation of the results, integrated these with the existing geological modelling and analysed the implication of these results for future exploration targets.

The magnetite-bearing quartzite, which comprises the Moonlight Deposit, provides high intensity magnetic anomalies that have permitted a detailed interpretation.

With regard to the current Mineral Resource area on Moonlight Farm, The Mineral Corporation is of the view that the geophysical results do not identify any significant inconsistencies in the existing structural interpretation, which informs the current Mineral Resource estimate. The geophysical results and interpretation support the existing structural interpretation with respect to the major interpreted fault orientations and with respect to Zone A, Zone B and Zone C West. The geophysical results suggest that the interpreted western extent of Zone C East and the sparsely drilled Zone D warrant review and further exploration to test the potential for additional mineralised zones.

Directors' report (cont.)

Mineral Resource (cont.)

The Mineral Corporation concludes that these results have identified targets on Moonlight Farm which could represent potential upside for the current Mineral Resources at a modest exploration cost. The geophysical data interpretation on the adjacent Julietta Farm and Gouda Fontein Farm confirms and significantly enhances the reconnaissance ground magnetic surveys that were carried out by Ferrum on these farms, and an important anomaly close to, but outside, the previously planned exploration drilling area has been identified. The improved understanding of the geology on Julietta and Gouda Fontein should enable the proposed exploration drilling plans on these farms to be substantially optimised.

The Company had announced previously that it advanced plans to implement a drilling programme on the farms Julietta and Gouda Fontein (which are covered by the granted Mining Right, along with the farm Moonlight) to increase the total resource estimate on the Moonlight Iron Ore Project. Your directors determined, given that it has sufficient resources on the Moonlight Farm to support mining for in excess of 20 years (for which the Group has an existing Mining Right and associated mining environmental approvals), that management attention should be focused on obtaining definitive answers to logistical and related infrastructure questions including rail, power, water and port services to achieve the optimal infrastructure mix for the definitive feasibility study.

Infrastructure

Positive discussions at a high level relating to rail, power, ports and water between the Company, Transnet and other South African infrastructure suppliers have been held prior to the reporting period. In addition, Ferrum has been and continues discussing such infrastructure needs with other resources companies within the Waterberg region (where the anticipated Moonlight Iron Ore Project is located). These companies, particularly those within the coal mining sector, have similar infrastructure requirements to Ferrum, and initial discussions have led to a potentially more optimal outcome than previously contemplated.

Corporate

During the half-year, the Company announced that it had received applications to subscribe for 48 million fully paid ordinary shares to raise up to AUD1,588,459 (GBP 873,600) before costs. The placement shares rank equally with existing fully paid ordinary shares from allotment.

The placement was conducted in two tranches. The first tranche comprised 44,613,156 shares to raise approximately AUD1,405,314 (GBP 811,959). The second tranche, comprising 3,386,844 shares to raise approximately AUD106,686 (GBP 61,641), was subject to shareholder approval at the Company's Annual General Meeting of shareholders, as these subscribers were Mr Ed Nealon (as to 2,906,075 shares) and Mr Robert Hair (as to 480,769 shares) who are Directors and hence related parties under the provisions of the *Corporations Act 2001*.

The first tranche of the Placement Shares was admitted to trading on the Australian Securities Exchange, the AIM market of the London Stock Exchange and on the JSE Limited on 8 October 2013, and the second tranche was admitted on 19 December 2013 following shareholder approval at the Company's Annual General Meeting of shareholders.

Funds received under the share placements are being used as working capital, including for the funding of corporate costs and for feasibility and mining right activities.

Five officers elected to participate in the Ferrum salary sacrifice plan, with the result that 4,401,392 shares were issued to two of those officers during the half-year. In addition, 500,000 options with an exercise price of AUD 0.03 per option, were granted to two members of management.

Additionally, 200,000 options were cancelled in September 2013, and 23,646,727 options were cancelled during December 2013.

Directors' report (cont.)

Subsequent to the end of the reporting period, Mr Tom Revy assumed the role of Managing Director and Mr Bob Hair resigned as Managing Director but remains as Executive Director.

Going Concern

The Group has current assets of AUD 1,612,202 as at 31 December 2013 (June 2013: AUD 1,418,161), incurred a net loss of $1,687,725 (2012: $1,011,900) and had cash used in operations of $830,290 (2012: $2,277,707) for the six months period then ended.

The Group's forecast cash flow requirements for the 15 months ending 31 March 2015 reflects cash outflows from operating and investing activities, which takes into account a combination of committed and uncommitted but currently planned expenditure. The Group's forecast indicates that the Group will need to raise capital to enable it to settle its liabilities as and when they fall due and continue to meet its incurred, committed and currently planned expenditure.

This financial report has been compiled on a going concern basis. In arriving at this position the directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure.

The directors have taken into consideration that once the Anvwar Asian Investment ("AAI") transaction has been completed, AAI will pay US$10m to Ferrum Crescent in return for a 35% shareholding in Ferrum Iron Ore (Pty) Limited ("FIO") (previously, Turquoise Moon Trading 157 (Pty) Limited), which holds the mining right over the three farms Moonlight, Julietta and Gouda Fontein, that contain the Moonlight Project. AAI will also contribute US$1.5m to the on-going costs of the BFS. Management has plans to significantly cut uncommitted project expenditure and administrative costs, should the AAI funding not materialise.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Events subsequent to reporting date

Subsequent to the end of the reporting period, Mr Tom Revy assumed the role of Managing Director and Mr Bob Hair resigned as Managing Director but remains as Executive Director.

Apart from above and other events to the extent described elsewhere in this Directors' Report, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect:

(i) The Group's operations in future financial periods; or

(ii) The results of those operations in future financial periods; or

(iii) The Group's state of affairs in future financial periods.

Competent Person's Statement:

The information that relates to Exploration Results and Mineral Resources in the report of which this statement is a summary, is based on information compiled by Stewart Nupen, who is registered with the South African Council for Natural Scientific Professionals (Reg. No. 400174/07) and is a member of the Geological Society of South Africa. Mr. Nupen is employed by The Mineral Corporation, which provides technical advisory services to the mining and minerals industry. Mr. Nupen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' and as defined in the June 2009 Edition of the AIM Note for Mining and Oil and Gas Companies. Mr. Nupen consents to the inclusion in this statement of the matters based on his information in the form and context in which it appears.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Dated at Perth this 13th day of March 2014

Signed in accordance with a resolution of the Directors.

Grant Button
Finance Director

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Auditor's Independence Declaration to the Directors of Ferrum Crescent Limited

In relation to our review of the consolidated financial report of Ferrum Crescent Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the ***Corporations Act 2001*** or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
13 March 2014

Ferrum Crescent Limited
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Consolidated Statement of Comprehensive Income

For the half-year from 1 July 2013 to 31 December 2013

	Note	6 months to 31 December 2013 AUD	6 months to 31 December 2012 AUD
Revenue from continuing operations			
Revenue	3(a)	19,669	73,354
		19,669	**73,354**
Fair value (loss) / gain on financial instrument	3(b)	(642,742)	27,734
Exploration expenditure		(142,310)	(398,156)
Foreign exchange gain		47,802	41,593
Share based payments		(113,274)	(4,665)
Other expenses	3(c)	(856,870)	(953,403)
(Loss) before income tax		**(1,687,725)**	**(1,213,543)**
Income tax benefit		-	201,643
Net (loss) for the period		**(1,687,725)**	**(1,011,900)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Net exchange gain / (loss) on translation of foreign operation		17,373	(98,061)
Net fair value gains on available for sale investment (net of tax)		29,297	-
Other comprehensive income/(loss) for the period, net of tax		**46,670**	**(98,061)**
Total comprehensive (loss) for the period		**(1,641,055)**	**(1,109,961)**
Net (loss) for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,687,725)	(1,011,900)
		(1,687,725)	**(1,011,900)**
Total comprehensive (loss) for the period attributable to:			
Non-controlling interest		-	-
Owners of the parent		(1,641,055)	(1,109,961)
		(1,641,055)	**(1,109,961)**

(Loss) per share attributable to the ordinary equity holders of the Company

Loss per share	**Cents per share**	**Cents per share**
- basic (loss) per share	(0.49)	(0.34)
- diluted (loss) per share	(0.49)	(0.34)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

Ferrum Crescent Limited

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Consolidated Statement of Financial Position

As at 31 December 2013

	Note	31 December 2013 AUD	30 June 2013 AUD
Current Assets			
Cash and cash equivalents		1,352,902	548,265
Trade and other receivables		183,589	269,305
Financial assets	4	33,923	549,043
Prepayments		41,788	51,548
Total Current Assets		**1,612,202**	**1,418,161**
Non-current Assets			
Plant and equipment		58,801	73,488
Financial assets	4	506,308	683,074
Total Non-current Assets		**565,109**	**756,562**
Total Assets		**2,177,311**	**2,174,723**
Current Liabilities			
Trade and other payables		277,049	282,174
Provisions		31,868	27,057
Financial liability	5	129,707	-
Total Current Liabilities		**438,624**	**309,231**
Total Liabilities		**438,624**	**309,231**
NET ASSETS		**1,738,687**	**1,865,492**
Equity			
Contributed equity	6	29,257,454	27,856,478
Reserves	8	(7,891,736)	(8,051,680)
Accumulated losses		(19,627,031)	(17,939,306)
PARENT INTEREST		**1,738,687**	**1,865,492**
NON-CONTROLLING INTEREST		-	-
TOTAL EQUITY		**1,738,687**	**1,865,492**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Ferrum Crescent Limited

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Consolidated Statement of Changes in Equity

For the half-year from 1 July 2013 to 31 December 2013

	Contributed Equity AUD	Employee Share Incentive Reserve AUD	Accumulated Losses AUD	Option Reserve AUD	Foreign Exchange Reserve AUD	Available For Sale Reserve AUD	Equity Reserve AUD	Total Equity AUD
At 1 July 2012	26,882,823	343,785	(16,038,018)	1,404,425	125,724	-	(10,126,072)	2,592,667
(Loss) for the period	-	-	(1,011,900)	-	-	-	-	(1,011,900)
Other comprehensive loss (net of tax)	-	-	-	-	(98,061)	-	-	(98,061)
Total comprehensive loss (net of tax)	**-**	**-**	**(1,011,900)**	**-**	**(98,061)**	**-**	**-**	**(1,109,961)**
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-	-
Shares issued during the period net of transaction costs	1,027,158	-	-	-	-	-	-	1,027,158
Options issued during the period	-	4,644	-	-	-	-	-	4,644
At 31 December 2012	**27,909,981**	**348,429**	**(17,049,918)**	**1,404,425**	**27,663**	**-**	**(10,126,072)**	**2,514,508**
At 1 July 2013	27,856,478	513,702	(17,939,306)	1,404,425	130,462	25,803	(10,126,072)	1,865,492
(Loss) for the period	-	-	(1,687,725)	-	-	-	-	(1,687,725)
Other comprehensive income (net of tax)	-	-	-	-	17,373	29,297	-	46,670
Total comprehensive loss (net of tax)	-	-	(1,687,725)	-	17,373	29,297	-	**(1,641,055)**
Directors salary sacrifice for shares	-	101,274	-	-	-	-	-	101,274
Shares issued during the period net of transaction costs	1,400,976	-	-	-	-	-	-	1,400,976
Options issued under employee option plan	-	-	-	12,000	-	-	-	12,000
At 31 December 2013	**29,257,454**	**614,976**	**(19,627,031)**	**1,416,425**	**147,835**	**55,100**	**(10,126,072)**	**1,738,687**

Ferrum Crescent Limited
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Consolidated Statement of Cash Flows

For the period 1 July 2013 to 31 December 2013

	Note	6 months to 31 December 2013 AUD	6 months to 31 December 2012 AUD
Cash flows from operating activities			
Interest received		12,167	51,260
Income from available for sale financial assets		7,502	22,094
Payments to suppliers and employees		(709,734)	(1,675,808)
Payment for exploration and evaluation costs		(140,225)	(675,253)
Net cash flows used in operating activities		**(830,290)**	**(2,277,707)**
Cash flows from investing activities			
Payments for plant and equipment		-	(917)
Payments for available for sale financial assets		206,063	-
Net cash flows from / (used in) investing activities		**206,063**	**(917)**
Cash flows from financing activities			
Proceeds from issue of shares		1,512,000	780,000
Costs of capital raising		(111,024)	(7,241)
Net cash flows from financing activities		**1,400,976**	**772,759**
Net increase / (decrease) in cash and cash equivalents		**776,749**	**(1,505,865)**
Cash and cash equivalents at beginning of period		548,265	3,340,076
Effect of foreign exchange on cash and cash equivalents		27,888	(38,427)
Cash and cash equivalents at end of period		**1,352,902**	**1,795,784**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

For the period 1 July 2013 to 31 December 2013

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate information

The financial report of Ferrum Crescent Limited for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 13 March 2014. Ferrum Crescent Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange (ASX), Johannesburg Stock Exchange Limited (JSE) and London Stock Exchange (AIM).

The nature of operations and principle activities of the Group are described in the Directors' Report.

Basis of preparation

The half-year financial report is a general purpose condensed financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Ferrum Crescent Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year report has been prepared on a historical cost basis except for the forward subscription agreement and the available-for-sale financial assets which are measured at fair value. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The preparation of the half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial report for the year ended 30 June 2013.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpretations effective as of 1 January 2013 detailed below:

- AASB 119 (Revised 2011) Employee Benefits
- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interest in Other Entities
- AASB 13 Fair Value Measurement

For the period 1 July 2013 to 31 December 2013

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

The nature and the impact of each new standard/amendment is described below:

AASB 119 (Revised 2011) Employee Benefits
The revised standard changes the definition of short term employee benefit. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

The change in distinction between short-term and other long-term employee benefits did not have a significant impact on the Group.

AASB 10 Consolidated Financial Statements
AASB 10 establishes a single control model that applies to all entities including special purpose entities. AASB 10 replaces the parts of previously existing AASB 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. AASB 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in AASB 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

AASB 10 had no impact on the consolidation of investments held by the Group.

AASB 11 Joint Arrangements
AASB 11 replaces AASB 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method.

AASB 11 had no impact on the Group as the Group has no joint ventures.

AASB 12 Disclosure of Interests in Other Entities
AASB 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for the half-year financial report.

AASB 13 Fair Value Measurement
AASB 13 establishes a single source of guidance under AASB for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASB when fair value is required or permitted. AASB 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

AASB 13 did not have a significant impact as the Group does not have significant assets or liabilities carried at fair value. Additional disclosure requirements are detailed in Note 13 to the half-year financial statements.

For the period 1 July 2013 to 31 December 2013

NOTE 1: GENERAL INFORMATION AND BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

Going Concern

The Group has current assets of AUD 1,612,202 as at 31 December 2013 (June 2013: AUD 1,418,161), incurred a net loss of $1,687,725 (2012: $1,011,900) and had cash used in operations of $830,290 (2012: $2,277,707) for the six months period then ended.

The Group's forecast cash flow requirements for the 15 months ending 31 March 2015 reflects cash outflows from operating and investing activities which takes into account a combination of committed and uncommitted but currently planned expenditure. The Group's forecasts indicates that the Group will need to raise capital to enable it to settle its liabilities as and when they fall due and continue to meet its incurred, committed and currently planned expenditure.

This half-year financial report has been compiled on a going concern basis. In arriving at this position the directors are satisfied that the Group will have access to sufficient cash as and when required to enable it to fund administrative and other committed expenditure. The directors have taken into consideration that once the Anvwar Asian Investment ("AAI") transaction has been completed, AAI will pay US$10m to Ferrum Crescent in return for a 35% shareholding in Ferrum Iron Ore (Pty) Limited ("FIO") (previously, Turquoise Moon Trading 157 (Pty) Limited), which holds the mining right over the three farms Moonlight, Julietta and Gouda Fontein, that contain the Moonlight Project. AAI will also contribute US$1.5m to the on-going costs of the BFS. Management has plans to significantly cut uncommitted project expenditure and administrative costs should the AAI funding not materialise.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Comparatives
Comparatives for contributed equity and share based payments have been restated to better reflect the underlying transaction for shares issued under the employee share plan.

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group is organised into one main operating segment, which involves mining exploration for iron ore in South Africa. All of the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

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Notes to the half-year financial statements

For the period 1 July 2013 to 31 December 2013

NOTE 3: REVENUE AND EXPENSES

The loss for the half-year includes the following items:

	Dec 2013 AUD	Dec 2012 AUD
(a) Revenue		
Interest received	12,167	51,260
Investment income	7,502	22,094
Total Revenue	**19,669**	**73,354**
(b) Fair value (losses)/gains		
Fair value (loss)/gain on financial instrument (note 5)	(642,742)	27,734
	(642,742)	**27,734**
(c) Other expenses		
Other expenses include the following:		
- Depreciation	12,475	15,286
- Loss on disposal of plant and equipment	180	-
- Consulting services	135,877	156,987
- Employment related services	130,942	101,695
- Other	577,396	679,435
	856,870	**953,403**

NOTE 4: FINANCIAL ASSETS

	Dec 2013 AUD	Jun 2013 AUD
Current		
Rental and other deposits	5,697	6,868
Rehabilitation trust	28,226	29,140
Financial asset at fair value through profit and loss – forward subscription agreement (Note 5)	-	513,035
	33,923	**549,043**
Non-current		
Available for sale financial assets	506,308	683,074
	506,308	**683,074**

For the period 1 July 2013 to 31 December 2013

NOTE 5: FINANCIAL LIABILITY

	Dec 2013 AUD	Jun 2013 AUD
Current		
Financial liability at fair value through profit and loss – forward subscription agreement	129,707	-
	129,707	**-**

In 2010, various agreements were entered into in respect of the minority interest in the Moonlight Iron Project.

A company, Mkhombi Investments (Pty) Ltd ("MI"), which met the requirements of applicable South African legislation in respect of historically disadvantaged persons (referred to in South Africa as being "BEE controlled"), entered into an agreement on 26 October 2010 with the then current holder of 26% of Ferrum Iron Ore Pty Ltd ("FIO") (formerly Turquoise Moon Trading 157 (Pty) Ltd) to purchase that holder's right, title and interest in FIO for ZAR30 million (approximately AUD4.4 million) ("FIO Sale Agreement"). The South African Department of Mineral Resources expressed its support of the transaction.

Ferrum South Africa Pty Ltd ("FSA") (formerly Nelesco 684 (Pty) Ltd), a wholly owned subsidiary of the Ferrum Crescent Ltd, entered into agreements with MI and its holding company, Mkhombi AmaMato (Pty) Ltd ("MA"), the terms of which provide for the following to take place:

a) FSA was issued shares in MI such that it holds an initial 32.17% interest in MI, with the remaining 67.83% held by MA;
b) MA lent the sum of ZAR7.5 million to MI, to be applied as part of the purchase price under the FIO Sale Agreement. The advance, which was made as at 31 December 2010, did not attract interest and was only repayable in certain circumstances (namely, the failure of the conditions precedent set out in the Subscription Agreement, as defined below);
c) FSA lent the sum of ZAR22.5 million to MI, to be applied as paying the balance of the purchase price under the FIO Sale Agreement. The advance, which was made as at 31 December 2010, did not attract interest and was repayable in certain circumstances (namely, the failure of the conditions precedent set out in the Subscription Agreement, as defined below);
d) MI would issue shares and / or FSA will transfer some of its shares in MI so that 11.54% of MI's shares on issue are held by a trust representing the locally impacted community, with the resulting shareholdings being MA 60%, FSA 28.46%, and the locally impacted community 11.54%; and
e) MA would, subject to the conditions precedent to the Subscription Agreement, as defined below, sell its entire right, title and interest in, and all of its claims against, MI to FSA for ZAR7.5 million (AUD 780,000).

The above transaction was completed in the previous financial year.

A subscription agreement was entered into between Ferrum Crescent Limited and MA on 4 November 2010 (the "Subscription Agreement"). On completion of the Subscription Agreement (subject to the fulfilment of the conditions precedent to that agreement), MA would subscribe for such number of shares in Ferrum Crescent Limited as was equal to 7.8% of the issued shares at that time (the "First Subscription"). The price payable for the subscription for the Shares under the First Subscription was set at ZAR7.5 million. This first tranche of the Subscription Agreement has been completed.

NOTE 5: FINANCIAL LIABILITY (CONT.)

Under the subscription agreement, AmaMato was to, on or before the later of (i) the date falling 10 business days after the Closing Date (as defined in the Subscription Agreement and extension to the Subscription Agreement) and (ii) 30 November 2012 (the "Subscription Period"), which period will be extended by the Company for a period of 1 year in the event that it raises not less than ZAR7.5 million in 2011, subscribe for a further 7.8% of the issued shares of the Company (calculated by reference to the issued share capital of the Company at the time of the First Subscription adjusted for any subsequent share splits, consolidations or bonus capitalisations) for a further ZAR 7.5 million. This second tranche of the subscription agreement has been extended by mutual consent until 31 January 2015.

The conditions precedent to the Subscription Agreement included no insolvency event occurring, the granting of a mining right in respect of the Project, necessary South African Reserve Bank approvals and shareholder and other approvals required under the Corporations Act and the AIM / ASX / JSE listing rules, including shareholder approval. The shareholder approval was obtained on 8 August 2012. The conditions precedent to the Subscription Agreement have been met.

Kofi Morna, is a Director of the Company, and a director of MA. He became a Director of the Company on 15 October 2010 for the purposes of the above transaction. He holds an (AUD1.45m) indirect non-controlling interest in MA.

Upon completion of the first tranche of the Subscription Agreement which occurred during 2012, the Company legally owned, directly and indirectly through its wholly owned subsidiary, MI, 97% of FIO, with the remaining 3% held by the GaSeleka Community.

The forward subscription agreement will be settled in Ferrum Crescent Limited's shares. Under the subscription agreement, Ferrum Crescent Limited will issue shares to MA equal to 7.8% of the issued share capital of the Company for ZAR7.5 million which is the "second subscription". The above financial liability, measured at fair value through profit and loss, represents the fair value of this contractual arrangement as at 31 December 2013.

The forward subscription agreement valuation is sensitive to the movement in Ferrum Crescent Limited's share price (31 December 2013: AUD0.032; 30 June 2013: AUD0.014) and the RAND / AUD exchange rate (31 December 2013: AUD9.8135; 30 June 2013: AUD9.5057), accordingly the large changes in these market rates has seen a corresponding impact on the fair value movement at 31 December 2013.

For the period 1 July 2013 to 31 December 2013

NOTE 6: CONTRIBUTED EQUITY	Dec 2013 No. of Shares	June 2013 No. of Shares	Dec 2013 AUD	June 2013 AUD
(a) Share Capital				
Ordinary Shares				
Ordinary Shares fully paid	**380,602,777**	328,201,385	**29,767,359**	28,366,383
Less: Employee share plan shares	**(6,595,000)**	(6,595,000)	**(509,905)**	(509,905)
	374,007,777	321,606,385	**29,257,454**	27,856,478

(b) Movements in ordinary share capital

	Half-Year 31 December 2013 Number	Half-Year 31 December 2013 AUD
At beginning of reporting period	328,201,385	28,366,383
08 October – 1st tranche of private placing	44,613,156	1,405,314
21 November – Salary sacrifice share scheme issue	4,401,392	-
19 December – 2nd tranche of private placing	3,386,844	106,686
Costs associated with share issues	**-**	(111,024)
At reporting date	**380,602,777**	**29,767,359**
Less: Employee share plan shares on issue	(6,595,000)	(509,905)
	374,007,777	**29,257,454**

(c) Movements in employee share plan shares issued with limited recourse loans.	Number	AUD
At beginning of reporting period	6,595,000	509,905
At reporting date	**6,595,000**	**509,905**

Executive Share Incentive Plan
Under the plan, eligible employees are offered shares in the Company at prices determined by the Board. The Board has the ultimate discretion to impose special conditions on the shares issued under the ESIP and can grant a loan to a participant for the purposes of subscribing for plan shares. Shares issued under loan facilities are held on trust for the benefit of the participant and will only be transferred into the participant's name once the loan has been fully repaid. ESIP participants receive all the rights associated with the ordinary shares.

Loans granted to participants are limited recourse and interest free unless otherwise determined by the Board. The loans are to be repaid via the application of any dividends received from the shares and/or the sale of the plan shares. Where the loan is repaid by the sale of shares, any remaining surplus on sale is remitted to the participant while any shortfall is borne by the Group. The plan is accounted for as an in substance option award.

No new shares have been issued on the Executive Share Incentive Plan for the 6 months ended 31 December 2013.

NOTE 6: ISSUED CAPITAL (CONT.)

Salary Sacrifice Share Scheme
Shareholder approval was obtained on 8 August 2012 for the implementation of a salary sacrifice plan under which directors and executives may forego agreed fees and salary and subscribe for shares in the Company.

Five individuals have elected during the six months to participate in the salary sacrifice plan, and the number of shares rights that have been accrued (vested) or shares been issued (calculated on a monthly basis by way of volume weighted average share prices for Ferrum shares as traded on the Australian Securities Exchange during that month). The number of shares issued a result of such participation is as follows:

Shares Issued	**31 December 2013 No of Shares**	**30 June 2013 No of Shares**
E Nealon	1,039,532	1,039,532
RW Hair	2,650,808	2,650,808
G Button	-	-
S Huntly	1,267,065	-
A Nealon	4,166,460	387,720
Total	**9,123,865**	**4,078,060**

Shares Rights Accrued	**31 December 2013 No of Shares**	**30 June 2013 No of Shares**
E Nealon	4,575,763	2,648,617
RW Hair	2,777,186	2,777,186
G Button	1,025,455	552,504
A Nealon	297,493	1,986,452
Total	**8,675,897**	**7,964,759**

NOTE 7: OPTIONS

	31 December 2013 No. of Options	30 June 2013 No. of Options
Options		
At end of reporting period the following options were on issue:		
- 31 December 2013 Options exercisable at 40 cents per share	**-**	21,496,727
- 07 December 2013 Options exercisable at 10 cents per share	**-**	2,350,000
- 14 December 2015 Options exercisable at 10 cents per share	**400,000**	400,000
- 21 November 2016 Options exercisable at 03 cents per share	**500,000**	-
Total Options	**900,000**	24,246,727

NOTE 7: OPTIONS (CONT.)

	31 December 2013 No. of Options	30 June 2013 No. of Options
Movement		
At beginning of the reporting period	**24,246,727**	24,446,727
Options issued during the period	**500,000**	400,000
Options cancelled during the period	**(23,846,727)**	(600,000)
At reporting date	**900,000**	24,246,727

Options issued in consideration for services

Fair value of options granted

The fair value at grant date of options issued is determined using the binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The table below summarises the model inputs for options granted during the six months ended 31 December 2013:

Options granted for no consideration	500,000
Exercise price (AUD)	0.03
Issue date	01 November 2013
Expiry date	01 November 2016
Underlying security spot price at grant date (AUD cents)	2 cents
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3 years
Risk-free interest rate	3.08%
Binomial model valuation per option (AUD cents per share)	2.4 cents/share

The expected price volatility is based on the historic volatility of the Company's share price on the market.

For the period 1 July 2013 to 31 December 2013

NOTE 8: RESERVES

	Share based payment reserve AUD	Option reserve AUD	Foreign exchange reserve AUD	Available for sale reserve AUD	Equity reserve AUD	Total AUD
At 1 July 2012	**343,785**	**1,404,425**	**125,724**	**-**	**(10,126,072)**	**(8,252,138)**
Currency translation differences on foreign operations	-	-	(98,061)	-	-	(98,061)
Options issued	4,644	-	-	-	-	4,644
At 31 December 2012	**348,429**	**1,404,425**	**27,663**	**-**	**(10,126,072)**	**(8,345,555)**
At 1 July 2013	**513,702**	**1,404,425**	**130,462**	**25,803**	**(10,126,072)**	**(8,051,680)**
Currency translation differences on foreign operations	-	-	17,373	-	-	17,373
Directors salary sacrifice for shares	101,274	-	-	-	-	101,274
Fair value gain on available for sale financial assets	-	-	-	29,297	-	29,297
Options issued	-	12,000	-	-	-	12,000
At 31 December 2013	**614,976**	**1,416,425**	**147,835**	**55,100**	**(10,126,072)**	**(7,891,736)**

Nature and purpose of reserves

Share based payments reserve
This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration.

Options reserve
This reserve is used to record the value of options issued, other than share-based payments.

Foreign Exchange Reserve
This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity Reserve
This reserve is used to record the acquisition of the non-controlling interest by the Group and to record differences between the carrying value of non-controlling interests and the consideration paid / received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

The reserve is attributable to the equity of the parent.

Available for Sale Reserve
This reserve is used to record the growth that is received on the available for sale investments.

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For the period 1 July 2013 to 31 December 2013

NOTE 9: EARNINGS PER SHARE

		December 2013	December 2012
(a)	**Basic (loss) per share – cents per share**	(0.49)	(0.34)
(b)	**Diluted (loss) per share – cents per share***	(0.49)	(0.34)
(c)	**Reconciliations**		
	Net (loss) / profit used in calculating basic and diluted earnings per share	(1,687,725)	(1,011,900)
(d)	**Headline (Loss) / Earnings per share disclosed as required by the JSE Limited**		
	(Loss) / profit attributable to ordinary equity holders of the parent entity.	(1,687,725)	(1,011,900)
	Adjusted net of tax: Profit on disposal of plant and equipment	180	-
	Headline Earnings	**(1,687,545)**	**(1,011,900)**
	Headline earnings per share		
(e)	**Basic (loss) per share – cents per share**	(0.49)	(0.34)
(f)	**Diluted (loss) per share – cents per share***	(0.49)	(0.34)

	Number of Shares	**Number of Shares**
Weighted average number of shares used in basis (loss) per share	343,268,696	297,184,522
Weighted average number of shares used in diluted (loss) per share	343,268,696	297,184,522

Note 1 - 900,000 share options outstanding at 31 December 2013 (2012: 24,246,727) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.
Note 2 – 7.5 million potential shares to be issued under the subscription agreement (note 5) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

NOTE 10: CONTINGENCIES AND COMMITMENTS

The Group has committed to rental payments on office premises in Perth and Johannesburg. The current commitments to the end of the lease periods are as follows:-

	Duration	AUD Value
Johannesburg	Jan 2014 to March 2015	39,545

There are no minimum expenditure requirements in South Africa in relation to mining tenements.

NOTE 11: RELATED PARTY TRANSACTIONS

Other than those transactions disclosed elsewhere in the financial report there have been no material related party transactions with Directors, key management personnel or related parties in the current period.

NOTE 12: EVENTS OCCURRING SUBSEQUENT TO THE REPORTING DATE

Subsequent to the end of the reporting period, Mr Tom Revy assumed the role of Managing Director and Mr Bob Hair resigned as Managing Director but remains as Executive Director.

Apart from the above, there has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect:

(i) The Group’s operations in future financial periods; or

(ii) The results of those operations in future financial periods; or

(iii) The Group’s state of affairs in future financial periods.

NOTE 13: FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities of the consolidated Group approximated their carrying amount.

Determination of fair values

The determination of fair values for the financial assets and financial liabilities have been performed on the following basis:

Cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the available for sale financial assets is determined by reference to their quoted bid price at the reporting date.

NOTE 13: FINANCIAL INSTRUMENTS (CONT.)

The fair value of the subscription agreement has been determined by reference to the Company's best estimate of the fair value of the contractual arrangement taking into consideration the underlying price of the Company and foreign exchange rate.

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)
- Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

As at 31 December 2013, the Group held the following classes of financial instruments measured at fair value:

	Dec 2013 AUD	Jun 2013 AUD
Level 1		
Available for sale financial assets	506,308	683,074
Level 2		
Financial (liability)/asset at fair value through profit and loss – forward subscription agreement	(129,707)	513,035

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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For the period 1 July 2013 to 31 December 2013

Directors' declaration

In accordance with a resolution of the directors of Ferrum Crescent Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position as at 31 December 2013 and the performance for the period 1 July 2013 to 31 December 2013; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) subject to the disclosure in Note 1 "Going Concern", there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

G. Button

Grant Button
Finance Director
Perth
13 March 2014

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To the members of Ferrum Crescent Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ferrum Crescent Limited, which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 ***Interim Financial Reporting*** and the ***Corporations Regulations 2001*** . As the auditor of Ferrum Crescent Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Building a better working world

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Ferrum Crescent Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 ***Interim Financial Reporting*** and the ***Corporations Regulations 2001***.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth
13 March 2014