Ferrum Crescent Limited

A.C.N. 097 532 137

Annual Report

For the year ended

30 June 2016

Contents

Corporate Information

Directors:
Mr. Justin Tooth
Mr. Evan Kirby
Mr. Klaus Borowski
Mr. Grant Button

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Mr. Grant Button

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Stock Exchange Listings:
Ferrum Crescent Limited's ordinary shares are listed on the Australian Securities Exchange (ASX:FCR), and the JSE Limited (JSE:FCR), and quoted on the AIM market of the London Stock Exchange plc (AIM:FCR)

Ferrum Crescent Limited
A.C.N. 097 532 137

Directors' Report

The Directors of Ferrum Crescent Limited ("Ferrum" or "the Company") (the "Directors") present their report for the financial year ended 30 June 2016.

Directors

The names and details of the Directors in office during the financial year and at the date of this report are set out below:

Each Director was in office for the entire reporting period unless otherwise stated.

Mr Ed Nealon (Age 65), MSc Geology, Chairman, Non-Executive Director, resigned 16 December 2015		
Experience and expertise	Mr Nealon is a geologist with 40 plus years' experience in the mining and exploration industry. After graduating in 1974, he commenced his career in South Africa with Anglo American Corporation, before moving to Australia in 1980 where he spent two years in exploration with the Rio Tinto Group. He founded his own consulting company in 1983 and has practised in most of the world's major mining centres. He is a member of the Australasian Institute of Mining and Metallurgy. Mr Nealon was the founder of Aquarius Platinum Ltd (ASX: AQP)	
Other current directorships	Non-executive Chairman of Richland Resources Ltd (AIM: RLD), Non-executive Chairman of Bezant Resources plc (AIM: BZT)	
Former directorships over the past 3 years	None	
Special responsibilities	Until his resignation on 16 December 2015 Non-Executive Director, Chairman of the board, Member of the Audit Committee, Member of the Remuneration Committee, Member of the Nominations Committee, Member of the Risk Management Committee.	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	25,884,421
	Options held in Ferrum Crescent Limited	600,000

Mr Klaus Borowski (Age 76),Dipl.Ing , Non-Executive Director		
Experience and expertise	Mr Borowski is a metallurgical engineer by background, having studied in his home country of Germany. He first arrived in South Africa in 1966, where he was Technical Director of Dunsward Steel until 1979. After a short period in Europe within the steel industry, he returned to South Africa in 1982 and subsequently held several positions in the iron and steel industry in South Africa, including managing director of Krupp South Africa and as executive director of Industrial Metal Supply Co. In 1998, Mr Borowski formed Applied Metallurgical Technologies (Pty) Ltd, and, amongst other things, he was on the steering committee of Saldhana Steel (Pty) Ltd and Duferco Steel Processing.	
Other current directorships	None	
Former directorships over the past 3 years	None	
Special responsibilities	Non-Executive Director Chairman of the Remuneration Committee, Member of the Audit Committee, Member of the Nominations Committee. Member of the Risk Management Committee.	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	-
	Options held in Ferrum Crescent Limited	-

Directors' Report

Mr Justin Tooth (Age 51), BSc, Non-Executive Chairman appointed 16 December 2015; Executive Chairman and Managing Director appointed 31 March 2016		
Experience and expertise	Mr Tooth is a financial sector professional with over 20 years' experience in equity sales and corporate broking and he has a comprehensive knowledge of the natural resources sector. Between 1994 and 2009, Mr Tooth held senior roles at SBC Warburg, Lehman Brothers, Paribas and Deutsche Bank, amongst others, primarily in equity sales and management roles. From 2009 to 2014, he was employed by the specialist mining brokerage Ocean Equities Limited (now Pareto Securities Limited) in the role of sales and business development manager.	
Other current directorships	Oxford Mining Club Limited, The West London Free School Academy Trust.	
Former directorships over the past 3 years	None	
Special responsibilities	Upon his appointment on 15 December 2015 Non-Executive Director, Chairman of the board, Upon his appointment on 31 March 2016 Chairman of the board and Managing Director	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	166,650
	Options held in Ferrum Crescent Limited	-

Mr Grant Button (Age 54),B Bus, CPA, Non-Executive Director and Company Secretary		
Experience and expertise	Mr Button is a qualified accountant and has 24 years' financial and other commercial management and transactional experience, including 22 years' experience at a senior management level in the resources industry. He has acted as an executive director, managing director, finance director, CFO and company secretary of a range of publicly listed companies.	
Other current directorships	Executive director of Magnum Mining & Exploration Limited (ASX: MGU). Appointed 06 February 2006	
Former directorships over the past 3 years	Director of Sylvania Platinum Limited (AIM: SLP) until his resignation on 30 April 2015.	
Special responsibilities	Non-Executive Financial Director Company Secretary – appointed 31 March 2016, Chairman of the Audit Committee, Chairman of the Nominations Committee, Chairman of the Risk Management Committee, Member of the Remuneration Committee.	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	5,356,300
	Options held in Ferrum Crescent Limited	-

Dr Evan Kirby (Age 65), BSc (Hons) Metallurgy, PhD Metallurgy, Non-Executive Director appointed 31 March 2016		
Experience and expertise	Dr Kirby is a metallurgist with over 30 years of international experience in the mining sector. He has held senior management positions with Impala Platinum, Rand Mines and Rustenburg Platinum Mines and worked as a director and technical consultant for a number of mining companies.	
Other current directorships	Director of Bezant Resources plc (AIM: BZT), Director of Metallurgical Management Services Pty.	
Former directorships over the past 3 years	Director of Luiri Gold Limited, Director of Luiri Gold Mines Limited, Director of Kefi Minerals (Ethiopia) Limited (formerly named Nyota Minerals (Ethiopia) Limited. Director of Nyota Minerals Limited (ASX & AIM: NYO), Director of Nyota Minerals (UK) Limited.	
Special responsibilities	Non-Executive Director, Chairman of the Remuneration Committee, Member of the Audit Committee, Member of the Nominations Committee, Member of the Risk Management Committee.	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	10,900
	Options held in Ferrum Crescent Limited	-

Mr Tom Revy (Age 52), Managing Director resigned 31 March 2016		
Experience and expertise	Mr Revy is a mining professional with over 30 years' experience specialising in operations, project development and corporate management. As Development Director at Worley Parsons, Mr Revy worked extensively on the Olympic Dam expansion and undertook key studies for companies such as Anglo American and Codelco. Previously Mr Revy worked at design and construction group, GRDMinproc, working on projects such as the Fortescue Metals phase 2 expansions in Western Australia and on the US$1.8bnTenke Fungurume project in the DRC.	
Other current directorships	Non-executive chairman of ASX-listed Empire Resources Limited (appointed January 2010)	
Former directorships over the past 3 years	None	
Special responsibilities	Managing Director until his resignation on 31 March 2016	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	2,717,877
	Options held in Ferrum Crescent Limited	2,500,000

Refer to page 14 for details of the options issued to Mr Revy.

Mr Robert Hair (Age 63),B.S. (Hons), Company Secretary resigned 31 March 2016		
Experience and expertise	Mr Hair is a barrister by background, who has over 26 years' experience in the resources industries. He was a senior manager in the MIM Holdings Group and General Manager Commercial of ASX-listed Highlands Pacific Limited, before becoming a consultant to various companies, principally in the resources sector. He has extensive corporate, commercial and legal experience from his many years of business in Australia and in many other parts of the world.	
Other current directorships	None	
Former directorships over the past 3 years	Formerly Managing Director of the Company. Was until 30 September 2015 non-executive director of ASX-listed Carpentaria Exploration Limited (ASX:CAP) (appointed January 2010).	
Special responsibilities	Company Secretary until his resignation on 31 March 2016	
Interests in shares and options	Ordinary Shares in Ferrum Crescent Limited	14,687,787
	Options held in Ferrum Crescent Limited	-

Dividends

No dividend has been paid or declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year (2015: Nil).

Principal activities

The principal activity of the entities within the consolidated entity during the financial year was the exploration for minerals.

Review of operations and activities

Information on the operations and activities of the Group is set out in the Company and Project overview section on pages 24 to 32 of this Annual Report. The Company has concluded a detailed review of the Bankable Feasibility Study ("BFS") requirements for the Moonlight Iron Project. A work pathway has been announced that identifies advanced metallurgy, pilot plant construction and final product analysis as the next key components for the BFS.

Option over Lead-Zinc Exploration Projects, Spain

On 16th February 2016 Ferrum Crescent entered into an Option to potentially acquire 100 per cent. of GoldQuest Iberica, S.L. ("GoldQuest"). GoldQuest, a private company incorporated in Spain, owns 100 per cent. of two lead-zinc exploration projects (Toral and Lago) in the provinces of Le□n and Galicia, in historic Spanish mining areas (the "Iberian Projects").

Further to an initial analysis of the Toral Project's assets, the Company secured the Option to acquire GoldQuest for the following principal reasons:

- The Board believes that analysis of the results from 42km of historic drilling, together with limited additional exploration work, can readily advance the Toral Project.
- Establishment of enhanced resource estimate and process recovery is considered to be highly feasible.
- The Toral Project's asset is open to major reinterpretation. The Board believes that the scale of the asset has been substantially underestimated previously and will seek to re-examine the geological model.

The Toral Project area has historically been assessed as containing a single, tabular zone of mineralisation at depths of 300-500m below surface. Such simplistic historical modelling, however, excludes a large amount of normally critical data and, following its due diligence enquiries, the Company believes that the historic NI 43-101 resource estimate significantly under-estimates the mineral potential of the Toral Project. The Company further believes that an initial low cost exploration work programme should be able to test the mineralisation in a series of parallel, sub-vertical structures running from depth up to surface.

Utilising the existing data and applying an exploration process that takes into account key structural controls and the characteristics of existing nearby mines will be a key initial work programme priority. Ferrum Crescent's objective, following the recent exercise of its Option on 22 September 2016to seek to establish a JORC compliant resource estimate at both the Toral Project and the Lago Project as well as re-examining the scale and continuity of mineralisation at the Toral Project.

Ferrum Crescent's ultimate objective is to potentially establish a credible mineral reserve in a cost effective manner for consideration by potential future acquirers or development finance groups. During the reporting period, the Company carried out extensive geological and legal due diligence on GoldQuest and the Iberian Projects.

In carrying out its operations during the reporting period, the Group has incurred a loss after income tax for the period from 1 July 2015 to 30 June 2016 of $1,573,533 (2015: loss of $2,345,860). The Group had net assets of $718,659 (2015: $525,522) as set out in the Statement of Financial Position.

Significant changes in the Group's state of affairs

There have been no significant changes in the state of affairs of the consolidated entity to the date of this report that have not otherwise been disclosed elsewhere in the Annual Report.

Significant events after the reporting date

There are subsequent events to report, as follows:

Subsequent to the Company entering into an exclusive option to acquire 100 percent of GoldQuest, two nil-cost extensions were granted to Ferrum Crescent on 22 July 2016 and 31 August 2016 and on 22 September 2016 the option was exercised. Accordingly, Ferrum Crescent has now acquired 100 per cent. of the share capital of GoldQuest. GoldQuest owns 100 per cent. of two lead-zinc exploration projects in the provinces of Le□n and Galicia, in historic Spanish mining areas (the "**Iberian Projects**"). The consideration comprised GBP326,500 in cash and the issue of 100 million new ordinary shares in the capital of Ferrum Crescent.

Planned work programme, to be overseen by the Company's Senior Project Adviser, Merlin Marr-Johnson, to comprise:

- re-mapping of the main Toral Project area applying re-interpreted geological understanding of the regional controls on mineralisation;
- in-fill surveys over the main prospect area where detailed soil geochemistry has not previously been conducted;
- structural mapping of the existing adits, outcrop and the nearby mineralisation occurrences in order to gauge the balance between local (not fully tested) and regional (well documented) controls on mineralisation;
- re-logging of historical drill-core and re-assaying of areas where incomplete assays were taken previously in order to seek to identify potential new shallow high grade targets at the Toral Project;
- creation of a revised geological model incorporating existing and new geological data (geochemistry, structural interpretation, assays, logs, maps); and
- generation of a highly targeted drill plan, focused on high-grade near-surface ore shoots linking known surface occurrences and known high-grade mineralisation at depth, for testing in 2017.

On 25 July 2016, the Company announced that it had conditionally raised in aggregate, GBP 374,453 before expenses through a placement via Beaufort Securities Limited, as agent to the Company, of 187,226,485 new ordinary shares of no par value each in the capital of the Company at a price of 0.20 pence per new ordinary share. As part of the placing, each investor was offered, subject to shareholder approval in accordance with the ASX Listing Rules, options on the basis of one option for every share subscribed pursuant to the placing. Each option entitles the holder to subscribe for a further new ordinary share at a price of 0.30 pence per share for an exercise period of two years following the date of admission of the placing shares to trading on AIM. In addition the Company agreed to grant a further 18,722,649 options to Beaufort Securities Limited on the same terms. Following admission, the total issued ordinary share capital of the Company was 1,470,018,368 ordinary shares.

On 28 July 2016, the Company announced that it was issuing 66,874,816 new ordinary shares of no par value each in the capital of the Company as a result of the exercise of, in aggregate, 66,874,816 options exercisable at a price of 0.165 pence per share. Such options were granted in connection with the Company's placing and subscription announced on 27 April 2016. Following the issue of these option shares and the abovementioned placing shares, the total issued ordinary share capital of the Company was 1,536,893,184 ordinary shares.

On 26 August 2016, the Company announced that it was issuing 44,797,543 new ordinary shares of no par value each in the capital of the Company as a result of the exercise of, in aggregate, a further 44,797,543 options exercisable at a price of 0.165 pence per share. Such options were granted in connection with the Company's placing and subscription announced on 27 April 2016. Following the issue of these option shares, the total issued ordinary share capital of the Company was 1,581,690,727 ordinary shares.

On 23 September 2016, the Company announced that it was issuing 5,381,907 new ordinary shares of no par value each in the capital of the Company as a result of the exercise of, in aggregate, 5,381,907 options exercisable at a price of 0.165 pence per share Such options were granted in connection with the Company's placing and subscription announced on 27 April 2016. Following the issue of the option shares, the total issued ordinary share capital of the Company is 1,587,072,634 ordinary shares.

On 29 September 2016, the Company announced the following proxy results of the General Meeting of Shareholders held on said date in respect of the resolutions set out in the Notice of General Meeting dated 23 August 2016. Resolution 1,2 and 3 were passed on a show of hands.

Resolution 1: Ratification of prior issue of Shares
Resolution 2: Approval of grant of Placement Options
Resolution 3: Approval of grant of Broker Options

On 29 September 2016, the Company also announced that it was issuing 100,000,000 new ordinary shares of no par value each in the capital of the Company to GoldQuest Mining (Spain) Corp on 30th September 2016. These shares will be issued in settlement of the share element of the consideration for the acquisition of 100 per cent. of the issued share capital of GoldQuest Iberica, S.L. The shares will be fully paid and rank *pari passu in all respects with the Company's existing ordinary shares.* Following the issue of the shares, the total issued ordinary share capital of the Company is 1,687,072,634 ordinary shares.

Likely developments and expected results

The Group will continue to carry out its business plans, by:

- Exploring, evaluating and, if technically and economically feasible, developing the Moonlight Project in Limpopo Province, South Africa;
- Conducting its planned initial zinc exploration work programme on the Iberian Projects in Spain;
- Seeking further strategic acquisition opportunities within the exploration and mining industry to enter potentially into additional advanced projects that will add value to the Group; and

- Continuing to meet its statutory commitments relating to its exploration tenements and carrying out exploration of its exploration tenements in accordance with its stated strategy, whilst carefully conserving the Group's cash reserves in order to be able to take advantage of value adding opportunities.

There can be no guarantee either that further exploration of the Group's tenements will result in exploration success or that any potential additional strategic acquisition considered by the Directors to be likely to add value to the Group will become available to the Group.

Environmental regulation and performance

The Group's activities are subject to South African and Spanish legislation relating to the protection of the environment. The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. The relevant South African Act that we comply with is the ("MPRDA") Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)

There have been no known breaches of these regulations and principles.

Indemnification and Insurance of Directors and officers

The Group has entered into deeds of access and indemnity with the officers of the Group, indemnifying them against liability incurred, including costs and expenses in defending any legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the Director or officer acting in their capacity as a director or officer.

Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

(a) owed to the Group or a related body corporate of the Group;

(b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the Corporations Act 2001; or

(c) owed to someone other than the Group or a related body corporate of the Company where the liability did not arise out of conduct in good faith.

Similarly, the indemnity does not extend to liability for legal costs and expenses:

(d) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c) above;

(e) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or

(f) in connection with proceedings for relief under the Corporations Act 2001 in which the court denies the relief.

During or since the financial year end, the Company has paid premiums in respect of a contract insuring all the Directors and officers. The terms of the contract prohibit the disclosure of the details of the insurance contract and premiums paid.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO International (previously Ernst & Young), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify either party during or since the financial year end.

Non-audit services

The Group may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the Groups auditors, BDO International (previously, Ernst & Young) for audit and non-audit services provided during the financial year are set out below.

	2016 $	2015 $
Remuneration of the auditor, Ernst and Young for Group and subsidiary statutory reporting:		
- auditing or reviewing the Annual financial report	**-**	54,523
- other assurance related services	**1,803**	-
Remuneration of the auditor, BDO International for Group and subsidiary statutory reporting:		
- auditing or reviewing the Annual financial report	**39,361**	-
- other assurance related services	**-**	-
	41,164	54,523

Directors' meetings

Meetings of directors held and their attendance during the financial year were as follows:

Meetings of Board and Committees

	Board	Audit	Risk	Remuneration	Nomination
Number of Meetings held:	**6**	**-**	**-**	**-**	**-**
Number of Meetings attended:					
Ed Nealon	1	-	-	-	-
Tom Revy	3	-	-	-	-
Klaus Borowski	6	-	-	-	-
Grant Button	6	-	-	-	-
Justin Tooth	5	-	-	-	-
Evan Kirby	3	-	-	-	-

Remuneration Report (audited)

This Remuneration Report outlines the Director and executive remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, and includes Directors of the Company.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Remuneration Report is presented under the following sections:

1. Individual KMP disclosures
2. Remuneration at a glance
3. Board of Directors (the "Board") oversight of remuneration
4. Non-executive director remuneration arrangements
5. Executive remuneration arrangements
6. Directors and KMP contractual arrangements
7. Equity instruments disclosures
8. Loans to KMP and their related parties
9. Transactions with KMP and their related parties

1. Individual key management personnel disclosures

(i) Directors:

		Appointed	Resigned
Ed Nealon	Non-Executive Chairman	9 March 2010	16 December 2015
Justin Tooth	Non-Executive Chairman; Executive Chairman and Managing Director	16 December 2015 31 March 2016	
Tom Revy	Managing Director	19 February 2014	31 March 2016
Klaus Borowski	Non-Executive Director	1 September 2010	
Evan Kirby	Non-Executive Director	31 March 2016	
Grant Button	Non-Executive Director and Company Secretary	15 October 2010 31 March 2016	

(ii) Executives:

		Appointed	Resigned
Ed Aylmer	BFS Study Manager	22 October 2014	
Scott Huntly	Strategic Development Manager	1 July 2009	
Beverley Gardner	Financial Controller	1 July 2011	
Dave Richards	Compliance Manager	4 April 2011	
Robert Hair	Company Secretary	19 February 2014	31 March 2016
Grant Button	Company Secretary	31 March 2016	
Merlin Marr-Johnson	Advisor to the board	31 March 2016	

Remuneration Report (audited) continued

2. Remuneration at a glance

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Provide significant portions of executive remuneration "at risk" through participation in incentive plans

Shares and options issued under incentive plans provide an incentive to stay with the Group. At this stage, shares and options issued do not have performance criteria attached. This policy is considered to be appropriate for the Group, having regard to the current state of its development.

The Company has established a directors' and executives' salary sacrifice plan, pursuant to which individuals may elect for a nominated fixed period to sacrifice all or an agreed percentage of their salary or fees to be applied in the subscription for or on-market purchase of shares in the Company. As such shares may not be purchased or subscribed for during periods that are close periods or when individuals are in possession of inside information, the entitlement to subscribe for shares is determined by calculating the number of shares using the market price for the month concerned. The plan was established to allow for the subsequent settlement of salary or fees from 1 April 2012. Directors and executives have previously elected to participate in the plan with effect from that date. During the period to 30 June 2016 no Directors or executives participated (2015: 2) in the salary sacrifice plan. Shares listed under the plan are not subject to performance conditions. Shareholder approval for the plan and for the issue of shares under the plan was obtained on 8 August 2012.

The Company also recognises that, at this stage in its development, it is most economical to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the Directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its Directors and executives, whether they are employees of or consultants to the Company.

3. Board oversight of remuneration

<u>Remuneration Committee Responsibilities</u>

A Remuneration Committee was established on 14 January 2010 and reconstituted on 15 October 2010 and again on 9 March 2015.

The Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

<u>Remuneration Structure</u>

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

Remuneration Report (audited) continued

4. Non-Executive Director remuneration arrangements

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the Non-Executive Directors as agreed. The current aggregate limit of remuneration for non-executive directors is $250,000 as approved at the 2010 Annual General Meeting of Shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Non-Executive Directors is reviewed annually. The Board may consider advice from external consultants, as well as the fees paid to Non-Executive Directors of comparable companies, when undertaking the annual review process. No remuneration or external consultants were used during the financial year.

Each Non-Executive Director receives a fee for being a Director of the Company. No additional fee is paid for participating in Board Committees.

Non-Executive Directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure that there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. Non-Executive Directors may also participate in the Company's share and option plans as described in this report.

5. Executive remuneration arrangements

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for Group, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

- At this time, the cash component of remuneration paid to executive Directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.
- Executive Directors are encouraged by the Board to hold shares in the Company (purchased on market or in accordance with the Company's salary sacrifice share plan and in accordance with the Company's approved policies to ensure that there is no insider trading). It is considered good governance for directors of a company to have a stake in that company.

Remuneration Report (audited) continued

5. Executive remuneration arrangements (continued)

Structure (continued)

- The Executive Directors may also participate in the Company's share and option plans as described in this report, including the salary sacrifice share plan. Refer to page 19 for details of options previously granted.

Performance table

The following table details the net profit / (loss) of the Company from continuing operations after income tax, together with the basic earnings / (loss) per share since the incorporation of the parent:

	2016 $	2015 $	2014 $	2013 $	2012 $
Net profit / (loss) from continuing operations after income tax	(1,573,533)	(2,345,860)	(2,549,782)	(1,901,288)	4,479,716
Basic earnings / (loss) per share in cents	(0.22)	(0.50)	(0.75)	(0.60)	1.53
Share Price in Cents	4.0	1.0	1.6	1.4	3.0

6. Directors' and KMP contractual arrangements

Mr Nealon provided services as Non-Executive Chairman pursuant to a contract dated 29 April 2014 until his resignation on 16 December 2015. Under this contract, he received a salary of $50,000 plus statutory superannuation and reimbursement of expenses. On 1 February 2015 his contract was amended by mutual agreement to a salary of $40,000 plus statutory superannuation and reimbursement of expenses. This contract was cancelled on 16 December 2015 upon his resignation.

Mr Justin Tooth was appointed as Non-Executive Chairman pursuant to a contract dated 16 December 2015. Under this contract, he was entitled to fees of $50,000 per annum and the reimbursement of expenses. On 31 March 2016 upon his appointment as Executive Chairman and Managing Director his contract was amended to a salary of GBP 75,000 per annum (approx. $126,324 at an exchange rate of 1.684323).

Mr Tom Revy was appointed as Managing Director on 19 February 2014, pursuant to an employment contract of the same date. Under the terms of that contract, he was entitled to receive a gross salary of $250,000 per annum, plus superannuation of 12%, together with reimbursement of expenses. He was also granted 2,500,000 options to acquire shares in the Company, with an exercise price of $0.08 and expiring on 19 February 2017. The options are subject to certain performance hurdles, as set out below:

- 500,000 options will vest on completion to the Board's reasonable satisfaction of the formation of the team for the conduct of the BFS on the Moonlight Project;
- 1,000,000 options will vest on completion to the Board's reasonable satisfaction of the BFS; and
- 1,000,000 options will vest once the Moonlight Project has been financed to the Board's reasonable satisfaction.

The contract otherwise contained terms and conditions that are customary in employment contracts for such a position. Mr Revy resigned as Managing Director on 31 March 2016 and was paid a 3 month termination fee which was included as part of his salary and superannuation for the financial year. As at 30 June 2016, the above options have not been cancelled and according to the scheme rules the Directors have 12 months to cancel these options if they have not vested

Remuneration Report (audited) continued

6. Directors' and KMP contractual arrangements (continued)

Mr. Klaus Borowski was appointed as a Non-Executive Director on 1 September 2010 and received fees in relation to his services as a Non-Executive Director for the amount of $40,000 per annum. On 1 February 2015 his service contract was amended by mutual agreement to a director's fee of $30,000 per annum.

Mr. Grant Button was appointed as a Non-Executive Director on 15 October 2010 and was entitled to receive fees in relation to his services as a Non-Executive Director for the amount of $40,000 per annum. On 1 February 2015 his fees were amended by mutual agreement to $30,000 per annum. On 31 March 2016 Mr Button was appointed as Company Secretary and his fees were amended by mutual agreement to $60,000 per annum.

Dr Evan Kirby was appointed as a Non-Executive Director on 31 March 2016 and is entitled to receive fees in relation to his services as a Non-Executive Director for the amount of $30,000 per annum. A company associated with Dr Kirby entered into a contract with the Company whereby Dr Kirby will provide the services of Non-Executive Director. Under this contract, the company associated with him will receive a fee set at $2,500 plus GST per month.

Agreement with BFS Study Manager
Mr Ed Aylmer was appointed as BFS Study Manager on 22 October 2014. Mr Aylmer was appointed as a contractor and is responsible to the Managing Director for management of the Moonlight Project, Feasibility Study and any other management work related thereto. His contract contains standard terms and conditions, and he receives a contract fee that is in accordance with his seniority and responsibilities.

Agreement with Strategic Development Manager
Mr Scott Huntly was appointed as Strategic Development Manager, effective from 4 March 2011. His employment is subject to a standard form of employment contract, and he receives an annual salary that is in accordance with his seniority and responsibilities.

Agreement with Compliance Manager
Mr Dave Richards was appointed as Compliance Manager, effective 4 April 2011. His employment was until his resignation as a full time employee, effective at the end of October 2014 subject to a standard form employment contract and he received an annual salary that was in accordance with his seniority and responsibilities. On 1 November 2014, Mr Richards signed a consultancy contract with the Company to work on a time related basis. As at 30 June 2016, the contract had not been cancelled and the options that had been granted to Mr Richards on 12 November 2013 had also not been cancelled.

Agreement with Financial Controller
Mrs Beverley Gardner was appointed as Project Accountant, effective 1 July 2011 and as Financial Controller effective from 1 December 2011. Her employment is subject to a standard form employment contract and she receives an annual salary that is in accordance with her seniority and responsibilities.

Agreement with Company Associated with the Company Secretary – resigned 31 March 2016
On 29 April 2014, a company associated with Mr Hair entered into a contract with the Company whereby Mr Hair provided the services of Company Secretary. Under this contract, the company associated with him received a fee set at $5,000 plus GST per month. This contract contained standard terms and conditions for such a position and was terminated on 31 March 2016 upon Mr Hair's resignation whereupon he was paid a 3 month termination fee which is included as part of his annual fee.

Directors' Report (continued)

Remuneration report (audited) continued

Remuneration of key management personnel of the Company and the Consolidated Entity

Table 1: Remuneration for the years ended 30 June 2015 and 30 June 2016

		Short-term benefits				Post-employment		Long - term benefits		Share-based payments		Termination payments	Total	Performance related	Options
		Salary & fees	Cash bonus	Non Monetary Benefits	Other	Superannuation	Retirement benefits	Cash Incentives	Long Service Leave	Options	Share Rights (Salary Sacrifice)				
		$	$	$	$	$	$	$	$	$	$	$	$	%	%
Non-executive directors															
Klaus Borowski	2016	30,000	-	-	-	-	-	-	-	-	-	-	30,000	-	-
	2015	35,833	-	-	-	-	-	-	-	-	-	-	35,833	-	-
Grant Button	2016	34,247	-	-	-	2,603	-	-	-	-	-	-	36,850	-	-
	2015	32,557	-	-	-	3,185	-	-	-	-	8,181	-	43,923	-	-
Kofi Morna	2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-	-
Ted Droste	2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	2015	20,000	-	-	-	-	-	-	-	-	-	-	20,000	-	-
Ed Nealon	2016	18,387	-	-	-	1,746	-	-	-	-	-	-	20,133	-	-
	2015	12,505	-	-	-	4,354	-	-	-	-	33,333	-	50,192	-	-
Evan Kirby	2016	7,500	-	-	-	-	-	-	-	-	-	-	7,500	-	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive directors															
Justin Tooth	2016	46,858	-	-	-	-	-	-	-	-	-	-	46,858	-	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tom Revy	2016	250,002	-	-	-	22,500	-	-	-	31,327	-	-	303,829	-	10.31%
	2015	250,000	-	-	-	30,000	-	-	-	41,399	-	-	321,399	-	12.88%
Subtotal	**2016**	**386,994**	**-**	**-**	**-**	**26,849**	**-**	**-**	**-**	**31,327**	**-**	**-**	**445,170**		
Subtotal	**2015**	**370,895**	**-**	**-**	**-**	**37,539**	**-**	**-**	**-**	**41,399**	**41,514**	**-**	**491,347**		

Refer to Page 11 for all appointment and resignation dates

Directors’ Report (continued)

Remuneration report (audited) continued

Remuneration of key management personnel of the Company and the Consolidated Entity (continued)

Table 1: Remuneration for the years ended 30 June 2015 and 30 June 2016 (continued)

		Short-term benefits				Post-employment		Long - term benefits		Share-based payments		Termination payments	Total	Performance related	
		Salary & fees	Cash bonus	Non Monetary Benefits	Other	Superannuation	Retirement benefits	Cash Incentives	Long Service Leave	Options	Salary Sacrifice				
		$	$	$	$	$	$	$	$	$	$	$	$	%	%
Other key management personnel															
Robert Hair	2016	60,000	-	-	-	-	-	-	-	-	-	-	60,000	-	-
	2015	60,000	-	-	-	-	-	-	-	-	-	-	60,000	-	-
Merlin Marr-Johnson	2016	15,672	-	-	-	-	-	-	-	-	-	-	15,672	-	-
	2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Scott Huntly	2016	90,007	-	-	-	-	-	-	-	-	-	-	90,007	-	-
	2015	156,117	-	-	2,004	-	-	-	-	-	-	-	158,121	-	-
Dave Richards	2016	2,329	-	-	-	-	-	-	-	1,385	-	-	3,714	-	37.29%
	2015	43,401	-	-	358	-	-	-	-	1,381	-	-	45,140	-	3.06%
Beverley Gardner	2016	106,508	-	-	-	-	-	-	-	1,385	-	-	107,893	-	1.28%
	2015	117,952	-	-	1,740	-	-	-	-	1,381	-	-	121,073	-	1.14%
Ed Aylmer	2016	55,293	-	-	-	-	-	-	-	-	-	-	55,293	-	-
	2015	75,796	-	-	200	-	-	-	-	-	-	-	75,996	-	-
Subtotal	**2016**	**329,809**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,770**	**-**	**-**	**332,579**		
Subtotal	**2015**	**453,266**	**-**	**-**	**4,302**	**-**	**-**	**-**	**-**	**2,762**	**-**	**-**	**460,330**		
Total KMP	**2016**	**716,803**	**-**	**-**	**-**	**26,849**	**-**	**-**	**-**	**34,097**	**-**	**-**	**777,749**		
Total KMP	**2015**	**824,161**	**-**	**-**	**4,302**	**37,539**	**-**	**-**	**-**	**44,161**	**41,514**	**-**	**951,677**		

Refer to Page 11 for all appointment and resignation dates

Remuneration report (audited) continued

6. Equity Instruments disclosures

Table 2: Share options awarded and vested during prior years (consolidated)

30 June 2016	Options awarded up to 30 June 2016 No.	Terms and Conditions for each Grant during the year: Award date	Fair value per option at award date ($)	Exercise price ($)	Expiry date	First exercise date	Last exercise date	Options vested during the year: No.	%
Executive directors									
Justin Tooth	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Tom Revy	2,500,000	20 Feb 2014	$0.04195	$0.08	20 Feb 2017	20 Feb 2014	20 Feb 2017	1,500,000	75%
Other key management personnel									
Beverley Gardner	250,000	21 Nov 2013	$0.01659	$0.03	21 Nov 2016	21 Nov 2013	21 Nov 2016	Nil	Nil
Merlin Marr-Johnson	-	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Dave Richards	250,000	21 Nov 2013	$0.01659	$0.03	21 Nov 2016	21 Nov 2013	21 Nov 2016	Nil	Nil
Totals	**3,000,000**							**1,500,000**	

Incentive options granted to key management personnel will generally only be of benefit if the executives perform to the level whereby the value of the consolidated entity increases sufficiently to warrant the exercising of the incentive options granted. Other than service based vesting conditions, there are no additional performance criteria on the incentive options granted to executives

Refer to Page 14 for performance conditions attached to options issued to Tom Revy
Refer to Page 11 for all appointment and resignation dates

Directors' Report (continued)

Remuneration report (audited) continued

7. Equity Instruments disclosures (continued)

Table 3: Share holdings

2016	Shares				
	Balance 1-July-15	**Rights Exercised**	**On Exercise of Options**	**Net Change Other (i)**	**Balance 30-Jun-16**
Directors					
Ed Nealon [(1)]	26,241,557	-	-	(357,136)	25,884,421
Grant Button	5,356,300	-	-	-	5,356,300
Tom Revy[(4)]	2,717,877	-	-	(2,717,877)	-
Klaus Borowski	-	-	-	-	-
Justin Tooth[(2)]	-	-	-	166,650	166,650
Evan Kirby [(3)]	-	-	-	10,900	10,900
Executives					
Lindsay Cayhill	832,500	-	-	(832,500)	-
Scott Huntly	6,723,087	-	-	-	6,723,087
Robert Hair[(4)]	8,176,887	-	-	(8,176,887)	-
Beverley Gardner	803,963	-	-	-	803,963
	50,852,171	**-**	**-**	**(11,906,850)**	**38,945,321**

*Issued under the employee share plan
(i) Net change other includes:

- acquisitions and disposals on market
- issued in settlement of fees
- subscribed in share issue
- subscription for options
- sales / transfers
- appointment / resignation as director
- exchange of options for shares
- salary sacrifice share scheme shares issued

(1) Resigned 16 December 2015
(2) Appointed 16 December 2015
(3) Appointed 31 March 2016
(4) Resigned 31 March 2016

Table 4: Option holdings

2016	Options							
	Balance 1-July-2015	**Granted**	**Received as Remuneration**	**Options Expired**	**Net Change Other (i)**	**Balance 30-Jun-16**	**Vested & Exercisable 30-Jun-16**	**Vested & Not Exercisable 30-Jun-16**
Directors								
Tom Revy	**2,500,000**	**19 Feb 2014**	**-**	**-**	**-**	**2,500,000**	**1,500,000**	**-**
Executives								
Dave Richards	**250,000**	**21 Nov 2013**	**-**	**-**	**-**	**250,000**	**-**	**-**
Beverley Gardner	**250,000**	**21 Nov 2013**	**-**	**-**	**-**	**250,000**	**-**	**-**
	3,000,000	**-**	**-**	**-**	**-**	**3,000,000**	**1,500,000**	**-**

Refer Page 11 for all appointment and resignation dates

Directors' Report (continued)

Remuneration report (audited) continued

7. Equity Instruments disclosures (continued)

Table 5: Shares issued under the Salary Sacrifice Scheme

	30 June 2016 Number of share rights					30 June 2015 Number of share rights					
	Brought forward	Issued	Waived	Exercised	Total $	Brought Forward	Issued	Waived	Exercised	Outstanding	Total $
E Nealon	-	-	-	-	-	3,756,630	2,772,812	-	(6,529,442)	-	-
G Button	-	-	-	-	-	921,933	680,490		(1,602,423)	-	-
	-	**-**	**-**	**-**	**-**	**4,678,563**	**3,453,302**	**-**	**(8,131,865)**	**-**	**-**

Refer Page 11 for all appointment and resignation dates

Table 6: Number of employee shares (under non-recourse loan schemes) held by directors and executives:

Directors	Balance 1-July-15	Received as Remuneration	Options Exercised	Net Change Other (i)	Balance 30-Jun-16	Loan Value $
Ed Nealon [1]	600,000	-	-	-	600,000	118,800
Grant Button	500,000	-	-	-	500,000	99,000
Executives						
Robert Hair [2]	500,000	-	-	-	500,000	99,800
	1,600,000	-	-	-	1,600,000	318,400

1 12 months expiration date is 16 December 2016.
2 12 months expiration date is 30 March 2017.

Refer Page 11 for all appointment and resignation dates

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.

During the 2015 and 2016 reporting period no new shares were issued under the ESIP.

If, at any time during the exercise period an employee ceases to be an employee, all options held by that employee vest immediately and will lapse one month after their employment end date. As such, there is not considered to be any service conditions attaching to the grant of shares under the ESIP, and the full expense is recognised at grant date.

Fair value of award granted

Shares granted under the ESIP are accounted for as "in-substance" options due to the limited recourse nature of the loan between the employees and the Company to finance the purchase of ordinary shares. The fair value at grant date for the various tranches of rights issued under the ESIP is determined using a binomial model.

Directors' Report (continued)

Remuneration report (audited) continued

8. Loans to Key Management Personnel and their Related Parties

There were no loans to Directors or other key management personnel at any time during the year ended 30 June 2016 (2015: Nil).

9. Transactions with Key Management Personnel and their Related Parties

The following transactions were undertaken between the Company, executive officers and director-related entities during 2016 and 2015

	2016 $	2015 $
Consulting fees were paid or accrued to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder (1) (2)	**60,000**	60,000
Directors fees were paid or accrued to Metallurgical Management Services Pty Ltd a company of which Evan Kirby is a director (2)	**7,500**	-
Consulting fees were paid or accrued to Tavistock Communications Limited, a company of which Merlin Mar-Johnson is an Employee	**15,672**	-
	83,172	60,000

None of the above fees were outstanding at 30 June 2016 thus no doubtful allowance has been made.

(1) KMP at the time of receiving the above consulting fees

(2) The above fees have been disclosed in Remuneration Table 1

End of audited Remuneration Report

Directors' Report (continued)

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 91 and forms part of this report.

This report is made in accordance with a resolution of the Directors.

G Button
Non-Executive Director
Company Secretary
Perth
30 September 2016

Ferrum Crescent Limited
A.C.N. 097 532 137

Company and Project Overview

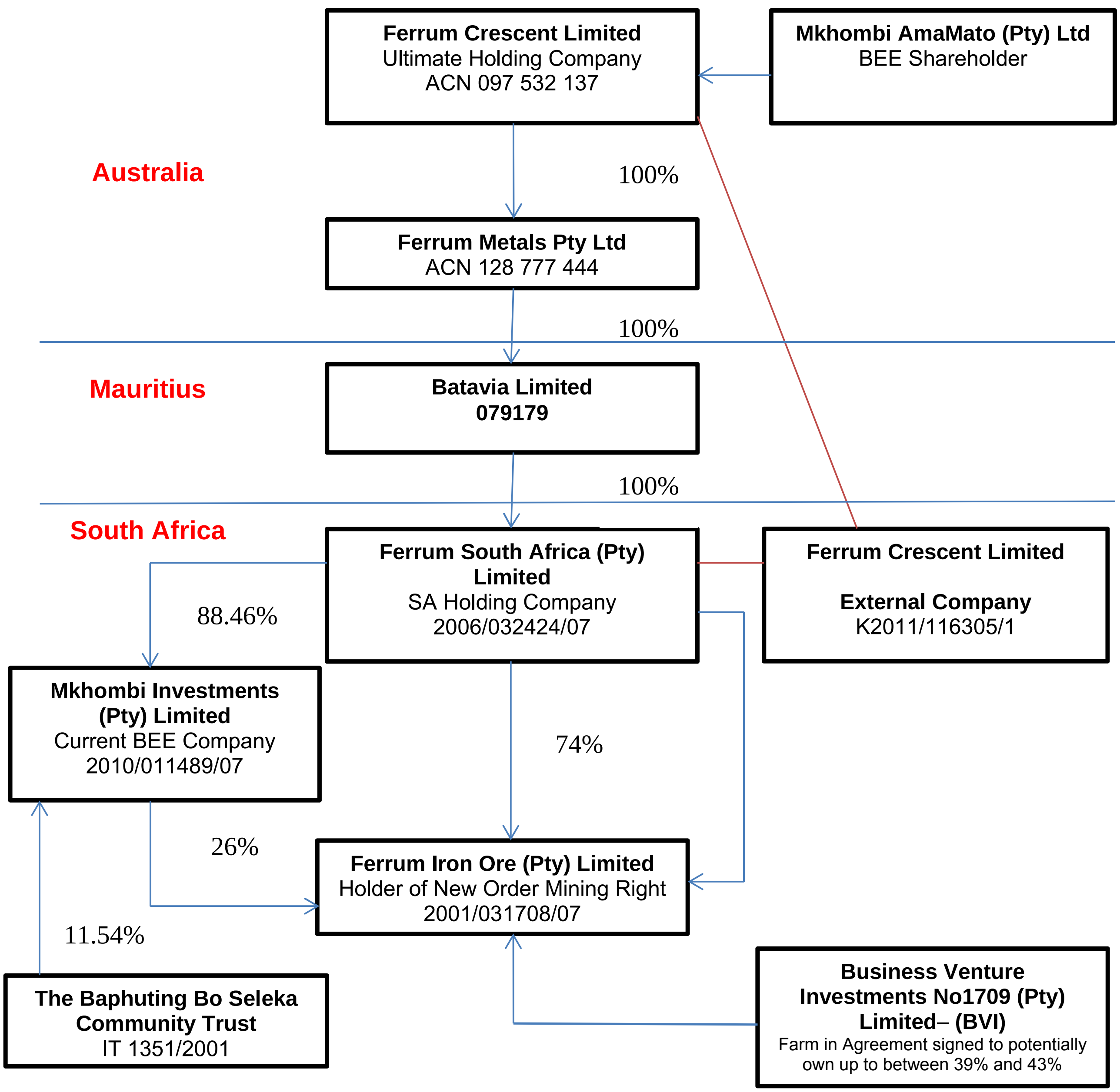
Introduction to the Group

Ferrum Crescent Limited ("Ferrum", "FCR" or the "Company") is an Australian company listed on the Australian Securities Exchange (ASX: FCR) and on the JSE Limited (JSE: FCR) and quoted on the AIM market of the London Stock Exchange plc (AIM: FCR).

Ferrum's corporate structure is shown in Figure 1 below.

This reflects the beneficial ownership interests that have been accounted for as at 30 June 2016.

Figure 1: Ferrum Group Structure



Company and Project Overview

Figure 2: Project's Location

Ferrum seeks to capitalise on the future demand for high quality iron products worldwide by producing a premium material that can be used in the manufacture of steel in electric arc furnaces.

The Moonlight Deposit (upon which the Moonlight Project is based) is a magnetite deposit located on the farms Moonlight, Gouda Fontein and Julietta in Limpopo Province in the north of South Africa (see Figure 2) and is the main operational focus for the Company. Iron and Steel Industrial Corporation (South Africa) ("Iscor"), which explored the Project in the 1980s and '90s, reported mineralisation, capable of producing a concentrate grading at 68.7% iron. At that time, Iscor concluded that the deposit, which was described as comparable to the world's best, was easily mineable due to its low waste-to-ore ratio. The beneficiation attributes of Moonlight ore are extremely impressive, with low-intensity magnetic separation considered suitable for optimum concentration.

Metallurgical tests on Moonlight material, undertaken since then by Ferrum, suggest that Iscor's results are conservative, that good metal recoveries can be achieved, and that the resulting concentrates have a high iron content and only negligible impurities. Grind sizes of between 125 to 250 microns produces recoveries of 42-45% and grades of 68-70% Fe. Importantly, the Moonlight material should be amenable to the manufacture of direct reduction ("DR") grade iron pellets, which are in high demand by modern steel manufacturers.

Various key components of a BFS have already been concluded on the Project with significant milestones achieved to date including:

- Definition and reporting of an independent JORC Code (2012) compliant Mineral Resource estimate of 307.7Mt at 26.9% Fe of which the Inferred category is estimated to contain 172.1Mt at 25.3% Fe; the Indicated - 83Mt at 27.4% Fe and Measured - 52.6Mt at 31.3% Fe (May 2012)
- 30 year Mining Right granted
- Environmental licence (EIA) in place for the Moonlight Project mining area (approved 4 April 2013)
- Metallurgical test work indicates high quality product in excess of 69% iron and low deleterious elements possible

The Company is now seeking to progress the BFS work which will focus on the initial production of high grade magnetite concentrate in order to accelerate the project's production schedule.

As a potential producer of a high-grade iron ore product, the final assessment of Moonlight's capability to operate and process ore at an industrial scale is all important.

Company and Project Overview

Metallurgists continue to work closely with geologists to identify key areas for representative sample selection for advanced metallurgical testing including a pilot test work programme. Immediate test work will focus on optimising grind size vs iron recovery.

Future work will also focus on optimising the pelletising process including an assessment of temperature profiling and treatment times.

Work to date on mine planning has been based on a contract mining model for site development, overburden removal and general open pit mining activities. A low stripping ratio is expected: 1:1.5 during the early years of operations (relatively shallow dips with occurrence of up to 4 magnetite-bearing zones).

Feasibility study requirements that still need to be completed include:

- geotechnical drilling (part complete), mine design, mine reserve estimation based on certain cut-off estimates and economic criteria and a final estimate of mining costs from an adjudicated tender process for contract mining;
- finalising pipeline route for environmental impact study completion;
- optimising pipeline design and costing (finalising rheology / density and particle size distribution);
- finalising negotiations with Eskom (power) for capital costs and tariffs once mining/process demand/schedules are finalised for the anticipated 50-60MW needed for concentrate production; and
- finalising negotiations with Transnet (rail and port) for planning and costing of loading / unloading facilities, wagon and locomotive requirements and port handling and storage costs. Transnet will need to review the Project's infrastructure requirements as part of the feasibility component and finalisation of commercial arrangements and an appropriate area and connection at the port (Richards Bay) will need to be secured by the Company.

Moonlight Project Concept

Recognising that adding value within the country is a strategic preference for all mining operations within South Africa, Ferrum has consistently planned for beneficiation and other value-adding processes to take place within the country. Project concepts have previously included the production of pig iron at or near the Moonlight site. However, the Company now believes, that the initial development concept for the Project is likely to involve mining at site and the production of an iron ore concentrate for transportation via a slurry pipeline to a dewatering and loading facility to be located in Thabazimbi. The high grade product would initially be sold to the domestic market. To this end, Ferrum has received a Letter of Intent ("LOI") for production offtake. Future studies will also assess the requirements for the production of pellets and other agglomerated products for use in steel making.

Several future pelletiser sites and rail and port combinations have been considered, and the Company has continued to seek confirmation from infrastructure providers (including rail, port and power suppliers) of an allocation of future capacity for the Company. During the 2012 financial year, the South African Government announced that significant capital would be applied in upgrading the rail and port facilities that service the Waterberg Region, which is close to where the Moonlight Deposit is situated. These planned upgrades are strategically necessary to unlock the value of the Waterberg Region, where the country's most significant remaining coal reserves are situated. Accordingly, rail, power, water and port facilities are all being upgraded as a matter of national priority.

Company and Project Overview

Proposed Rail Upgrades to Waterberg Coal Sources

Figure 3 below contains a map showing the planned upgrades to the existing rail infrastructures considered to be the most likely to be used for the Moonlight Project. The proposed loading facility would be situated near to the Thabazimbi railhead, and export product would be railed to Richards Bay for shipping to customers in the Middle East and elsewhere.

During a recent meeting with Transnet, it was agreed to continue to hold regular meetings in order to monitor progress on the rail infrastructure expansion project and for Ferrum to advise status of the proposed commencement of production at Moonlight.

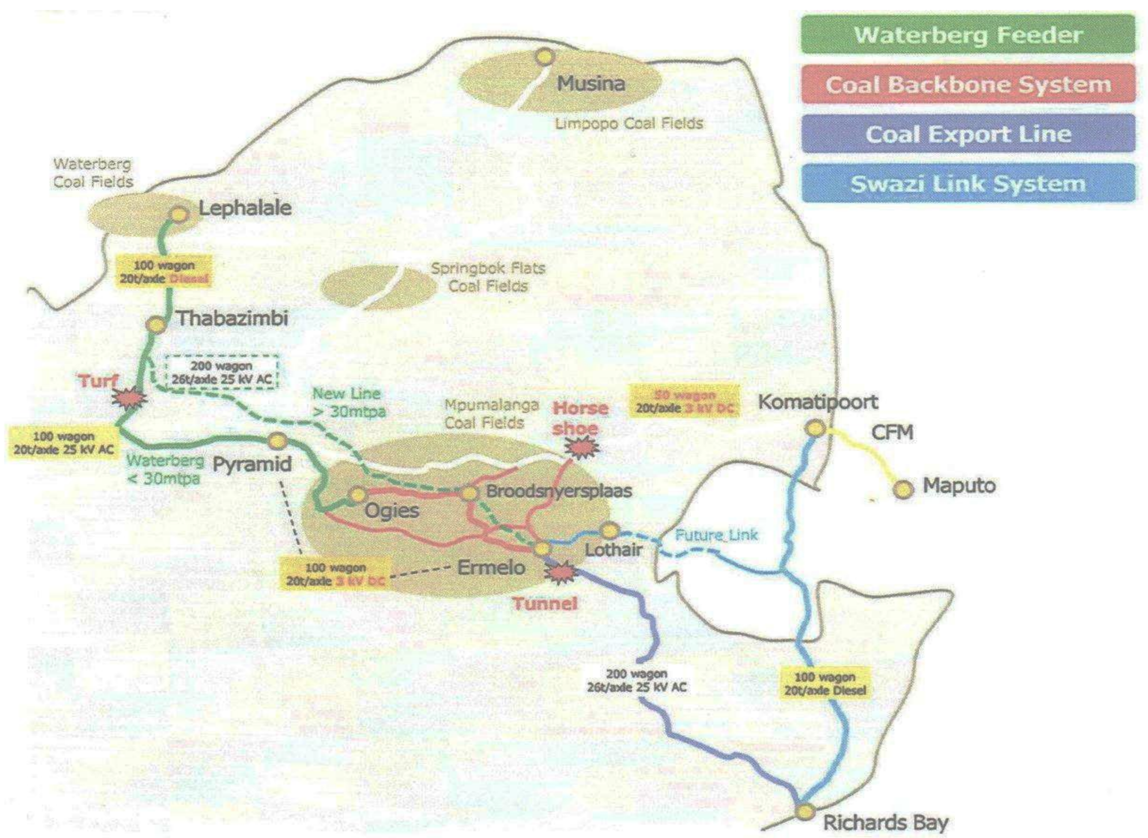


Figure 3: Proposed Rail Upgrades to Waterberg Coal Sources (source: Transnet 2012)

In June 2011, the Company entered into an offtake agreement with Swiss based Duferco SA, a leading private company involved in the trading, mining, and end use of iron and steel products and raw materials for the steel industry. Following due diligence on the mineral assets of the Company, Duferco concluded that the Group should be able to produce direct reduction and/or blast furnace pellets equal to or better than current world class product.

The offtake agreement with Duferco covers up to 6 Mpta of anticipated future iron ore pellet production from the Project. Under the agreement, Ferrum will sell Duferco all of its production available for export (in total 4.5 Mpta) and will give Duferco a right of first refusal over an additional 1.5 Mt per annum.

In June 2015, South Africa's competition authorities approved, with certain conditions, a merger between China's Hebei Iron and Steel Group Co. and Duferco International Trading Holding, which has certain subsidiaries in South Africa. This transaction is not expected to affect the Company's pre-existing offtake agreement.

Environmental

EIAs are currently being prepared for certain aspects of the Project including pipeline route and a product handling facility at Thabazimbi. Environmental approvals are already in place in respect of all mining activities.

Geology and Mineral Resources

The Mineral Resources are currently located entirely on the farm Moonlight 111LR, with significant potential for future expansion of the existing resource base within the Project area once all current work streams have been financed and completed.

In 2014, Mineral Corporation Consultancy Pty Ltd ("The Mineral Corporation") undertook an update of the Project's Mineral Resource estimate to the requirements of JORC (2012), having previously been reported in accordance with JORC (2004). It determined that the Mineral Resource classification criteria imposed in deriving the previous estimate were still valid. Furthermore, the additional reporting requirements contained in JORC (2012) have been fully complied with in its updated independent Mineral Resource estimate report.

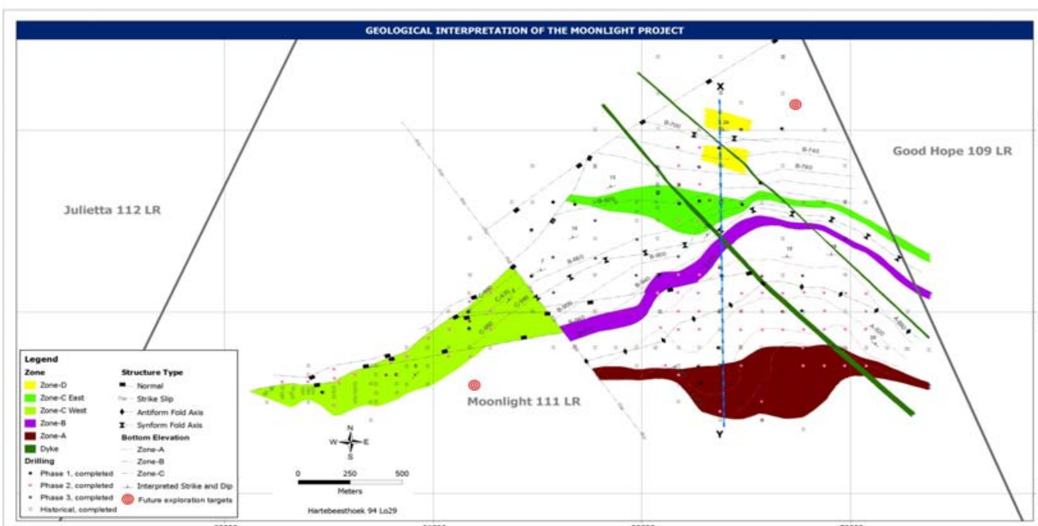


Figure 4: Moonlight Deposit Geological Plan

The Project has been explored in the past by Kumba Iron Ore Limited (KIOL) and more recently by the Company. Drilling data from KIOL and three phases of Ferrum exploration inform the estimate. The drilling comprised open-hole percussion, reverse circulation (RC) percussion and diamond core drilling and was all drilled in a vertical orientation.

A total of 122 RC holes and 89 diamond core holes were employed in the Mineral Resource estimate.

The Mineral Resource estimate is provided in the table below and the Mineral Resource estimation criteria, as required in JORC (2012) and in Section 5.8.2 of the ASX Listing Rules, are available on the following link: www.jorc/docs/JORC_code_2012.pdf.

Company and Project Overview

Category	Mineral Resource Gross		Mineral Resource Net (attributable to Ferrum Crescent at 97%)		Mineral Resource Grade		
	Tonne (Mt)*	Contained Fe (Mt)*	Tonne (Mt)*	Contained Fe (Mt)*	Fe (%)	SiO_2 (%)	Al_2O_3 (%)
Inferred	172.1	43.5	166.9	42.2	25.3	51.2	4.8
Indicated	83.0	22.7	80.5	22.1	27.4	50.1	4.0
Measured	52.6	16.5	51.0	16.0	31.3	47.3	2.5
Total	**307.7**	82.7	298.4	80.3	**26.9**	**50.3**	**4.2**

*Tonnes are rounded

The information above that relates to Exploration Targets, Exploration Results and Mineral Resources has been compiled by Stewart Nupen, a Competent Person who is a Fellow of the Geological Society of South Africa and a registered Professional Natural Scientist with the South African Council for Natural Scientific Professionals. Stewart Nupen is employed by The Mineral Corporation, an independent consulting firm to Ferrum.

Stewart Nupen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stewart Nupen consents to the inclusion herein of the matters based on his information in the form and context in which it appears.

Valuation

As at 30 April 2014, The Mineral Corporation prepared an independent valuation for the Project. This independent valuation can be viewed by accessing the following link and going to the disclosures for July 2014: http://www.ferrumcrescent.com/irm/archive/asx-announcements.aspx?RID=8.

2015 Drilling

During the 2015 reporting period, the Company completed a drilling programme that was designed to investigate the extent of Zone D and provide information to inform the location of the proposed future mine. Its purpose was also to identify if, and the areas where, bulk sampling for the requisite levels of metallurgical testwork should take place during the next stage of the Moonlight BFS.

The drill programme comprised 10 reverse circulation drill holes (for a cumulative total of 1,396m) and was completed in Q1 2015 ahead of time and below budget. All holes intersected mineralised magnetic zones across various depths.

The Zone D drilling confirmed comparable grades to those previously identified within the Inferred Resource, and consequently enabled the Company to finalise its plans for the BFS with respect to the location and design of the proposed open pit mine for the first 10 years of the mine's life, within primary Zones A, B and C, due to shallower intersections, higher grades and better stripping economics. A new zone of mineralisation, Zone E, was also identified representing future exploration potential.

Further infill drilling is required to establish a JORC (2012) Ore Reserve and for advanced beneficiation work to be undertaken as part of the direct reduction iron (DRI) plant design process. The success of such infill drilling will also determine whether bulk sampling is necessary to complete the full mine design and plant costings.

Following the future completion of all mine plan, plant design and processing assessments, the final stage of the BFS can then be progressed, utilising the stand-alone project economics to establish optimal infrastructure agreements with the relevant local government agencies.

Company and Project Overview

Infrastructure

Ongoing planning discussions related to future infrastructure requirements which include rail facilities, power and water have continued between the Company and South African infrastructure providers during the reporting period. An LOI has been concluded whereby the final product will be sold in Thabazimbi to a local manufacturer which will greatly reduce the Company's reliance on rail to Richards Bay.

Community

The Company has signed a Memorandum of Agreement with the Lephalale Local Municipality ("LLM"). The agreement defines the Company's role in assisting the local communities. The Company will assist in skills development, water scheme planning and developing select students to reach their full potential for future employment at the mine. The Company will also participate in the Mayors Bursary scheme for 2016 school leavers. LLM in turn is assisting the Company in obtaining historical geological information related to the Moonlight Project. LLM will also assist the Company with any talks with foreign investors and demonstrate their commitment to the project as well as assisting the Company with all key stakeholders and service providers.

Meetings are held on a monthly basis with the Company's neighbouring communities, the Ga Seleka and Ga Shonguane communities.

Project Schedule

The following are significant factors with respect to the advancement of the Moonlight Project:

- subject to funding, the BFS can be completed within approximately 18-24 months' work-time;
- 30 to 36 month mine construction period currently envisaged;
- Project's schedule coincides with the South African Government's infrastructure development plans; and
- Completion of the BFS is currently expected to cost approximately AUD12 – 14M.

Corporate

On 16 July 2015, the Company announced an update in respect of the first funding payment due under the BFS financing agreement with Principle Monarchy Investments (Proprietary) Limited ("PMI") for the development of the Moonlight Iron Ore Project in Limpopo Province, South Africa. PMI advised the Company that it had secured funds for the first R2M payment that was to be paid to the Company under the terms of the Memorandum of Understanding ("MOU") signed on 5 May 2015.

On 21 July 2015, PMI advised the Company that PMI had concluded a financing agreement which would enable PMI to fulfil all of its immediate commitments under the BFS financing agreement for the advancement of the project.

On 22 July 2015, the Company advised that an investing group had initially allocated funds to PMI in order to enable it to work with the Company over a 12 month period. The Company emphasised to PMI that the scheduled first payment of R2M was still overdue and that the Company awaited access to the funding from PMI in order to advance the work on the BFS. Operationally the Company announced that Hatch Goba had formally agreed to be engaged as the lead study consultant once funding had been received from PMI.

Company and Project Overview

On 14 October 2015, the Company announced that the previously announced MOU with PMI to provide financing for the BFS for up to a 39% interest in Ferrum Iron Ore (Pty) Ltd ("FIO") had been formally terminated with no scheduled payments having been received from PMI.

On 14 October 2015, the Company also announced that a BFS Farm-In Agreement had been concluded with Business Venture Investments No.1709 (Proprietary) Limited ("BVI") to form a joint venture for the completion of the bankable feasibility study ("BFS") for the Moonlight Iron Ore Project. The comprehensive Farm-In Agreement provides for the completion of all the requisite BFS workstreams to produce a full BFS on the project to a fixed timeline, to be funded by BVI in return for up to a 43% equity interest in FIO the owner of the Moonlight Iron Ore Project. The Farm-In Agreement is to be undertaken in two phases.

Phase 1 will cover a study on the best short term business case model based upon technical, financial and committed domestic offtake details. BVI is responsible for completing this study within 12 months. Upon satisfactory completion of Phase 1 BVI will be entitled to 14% equity in FIO. The Company may, however, elect (but is not obligated) to contribute R8.3M to reduce the equity interest of BVI to 10%. A Shareholders Agreement is intended to be entered into and become effective after the completion of Phase 1.

Phase 2 will commence upon satisfactory completion of Phase 1 and BVI will be afforded a total of 24 months in which to complete a full study on the best short term business case defined during Phase 1. Phase 2 will be carried out to a standard, and include, all matters required by international project and equity financiers, including without limitation certain detailed deliverables agreed with the Company. Upon satisfactory completion of Phase 2, BVI will earn a further 29% equity interest in FIO. Should BVI not complete Phase 2, it will have earnt no further equity in FIO apart from that earnt in respect of completing Phase 1.

On 14 January 2016, the Company announced that it had agreed with BVI to extend the timeline for completion of Phase 1 of the BFS by 3 months to 12 January 2017. This extension was in order for BVI to finalise the appointment of an internationally reputable engineering firm to manage the BFS.

On 16 February 2016, the Company announced that it had entered into an exclusive option and sale agreement for a staged option fee of up to GBP22,500, with TH Crestgate GmbH ("Crestgate"), a private Swiss-based company to potentially acquire 100 per cent. of its indirect wholly-owned subsidiary, GoldQuest Iberica, S.L. ("GoldQuest"), a private company incorporated in Spain, which owns 100 percent of two lead-zinc exploration projects in the provinces of León and Galicia, in historic Spanish mining areas ("the Iberian Projects"), to enable the Company to conduct due diligence on both GoldQuest and the Iberian Projects.. The exclusive option, was valid until 31 July 2016, and if exercised the aggregate consideration payable for GoldQuest was approximately GBP465,000 to be satisfied partly in cash (approximately GBP320,000) and partly by the issue of 100,000,000 new ordinary shares in the capital of the Company. The option was exercisable entirely at the Company's discretion (refer to note11 for the investment as at 30 June 2016).

On 25 February 2016, the Company announced that it had received applications to subscribe for 149,681,797 new ordinary shares of no par value each at a price of GBP0.0012 per share to raise GBP 179,618 before expenses. Following admission the share capital of the Company comprised 772,985,191 ordinary shares.

On 31 March 2016, the Company announced a strategic update and corporate restructuring focused on generating value from the Group's principal iron ore project in northern South Africa and the development of its value-accretive business model, progressing initially with its option over the abovementioned Spanish lead-zinc projects (via the potential acquisition of GoldQuest.

The following Board changes were implemented, Mr Justin Tooth assumed the role of Executive Chairman and Managing Director from his previous non-executive role; Dr Evan Kirby joined the Board as a Non-Executive Director; Mr Merlin Marr-Johnson was appointed as an adviser to the Board to assist with the progression of the potential Spanish lead-zinc projects; Mr Tom Revy, who was the Managing Director resigned; Mr Bob Hair who was the Company Secretary resigned and Mr Grant Button, an existing Non-Executive Director assumed the duties of Company Secretary.

Company and Project Overview

On 12 April 2016, the Company announced that its comprehensive due diligence investigations on GoldQuest and the Iberian Projects had been completed. The licences in respect of the Iberian Projects had been renewed for a further period of twelve months by the Government of León further to the fulfilment of a basic work programme at the two sites.

On 27 April 2016, the Company announced that it had conditionally raised, in aggregate, GBP650,000 before expenses through a placement, via Beaufort Securities Limited ("Beaufort"), its agent, a total of 403,846,154 new ordinary shares of no par value each and a direct subscription of 96,153,846 new ordinary shares, both at a price of 0.13 pence per new ordinary share.

As part of the placement and subscription, each investor was offered, options on the basis of one option for every share subscribed pursuant to the placement and subscription. Each option entitles the holder to subscribe for a further new ordinary share at a price of 0.165 pence per share for an exercise period of two years from the date of admission of the abovementioned placing and subscription shares.

In addition the Company announced that it was issuing, in aggregate, a further 9,807,692 new ordinary shares in settlement of certain fees, comprising 4,807,692 new ordinary shares to Beaufort at a deemed issue price of 0.13 pence per new ordinary share in settlement of Beaufort's corporate brokering services of GBP6,250 and 5,000,000 new ordinary shares to Crestgate at a deemed issue price of 0.13 pence in connection with the extension of certain escrow arrangements under the terms of the Company's option and sale agreement in respect of GoldQuest. Following admission of a;; of the aforementioned new ordinary shares, the total issued ordinary share capital of the Company was 1,282,791,883 ordinary shares.

On 15 June 2016, the Company announced a corporate and operational update stating, *inter alia*, that:

- the Board was actively evaluating engineering pathways for alternate production routes, based on existing technologies and modelled on current equipment types which are in use at comparable mining operations, including examining lower cost capex development options with potential partners utilising alternative methods for the transportation of concentrate rather than a pipeline;
- discussions were being held with new potential off-take partners for the supply of concentrate;
- the Company was seeking to recover certain third party historic geological data and core samples on both the Julietta and Moonlight licence areas;
- that a Memorandum of Agreement and co-operation framework ("MoA") had been signed with the Mayor of the Lephalale Municipality situated in the Waterberg District of the Limpopo Province which serves to secure the necessary consents from local stakeholders for progression of the project into future development; and
- that the Company's planned work programme, to determine the extent of the mineralisation on the Iberian Projects was expected to commence shortly after the completion of the acquisition of GoldQuest.

Corporate Governance Statement

Introduction

This corporate governance statement is dated 30 September 2016 and has been approved by the Board.

The Company has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, third edition ("**Principles & Recommendations**"), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and reasoning for the adoption of its own practice, in compliance with the "if not, why not" regime.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.2	✓	
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7		✓	Recommendation 6.4	✓	
Recommendation 2.1	✓		Recommendation 7.1	✓	
Recommendation 2.2	✓		Recommendation 7.2	✓	
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4	✓		Recommendation 7.4	✓	
Recommendation 2.5		✓	Recommendation 8.1	✓	
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3	✓	
Recommendation 4.1	✓				

1 Indicates where the Company has followed the Principles & Recommendations
2 Indicates where the Company has provided "if not, why not" disclosure.

Website disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website at www.ferrumcrescent.com, under the section titled Corporate Governance.

Disclosure – Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the year ending 30 June 2016 (the "**reporting period**").

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should disclose the respective roles and responsibilities of the board and management and those matters expressly reserved to the board and those delegated to management.

Disclosure:

The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to management and has set out these functions in its Board Charter. Senior executives are responsible for supporting the executive officer and assisting the executive officer in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the executive officer or, if the matter concerns the executive officer, then directly to the Chairman or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should undertake appropriate checks before appointing a person, or putting a person forward for election to shareholders, as a director.

Disclosure:

The Company does undertake appropriate checks in accordance with this recommendation.

Recommendation 1.3:

Companies should have written agreements with each director and senior executive setting out the terms of their appointment.

Disclosure:

The Company does have written agreements with each director and senior executive in accordance with this recommendation.

Recommendation 1.4:

The company secretary should be accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board.

Disclosure:

The company secretary is accountable directly to the board, through the chairman, on all matters to do with the proper functioning of the board.

Recommendation 1.5:

The Company should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the Company's diversity policy and its progress towards achieving them, and the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the Company has defined "senior executive" for these purposes).

Disclosure:

The Company has established a Diversity Policy a copy of which is published on the Company's website. The Company has not yet established measurable objectives for achieving gender diversity. The Company operates with a very small team of professionals, whose services are provided on the basis of their experience and professional qualifications. Establishing such measurable objectives will be addressed by the Board when the Company's operations require the expansion of its personnel numbers

The respective proportions of men and women on the board and in senior executive positions (that term meaning a position having senior management responsibilities as set out in the Company's delegated authorities manual) are set out in the following table:

Gender	Total	Senior Management	Board
Female	2	1	0
Male	6	4	4
% Female	30%	20%	0%

Recommendation 1.6:

The Company should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Company periodically evaluates the performance of the board, its committees and individual directors. A performance evaluation was undertaken during the reporting period.

Recommendation 1.7:

The Company should:

(a) have and disclose a process for periodically evaluating the performance of senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Company periodically evaluates the performance of senior executives. A performance evaluation was not undertaken during the reporting period.

Principle 2 – Structure the Board to add value

Recommendation 2.1:

The Board should establish a Nomination Committee.

Disclosure:

The Company has established a separate Nomination Committee. The Committee comprises Mr Grant Button (chairman of the committee), Mr Klaus Borowski and Mr Ed Nealon until his resignation on 16 December 2016 when the position stood open until 31 March 2016 when Dr Evan Kirby joined the board and became a member of the committee.

Recommendation 2.2:

The Company should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Disclosure:

The Company has a skills matrix setting out the skills and diversity of the board. Its members have a mixture of experience and corporate, technical, financial and management skills that are considered appropriate for the Company's present situation.

Recommendation 2.3:

The Company should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if directors have a prescribed interest, position, association or relationship with the Company, why they are regarded as independent directors; and

(c) the length of service of each director.

Disclosure:

The independent directors of the Company are Mr Grant Button, Dr Evan Kirby and Mr Klaus Borowski. The length of service of each director is as follows: Mr Button – 7 years; Mr Borowski – 6 years; Dr Kirby - 3 months.

Recommendation 2.4:

A majority of the board of the Company should be independent directors.

Disclosure:

There are four directors, three of whom are independent.

Recommendation 2.5:

The chairman of the board of the Company should be an independent director and, in particular, should not be the same person as the CEO of the Company.

Disclosure:

The role of Chairman of the Company during the reporting period was held by Mr Ed Nealon (who was an independent director) until his resignation on 16 December 2015 and by Mr Justin Tooth from 16th December 2015 until the end of the financial year. Mr Tom Revy was CEO of the Company until his resignation on 31 March 2016. Mr Justin Tooth took over this role on 31 March 2016 and is both the Chairman of the Board and the Managing Director as at 30 June 2016

Recommendation 2.6:

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

The Company will induct new directors at an appropriate time when suitable individuals are identified and available and as the Company's business requires adjusted skills sets on the board. Directors will be provided appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as directors effectively as and when required.

Principle 3 – Act ethically and responsibly

Recommendation 3.1:

The Company should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

Disclosure:

The Company has established a Code of Conduct applying to directors, senior executive and employees as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The Code of Conduct is available for scrutiny on the Company's website.

Principle 4 – Safeguard integrity in financial reporting

Recommendation 4.1:

The board should:

(a) have an audit committee that has at least three members, all of whom are non-executive directors and a majority of whom are independent, and be chaired by an independent director who is not chairman of the board; and

(b) disclose the committee's charter, its members and the relevant qualifications and experience of the committee members and the number of times it met during the reporting period.

Disclosure:

The Company has established an Audit Committee with a formal charter. The committee comprises three independent directors, being Mr Grant Button (chairman of the committee), Mr Klaus Borowski and Mr Ed Nealon until his resignation on 16 December 2015. Dr Evan Kirby replaced Mr Ed Nealon on 31 March 2016 upon his appointment to the board. It meets the stipulations set out in recommendation 4.1, and the relevant qualifications and experience of its members are set out in the Directors' Report. All of the Audit Committee members consider themselves to be financially literate and have industry knowledge. The committee did not meet during the reporting period.

Recommendation 4.2:

The board should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure:

The board meets the stipulations set out in recommendation 4.2.

Recommendation 4.3:

The Company should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Disclosure:

The Company meets the stipulations set out in recommendation 4.3.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

The Company should have a written policy designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established a written policy designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance. The policy is available for scrutiny on the Company's website.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:

The Company should provide information about itself and its governance to investors via its website.

Disclosure:

The Company complies with recommendation 6.1.

Recommendation 6.2:

The Company should design and implement an investor relations programme to facilitate effective two-way communication with investors.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders.

Recommendation 6.3:

The Company should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure:

The Company gives adequate notice to security holders of meetings of security holders and encourages attendance at such meetings.

Recommendation 6.4:

The Company should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

The Company meets the requirements of recommendation 6.4.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The board should:

(a) have a risk management committee that has at least three members, a majority of whom should be independent, and be chaired by an independent director; and

(b) disclose the committee's charter, its members and the relevant qualifications and experience of the committee members and the number of times it met during the reporting period.

Disclosure:

The Company has established a risk management committee with a formal charter. The committee comprises three independent directors, being Mr Grant Button (chairman of the committee), Mr Klaus Borowski and Mr Ed Nealon until his resignation on 16 December 2015. Dr Kirby replaced Mr Nealon on the committee upon his appointment on 31 March 2016. It meets the stipulations set out in recommendation 7.1, and the relevant qualifications and experience of its members are set out in the Directors' Report. The committee did not meet during the reporting period.

Recommendation 7.2:

The board or a committee of the board should:

(a) review the Company's risk management framework at least annually to satisfy itself that it continues to be sound; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

Disclosure:

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

During the reporting period the Company had an informal risk management system in place, including the policies and systems referred to in the disclosure in relation to recommendation 7.2. Although the system was not fully documented, management acting through the Managing Director was able to form the view that management of its material business risks during the reporting period was effective.

Recommendation 7.3:

The Company should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Disclosure:

The Company does not have an internal audit function. The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Disclosure:

The Company does not have any material exposure to economic, environmental or social sustainability risks, other than the risks that are common to all minerals explorers in relation to commodity prices and the availability of venture capital.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The board should:

(a) have a remuneration committee that has at least three members, a majority of whom should be independent, and be chaired by an independent director; and

(b) disclose the committee's charter, its members and the relevant qualifications and experience of the committee members and the number of times it met during the reporting period.

Disclosure:

The Company throughout the financial year had a separate remuneration committee that meets the requirements of recommendation 8.1. The committee comprised Mr Klaus Borowski (chairman of the committee), Mr Grant Button and Mr Ed Nealon until his resignation on 16 December 2015 whereupon the position stood vacant until Dr Evan Kirby replaced Mr Nealon upon his appointment on 31 March 2016. The relevant qualifications and experience of its members are set out in the Directors' Report. The committee did not meet during the reporting period.

Recommendation 8.2:

The Company should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure:

Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the Company's stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unquoted options to non-executive directors, subject to obtaining the relevant approvals. This policy is subject to annual review. All of the directors' option holdings are fully disclosed.

Pay and rewards for executive directors and senior executives consist of a base pay and benefits (such as superannuation) as well as long term incentives through participation in employee share and option plans. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

Recommendation 8.3:

If the Company has an equity-based remuneration scheme, it should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

Disclosure:

Though the Company has a Share Plan and an Option Plan in place in order to provide incentives and directors and employees have from time to time participated in such plans, any participation in such plans is not regarded as equity-based remuneration, and in any event the Plan rules themselves would prevent the entry into transactions that limit the economic risk of such participation.

Ferrum Crescent Limited
A.C.N. 097 532 137

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue from continuing operations			
Revenue	3(a)	**22,517**	23,753
Other income	3(b)	**490,850**	-
Administration expenses	3(c)	**(1,416,748)**	(1,478,102)
Occupancy expenses		**(52,382)**	(66,218)
Exploration expenditure		**(188,506)**	(456,595)
Fair value (loss) / gain on financial instrument	3(d)	**46,868**	(208,375)
Foreign exchange loss		**(395,816)**	(176,532)
Share based payments	20	**(34,097)**	(90,851)
Fair value gain on disposal of available for sale investments		**649**	137,597
Impairment of minority interest obligation	3(d)	**(46,868)**	-
Loss before taxation		**(1,573,533)**	**(2,315,323)**
Income tax benefit / (expense)	5	**-**	**(30,537)**
Loss after income tax for the year		**(1,573,533)**	**(2,345,860)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net exchange gain / (loss) on translation of foreign operation		**226,166**	(180,614)
Net fair value gains on available-for-sale investment		**-**	28,536
Income tax effect		**-**	(7,990)
Reclassification of net changes in fair value relating to the disposal of available for sale investments		**649**	(137,597)
Income tax effect		**(182)**	38,527
Fair value on investment unrealised		**524**	-
Other comprehensive income / (loss) for the year, net of tax		**227,157**	**(259,138)**
Total comprehensive loss for the year		**(1,346,376)**	**(2,604,998)**
Net loss for the year attributable to:			
Equity holders of the Parent		**(1,573,533)**	**(2,345,860)**
		(1,573,533)	**(2,345,860)**
Total comprehensive loss for the period attributable to:			
Equity holders of the Parent		**(1,346,376)**	**(2,604,998)**
		(1,346,376)	**(2,604,998)**
Loss per share		**Cents per share**	**Cents per share**
Basic loss for the year attributable to ordinary equity holders of the Parent	7	**(0.22)**	(0.50)

The above Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Ferrum Crescent Limited
A.C.N. 097 532 137

Consolidated Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and short term deposits	8	**743,264**	1,028,468
Trade and other receivables	9	**33,929**	21,928
Other current financial assets	12	**29,303**	34,325
Prepayments		**50,606**	76,983
Total current assets		**857,102**	**1,161,704**
Non-current assets			
Plant and equipment	10	**13,533**	29,645
Investments	11	**243,331**	-
Other non-current financial assets	12	**64,715**	187,048
Total non-current assets		**321,579**	**216,693**
Total assets		**1,178,681**	**1,378,397**
Liabilities and equity			
Current liabilities			
Trade and other payables	13	**263,827**	168,713
Provision for payments received in advance	14	**175,722**	629,325
Provisions	15	**20,473**	54,837
Total current liabilities		**460,022**	**852,875**
Total liabilities		**460,022**	**852,875**
Equity			
Contributed equity	16	**33,049,490**	31,542,093
Accumulated losses	19	**(24,424,297)**	(22,850,764)
Reserves	18	**(7,906,534)**	(8,165,807)
Equity attributable to equity holders of the Parent		**718,659**	**525,522**
Total equity		**718,659**	**525,522**
Total equity and liabilities		**1,178,681**	**1,378,397**

This Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Ferrum Crescent Limited
A.C.N. 097 532 137

Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from / (used in) operating activities			
Interest received		**3,191**	10,635
Income from available for sale investment		**5,242**	13,118
Exploration and evaluation expenditure		**(183,483)**	(458,777)
Receipts from customers		**14,084**	-
Payments to suppliers and employees		**(1,417,784)**	(2,140,761)
Net cash flows (used in) operating activities	24	**(1,578,750)**	**(2,575,785)**
Cash flows from / (used in) investing activities			
Payments for plant and equipment		**-**	456
Other financial assets		**(243,331)**	-
Purchase of available-for-sale financial assets		**(30,360)**	(154,110)
Sale of available-for-sale financial assets		**-**	937,688
Proceeds from disposal of available-for-sale financial assets		**92,699**	99,070
Net cash flows from / (used in) investing activities		**(180,992)**	**883,104**
Cash flows from / (used in) financing activities			
Proceeds from issue of shares		**1,676,878**	2,233,415
Transaction costs on issue of shares		**(169,481)**	(269,780)
Net cash flows from financing activities		**1,507,397**	**1,963,635**
Net increase / (decrease) in cash and cash equivalents held		**(252,345)**	270,954
Net foreign exchange difference		**(32,859)**	19,169
Cash and cash equivalents at 1 July		**1,028,468**	738,345
Cash and cash equivalents at 30 June	8	**743,264**	**1,028,468**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Ferrum Crescent Limited
A.C.N. 097 532 137

Consolidated Statement of Changes in Equity
For the year ended 30 June 2016

	Attributable to the equity holders of the Parent							
	Issued capital $	**Accumulated losses $**	**Employee share incentive reserve $**	**Option reserve $**	**Foreign exchange reserve $**	**Available for sale reserve $**	**Equity reserve $**	**Total equity $**
At 1 July 2014	29,333,702	(20,504,904)	608,335	1,428,281	134,560	78,524	(10,126,072)	952,426
Loss for the period	-	(2,345,860)	-	-	-	-	-	(2,345,860)
Other Comprehensive Income (net of tax)	-	-	-	-	(180,614)	(78,524)	-	(259,138)
Total comprehensive loss (net of tax)	-	(2,345,860)	-	-	(180,614)	(78,524)	-	(2,604,998)
Transactions with owners in their capacity as owners:								
Shares issued during the year net of transaction costs	2,037,244	-	-	-	-	-	-	2,037,244
Shares issued to market previously on the Employee Share Incentive Plan	-	-	54,389	-	-	-	-	54,389
Directors and KMP salary sacrifice for shares issued	171,147	-	(171,147)	-	-	-	-	-
Options issued to Consultants and Brokers	-	-	-	42,300	-	-	-	42,300
Options issued under Employee Option Plan	-	-	-	44,161	-	-	-	44,161
At 1 July 2015	**31,542,093**	**(22,850,764)**	**491,577**	**1,514,742**	**(46,054)**	**-**	**(10,126,072)**	**525,522**
Loss for the period	-	(1,573,533)	-	-	-	-	-	(1,573,533)
Other Comprehensive Income (net of tax)	-	-	-	-	226,166	-	-	226,166
Total comprehensive loss (net of tax)	-	(1,573,533)	-	-	226,166	-	-	(1,347,367)
Transactions with owners in their capacity as owners:								
Shares issued during the year net of transaction costs	1,507,397	-	-	-	-	-	-	1,507,397
Net Growth on Investment Portfolio	-	-	-	-	(991)	-	-	(991)
Options issued under Employee Option Plan	-	-	-	34,098	-	-	-	34,098
At 30 June 2016	**33,049,490**	**(24,424,297)**	**491,577**	**1,548,840**	**179,121**	**-**	**(10,126,072)**	**718,659**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Note 1: Corporate information

The consolidated financial statements of Ferrum Crescent Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 30 September 2016.

Ferrum Crescent Limited, the parent, is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX), the London Stock Exchange (AIM) and the JSE Limited (JSE).

Domicile:
Australia

Registered Office:
'G South Mill Centre' Suite 6, 9 Bowman Street, South Perth, WA, 6151

Note 2: Summary of significant accounting policies

(a) Basis of preparation

The Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations and complies with other requirements of Australian law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Ferrum Crescent Limited and its subsidiaries.

The Financial Report has also been prepared on a historical cost basis, except for the forward subscription agreement and the available-for-sale (AFS) investments which have been measured at fair value.

All amounts are presented in Australian dollars, unless otherwise stated.

(b) Statement of compliance

The Financial Report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

(c) Adoption of new and revised standards

Ferrum Crescent Limited and its subsidiaries ('the Group') has adopted all new and amended Australian Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2015, including:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB1031 Materiality
- AASB 2015-5 Amendments to Australian Accounting Standards Investment Entities. Applying the Consolidation Exception

The adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Group.

(c) Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2016. Relevant Standards and Interpretations are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.	1 January 2016	1 July 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
AASB 9	Financial Instruments	AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Classification and measurement AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.	1 January 2018	1 July 2018
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation The Group has commenced a detailed review of its contracts to determine the impact, if any, of AASB 15 to revenue recognition of the Group. At the date of this report, that assessment is ongoing and it has not been possible to quantify the effect of AASB 15. The International Accounting Standards Board (IASB) in its July 2015 meeting decided to confirm its proposal to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018.	1 January 2018	1 July 2018
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	1 July 2016

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Reference	Title	Summary	Application date of standard*	Application date for Group*
		AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.		
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 July 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	This standard provides clarification amendments to AASB 5, AASB 7, AASB 9 and AASB 134.	1 January 2016	1 July 2016
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements.	1 January 2016	1 July 2016
AASB16	Leases	This Standard sets out the principles for the recognition, measurement,, presentation and disclosure of leases, The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transaction, This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity.	1 January 2019	1 July 2019
2016-1	Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses	This Standard makes amendments to AASB112: Income Taxes (July 2004) and AASB112: Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
2016-2	Amendments to Australian Accounting Standards – Disclosure initiative: Amendments to AASB107	This Standard amends AASB107: Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	1 January 2017	1 July 2017

The impact of the above new statements on the Group still has to be determined.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group 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. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

Note 2: Summary of significant accounting policies (continued)

(e) Basis of consolidation (continued)

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, using the assumptions detailed in Note 20.

Note 2: Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

Impairment of available-for-sale financial assets
The Group follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(g) Going concern

The Annual Report has been prepared on a going concern basis and this basis is predicated on a number of initiatives being undertaken by the Group with respect to ongoing cost reductions and funding as set out below.

The Group incurred an operating loss after income tax of $1,573,533 for the year ended 30 June 2016 (2015: $2,345,860). In addition, the Group has net current assets of $397,080 as at 30 June 2016 (2015: $308,829), which includes the forward subscription agreement, and shareholders' equity of $718,659 (2015: $525,522).

The Group's forecast cash flow requirements for the 15 months ending 30 September 2017 reflect cash outflows from operating and investing activities, which take into account a combination of committed and uncommitted but currently planned expenditure. The ability of the Group to continue as a going concern is dependent on raising additional funds to meet the Group's ongoing working capital requirement when required.

These conditions indicate a material uncertainty which may cat significant doubt as to whether the Group will be able to meet its debts as and when they fall due and thus continue as a going concern.

This Annual 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 are satisfied that they will be able to raise additional funds by either selling existing assets, through implementation of strategic joint ventures or via a form of debt and/or equity raising. In addition, the Directors have embarked on a strategy to reduce costs.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(h) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian controlled entity is Australian dollars (A$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign operations is South African Rand (ZAR) and United States dollars (USD).

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the parent Company's financial statements are taken to profit or loss unless they relate to the translation of subsidiary related loans and borrowings which are considered part of the net investment value taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 2: Summary of significant accounting policies (continued)

(h) Foreign currency translation (continued)

As at the reporting date the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(i) Exploration and evaluation expenditure

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(j) Plant & equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:
Plant and equipment – over 2 to 15 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition
An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss and other comprehensive income in the period the item is derecognised.

Note 2: Summary of significant accounting policies (continued)

(k) Income tax

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Note 2: Summary of significant accounting policies (continued)

(l) GST/VAT

Revenues, expenses and assets are recognised net of the applicable amount of GST/VAT except:

- where the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

(m) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

i. Short term benefits

Liabilities for short term benefits including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months of the reporting date, are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

ii. Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2: Summary of significant accounting policies (continued)

(n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Trade and other receivables

Receivables, which generally have 30-90 day credit terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectable amounts.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(p) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest Revenue
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The Group's own shares, which are re-acquired for later use in the employee share based payment arrangements, are deducted from equity.

(r) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Note 2: Summary of significant accounting policies (continued)

(s) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company adjusted for:
- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Financial instruments – Initial recognition and subsequent measurement

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets on initial recognition.

(i) Financial assets

Initial recognition and measurement
Financial assets within the scope of AASB 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designed as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets on initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group’s financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the income statement. Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under AASB 139 are satisfied. The Group has not designated any financial assets at fair value through profit or loss.

Note 2: Summary of significant accounting policies (continued)

(t) Financial instruments – Initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Financial assets at fair value through profit or loss (continued)
The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When in rare circumstances the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held to maturity depends upon the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, these instruments cannot be reclassified after initial recognition.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs or loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments
Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

Note 2: Summary of significant accounting policies (continued)

(t) Financial instruments – Initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ”pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement.

Note 2: Summary of significant accounting policies (continued)

(t) Financial instruments – Initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets (continued)

Available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. “Significant” is evaluated against the original cost of the investment and “prolonged” against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through the statement of profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(iii) Financial liabilities

Subsequent measurement
The measurement of financial liabilities depends on their classification, described as follows:

Initial recognition and measurement
Financial liabilities within the scope of AASB 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities on initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group’s financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, and derivative financial instruments.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria of AASB 139 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Note 2: Summary of significant accounting policies (continued)

(t) Financial instruments – Initial recognition and subsequent measurement (continued)

(iii) Financial liabilities (continued)

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and/or
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(u) Fair value measurement

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; and
- A discounted cash flow analysis or other valuation models.

(v) Share-based payment transactions

The Company provides benefits to its employees (including key management personnel ("KMP") in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

Equity settled transactions
The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in Note 20.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company if applicable.

Note 2: Summary of significant accounting policies (continued)

(v) Share-based payment transactions (continued)

Equity settled transactions (continued)
The cost of equity-settled transactions is recognised, together with a corresponding increase in equity on the date the equity right is granted. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share based arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (see note 7).

(w) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased asset, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 3: Revenue and expenses

Revenue and expenses from continuing operations

	Note	2016 $	2015 $
(a) Revenue			
Turnover		**14,084**	-
Interest received		**8,433**	23,753
		22,517	23,753
(b) Other Income			
Income from third party advance payment		**490,850**	-
		490,850	-
(c) Profit or loss			
Other expenses include the following:			
Depreciation		**11,638**	18,580
Gain on disposal of plant and equipment		**(8,609)**	-
Consulting services		**243,032**	238,053
Employment related			
- Directors fees		**386,994**	404,228
- Wages		**182,207**	171,623
- Superannuation		**39,989**	41,595
Corporate		**276,747**	271,287
Travel		**27,868**	62,691
Other		**256,882**	270,045
		1,416,748	**1,478,102**
(d) Fair value (losses)/gains			
Fair value (loss)/gain on financial instrument		**46,868**	(208,375)
Impairment of minority interest obligation		**(46,868)**	
		-	-

On 26 October 2010, various agreements were entered into in respect of the minority interest in the Moonlight Iron Project being managed by the company's subsidiary Ferrum Iron Ore (Pty) Ltd ("FIO").

Ferrum South Africa Pty Ltd ("FSA"), a wholly owned subsidiary of the Ferrum Crescent Ltd ("FCL"), entered various agreements with Mkhombi Investments (Pty) Ltd ("MI") and its holding company, Mkhombi AmaMato (Pty) Ltd ("MA") for MI to become FIO's BEE partner. MA was to obtain 15.6% of the issued shares in FCL in 2 equal tranches of ZAR 7.5 million. The South African Department of Mineral Resources ("DMR") expressed its support of this transaction. The first tranche was completed on 30 November 2012 and FCL issued 7.8% of its issued shares to MA.

Upon completion of the first tranche, 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.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 3: Revenue and expenses (continued)

Revenue and expenses from continuing operations (continued)

(d) Fair value (losses)/gains (continued)

Under the subscription agreement, second tranche, FCL will issue shares to MA equal to 7.8% of the issued share capital of the Company for ZAR 7.5 million. The subscription agreement has been extended to 31 July 2019.

The above financial asset was fair valued as at 30 June 2016 to nil. The fair value was based on a probability weighted approach with the key assumptions being Ferrum's share price, foreign exchange rates and credit risk.

Note 4: Segment information

Identification of Reportable Segments

The Group has based its operating segment on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Group currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria the Group has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in Note 2 for the computation of the Group's results presented in this set of financial statements.

Geographic Information:	Note	Australia		South Africa		Consolidation	
		2016	2015	2016	2015	2016	2015
		$	$	$	$	$	$
Revenue from external customers		-	15,727	**14,084**	8,026	**14,084**	23,753
Non - current assets	10,11 & 12	**361**	401	**321,218**	216,292	**321,579**	216,693

Note 5: Income tax expense

	2016 $	2015 $
Reconciliation of income tax expense to the pre-tax net loss		
Loss before income tax	**1,573,533**	2,345,860
Income tax calculated at 30% (2015:30%) on loss before income tax	**(472,060)**	(703,758)
Add tax effect of: non-deductible expenses	**128,072**	104,724
Difference in tax rate of subsidiaries operating in other jurisdictions	**8,617**	(113,795)
Unused tax losses and temporary differences not brought to account	**335,371**	743,366
Income tax (profit) / expense	**-**	**30,537**

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 5: Income tax expense (continued)

Analysis of deferred tax balances	**2016**	**2015**
Deferred tax liabilities	**$**	**$**
Assessable temporary differences		
Prepayments	**(13,576)**	(17,635)
Financial asset	**-**	-
Deferred tax liabilities offset by deferred tax assets	**13,576**	17,635
Net deferred tax liabilities	**-**	-
Deferred tax assets		
Share issue expenses	**103,225**	86,052
Legal expense amortised	**-**	4,859
Payables and provisions	**41,248**	12,355
Other	**363,091**	-
Unused tax losses	**5,213,707**	2,830,409
	5,721,271	2,848,905
Total unrecognised deferred tax assets	**(5,707,695)**	(2,831,270)
Deferred tax assets	**13,576**	17,635
Deferred tax assets offset by deferred tax liabilities	**(13,576)**	(17,635)
Net deferred tax assets	**-**	-

Unused tax losses set out above have not been recognised due to the uncertainty of future taxable profit streams.

Note 6: Auditors' remuneration

	2016	**2015**
	$	**$**
Remuneration of the auditor of the Company for:		
-auditing or reviewing the financial statements		
Ernst & Young Australia	**-**	28,000
Ernst & Young South Africa	**-**	22,000
BDO Audit (WA) Pty Ltd	**22,686**	-
BDO South Africa Incorporated	**11,501**	-
Lancaster Mauritius	**5,174**	4,523
	39,361	54,523
-other assurance related services		
Ernst & Young Australia	**1,803**	-
	41,164	54,523

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 7: Earnings per share

	2016	2015
	$	$
Basic loss per share (cents per share)	**(0.22)**	(0.50)
Diluted loss per share (cents per share)	**(0.22)**	(0.50)
Loss used in calculating basic loss per share	**(1,573,533)**	(2,345,860)
Adjustments to basic loss used to calculate dilutive loss per share	**-**	-
Loss used in calculating dilutive loss per share	**(1,573,533)**	(2,345,860)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	**714,611,971**	468,894,041
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**714,611,971**	468,894,041

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 1 – 13,000,000 employee share options outstanding at 30 June 2016 (30 June 2015: 13,000,000) have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

Note 2 – 29,954,525 potential shares to be issued under the BBBEE subscription agreement have not been included in the calculation of dilutive earnings per share as these are anti-dilutive.

Note 8: Cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2016	2015
	$	$
Cash at bank	**743,264**	1,028,468

Note 9: Trade and other receivables

	2016	2015
	$	$
Current		
Sundry debtors	**18,475**	2,513
GST / VAT	**15,454**	19,415
	33,929	21,928

Non-trade debtors are non-interest bearing and are generally on 30-90 days credit terms. The carrying amounts of these receivables represent fair value and are not considered to be impaired.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 10: Plant and equipment

	Furniture, fittings and equipment	Motor vehicles	Leasehold improvements	Total
	$	$	$	$
Year ended 30 June 2016				
Opening net carrying value	**7,474**	**8,302**	**13,869**	**29,645**
Disposals	**(274)**	**457**	**-**	**183**
Depreciation charge for the year	**(3,724)**	**(7,166)**	**(748)**	**(11,638)**
Exchange differences	**(1,028)**	**(1,592)**	**(2,036)**	**(4,657)**
Closing net carrying amount	**2,448**	**1**	**11,085**	**13,533**
At 30 June 2016				
Cost	**39,447**	**24,575**	**14,780**	**78,801**
Accumulated depreciation	**(36,999)**	**(24,574)**	**(3,695)**	**(65,268)**
Net carrying value	**2,448**	**1**	**11,085**	**13,533**

	Furniture, fittings and equipment	Motor vehicles	Leasehold improvements	Total
Year ended 30 June 2015	$	$	$	$
Opening net carrying value	11,957	21,195	13,829	46,981
Additions	450	-	-	450
Depreciation charge for the year	(5,620)	(14,088)	(855)	(20,563)
Exchange differences	687	1,195	895	2,777
Closing net carrying amount	**7,474**	**8,302**	**13,869**	**29,645**
At 30 June 2015				
Cost	49,428	71,396	17,336	138,160
Accumulated depreciation	(41,954)	(63,094)	(3,467)	(108,515)
Net carrying value	**7,474**	**8,302**	**13,869**	**29,645**

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 11: Investments

	2016 $	2015 $
Option to acquire GoldQuest Iberica, S.L.	**243,331**	-
	243,331	-

On 15 February 2016, the Company entered into an exclusive option and sale agreement for a staged option fee of up to GBP22,500, with TH Crestgate GmbH ("Crestgate"), a private Swiss-based company to potentially acquire 100 per cent. of its indirectly wholly-owned subsidiary, GoldQuest Iberica, S.L. ("GoldQuest"), a private company incorporated in Spain, which owns 100 per cent. of two lead-zinc exploration projects in the provinces of León and Galicia, in historic Spanish mining areas ("the Iberian Projects"), to enable the Company to conduct due diligence on GoldQuest and the Iberian Projects.

Subsequent to the Company entering into an exclusive option to acquire 100 percent of GoldQuest, two nil-cost extensions were granted to the Company on 22 July 2016 and 31 August 2016. Subsequently,on 22 September 2016 the option was exercised. Accordingly, the Company has now acquired 100 per cent. of the share capital of GoldQuest. The consideration comprised GBP326,500 in cash and the issue of 100 million new ordinary shares in the capital of the Company.

The carrying amount of the financial asset is carried at cost as its fair value cannot be reliably measured at year end as the Company does not have a quoted market price.

Note 12: Other financial assets

	2016 $	2015 $
Current assets		
Rental and Other Deposits	**5,121**	5,960
Rehabilitation Trust	**24,182**	28,365
	29,303	34,325
Non- current assets		
Available for sale investments (at fair value) (refer to note (a) below)	**64,715**	187,048
	64,715	187,048

Note (a): Available for sale investments

On 30 October 2014, Guardrisk issued a financial guarantee for the rehabilitation of land to be disturbed by mining to the DMR for the sum of R7,517,000.

On 1 November 2014, Ferrum Iron Ore (Pty) Ltd, a subsidiary of the Company, signed a policy of insurance where-by an initial lump sum of R1,500,000 (approx. AUD 149,250 at the then prevailing AUD:ZAR exchange rate of 10.0503) and a monthly contribution of R100,000 (approx. AUD9,950 at the same exchange rate) would be paid for a fixed period from 1 November 2014 to 31 October 2017 to cover the environmental guarantee.

On 18 November 2015 the policy was renegotiated and a lump sum of R1,104,878 (approx. AUD 92,699 at the then prevailing AUD:ZAR exchange rate of 11.9190) was paid out to the Company as working capital and the monthly contributions were amended to be paid up, on condition that the Company advise Guardrisk of any intention to do further explorative work. The policy is due to be renegotiated in October 2017 when the environment guarantee expires.

Note 12: Other financial assets (continued)

Note (a): Available for sale investments(continued)

There is a provision in the policy to the effect that, at the end of the policy period or cancellation (and where applicable), should there be a positive balance sitting in the policy after taking into account all expenditure (including claims), Guardrisk will declare a performance bonus back to the Company. There is no prior entitlement to this performance bonus.

Note 13: Trade and other payables

	2016	2015
	$	$
Current		
Trade payables and other payables	**263,827**	168,713
	263,827	168,713

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 14: Provision for payments received in advance

	2016	2015
	$	$
Current		
Provision for Anvwar Asian Investments	**175,722**	629,325
	175,722	629,325

During the 2014 reporting period, the Company entered into a legally binding heads of agreement with Anvwar Asian Investment (“AAI”), an entity based in Oman, whereby AAI was to purchase a 35% interest in Ferrum Iron Ore (Pty) Ltd (“FIO”), the Group Company that holds the Moonlight Project. Following a number of term variations of this letter of intent, the Company entered into a new agreement with AAI in March 2014, whereby AAI agreed to pay US$1 million, by way of two tranches of US$500,000, one payable by the end of March 2014 and the second payable by the end of April 2014, thereby earning the right, subject to the requisite approvals of the South African Reserve Bank, to be issued with FIO shares equalling 35% of that company, being partly paid, subject to the right to pay an additional US$9 million to become fully paid or be converted into 3.5% of FIO fully paid. The additional US$9 million had to be paid by the earlier of 31 December 2015 and completion of the Moonlight BFS.

However the second tranche of US$500,000 was not received by the Company within the time frame stipulated under the agreement. The Company therefore informed AAI of its default; and AAI remains in default as at the date of this report. Accordingly, the first tranche of US$500,000 was initially recorded as a current liability.

On 14 March 2015, the Company terminated the investment agreement between itself and AAI as a result of AAI’s breach of a material term of the agreement.

On 22 July 2015, AAI’s lawyers, Trowers & Hamlins, issued a letter to the Company, requesting that the first tranche be returned to AAI within 14 days from the date of issue. They advised that AAI will commence legal proceedings for the recovery of the first tranche plus any interest and costs incurred by AAI.
On 30 June 2016 after no further correspondence between AAI, its lawyers and the Company, the Company derecognised an amount of US$364,448, leaving a provision of US$135,552 for payments received in advance. Refer to note 22 for the contingent liability with respect to this matter.

Note 15: Provisions

	2016 $	2015 $
Employee benefits	**20,473**	54,837

Note 16: Contributed Equity

		2016 No. of shares	2015 No. of shares	2016 $	2015 $
(a)	**Share Capital** **Ordinary Shares**				
	Ordinary shares fully paid	**1,282,791,883**	618,787,353	**33,314,792**	31,807,395
	Employee share incentive plan shares	**(2,300,000)**	(2,300,000)	**(265,302)**	(265,302)
		1,280,491,883	616,487,353	**33,049,490**	31,542,093

Capital management
When managing capital (which is defined as the Company's total equity), management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity. The Company is not subject to any externally imposed capital requirements.

During the year ended 30 June 2016, nil (2015: 4,295,000) shares were issued back to the market from the Employee Incentive Share Plan.

Note 16: Contributed Equity (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	$
30 June 2014	**Closing Balance**	**380,602,777**	**29,843,607**
10 November 2014	Allotment issue	49,065,642	392,525
13 November 2014	Underwritten issue	58,434,358	467,475
12 December 2014	Private placement	21,525,819	173,077
12 December 2014	Salary sacrifice share scheme issue	9,158,757	171,147
22 May 2015	Private placement	48,000,000	465,600
29 May 2015	Private placement	52,000,000	504,400
29 May 2015	Share plan shares sold on market (c)		59,344
	Costs associated with share issues		(269,780)
30 June 2015	**Closing Balance**	**618,787,353**	**31,807,395**
17 February 2016	Subscription Shares	4,515,041	13,046
29 February 2016	Subscription Shares	149,681,797	359,236
27 April 2016	Placing and Subscription Shares	500,000,000	1,279,499
27 April 2016	Fee Shares	4,807,692	12,303
27 April 2016	Shares – TH Crestgate GmbH	5,000,000	12,795
	Costs associated with share issues		(169,476)
30 June 2016	**Closing Balance**	**1,282,791,883**	**33,314,792**
Employee share plan shares on issue		(2,300,000)	(265,302)
		1,280,491,883	**33,049,490**

If, at any time during the exercise period, an employee ceases to be an employee, all share options held by that employee will lapse one month after their employment end date. Therefore, employee shares above are only recognised in issued capital when issued to the employees concerned.

(c) Movements in employee share plan shares issued with limited recourse employee loans

Date	Details	Number of shares	$
01 July 2014	Opening balance	6,595,000	(509,905)
	Cancelled during 2015	(4,295,000)	244,603
	Issued during 2015	-	-
30 June 2015	**Closing balance**	**2,300,000**	**(265,302)**
	Cancelled during 2016	-	-
	Issued during 2016	-	-
30 June 2016	**Closing balance**	**2,300,000**	**(265,302)**

Note 16: Contributed Equity (continued)

c) Movements in employee share plan shares issued with limited recourse employee loans (continued)

The table below summarises the model inputs (post consolidation) for employee share plan shares granted during periods prior to 30 June 2016:

Shares granted for consideration	2,150,000
Exercise price	0.198
Interest rate	0%
Issue date	7 December 2010
Expiry date	30 November 2014
Underlying security spot price at grant date	0.198
Expected life	4
Shares granted for consideration	150,000
Exercise price	0.100
Interest rate	0%
Issue date	24 February 2012
Expiry date	24 February 2016
Underlying security spot price at grant date	0.100
Expected life	4

No employee share plan shares were issued in 2016 (2015: Nil).

This account is used to record the value of shares issued under the Executive Share Incentive Plan (ESIP). The ESIP is accounted for as an “in-substance” option plan due to the limited recourse nature of the loan between employees and the Company to finance the purchase of ordinary shares. The total fair value of the “in substance” options issued under the plan is recognised as a share-based payment expense over the vesting period, with a corresponding increase in equity.

Note 17: Listed Options

	2016	**2015**
	No. of Options	**No. of Options**
Options		
At year end the following options were on issue:		
- 21 November 2016 Options exercisable at 3 cents per share	**500,000**	500,000
- 19 February 2017 Options exercisable at 8 cents per share	**2,500,000**	2,500,000
- 2 February 2018 Options exercisable at GBP0.0075 per share	**2,000,000**	2,000,000
- 2 February 2018 Options exercisable at GBP0.02 per share	**3,000,000**	3,000,000
- 1 March 2018 Options exercisable at GBP0.0075 per share	**2,000,000**	2,000,000
- 1 March 2018 Options exercisable at GBP0.02 per share	**3,000,000**	3,000,000
- 12 May 2016 Unlisted options issued to investors	**500,000,000**	-
	513,000,000	13,000,000

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 17: Listed Options (cont.)

Movements in 21 November 2016 Options	**2016 No. of Options**	**2015 No. of Options**
Beginning of the financial year	**500,000**	500,000
Options issued during the year	**-**	-
Options cancelled during the year	**-**	-
End of the financial year	**500,000**	**500,000**

Movements in 19 February 2017 Options		
Beginning of the financial year	**2,500,000**	2,5000,000
Options issued during the year	**-**	-
Options cancelled during the year	**-**	-
End of the financial year	**2,500,000**	2,500,000

Movements in 2 February 2018 Options		
Beginning of the financial year	**5,000,000**	-
Options issued during the year	**-**	5,000,000
Options cancelled during the year	**-**	-
End of the financial year	**5,000,000**	**5,000,000**

Movements in 1 March 2018 Options		
Beginning of the financial year	**5,000,000**	-
Options issued during the year	**-**	5,000,000
Options cancelled during the year	**-**	-
End of the financial year	**5,000,000**	**5,000,000**

Movement in 12 May 2018 unlisted options issued to investors		
Beginning of the financial year	**-**	-
Options issued during the year	**500,000,000**	-
Options exercised during the year	**-**	-
Options cancelled during the year	**-**	-
End of the financial year	**500,000,000**	**-**

The table below summarises the model inputs (post consolidation) for investor options granted during the year ended 30 June 2016:

Options granted for consideration	500,000,000
Exercise price (GBP)	0.00165
Issue date	12 May 2016
Expiry date	12 May 2018
Underlying security spot price at grant date (GBP)	0.00165
Expected life	2

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 17: Listed Options (cont.)

Movements after 30 June 2016

On 29 July 2016, **66,874,816** of the options issued on 12 May 2016 were exercised at a price of GBP 0.0165 pence per share. In addition on 29 July 2016, **187,226,485** ordinary shares were issued at a price of GBP 0.020 pence per share along with an option of **187,226,485** options of GBP0.030 pence per share that are exercisable over a period of 2 years subject to the receipt of shareholder approval.

On 26 August 2016, **44,797,543** of the options issued on 12 May 2016 were exercised at a price of GBP 0.0165 pence per share.

On 28 September 2016, **5,381,907** of the options issued on 12 May 2016 were exercised at a price of GBP 0.0165 pence per share.

Note 18: Reserves

	Employee share incentive reserve	Options reserve	Foreign exchange reserve	Equity reserve	Available for sale reserve	Total
	$	$	$	$	$	$
At 1 July 2014	**608,335**	**1,428,281**	**134,560**	**(10,126,072)**	**78,524**	**(7,876,372)**
Currency translation differences	-	-	(180,614)	-	-	(180,614)
Options issued	-	86,461	-	-	-	86,461
Shares issued to KMPs on the Salary Sacrifice Scheme	54,389	-	-	-	-	54,389
Directors and KMP salary sacrifice for shares issued	(171,147)	-	-	-	-	(171,147)
Growth in investment portfolio	-	-	-	-	20,546	20,546
Reclassification adjustment for gains included in the income statement (net of tax effect)	-	-	-	-	(99,070)	(99,070)
At 30 June 2015	**491,577**	**1,514,742**	**(46,054)**	**(10,126,072)**	**-**	**(8,165,807)**
Options issued under Employee Option plan	-	34,098	-	-	-	34,098
Net growth on Investment Portfolio	-	-	(991)	-	-	(991)
Currency translation differences	-	-	226,166	-	-	226,166
At 30 June 2016	**491,577**	**1,548,840**	**179,121**	**(10,126,072)**	**-**	**(7,906,534)**

^This amount includes remuneration to KMPs and Directors that was accrued and will ultimately be settled in shares under the Company's salary sacrifice scheme.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 18: Reserves (continued)

Nature and purpose of reserves

Employee share incentive reserve
This reserve is used to record the value of equity benefits provided to employees, consultants and directors as part of their remuneration under the Executive Share Incentive Plan.

Options reserve
This reserve is used to record the value of options issued, other than share-based payments to directors, employees and consultants as part of their remuneration.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Equity reserve
The Equity 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
Used to record changes in the fair value of the Group's available-for-sale financial assets.

Note 19: Accumulated losses

	2016 $	2015 $
Accumulated losses at the beginning of the financial year	**(22,850,764)**	(20,504,904)
Net loss for the year	**(1,573,533)**	(2,345,860)
Accumulated losses at the end of the financial year	**(24,424,297)**	(22,850,764)

Note 20: Share based payments

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	2016 $	2015 $
Options issued in consideration for services	**34,097**	90,851
	34,097	90,851

Note 20: Share based payments (continued)

Options issued in consideration for services

Fair value of options granted

The fair value at the grant date of options issued is determined using a 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 expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

a) The tables below summarise the model inputs (post consolidation) for options granted prior to the year ended 30 June 2015:

Options granted for no consideration	500,000
Exercise price (AUD cents)	0.03
Issue date	21 November 2013
Expiry date	21 November 2016
Underlying security spot price at grant date (AUD cents)	0.03
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	3.08%
Binomial model valuation per option (AUD cents per share)	1.65

Options granted for no consideration	2,500,000
Exercise price (AUD cents)	0.08
Issue date	19 February 2014
Expiry date	19 February 2017
Underlying security spot price at grant date (AUD cents)	0.06
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	2.97%
Binomial model valuation per option (AUD cents per share)	4.12

Options granted for no consideration	2,000,000
Exercise price (GBP)	0.0075
Issue date	2 February 2015
Expiry date	2 February 2018
Underlying security spot price at grant date (GBP)	0.0075
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.64%
Binomial model valuation per option (AUD cents per share)	0.50

Options granted for no consideration	3,000,000
Exercise price (GBP)	0.02
Issue date	2 February 2015
Expiry date	2 February 2018
Underlying security spot price at grant date (GBP)	0.02
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.64%
Binomial model valuation per option (AUD cents per share)	0.34

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 20: Share based payments (continued)

Options granted for no consideration	2,000,000
Exercise price (GBP)	0.0075
Issue date	1 March 2015
Expiry date	1 March 2018
Underlying security spot price at grant date (GBP)	0.0075
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.90%
Binomial model valuation per option (AUD cents per share)	0.55

Options granted for no consideration	3,000,000
Exercise price (GBP)	0.02
Issue date	1 March 2015
Expiry date	1 March 2018
Underlying security spot price at grant date (GBP)	0.02
Expected price volatility of the Company's shares	100%
Expected dividend yield	0%
Expected life	3
Risk-free interest rate	0.90%
Binomial model valuation per option (AUD cents per share)	0.37

Movements

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2016 Number	2016 WAEP	2015 Number	2015 WAEP
Outstanding at 1 July	13,000,000	1.32	3,400,000	3.46
Issued during the year	-	-	10,000,000	0.94
Cancelled during the year	-		(400,000)	10.00
Outstanding at 30 June	13,000,000	0.92	13,000,000	1.32
Exercisable at 30 June	11,500,000	1.04	10,000,000	0.94

Note 21: Commitments

(i) At this stage the Company has no minimum obligations with respect to tenement expenditure requirements.
(ii) Operating lease commitments are as follows:

	2016 $	2015 $
Within 1 year	**25,107**	28,039
2 to 3 years	**-**	-
Total	**25,107**	28,039

The Company disposed of its Australian tenements during 2011 and whilst the Company still holds tenements in South Africa, expenditure commitments in relation to such tenements have been met. The Company has converted its South African prospecting rights into mining rights and applied for new prospecting rights over adjacent land.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 21: Commitments (continued)

A subsidiary of the Group entered into a 36 month commercial office lease on 1 April 2012, with an 8% annual escalation to the fixed portion of the lease, for their head office in Johannesburg, South Africa. The value of the lease was annualised over the life of the Lease agreement. This lease reached the end of its term on 31 March 2015, and had a renewal period for a further 3 years commencing 1 April 2015 but was only renewed for a period of 1 year until 31 March 2016. During February 2016 the lease was renewed for a further period of 12 months until 31 March 2017.

Note 22: Contingent liabilities

The Company received USD500,000 from AAI during March 2014 as part of AAI's advanced payment for a percentage ownership of the Company's subsidiary FIO. The transaction was never formaly finalised and on 30 June 2016, the Company transferred the amount of USD364,448 from provision for payments received in advance to sundry income to cover expenses incurred by the Company subsequent to AAI's default, leaving a value of US$135,552 in provision for payments received in advance.

The matter is contingent liability as the likelihood of probable outflow is not considered remote at this point in time and the Company may be exposed to repay the investment amount of USD 500,000 or part thereof, subject to the Company's ability to prove its loss and damages suffered as a result of AAI's breach of contract.

Note 23: Related party transactions

Compensation of Key Management Personnel

	2016	2015
	$	$
Short-term employee benefits	**716,803**	828,463
Post-employment benefits	**26,849**	37,539
Share based payments	**34,097**	85,675
Termination benefits	**-**	-
	777,749	951,678

Transactions between related parties are on normal commercial terms and conditions and no more favourable than those available to other parties unless otherwise stated.

Subsidiaries

The consolidated financial statements include the financial statements of Ferrum Crescent Limited and the subsidiaries listed in the following table.

		% Beneficial Equity Interest	
Name	**Country of Incorporation**	**2016**	**2015**
Ferrum Metals Pty Ltd	Australia	**100**	100
Batavia Ltd	Mauritius	**100**	100
Ferrum South Africa (Pty) Ltd ("FIO")	South Africa	**100**	100
Ferrum Iron Ore (Pty) Ltd	South Africa	**97.14**	97.14
Mkhombi Investments (Pty) Ltd ("MI")	South Africa	**88.46**	88.46

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 23: Related party transactions (continued)

Ferrum Crescent Limited is the ultimate Australian parent entity and the ultimate parent of the Group. Transactions between Ferrum Crescent Limited and its controlled entities during the year consisted of loan advances by Ferrum Crescent Limited. All intergroup transactions and balances are eliminated on consolidation.

The Baphuting Bo Seleka Community Trust ("Trust") has a 3% indirect interest in FIO, the project Company, via its investment in MI. Until such time as FIO commences mining no expenses or investments have been carried over to the Trust.

Trade receivable

	2016	2015
	$	$
Trade receivable	**15,454**	-
Less provision for bad debts	**(15,454)**	
	-	-

On 14 October 2015, the Company announced that a BFS Farm-In Agreement had been concluded with Business Venture Investments No.1709 (Proprietary) Limited ("BVI") to form a joint venture for the completion of the bankable feasibility study ("BFS"). The comprehensive Farm-In Agreement provides for the completion of all the requisite BFS workstreams to produce a full BFS on the project to a fixed timeline, to be funded by BVI in return for up to a 43% equity interest in Ferrum Iron Ore (Pty) Ltd ("FIO") the owner of the Moonlight Iron Ore Project. As at 30 June 2016 BVI had not paid the Company for any of the expenses that the Company had incurred on behalf of BVI and a bad debt provision has been created.

Trade payable

		Income from Related Parties	**Expenditure to Related Parties**	**Amounts Owed by Related Parties at year end**	**Amounts Owed to Related Parties at year end**
		$	**$**	**$**	**$**
Magnum Mining and Exploration Ltd (i)	**2016**	**-**	**87,582**	**-**	**29,382**
	2015	-	106,138	-	12,296

(i) Mr G Button, a non-executive director and company secretary for the Company, is also a director of Magnum Mining and Exploration Ltd. During the year, Magnum Mining and Exploration Ltd received the above fees for office rental, office running costs and staffing expenses. These fees are based on normal commercial terms and conditions.

Note 23: Related party transactions (continued)

Loans to / (from) related parties

The following transactions were undertaken between the Company, executive officers and director-related entities during 2016 and 2015.

	2016 $	2015 $
Consulting fees were paid or accrued to Camcove Pty Ltd, a company of which Robert Hair is a director and shareholder	**60,000**	60,000
Consulting fees were paid or accrued to Tavistock Communications Limited, a company of which Merlin Mar-Johnson is an Employee	**15,672**	-
Directors fees were paid or accrued to Metallurgical Management Services Pty Ltd, a company of which Dr Evan Kirby is a director	**7,500**	-
	83,172	60,000

Note 24: Cash flow information

	2016 $	2015 $
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	**(1,573,533)**	(2,345,860)
Depreciation	**11,638**	18,580
Loss / (profit) on sale of plant and equipment	**(8,609)**	-
Profit on sale of available for sale financial assets	**(649)**	(137,597)
Fair value adjustment of forward subscription agreement	**-**	208,375
Share based payment compensation	**34,097**	90,851
Net foreign exchange differences	**368,404**	(54,155)
Movement of Bad debts	**16,056**	-
Proceeds from third party funding	**(490,850)**	-
Changes in assets and liabilities		
(Increase) / decrease in receivables	**(12,001)**	(174,766)
(Increase) / decrease in other operating assets	**31,399**	(24,758)
Increase / (decrease) in payables and provisions	**45,298**	(194,914)
Cash flows used in operations	**(1,578,750)**	(2,575,785)

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 25: Financial risk management objectives and policies

The Group's principal financial instruments comprise cash, short term deposits, held-for-trading and derivative instruments.

The main purpose of the financial instruments is to finance the Group's operations. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rate for each class of financial assets and financial liabilities, is set out in the following table. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	Interest Rate Risk Sensitivity -10% Profit	-10% Equity	+10% Profit	+10% Equity
	%	$	$	$	$	$	$	$	$
2016									
Financial Assets									
Cash	0.05%	730,546	-	12,718	743,264	(319)	-	319	-
Trust deposits	0.00%	75	-	29,229	29,303	-	-	-	-
Receivables	0.00%	-	-	33,929	33,929	-	-	-	-
Investments	1.12%	64,715	-	-	64,715	(524)	-	524	-
Financial asset	0.00%	-	-	-	-	-	-	-	-
Total Financial Assets		795,336	-	75,876	871,211				
Financial Liabilities									
Trade and other payables		-	-	439,549	439,549	-	-	-	-
Total Financial Liabilities		-	-	439,549	439,549				
2015									
Financial Assets									
Cash	0.35%	868,354	136,490	23,624	1,028,468	(1,064)	-	1,064	-
Trust deposits	0.00%	163	-	34,162	34,325	-	-	-	-
Receivables	0.00%	-	-	21,928	21,928	-	-	-	-
Investments	1.12%	187,048	-	-	187,048	(1,312)	-	1,312	-
Financial asset	0.00%	-	-	-	-	-	-	-	-
Total Financial Assets		1,055,565	136,490	79,714	1,271,769				
Financial Liabilities									
Trade and other payables		-	-	803,892	803,892	-	-	-	-
Total Financial Liabilities		-	-	803,892	803,892				

Note 25: Financial risk management objectives and policies (continued)

(a) Interest Rate Risk (continued)

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A -10% sensitivity would move short term interest rates at 30 June 2016 from around 2% to 1.8% representing a 20 basis point downwards shift (14.00 basis points net of tax).

Based on the sensitivity analysis, mainly interest revenue from variable rate deposits, cash balances and investment is impacted resulting in a decrease or increase in overall income.

(b) Liquidity Risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

	Less than 1 month	1 – 3 months	3 months – 1 year	1 – 5 years	5+ years	Total
	%	$	$	$	$	$
2016						
Financial assets:						
Cash	**743,264**	**-**	**-**	**-**	**-**	**743,264**
Trust deposits	**-**	**-**	**-**	**29,303**	**-**	**29,303**
Receivables	**-**	**33,929**	**-**	**-**	**-**	**33,929**
Investments	**-**	**-**	**-**	**64,715**	**-**	**64,715**
	743,264	**33,929**	**-**	**94,018**	**-**	**871,211**
Financial liabilities:						
Non-interest bearing	**-**	**(439,549)**	**-**	**-**	**-**	**(439,549)**
	-	**(439,549)**	**-**	**-**	**-**	**(439,549)**
Net cash inflow / (outflow)	**743,264**	**(405,620)**	**-**	**94,018**	**-**	**431,662**
2015						
Financial assets:						
Cash	**1,028,468**	**-**	**-**	**-**	**-**	**1,028,468**
Trust deposits	**-**	**-**	**-**	**34,325**	**-**	**34,325**
Receivables	**-**	**21,928**	**-**	**-**	**-**	**21,928**
Investments	**-**	**-**	**-**	**187,048**	**-**	**187,048**
	1,028,468	**21,928**	**-**	**221,373**	**-**	**1,271,769**
Financial liabilities:						
Non-interest bearing	**-**	**(803,892)**	**-**	**-**	**-**	**(803,892)**
	-	**(803,892)**	**-**	**-**	**-**	**(803,892)**
Net cash inflow / (outflow)	**1,028,468**	**(781,965)**	**-**	**221,373**	**-**	**467,876**

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 25: Financial risk management objectives and policies (continued)

(c) Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities and, financing activities including deposits with banks and investments with insurance companies. The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

The maximum exposure to credit risk on financial assets of the Company which have been recognised on the statement of financial position is generally limited to the carrying amount.

Cash is maintained with National Australia Bank and the Standard Bank of South Africa.

The investment in mining rehabilitation insurance policy is invested by Guardrisk in the following investments,

Type of Investment	**Type of interest**
Unit trust – monthly contributing	Floating interest rate
Unit trust – fixed investment (paid out during FY2016)	Floating interest rate
Money market	Floating interest rate
Current account	Non-interest bearing

(d) Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows,

	Liabilities		**Assets**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Great British Pounds (GBP)	**(631,013)**	(653,422)	**621,213**	670,765
South African Rand (ZAR)	**(179)**	(16,208)	**179**	16,208
United States Dollars (USD)	**15,094**	64,679	**-**	-

Foreign currency sensitivity analysis

The Group is exposed to Great British Pound (GBP), United States Dollar (USD) and South African Rand (ZAR) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian Dollar (AUD) against the relevant currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes cash balances held in GBP, ZAR and USD which give rise to a foreign currency gain or loss on revaluation. A positive number indicates an increase in profit and other equity where the AUD strengthens against the ZAR. In relation to cash balances held in GBP a positive number indicates an increase in profit and other equity where the Australian Dollar strengthens against the respective currency. For a weakening Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

Notes to the consolidated financial statements (continued)
For the year ended 30 June 2016

Note 25: Financial risk management objectives and policies (continued)

(d) Foreign Exchange Risk (continued)

		2016		2015	
		Profit / (loss)	**Equity increase / (decrease)**	Profit / (loss)	Equity increase / (decrease)
		$	**$**	$	$
	-				
AUD strengthens	- ZAR	**(18)**	**18**	(1,621)	1,621
10%	- GBP	**(63,101)**	**63,101**	(65,342)	65,342
	- USD	**2,890**	**(2,890)**	12,268	(12,268)
AUD weakens	- ZAR	**18**	**(18)**	1,621	(1,621)
10%	- GBP	**63,101**	**(63,101)**	65,342	(65,342)
	- USD	**(2,890)**	**2,890**	(12,268)	12,268

(e) Fair value

The fair values of cash, trade and other receivables and trade and other payables approximate their carrying values, as a result of their short maturity or because they carry floating rates.

(i) Fair value of financial instruments measured at fair value

For financial instruments carried at fair value the Group adopts various methods in estimating fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in an active market
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	Jun 2016 AUD	**Jun 2015 AUD**
Level 2		
Available for sale financial assets	64,715	187,048

For financial instruments not quoted in active markets, the Group uses valuation techniques such as other relevant models used by market participants which may include inputs derived from quoted prices in an active market (Level 2). These valuation techniques use both observable and unobservable market inputs.

Note 26: Parent Entity Information

	2016 **$**	2015 $
Current assets	**742,467**	934,073
Total assets	**986,159**	934,474
Current liabilities	**216,061**	129,863
Total liabilities	**216,061**	129,863
Issued capital	**37,362,411**	35,855,014
Accumulated Losses	**(32,278,633)**	(30,702,626)
Reserves	**4,313,679**	4,347,776
Total shareholders' equity	**770,099**	804,612
Profit / (loss) of the parent entity	**(1,576,006)**	(2,466,304)
Total comprehensive (loss) / income	**(1,347,367)**	(2,725,442)

On 30 November 2009, Ferrum Crescent Limited (formerly Washington Resources Ltd) ("FCR") completed the legal acquisition of Ferrum Metals Limited (formerly Ferrum Crescent Limited) ("FML"). Under the terms of AASB 3 Business Combinations (Revised), FML was deemed to be the accounting acquirer in the business combination. The transaction was therefore accounted for as a reverse acquisition. The Parent entity therefore had issued capital of $25,620,916 as opposed to the Group's consolidated issued capital of $28,366,383. For further details please refer to the disclosures contained within the 30 June 2010 Annual Report.

There have been no guarantees entered into by the parent entity in relation to any debts of its subsidiaries.

The parent entity has no contingent liabilities as at 30 June 2016 (2015: Nil).

Note 27: Subsequent events

Subsequent to the Company entering into an exclusive option to acquire 100 percent of GoldQuest, two nil-cost extensions were granted to Ferrum Crescent and on 22 September 2016 the option was exercised. Accordingly, the Company has acquired 100 per cent. of the share capital of GoldQuest Iberica, S.L. ("**GoldQuest**"). GoldQuest owns 100 per cent. of two lead-zinc exploration projects in the provinces of Le□n and Galicia, in historic Spanish mining areas (the "**Iberian Projects**"). Consideration comprised GBP326,500 in cash and the issue of 100 million new ordinary shares in the capital of Ferrum Crescent.

On 25 July 2016, the Company announced that it had conditionally raised in aggregate, GBP 374,453 (AU$655,034) before expenses through a placement via Beaufort Securities Limited, as agent to the Company, of 187,226,485 new ordinary shares of no par value each in the capital of the Company at a price of 0.20 pence per new ordinary share. As part of the placing, each investor was offered, subject to shareholder approval in accordance with the ASX Listing Rules, options on the basis of one option for every share subscribed pursuant to the placing. Each option will entitle the holder to subscribe for a further new ordinary share at a price of 0.30 pence per share for an exercise period of two years following the date of admission of the placing shares trading on AIM. In addition the Company has agreed to grant further 18,722,649 options to Beaufort Securities Limited on the same terms. Following admission, the total issued ordinary share capital of the Company was 1,470,018,368 ordinary shares.

On 28 July 2016, the Company announced that it was issuing 66,874,816 new ordinary shares of no par value each in the capital of the Company as a result of the exercise of, in aggregate 66,874,816 options exercisable at a price of 0.165 pence per share, raising AUD 193,025 before expenses. Such options were granted in connection with the Company's placing and subscription announced on 27 April 2016. Following the issue of the option shares and the abovementioned placing shares, the total issued ordinary share capital of the Company was 1,536,893,184 ordinary shares.

Note 27: Subsequent events (continued)

On 26 August 2016, the Company announced that it was issuing 44,797,543 new ordinary shares of no par value each in the capital of the Company as a result of the exercise of, in aggregate, a further 44,797,543 options exercisable at a price of 0.165 pence per share, raising AUD 128,184 before expenses. Such options were granted in connection with the Company's placing and subscription announced on 27 April 2016. Following the issue of these option shares, the total issued ordinary share capital of the Company was 1,581,690,727 ordinary shares.

On 23 September 2016, the Company announced that was issuing 5,381,907 new ordinary shares of no par value each in the capital of the Company as a result of the exercise of, in aggregate, 5,381,907 options exercisable at a price of 0.165 pence per share Such options were granted in connection with the Company's placing and subscription announced on 27 April 2016. Following the issue of these further option shares, the total issued ordinary share capital of the Company is 1,587,072,634 ordinary shares.

On 29 September 2016, the Company announced the following proxy results of the General Meeting of Shareholders held on said date in respect of the resolutions set out in the Notice of General Meeting dated 23 August 2016. Resolution 1,2 and 3 were passed on a show of hands.

Resolution 1: Ratification of prior issue of Shares
Resolution 2: Approval of grant of Placement Options
Resolution 3: Approval of grant of Broker Options

Also on 29 September 2016, the Company also announced that it was issuing 100,000,000 new ordinary shares of no par value each in the capital of the Company to GoldQuest Mining (Spain) Corp on 30th September 2016. These shares will be issued in settlement of the share element of the consideration for the acquisition of 100 per cent. of the issued share capital of GoldQuest Iberica, S.L. The shares will be fully paid and rank *pari passu in all respects with the Company's existing ordinary shares.* Following the issue of the shares, the total issued ordinary share capital of the Company is 1,687,072,634 ordinary shares.

Ferrum Crescent Limited
A.C.N. 097 532 137
Directors' Declaration

In the opinion of the directors of Ferrum Crescent Limited :

(a) the financial statements and notes set out on pages 42 to 84 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Company as at 30 June 2016 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

   (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b); and

(c) subject to the matters discussed in Note 2(g), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2016.

This declaration is made in accordance with a resolution of the directors.

G Button
Non-Executive Director
Company Secretary
Perth
30 September 2016

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INDEPENDENT AUDITOR'S REPORT

To the members of Ferrum Crescent Limited

Report on the Financial Report

We have audited the accompanying financial report of Ferrum Crescent Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Ferrum Crescent Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO

Opinion

In our opinion:

(a) the financial report of Ferrum Crescent Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2(g) in the financial report which describes the conditions which give rise to 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 22 the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Ferrum Crescent Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 30 September 2016

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF FERRUM CRESCENT LIMITED

As lead auditor of Ferrum Crescent Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ferrum Crescent Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2016

ASX Requirements

Distribution schedules of shareholders and statements of voting rights are set out in Table 1, whilst the Company's top twenty shareholders are shown in Table 2. Substantial shareholder notices that have been received by the Company are set out in Table 3 and the tenement schedule as at 30 June 2016 is set out in Table 4.

Table 1
Shareholder spread

Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share held)

1-1,000	73
1,001-5,000	107
5,001-10,000	91
10,001-100,000	248
100,001 - and over	225
Total holders of ordinary shares	744
Total number of ordinary shares	1,282,791,883

Options, with no right to attend meetings or vote personally or by proxy

1-1,000	-
1,001-5,000	-
5,001-10,000	-
10,001-100,000	-
100,001 - and over	26
Total holders of options	26
Total number of options	513,000,000

Table 2
Top twenty shareholders

Shareholder	***Number of shares***	***Percentage***
Hargreaves Lansdown (Nominees) Limited	135,556,381	10.57%
Barclayshare Nominees Limited	131,190,328	10.23%
TD Direct Investing Nominees (Europe) Limited	110,415,308	8.61%
HSDL Nominees Limited	89,981,899	7.02%
Redmayne (Nominees) Limited	87,434,315	6.82%
The Bank of New York (Nominees) Limited	42,764,600	3.34%
Investor Nominees Limited	41,961,925	3.27%
Rathbone Nominees Limited	34,638,909	2.70%
Mr E F G Nealon	26,484,421	2.02%
Mkhombi Amamato (Pty) Ltd	25,281,620	1.97%
W B Nominees Limited	24,624,206	1.92%
Citicorp Nominees Pty Ltd	23,269,017	1.81%
HSBC Client Holdings Nominee (UK) Limited	22,498,050	1.75%
IG Markets Limited	22,407,431	1.75%
Lawshare Nominees Limited	22,170,630	1.73%
JIM Nominees Limited	20,714,889	1.62%
Wealth Nominees Limited	20,265,279	1.58%
Vidacos Nominees Limited	17,596,041	1.37%
Pershing Nominees Limited	16,313,425	1.27%
Share Nominees Ltd	15,232,852	1.19%

Table 3
Substantial shareholders

Shareholder	*Number of shares*	*Percentage*
Hargreaves Lansdown (Nominees) Limited	135,556,381	10.57%
Barclayshare Nominees Limited	131,190,328	10.23%
TD Direct Investing Nominees (Europe) Limited	110,415,308	8.61%

Voting Rights

The voting rights attached to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Table 4

Tenement schedule as at 30 June 2016:

Project	Tenement Number	Tenement Status	Holder	Percentage Interest
Moonlight	30/5/1/2/2/201 MR	Mining Right Granted	Ferrum Iron Ore (Pty) Ltd	97%
Moonlight	LP30/6/1/1/2/11868PR	Prospecting Application	Ferrum Iron Ore (Pty) Ltd	97%

JSE Limited Requirements

Headline earnings reconciliation	**2016 $**	**2015 $**
Loss attributable to ordinary equity holders of the parent entity	(1,573,533)	(2,345,860)
Add back IAS 16 loss on the disposal of plant and equipment	(8,609)	-
Less profit on sale of available for sale investments	649	(137,597)
Total tax effects of adjustments	(182)	38,527
Headline loss	**(1,581,675)**	**(2,444,930)**
Basic loss per share	(1,573,533)	(2,345,860)
Weighted average shares in issue	714,611,971	468,894,041
Basic loss per share (cents)	**(0.22)**	**(0.50)**
Headline loss	(1,581,675)	(2,444,930)
Weighted average shares in issue	714,611,971	468,894,041
Headline loss per share (cents)	**(0.22)**	**(0.52)**