

22nd September 2016

Ferrum Crescent Limited

("Ferrum Crescent", the "Company" or the "Group")(ASX, AIM, JSE: FCR)

Exercise of Option to Acquire Interests in Lead-Zinc Exploration Projects in Spain & Planned Work Programme

Highlights:

Acquisition of GoldQuest

- Ferrum Crescent has now acquired 100 per cent. of the share capital of GoldQuest Iberica, S.L. ("**GoldQuest**") further to the exercise of its option.
- GoldQuest 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**").
- Consideration comprised £326,500 in cash and the issue of 100 million new ordinary shares in the capital of Ferrum Crescent.

2016 Spanish zinc work programme

- Analysis and re-interpretation of existing historic data on the Iberian Projects to commence in September 2016.
- 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.

Justin Tooth, Executive Chairman of Ferrum Crescent, commented:

"We are delighted to have completed the acquisition of such exciting lead-zinc assets in Spain with significant amounts of historic geological and exploration data available. The acquisition process has taken longer than initially anticipated, however GoldQuest is now well placed for the next stage of its development as part of our group. Our project team has designed a low-cost work programme focused on testing our assumptions, with respect to various extrapolations made by prior owners, through the structured re-interpretation and analysis of the original raw data. I look forward to announcing our progress with this initial work programme in due course."

Merlin Marr-Johnson, Ferrum Crescent's Senior Project Adviser, commented:

"Though high grade ore has historically been mined at Toral, the project has not previously been systematically explored. Historic soil geochemistry surveys are incomplete and the principal logic of regional structural controls on mineralisation have not yet been applied, despite evidence of numerous artisanal workings at surface and drill intersections at depth. Historic drilling has not seemingly tested shallow targets nor intersected the full thickness of the mineralised corridor. I believe that the Toral asset, in particular, has real potential to host a substantial resource and it will therefore be the primary focus of our planned structured work programme as we seek to refine our geological theories before commencing drilling activities."

Ferrum Crescent, the ASX, AIM and JSE quoted metals project developer, announces that, further to its announcements of 16 February 2016, 22 July 2016 and 31 August 2016, TH Crestgate GmbH ("**Crestgate**") has now satisfactorily addressed the conditions precedent to enable Ferrum Crescent to proceed to exercise its option and complete the acquisition of 100 per cent. of the issued share capital of Crestgate's indirect wholly-owned subsidiary, GoldQuest (the "**Acquisition**").

GoldQuest, a private company incorporated in Spain, owns 100 per cent. of licences covering 2,024ha in the Province of León (the "**Toral Project**") and licences in the Province of Galicia (the "**Lago Project**"), such licence areas in northern Spain having high prospectivity for lead and zinc.

Further to completion of this Acquisition, Ferrum Crescent's project team led by Merlin Marr-Johnson will now swiftly progress with a structured work programme as detailed above. Mr Marr-Johnson has over twenty years' experience in the resources sector with a BSc. (Hons) in Geology and an MSc. (DIC) in Mineral Deposit Evaluation. He is a Fellow of the Geological Society.

Consideration for GoldQuest and further details of the Acquisition

Pursuant to the terms of the previously announced option and sale agreement, Ferrum Crescent has paid £326,500 cash consideration to Crestgate's wholly owned subsidiary, GoldQuest Mining (Spain) Corp. (the "**Vendor**"), from its existing cash resources. In addition, Ferrum Crescent will issue 100 million new ordinary shares (the "**Consideration Shares**") of no par value each in the capital of Ferrum Crescent to the Vendor in settlement of the share element of the consideration. The Company has applied to ASX for a waiver to allow the issue of the Consideration Shares on the basis of the shareholder approval obtained at the general meeting on

6 April 2016. If this waiver is not granted, the Company will convene a meeting for shareholders to approve the issue of the Consideration Shares or otherwise issue the Consideration Shares as and when it has capacity under Listing Rule 7.1. The Consideration Shares represent approximately 5.95 per cent. of the Company's enlarged issued share capital as enlarged by the issue of such shares, will be fully paid and will rank *pari passu* in all respects with the Company's existing ordinary shares. Pursuant to the terms of the SPA, Ferrum Crescent is required to issue the Consideration Shares to the Vendor within the next 8 days, failing which the Company has agreed to pay the Vendor a late payment fee of approximately £11,100 and a further US\$1,000 per day thereafter.

Ferrum Crescent, Crestgate and the Vendor have entered into a share purchase agreement ("**SPA**") with respect to the Acquisition, pursuant to which the Vendor has, *inter alia*, provided certain customary warranties to the Company in respect of GoldQuest and the Iberian Projects. Such warranties are subject to certain financial caps and other limitations. In addition, the Vendor has agreed that it shall not, during a period of twelve months following completion, sell, transfer or otherwise dispose of any of the Consideration Shares, except to another member of its group. Furthermore, the SPA provides for Crestgate to have the right from completion to nominate an appointee to the board of Ferrum Crescent as a non-executive director (subject to regulatory approvals and the approval of the Company's Nominated Adviser) for so long as its group continues to hold 3 per cent. or more of the Company's issued share capital from time to time.

In connection with the Acquisition process, the Vendor, Crestgate, Lundin Mining Corporation ("**Lundin**") and others, entered into an assignment and restatement agreement (the "**Assignment Agreement**") with respect to certain residual historic rights held by Lundin and its subsidiary over the Toral licence area. Pursuant to the Assignment Agreement, the Vendor is required to:

- i) make a one-off payment of US\$2.5 million to Lundin at such time as a decision is made to proceed with the construction of a mine on the Toral licence area;
- ii) make a further one-off payment of US\$5 million to Lundin following commencement of commercial production (as defined in the agreement) on the Toral licence area; and
- iii) pay Lundin's subsidiary a 1.5 per cent. net smelter return royalty upon commencement of commercial production on the Toral licence area.

The Vendor's abovementioned obligations to Lundin under the Assignment Agreement are guaranteed by Crestgate and pursuant to the terms of the SPA will be assumed by the Company within twelve months of completion.

Application to trading

Application will be made for quotation of the abovementioned Consideration Shares on the Australian Securities Exchange and the JSE Limited and to the London Stock Exchange plc for such shares to be admitted to trading on AIM ("**Admission**"). A further announcement in respect of the issue of the Consideration Shares and application for their quotation on the ASX and JSE and to trading on AIM will be made in due course.

For further information on the Company, please visit www.ferrumcrescent.com or contact:

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Notes to Editors:

Further Information on GoldQuest and the Iberian Exploration Projects

GoldQuest is a private company incorporated in Spain which owns 100 per cent. of both the Toral Project and the Lago Project in the provinces of León and Galicia in northern Spain, each having high prospectivity for lead and zinc.

Toral Project

The Toral Project has been extensively explored historically by its previous owners Portex Minerals Inc. and Lundin Mining S.L. and the 2,024ha of mineral rights contains extensive high grade zinc mineralisation. Located in north-west Spain, approximately 400km north-west of Madrid, the project's licence area hosts excellent road, rail and power infrastructure and is situated in a known historic mining jurisdiction. The asset also has a pre-existing NI 43-101 resource estimate reported by Micon International Co. Limited on 30 April 2012.

Lago Project

The Lago Project is located approximately 54km to the north-east of the Toral Project. Historical investigations completed by or on behalf of the Spanish mining firm, Exploracion Minera Internacional Espana S.A. ("EXMINESA"), between 1985 and 1990, indicated that mineralisation at the Lago Project may be similar to that encountered at the Toral Project with vertical, lenticular bodies (probably more than one) approximately 800m long by 300m wide.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR").