1 Introduction

On behalf of Ferrum Crescent Limited ("FCR" or the "Company"), a European lead-zinc explorer, Addison Mining Services Limited ("AMS"), an independent geological consultancy, reports in compliance with the Joint Ore Reserve Committee 2012 code ("JORC2012") the maiden mineral resource estimates completed for FCR’s 100% owned Toral lead-zinc project, located near Ponferrada within the province of Castile and León, northern Spain. The resource estimates have an effective date of January 29th 2018 and are based on exploration drilling and sampling completed up to December 31st 2017.

The Toral lead-zinc deposit represents a carbonate hosted, structurally controlled deposit type, demonstrating thrust fault-controlled contact, vein, carbonate replacement, and breccia styles of mineralisation situated close to the boundary between footwall slates and hangingwall limestones and dolomites, and wholly within the hangingwall limestones and dolomites.
2 Summary and Study Highlights

The Inferred resource for the Toral Pb-Zn mineralisation located on the Toral property, licence number 15.199, has been estimated at various cut-offs.

For the Toral deposit resource, the economic cut-off was determined by calculation of block revenue factors based on Zn equivalent calculations derived from 3 year trailing average Zn, Pb and Ag prices. Indicative mining and processing costs typical of the region and deposit type were applied along with typical mining recovery and dilution factors and metallurgical recovery factors identified by laboratory studies and production at comparable deposits and accepted by AMS.

For reporting in compliance with JORC (2012) an economic cut-off grade of 4% Zn equivalent (including Pb and Ag credits) was selected taking into account the factors mentioned above and allowing for some increase in commodity prices to define resources with reasonable prospect of eventual economic extraction now or in the near future. Resources are reported as follows*:

The reported total Inferred Resource Estimate is approximately 16 million tonnes at 6.9% Zn Equivalent (including Pb credits) and 25 g/t Ag. Individual zinc and lead grades are 4.0% Zn, 3.3% Pb, with an estimated metal content of 670,000 tonnes of zinc, 540,000 tonnes of lead and 13 million troy ounces of silver.

* Numbers are rounded to reflect the fact that an Estimate of Resources is being reported as stipulated by JORC 2012. Rounding of numbers may result in differences in calculated totals and averages. All tonnes are metric tonnes.

No top cutting was applied to Zn or Pb grades due to the upper detection limit of the data being 30% and no outlying values present. High-grade outlier values for Ag were capped (‘top-cut’) at 200 g/t based on the data distribution and statistics.

The maiden resource has identified potentially economic mineralisation ranging from surface to approximately 1,100m below surface.
3 Resource Statement

The Maiden Resource Estimate, reported in compliance with JORC 2012, for the Toral lead-zinc project completed by AMS has an effective date of January 29th 2018. The Resource Estimate completed for the Toral deposit at various cut-off grades is presented in Table 1.

For the purpose of reporting Resources with reasonable prospect of eventual economic extraction a cut-off grade of 4% Zn equivalent was selected (including Pb and Ag credits), based upon accepted mining and processing inputs for the anticipated mining methods, production rate and mineralogy, using a three-year trailing average price for Zn, Pb and Ag. Parameters for potentially economic cut-off calculations are presented in item 4 for this statement.

The reported total Inferred Resource Estimate is approximately 16 million tonnes at 6.9% Zn Equivalent (including Pb credits) and 25 g/t Ag. Individual zinc and lead grades are 4.0% Zn, 3.3% Pb, with an estimated metal content of 670,000 tonnes of zinc, 540,000 tonnes of lead and 13 million troy ounces of silver.

It is the Company’s opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold. Grade tonnage curves are shown in Figure 1.

Figure 1: Grade Tonnage Curves, tonnage based on Zn equivalent with Pb and Ag credit.
Table 1 – Summary of Inferred Mineral Resources for the Toral property reported at a 4.0% Zn equivalent cut-off grade and estimated grade and tonnages at various cut off grades.

<table>
<thead>
<tr>
<th>Cut Off Zn Eq (PbAg)%</th>
<th>Tonnes (Millions)</th>
<th>Density</th>
<th>5Zn_Eq (Pb)%</th>
<th>4Zn Eq (PbAg)%</th>
<th>Zn %</th>
<th>Pb %</th>
<th>Ag g/t</th>
<th>Contained Zn Tonnes (000s)</th>
<th>Contained Pb Tonnes (000s)</th>
<th>Ag Troy Oz (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.0</td>
<td>9</td>
<td>2.65</td>
<td>8.8</td>
<td>9.5</td>
<td>5.0</td>
<td>4.3</td>
<td>31</td>
<td>470</td>
<td>400</td>
<td>9</td>
</tr>
<tr>
<td>5.0</td>
<td>12</td>
<td>2.57</td>
<td>7.8</td>
<td>8.4</td>
<td>4.6</td>
<td>3.7</td>
<td>28</td>
<td>580</td>
<td>470</td>
<td>11</td>
</tr>
<tr>
<td>4.0</td>
<td>16</td>
<td>2.52</td>
<td>6.9</td>
<td>7.5</td>
<td>4.0</td>
<td>3.3</td>
<td>25</td>
<td>670</td>
<td>540</td>
<td>13</td>
</tr>
<tr>
<td>3.0</td>
<td>20</td>
<td>2.50</td>
<td>6.2</td>
<td>6.7</td>
<td>3.7</td>
<td>2.9</td>
<td>23</td>
<td>750</td>
<td>600</td>
<td>15</td>
</tr>
</tbody>
</table>

Notes:
1. No mineral reserve calculations have been undertaken. Mineral resources that are not mineral reserves do not have demonstrated economic viability. See “Cautionary Note Concerning Reserve and Resource Estimates”.
2. Numbers are rounded to reflect the fact that an Estimate of Resources is being reported as stipulated by JORC 2012. Rounding of numbers may result in differences in calculated totals and averages. All tonnes are metric tonnes.
3. Zn equivalent calculations were based on 3 year trailing average price statistics obtained from the London Metal Exchange and London Bullion Market Association giving an average Zn price of US$2,400/t, Pb price of US$2,000/t and Ag price of US$17/tOz. Recovery and selling factors were incorporated into the calculation of Zn Eq values. It is the Company’s opinion that all the elements included in the metal equivalents calculation (zinc, lead and silver) have a reasonable potential to be recovered and sold.
4. Zn Eq (PbAg)% is the calculated Zn equivalent incorporating silver credits as well as lead and is the parameter used to define the cut-off grade used for reporting resources (Zn Eq (PbAg)% = Zn + Pb*0.863 + Ag*0.022).
5. Zn Eq (Pb)% is the calculated Zn equivalent using lead credits and does not include silver credits. It is displayed here for comparison purposes (Zn Eq (Pb)% = Zn + Pb*0.863).
6. The mineral resource estimate set out above for the zinc, lead and silver mineralisation in the Toral project area is based on a 3D geologic model and wireframe restricted block model that integrated the exploration work on the Toral project up to 31st December 2017. The block model used uniform cell size of 50x2x50 m to best suit the orientation of the mineralisation and sample spacing. The block model was rotated by 20° in plan view to best match the trend of mineralisation. Sub cells were applied to better fit the wireframe solid models and preserve accurate volume as much as possible. Cells were interpolated at the parent block scale using an Ordinary Kriged interpolation technique with a single search ellipsoid orientated to the interpreted strike, dip and pitch of mineralisation.
7. No top cutting was applied to Zn or Pb grades due to the upper detection limit of the data being 30%. High-grade outlier values for Ag were capped (‘top-cut’) at 200 ppm (g/t) based on the data distribution and statistics.
8. The inferred mineral resource category for the Toral zinc-lead-silver project set out in Table 1 (at cut-off grades >4% Zn Equivalent) comply with the resource definitions as described in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition.
9. The tonnes and grades reported at a cut-off grade of 3% Zn equivalent are below the economic cut-off grade of 4% and as such should not be considered mineral resources, they are shown here for comparison purposes only.
Figures 2 to 4 show the Toral wireframes and block model. Wireframe solid models were created for each domain based on a mineralisation threshold of approximately 0.2% for Zn and Pb (approximately 0.4% Zn+Pb). Analysis of Zn and Pb grades in cross section and in scatter plots showed a strong relationship and no requirement to model Zn and Pb separately was identified. Ag showed a strong correlation with Pb and was estimated within the Zn/Pb mineralised domain. Interpretation of the mineralised domains was guided by geological interpretation of the deposit incorporating structural and lithological boundaries.

Mineralisation is encountered at surface and based on current testing, extends to approximately 1,100m below the surface. Mineralisation is currently tested across a 3,300 m strike length, the orientation of the mineralisation zone is approximately 110 degrees, averaging approximately 3 m in thickness. Additional drilling, sampling, quality assurance and quality control, density determinations and structural analysis is required to increase the confidence in resources. Mineralisation is hosted in a dominant single structure or “lode” with six subordinate lodes. The area has a relatively sparse density of drilling considering the extents of the mineralized zone with drillholes generally terminating a few metres after cutting the main lode. There is potential for additional subordinate lodes and “thrust repeats” of the main lode which have not been intercepted by the existing drilling.
Figure 3: Wireframes looking North

Figure 4: Block model looking North
4 Economic Cut Off and Zinc Equivalent Determination

For the purpose of reporting resources with a reasonable prospect of eventual economic extraction, a cut-off grade of 4% Zn equivalent was selected, based upon accepted mining and processing inputs for the anticipated mining methods, production rate and mineralogy, using a three-year trailing average price for Zn, Pb and Ag. Parameters for potentially economic cut-off calculations and zinc equivalent values are presented in Tables 2 and 3.

It is the Company’s opinion that all the elements included in the metal equivalents calculation (zinc, lead and silver) have a reasonable potential to be recovered and sold.

Table 2 – Summary of mining and processing costs used in the determination of economic cut off. Assumed 90% sub level open stoping and 10% shrinkage mining techniques.

<table>
<thead>
<tr>
<th>Description</th>
<th>$/t</th>
<th>Weighting</th>
<th>Weighted Cost / t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining - Sub-level OS</td>
<td>25</td>
<td>0.9</td>
<td>22.5</td>
</tr>
<tr>
<td>Mining post fill</td>
<td>8</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Mining - shrinkage</td>
<td>80</td>
<td>0.1</td>
<td>8</td>
</tr>
<tr>
<td>Weighted average mining cost</td>
<td></td>
<td></td>
<td>38.5</td>
</tr>
<tr>
<td>Flotation 2 products</td>
<td>17</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>10</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Total per tonne milled</td>
<td></td>
<td></td>
<td>65.5</td>
</tr>
</tbody>
</table>

Table 3 – Summary of recovery and selling factors used in the determination of economic cut off and equivalents. Assumed 90% sub level open stoping and 10% shrinkage mining techniques with 90% and 95% recoveries respectively. Discounted factor for selling concentrate product applied to metal prices. Metal Recoveries and Concentrate Selling Factors are taken into account in Zn Eq calculation.

<table>
<thead>
<tr>
<th>Element</th>
<th>Metal price US$</th>
<th>Zn % Equivalent Conversion Factor</th>
<th>Weighted Mining Recovery Factor (MRECF)</th>
<th>Process Recovery Factor (PRECF)</th>
<th>Concentrate Selling Factor (CONCF)</th>
<th>Metal Contribution Weighting Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zn</td>
<td>2,400/t</td>
<td>1</td>
<td>0.905</td>
<td>0.93</td>
<td>0.85</td>
<td>0.55</td>
</tr>
<tr>
<td>Pb</td>
<td>2,000/t</td>
<td>0.863 (x % Pb)</td>
<td>0.905</td>
<td>0.89</td>
<td>0.92</td>
<td>0.38</td>
</tr>
<tr>
<td>Ag</td>
<td>17/Oz</td>
<td>0.022 (x g/t Ag)</td>
<td>0.905</td>
<td>0.80</td>
<td>0.95</td>
<td>0.07</td>
</tr>
<tr>
<td>Zn Eq Weighted</td>
<td></td>
<td>0.905</td>
<td>0.905</td>
<td>0.884</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The economic cut-off grade is calculated as follows.

\[
\text{Cut Off Grade (Zn Eq\%)} = \frac{\text{Cost } \$/t}{(Zn \ $/t \times 0.01 \times \text{MREC} \times \text{PRECF} \times \text{CONCF})}
\]

\[
3.77\% = \frac{65.5}{(24 \times 0.905 \times 0.905 \times 0.884)}
\]

The calculated marginal cut-off grade of 3.77% Zn Eq was rounded to give a cut-off grade for reporting of 4% Zn Eq, allowing for cost and metal price variations. The cut-off grade selected can therefore be considered conservative. The above calculation was verified by calculating block revenue factors for recovered and sold metal in the block model on an element by element basis and agreed with the marginal cut off.

5 Basis of Resource Estimate

The Toral maiden resource estimate was prepared by Mr. J.N. Hogg, MSc. MAIG Principal Geologist for AMS, who is an independent Competent Person within the meaning of the JORC (2012) code. The maiden resource estimate was aided by Mr R. J. Siddle, MSc, MAIG under the guidance of the Competent Person. Mr. Hogg has reviewed and verified the technical information that forms the basis of and has been used in the preparation of the current mineral resource estimate and this statement, including all analytical data, diamond drill hole logs, QA/QC data, density measurements, and sampling, diamond drilling and analytical techniques.

Addison Mining Services used Micromine 2016, 3D geological modelling software and Ordinary Kriging wireframe restricted rotated block models to estimate the current mineral resources contained in the Toral zinc, lead, silver deposit. Resources have an effective date of January 29th 2018 and classification methodology used to assign a level of confidence to the mineral resources comply with the resource definitions as described in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. The JORC Code, 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).

The input data for the current mineral resource estimate for the Toral zinc-lead-silver project included all diamond drill holes and underground cut-channel sampling completed on the project across three main periods of exploration:
• 2006 - 2008 Lundin Mining.
• 2016 – 2017 Ferrum Crescent.

Log histograms generated for the unrestricted analytical data show zinc and lead grades are grouped into background and mineralised populations with a natural cut-off boundary at about 0.2% Zn and Pb, or 0.4% Zn+Pb. The 0.4% Zn+Pb threshold is considered a natural boundary for the mineralisation and as such was used for modelling of the mineralised zones. No top cutting was applied to Zn or Pb grades due to the upper detection limit of the data being 30% and no outlying values were present. High-grade outlier values for Ag were capped (‘top-cut’) at 200 g/t based on the data distribution and statistics.

All samples contained within the mineralised wireframe were composited to a standard length for geostatistical analysis and interpolation. Variography was performed on the assay data within the primary mineralised wireframe to generate a series of directional semi-variograms for Zn, Pb and Ag. These variograms were used in the Ordinary Kriging process where Zn, Pb and Ag were interpolated and extrapolated using the corresponding variograms on a domain by domain basis. A single pass search was applied to minimise conditional bias, and the number of input data in each block estimate were restricted to prevent over smoothing of the estimates.

Based on the geological model, exploration grid, and composite sizes the data used in the resource estimate was block modelled with a block size of 50 m by 2 m by 50 m. Sub blocking was applied to ensure a good fit to the wireframe models and preservation of volumes. The block model was rotated to ensure a good fit to the mineralised wireframes.

6 Data Verification

A site visit was conducted to the Toral licence area (licence number 15.199) and to FCR’s field office and core processing facility in Ponferrada between 20th - 21st November 2017 by Mr James Hogg (Principal Consultant, Addison Mining Services, Competent Person), and the Instituto Geologico y Minero de Espana (IGME), where the remaining Peñarroya drill core is stored on 22nd November 2017. The purpose of the visit was to inspect the licence property, geology, drilling procedures, location survey control and drill core processing procedures and to confirm the presence and style of mineralisation. Procedures were deemed to be acceptable for the purpose of resource estimation under JORC (2012) standards.
Quality Assurance and Quality Control check procedures have been reviewed and QC samples have been collated and assessed for the purpose of analytical data verification.

QAQC results are deemed to be acceptable and the data suitable and fit for purpose for resource estimation to JORC (2012) standards.

AMS conducted drillhole database validation using Micromine 2016. An initial validation was undertaken which checked for overlapping intervals, missing drillhole logs and assay results, and drillhole deviation > 1°/m. A number of errors were identified, including assay results and logs beyond reported collar drillhole depth, drillholes without lithology, assay or geotechnical data and drillhole surveys with large deviation. A list of errors was sent to FCR for correction.

AMS verified primary analytical data via cross reference against original lab certificates and the re-input of all assays for the project for use as input to geological modelling and estimation.

The final input database was considered suitable and fit for purpose for resource estimation to JORC (2012) standards.

7 Cautionary Note Concerning Resource Estimates and Classification


Inferred Mineral Resources, mentioned in this statement are hereby defined, by the JORC code, 2012 edition as follows.

An ‘Inferred Mineral Resource’ is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling, and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably
expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

In the resource estimation for the Toral property to which this statement relates, the above definitions have been taken into consideration when applying resource classification. It was the opinion of the Competent Person that insufficient sample density, Quality Analysis and Quality Control data, density determinations and drilling recoveries were present to warrant the classification of resources at a higher level of confidence than the Inferred category.

8 Recommendation for Upgrade and Increase of Resources

Future upgrade of mineral resources to a higher classification and the identification of additional resources is not guaranteed. However, it is reasonable to expect such increases as a result of the following work.

- Infill drilling in areas of low data density and drill testing of thrust repeat zones.
- Accompanying controlled surface trench sampling and logging on drill traverses.
- Improved drilling recoveries.
- Introduction of detailed systematic digital logging procedures to capture lithology, weathering, oxidation, colour, texture, structure and other characteristics in a format suitable for interrogation and application to robust, accurate model generation.
- Further sampling and structural analysis of the mineral deposits. In particular the collection of orientated drill core structural readings to aid confidence in the modelling of mineralised domain geometries.
- Continued and improved Quality Assurance and Quality Control.
- Continued and improved downhole orientation surveys.
- Collection of further density determination across all lithologies, material types and grade ranges within the mineralised areas and in the surrounding waste rocks.