ASX Announcement

8 September 2010

Australian Securities Exchange Code: **FEL**

Ordinary Shares:
113,981,448

Unlisted Options:
18,000,000 ($0.12 exp 31 Dec 2012)
500,000 ($0.50 exp 27 Sep 2010)
800,000 ($0.32 exp 1 Oct 2010)
750,000 ($0.42 exp 1 Oct 2010)
375,000 ($0.15 exp 23 Mar 2014)

Board of Directors:
Tony Sage
Non-Executive Chairman
Mark Gwynne
Executive Director
Simon McDonald
Non-Executive Director
Paul Kelly
Non-Executive Director
Eloise von Puttkammer
Company Secretary

Key Projects & Interests:
Mooloogool Iron Project
Crossroads Project
Kalgoorlie Regional Gold Project
Kalgoorlie Nickel Project
Mt Elvire Project

Fe Ltd Contact:
Mark Gwynne
Executive Director
Tel: +61 (8) 9380 9555

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OFF MARKET TAKEOVER BID BY FE LIMITED FOR 100% OF THE SHARES OF PADBURY MINING LIMITED

In accordance with Step 8 of Section 633(1) of the Corporations Act 2001 (Cth) and ASIC Class Order 01/1543, Fe Limited (FEL):

(a) gives notice under Section 633(1) Item 8 of the Corporations Act that it has today commenced dispatch of offers under an off-market bid to holders of fully paid ordinary shares in Padbury Mining Limited pursuant to a bidder's statement dated 24 August 2010 (**Bidder's Statement**) and that such offers were each dated 8 September 2010; and

(b) encloses a copy of the Bidder's Statement.

In addition FEL has today lodged a Supplementary Bidder's Statement with the ASIC and served on Padbury Mining Limited (PDY), prepared by FEL to ensure that full information has been provided to PDY shareholders in relation to the bid.

The Supplementary Bidder's Statement is enclosed.

Yours faithfully
Fe Limited

Eloise von Puttkammer
Company Secretary

BIDDER'S STATEMENT

In relation to off-market bids by

FE LIMITED
ACN 112 731 638
in relation to

PADBURY MINING LIMITED
ACN 009 076 242

To acquire all your Padbury Mining Limited Shares for -

one (1) FE Limited Share for every thirteen (13) Padbury Mining Limited Shares held and one (1) cent in cash for every FE Limited share issued.

IMPORTANT NOTICE

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER

TABLE OF CONTENTS

1. INTRODUCTION

This Statement is given by FE Limited (**FEL**) to Padbury Mining Limited ABN 12 009 076 242 (**PDY**) under Part 6.5 of the *Corporations Act*. It sets out the disclosures required by the *Corporations Act* together with the terms and conditions of the Offer.

This Statement is dated 24 August 2010. It includes the Offer dated 8 September 2010 on the terms set out in section 4 of this Statement.

A copy of this Statement was lodged with ASIC on 24 August 2010. Neither ASIC nor any of its officers take any responsibility as to the contents of this Statement.

A number of defined terms have been used in this Statement. Those terms are capitalised and explained in the Glossary in section 14 of this Statement.

Important Dates:

Announcement Date	**8 July 2010**
Date Bidder's Statement was lodged with the ASIC and date of Bidder's Statement	**24 August 2010**
Date of Offer	**8 September 2010**
Offer Closes* (unless extended or otherwise withdrawn)	**8 October 2010**

This date may be changed as permitted by the Corporations Act.

2. CHAIRMAN'S LETTER

Dear PDY Shareholder

On behalf of the Directors of FEL I am pleased to offer PDY shareholders the opportunity to participate in FEL's vision to consolidate and expand its regional exploration potential within the exciting Midwest region of Western Australia.

FEL has developed a strategy based on advancing its existing iron ore projects through intensive exploration and the acquisition of new projects targeting emerging iron ore provinces with a view to positioning itself as a key participant in the development of iron ore projects in the Yilgarn Province and the Mid-West region of Western Australia. As a bulk commodity it is critically important for iron ore aspirants to be of a sufficient size to meet the costs and challenges associated with the development of iron ore assets and the associated infrastructure critical to delivering the product to end users.

FEL has the backing of a number of key stakeholders, including its largest shareholder Cape Lambert Resources Limited.

By contrast, PDY is currently focusing its activities on a single project in the Peak Hill region held in a joint venture with another small ASX listed company, Aurium Resources Limited.

PDY also has on issue a very large number of options, the majority of which are exercisable at only 1 cent and which in certain circumstances give the option holder the right to an additional option. As a consequence, PDY shareholders (and PDY listed option holders who choose to exercise their options) face not only all of the risks associated with what is essentially a single project company, but also the likelihood of very significant dilution thereby limiting the extent to which they will have the opportunity to participate in any upside from PDY's Peak Hill project.

FEL is offering to acquire your PDY Shares in exchange for 1 FEL Share and 1 cent cash for every 13 PDY Shares.

The Offer is subject to a number of conditions, including FEL becoming entitled to at least 51% of all PDY shares on issue at the end of the Offer Period, PDY shareholders approving changes to the PDY Board at a forthcoming shareholder meeting, and the PDY options exercisable at 1 cent being bought by FEL for their issue price.

The Directors of FEL believe that the Offer represents a compelling opportunity for PDY shareholders.

By exchanging PDY shares for FEL shares and cash, PDY shareholders will have the opportunity to participate in a company with a strategic vision for a number of complimentary projects and a proven management team that has delivered significant value to shareholders in other companies they have been associated with.

I encourage you to read this important document carefully to fully understand the Offer. The Offer is open for your acceptance until 7.00pm (AEST) on 8 October 2010, unless extended. If you wish to accept the Offer you should follow the instructions on the Acceptance Form enclosed.

If you have any questions about the Offer please contact Eloise von Puttkammer on (08) 9380 9555 or your professional financial adviser.

On behalf of the FEL Board I look forward to having PDY shareholders join our company in the event of a successful completion of this transaction.

Yours sincerely

Tony Sage
Chairman

3. SUMMARY OF THE OFFER

This summary should be read in **conjunction** with the remainder of this document.

The Share Offer

FEL is offering to acquire all of your PDY Shares.

What price do I receive for my PDY Shares?

FEL is offering 1 FEL share and 1 cent for every 13 PDY Shares (with any fractional entitlements to be rounded up).

What Conditions Apply to the Offer?

The Offer is subject to conditions briefly summarised below:

- None of the "prescribed occurrences" referred to in section 652C of the *Corporations Act* occurring;
- FEL obtaining a relevant interest in 51% of all shares on issue in PDY as at the close of the Offer;
- PDY shareholders passing all resolutions proposed at the general meeting of PDY requested by shareholders of PDY pursuant to Section 249D(1) of the *Corporations Act* and called by shareholders of PDY pursuant to section 249E(1) of the *Corporations Act* to be held on 8 September 2010;
- FEL acquiring all of the PDY unlisted options on issue as at the date of this Statement exercisable at 1 cent each for their subscription price of 0.03 cents each;
- Permission for admission to Quotation being granted for FEL Shares offered no later than 7 days after the end of the Offer Period.

The conditions are set out in full in Section 4.6 of this Statement.

How do I Accept?

If you hold your PDY Shares as an Issuer Sponsored Holding, please complete the appropriate Acceptance Form in accordance with the instructions on it and return it to the address specified in Section 4.3(f) together with your holding statement(s) for your PDY Shares.

If you hold your PDY Shares on the CHESS sub-register, then you can complete and return the appropriate Acceptance Form or instruct your Broker or other Controlling Participant to accept the relevant Offer on your behalf.

When Can I Accept?

The Offer is now open and can be accepted at any time up to the Closing Date, which, unless the Offer is extended, is at 7.00pm (AEST) on 8 October 2010. You will then receive payment of your consideration in accordance with the terms and conditions set out in this Statement.

Timetable

An indicative timetable of the offer is set out below. This timetable is indicative only and may change.

Action	Date
Announcement Date	8 July 2010
Lodgement of Bidder’s Statement with the ASIC	24 August 2010
Date of Offer	8 September 2010
Last date to free Offer from defeating conditions (or extend the Offer)	1 October 2010
Closing Date of Offer under the Bidder’s Statement	8 October 2010

4. THE TERMS OF THE OFFER

4.1 The Share Offer

(a) FEL offers to acquire all your PDY Shares on the terms and subject to the conditions set out in this Statement. Unless you are a person to whom section 653B(1)(b) of the *Corporations Act* applies (see section 4.4) you cannot accept this Share Offer for a portion of your PDY Shares.

(b) The consideration offered by FEL for the acquisition of all of your PDY Shares is 1 FEL Share and 1 cent for every 13 PDY Shares held (with any fractional entitlements to be rounded up).

(c) If FEL acquires your PDY Shares under this Share Offer, FEL will be entitled to all Rights in respect of those PDY Shares.

(d) This Share Offer extends to any person who becomes registered or entitled to be registered as the holder of any of your PDY Shares during the Offer Period.

(e) This Share Offer is dated 8 September 2010.

(f) To accept this Share Offer, please follow the instructions in section 4.3.

4.2 Offer Period

(a) Unless withdrawn or extended, this Offer will remain open for acceptance for a period of one month commencing on the date of this Offer being 8 September 2010, and ending at 7.00pm (AEST) on 8 October 2010.

(b) FEL may, in accordance with the *Corporations Act*, extend the period during which this Offer remains open for acceptance.

4.3 How to accept the Offer

You may only accept this Offer in respect of all (and not a portion only) of your PDY Shares. You may only accept this Offer during the Offer Period.

(a) How you accept the Offer will depend on whether your PDY Shares are in an Issuer Sponsored Holding or a CHESS Holding.

(b) **CHESS Holdings**

(i) If your PDY Shares are in a CHESS Holding, then to accept the relevant Offer you should complete and sign the Acceptance Form in respect of those PDY Shares which are in the CHESS Holding in accordance with the instructions on it and return it to the address specified in section 4.3(f) together with all other documents required by those instructions. This will authorise FEL to instruct your Controlling Participant to initiate acceptance of the relevant Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the relevant Offer, you must ensure it is received by FEL in time for FEL to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period. You may instead, or in addition, comply with the ASX Settlement Operating Rules to accept the relevant Offer. To accept in accordance with those rules, you must instruct your Controlling Participant (normally your Broker) to initiate acceptance of the relevant Offer; or

(ii) if you are a Broker or a Non-Broker Participant, initiate acceptance,

in accordance with the ASX Settlement Operating Rules before the end of the Offer Period.

(c) **Issuer Sponsored or Unregistered Holdings**

If your PDY Shares are in an Issuer Sponsored Holding or if at the time of acceptance you are entitled to be (but are not yet) registered as the holder of your PDY Shares, then to accept the relevant Offer you must:

(i) complete and sign the Acceptance Form in accordance with the instructions on it; and

(ii) send the Acceptance Form together with all other documents required by the instructions on it to the address specified in section 4.3(f) so that they are received at that address before the end of the Offer Period.

(d) **CHESS Holdings, Issuer Sponsored Holdings and unregistered holdings**

If some of your PDY Shares are in a CHESS Holding and some of your PDY Shares are in an Issuer Sponsored Holding or if at the time of acceptance you are entitled to be (but are not yet) registered as the holder of some of your PDY Shares, your acceptance of the Offer will require action under both sections 4.3(b) and 4.3(c) in relation to the separate parcels of your PDY Shares.

(e) **Nominee holdings**

If your PDY Shares are registered in the name of a nominee such as an investment adviser, dealer, bank or trust company you should contact that nominee for assistance in accepting the relevant Offer.

(f) **Address**

The mailing address for return of the Acceptance Forms is:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

The transmission of the Acceptance Forms and other documents is at your own risk. No acknowledgment of receipt of documents will be given.

If your Acceptance Forms are returned by post, please allow sufficient time for it to be received before the end of the Offer Period.

(g) **Acceptance Forms**

The Acceptance Forms which accompany the Offer form part of the Offer and its requirements must be observed in the acceptance of the Offer.

4.4 **Who may accept**

(a) The Offer is being made to each holder of PDY Shares registered in the PDY share register on the Register Date.

(b) Pursuant to section 653B(1)(b) of the *Corporations Act*, a person who holds one or more parcels of PDY Shares as trustee or nominee for, or otherwise on account of, another person may accept as if a separate offer had been made in relation to:

(i) each of those parcels; and

(ii) any parcel they hold in their own right.

(c) For the purposes of section 653B(2) of the *Corporations Act* and the Offer:

(i) a person is taken to hold PDY Shares if the person is, or is entitled to be, registered as the holder of the PDY Shares as applicable; and

(ii) a person is taken to hold PDY Shares on trust for, as nominee for or on account of another person if they:

A. are entitled to be registered as the holder of particular PDY Shares as applicable; and

B. hold their interest in the PDY Shares as applicable on trust for, as nominee for or on account of that other person.

(d) If, under section 653B(1)(b) of the *Corporations Act*, a person may accept as if a separate offer is taken to be made to a person for a parcel of PDY Shares within a holding, an acceptance of that Offer is ineffective unless:

(i) the person gives FEL a notice stating that the PDY Shares as applicable consist of a separate parcel; and

(ii) the acceptance specifies the number of PDY Shares as applicable in the parcel.

(e) Pursuant to section 653B(6) of the *Corporations Act*, a person may, at the one time, accept for 2 or more parcels of PDY Shares under section 653B of the *Corporations Act* as if there had been a single offer for a separate parcel consisting of those parcels.

4.5 **Payment of consideration**

(a) If you accept the Offer and the conditions of the Offer accepted and of the contract resulting from the acceptance of the Offer accepted are satisfied or are waived, FEL will provide the consideration payable to you on or before the earlier of:

(i) 1 month after the Offer is validly accepted by you pursuant to section 4.3 and the Offer or the contract resulting from your acceptance of the Offer becomes or is declared wholly unconditional; and

(ii) 21 days after the end of the Offer Period.

(b) FEL will become entitled to all Rights on acceptance of the Offer. Accordingly, you must give FEL all documents that FEL needs to give FEL title to those Rights. If you do not give those documents to FEL, or if you have received the benefit of those Rights, FEL will be entitled to deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by FEL) of those Rights. If FEL does not, or cannot, make such a deduction, you must pay that amount to FEL.

(c) Payment of the cash amount to which you are entitled will be made by cheque in Australian currency. Cheques will be forwarded by pre-paid ordinary mail (pre-paid air mail in the case of overseas shareholders) lodged in the post in Australia in an envelope addressed to you at your address shown on the relevant Acceptance Form.

(d) Where the relevant Acceptance Form requires an additional document to be given with your acceptance (for example, a power of attorney):

(i) if that document is given after acceptance and before the end of the Offer Period while the Offer is subject to a defeating condition, FEL will provide the consideration by the end of whichever of the following periods ends earlier:

A. within 1 month after the Offer or the contract resulting from your acceptance becomes or is declared wholly unconditional; or

B. 21 days after the end of the Offer Period;

(ii) if that document is given after acceptance and before the end of the Offer Period while the Offer is unconditional, FEL will provide the consideration by the end of whichever of the following periods end earlier:

A. 1 month after that document is given; or

B. 21 days after the end of the Offer Period;

(iii) if that document is given after acceptance and after the end of the Offer Period:

A. and the Offer is unconditional, FEL will provide the consideration within 1 month after the document is given;

B. and the Offer is subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the *Corporations Act*, FEL will provide the consideration within 1 month after the document is given; and

(iv) if the document is not given within one month after the end of the Offer Period then you will be taken not to have accepted the Offer.

4.6 **Conditions of the Offer**

(a) Subject to this section 4.6, the Offer and any contract that results from acceptance of the Offer is subject to the fulfilment of the following conditions:

(i) Minimum acceptance condition

At the end of the Offer Period, FEL has a Relevant Interest in at least 51% of all shares on issue in PDY.

(ii) Shareholder resolution condition

PDY shareholders passing all resolutions proposed at the general meeting of PDY requested by shareholders of PDY pursuant to Section 249D(1) of the *Corporations Act* and called by Shareholders of PDY pursuant to Section 249E(1) of the *Corporations Act* to be held on 8 September 2010.

(iii) Option acquisition condition

FEL acquiring all of the PDY unlisted options on issue as at the date of this Statement exercisable at 1 cent each for their subscription price of 0.03 cents each.

(iv) Section 652C Events

None of the following events occurring during the Offer Period:

A. PDY converts all or any of its shares into a larger or smaller number of shares;

B. PDY or a subsidiary of PDY resolves to reduce its share capital in any way;

C. PDY or a subsidiary of PDY:

(a) enters into a buy-back agreement; or

(b) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(2) of the *Corporations Act*;

D. PDY or a subsidiary of PDY issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;

E. PDY or a subsidiary of PDY issues, or agrees to issue, convertible notes;

F. PDY or a subsidiary of PDY disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;

G. PDY or a subsidiary of PDY charges, or agrees to charge, the whole, or a substantial part, of its business or property;

H. PDY or a subsidiary of PDY resolves to be wound up;

I. a liquidator or provisional liquidator of PDY is appointed;

J. a court makes an order for the winding up of PDY or a subsidiary of PDY;

K. an administrator of PDY, or of a subsidiary of PDY, is appointed under section 436A, 436B or 436C of the *Corporations Act*;

L. PDY or a subsidiary of PDY executes a deed of company arrangement; or

M. a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of PDY or of a subsidiary of PDY.

(v) Quotation of FEL Shares

Permission for admission to Quotation for the FEL Shares to be issued to PDY shareholders accepting this Offer is granted by the ASX no later than 7 days after the end of the Offer Period.

Please note that pursuant to section 625(3)(d) of the *Corporations Act* the Share Offer may not be freed from this condition.

(b) Each of the conditions set out in each paragraph and sub-paragraph of section 4.6(a):

(i) constitutes and shall be construed as a separate, several and distinct condition;

(ii) is a condition subsequent; and

(iii) shall not merge on completion of any contract arising from acceptance of the Offer.

(c) Subject to the provisions of the *Corporations Act*, FEL alone shall be entitled to the benefit of the conditions which apply to the Offer and any breach or non-fulfilment of such condition may be relied on only by FEL which may at any time and from time to time at its sole discretion waive the breach or non-fulfilment of any such condition (except the condition set out in paragraph 4.6(a)(v)).

(d) The breach or non-fulfilment of any of the conditions set out in section 4.6(a) does not, until the end of the Offer Period, prevent a contract to acquire your PDY Shares resulting from your acceptance of an Offer but if, in respect of any such condition:

(i) FEL has not declared the Offer to be free from that condition; or

(ii) the condition has not been fulfilled:

A. in the case of the condition in paragraph 4.6(a)(i), at the end of the Offer Period; or

B. in the case of the conditions in paragraph 4.6(a)(ii), within 3 days after the end of the Offer Period, or

C. in the case of the condition in paragraph 4.6(a)(v) no later than 7 days after the end of the Offer Period,

all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, FEL will return the Acceptance Forms together with all other documents forwarded by you (if any) to the address shown on the Acceptance Forms.

(e) Subject to the *Corporations Act*, FEL may at its sole discretion declare the Offer and any contract resulting from acceptance of the Offer free from all or any of the conditions referred to in each paragraph and sub-paragraph of section 4.6(a) (except for the condition in paragraph 4.6(a)(iii)) by giving written notice to PDY:

(i) in the case of the condition in paragraph 4.6(a)(i) not less than 7 days before the end of the Offer Period;

(ii) in the case of the condition in paragraph 4.6(a)(ii), not later than 3 Business Days after the end of the Offer Period.

(f) The date for giving the notice on the status of the conditions that is referred to in section 630(1) of the *Corporations Act* is 1 October 2010. If the Offer Period is extended by a period the date for giving the notice will be postponed for the same period.

4.7 Effect of Acceptance

(a) By signing and returning an Acceptance Form, you will or will be deemed to have:

(i) irrevocably accepted the relevant Offer in respect of all your PDY Shares as applicable (notwithstanding any difference between that number and the number of PDY Shares shown in the Acceptance Form) and agreed to the terms and conditions of the Offer to sell those PDY;

(ii) agreed to transfer all of your PDY Shares to FEL in accordance with the terms set out in this Statement;

(iii) irrevocably authorised FEL (by its partners, servants or agents) to alter or complete the appropriate Acceptance Form on your behalf by inserting correct details of your PDY Shares, filling in any blanks remaining on the Acceptance Form and rectifying any errors in, and omissions from, the Acceptance Form as may be necessary to make the Acceptance Form a valid acceptance of the relevant Offer and to enable registration of the transfer of your PDY Shares to FEL;

(iv) represented and warranted to FEL, as a condition of the contract resulting from your acceptance, that at the time of acceptance and at the time of transfer to FEL:

A. you have paid to PDY all amounts which at the time of acceptance have fallen due for payment in respect of your PDY Shares;

B. all of your PDY Shares are fully paid and are free from all mortgages, charges, liens and other encumbrances of any nature and restrictions on transfer of any kind; and

C. you have full power and capacity to sell and transfer all of your PDY Shares;

(v) upon acceptance of the relevant Offer, irrevocably appointed FEL and each director of FEL from time to time severally as your agent and attorney for you and on your behalf to do all such things which you could lawfully do in relation to your PDY Shares or in exercise of any right derived from the holding of your PDY Shares, including (without limiting the generality of the foregoing):

A. attending and voting in respect of your PDY Shares at any and all general meetings of PDY;

B. receiving from PDY, or any other party, and retaining any documents which were held by PDY, or any other party;

C. executing all forms, notices, instruments (including an instrument appointing a director of FEL as a proxy in respect of all of your PDY Shares) and resolutions relating to your PDY Shares and generally to exercise all powers and rights which you may have as a security holder and perform such action as may be appropriate in order to vest good title in your PDY Shares in FEL; and

D. appointing a proxy or proxies to attend and vote on your behalf in respect of your PDY Shares at any general meeting of PDY,

and to have agreed that, in exercising such powers, FEL and each director of FEL is entitled to act in the interests of FEL as the intended registered and beneficial holder of your PDY Shares;

(vi) agreed not to attend or vote in person at any general meeting of PDY or to exercise, or purport to exercise (in person, by proxy or otherwise) any of the powers conferred on FEL and the directors of FEL by section 4.7(a)(v);

(vii) if any of your PDY Shares are in a CHESS Holding, irrevocably authorised FEL to:

A. instruct your Controlling Participant to initiate acceptance of this Offer in respect of all such PDY Shares in accordance with the ASX Settlement Operating Rules; and

B. give any other instructions in relation to those PDY Shares as applicable to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant; and

(viii) if at the time of acceptance of this Offer your PDY Shares are in a CHESS Holding, authorised FEL to cause a message to be transmitted to ASX Settlement in accordance with ASX Settlement Operating Rules 14.17.1 so as to transfer your PDY Shares to FEL's Takeover Transferee Holding, with effect from the date that this Offer or any contract resulting from acceptance of this Offer is declared free from all its conditions, or those conditions are satisfied. FEL shall be so authorised even though at the time of such transfer it has not paid the consideration due to you under the Offer.

(b) If the Acceptance Form is signed under power of attorney, the attorney will have declared that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section 4.7(a)(iii), 4.7(a)(v) and 4.7(a)(vi).

(c) Except in relation to PDY Shares in a CHESS Holding, FEL may in its absolute discretion (but is not obliged to) at any time deem the receipt by it of an Acceptance Form to be a valid acceptance of an Offer even if you omit to include information or there is not compliance with any one or more of the other requirements for acceptance but, if it does so, then subject to section 4.5(d), FEL is not obliged to make the consideration available to you until all of the requirements for acceptance have been met.

4.8 Variation

FEL may at any time, from time to time, vary the Offer in accordance with the *Corporations Act*.

4.9 Withdrawal

FEL may withdraw the Offer at any time with the written consent of ASIC, which consent may be given subject to such conditions (if any) as are specified in the consent.

4.10 Costs and expenses

FEL will pay all costs and expenses of the preparation and circulation of the Offer.

4.11 Notices

Subject to the *Corporations Act*, a notice or other communication given by FEL to you in connection with the Offer shall be deemed to be duly given if it is in writing and:

(a) is delivered at your address as recorded on the PDY share or option register or the address shown in the appropriate Acceptance Form; or

(b) is sent by pre-paid ordinary mail, or in the case of an address outside Australia by pre-paid airmail, to you at either of those addresses.

5. INFORMATION IN RELATION TO THE BIDDER

5.1 Overview of FEL

FEL currently has partial or total “iron ore” rights to over 3,000 square kilometres in the Mid West and Yilgarn Iron Ore Provinces of Western Australia, making it one of the largest owners of iron ore rights in the region.

In addition to its extensive iron ore landholdings FEL also offers shareholders exposure to gold, nickel, antimony and copper via its portfolio of partly or wholly owned projects throughout Australia.

Mt Elvire Iron Ore Project (Yilgarn WA, 100% FEL)

The Mt Elvire Project covers 120km² of highly prospective tenure, 130kms north of the Koolyanobbing iron ore mines and 50kms north of the Windarling and Mt Jackson mines in the Yilgarn Iron Ore Province of Western Australia.

This region is emerging as a significant future producer of both hematite and magnetite ore, with several mines currently operating and infrastructure in place.

FEL has announced an exploration target comprising between 180M and 200M tonnes[1] of Banded Iron Formation (BIF) mineralisation following a thorough review of all available data relating to the Mt Elvire Project, including geophysical, field mapping and rock chip sampling. Over 40 kilometres of highly magnetic units (interpreted as mineralised BIFs) have been identified, and combined with results of rock chip sampling of outcropping BIF mineralisation and inferred to a depth of 50m below surface. Results from rock chip sampling have returned very high results, with better than 30% of all samples reporting higher than 47.9% Fe.

Mt Elvire will form the centre piece for future acquisitions in the immediate region to achieve critical mass for possible development.

Mooloogool Iron Ore Project (Mid West WA, 100% Fe and Mn rights FEL)

FEL holds iron and manganese rights to 2,023 km^2 of prospective tenements in the Mid West region of Western Australia. The Mid West region is host to significant exploration, development and mining of iron ore and has existing and planned expansion of infrastructure to accommodate further development.

The Mooloogool Project hosts coincident geophysical and geochemical anomalies and will become the focus of extensive exploration efforts by FEL in the near term.

FEL has previously stated its intentions to expand its holdings in the Mid West, where it is currently one of the major holders of iron ore projects/ rights in the region.

Crossroads Gold Project (Kalgoorlie WA)

FEL holds a 2% Nett Smelter Return over the Crossroads gold deposit (currently 72,200 ounces) with Barrick Gold Ltd. Barrick expects to commence mining in the near term at which time FEL will receive a cash flow.

Kalgoorlie Regional Gold Project (Kalgoorlie WA 70-100%FEL)

The Kalgoorlie Regional Gold Project (KRGP) comprising of a portfolio of tenements either wholly or majority owned by FEL is located in the golden triangle between the Golden Mile, Paddington Gold Project and Kanowna Belle gold mine, near Kalgoorlie in Western Australia. It also surrounds the Crossroads gold deposit, currently being developed by Barrick.

In a separate agreement to the Crossroads Mining Agreement, Barrick retains the right to earn-in to any gold discovery made in the KRGP.

The KRGP offers potential for discovery of gold deposits similar in nature to Kanowna Belle, Paddington and Frogs Legs/Raleigh.

Kalgoorlie Nickel Project (Kalgoorlie WA, 70-100% FEL)

Covering a major portion of the southern Scotia Dome which contains the Silver Swan, Black Swan and Scotia nickel mines, the Kalgoorlie Nickel Project, comprising a portfolio of tenements either wholly or majority owned by FEL, hosts several nickel targets within favourable geological sequences that, to date, remain largely untested. With over 180 kms strike length of ultramafic rocks, scope for further nickel sulphide discoveries is significant in this underexplored nickel belt.

Peak Hill Project, WA (20% - free carried to Decision to Mine)

The joint venture area includes approximately 1000km^2 of mineral leases and contains several exciting exploration plays adjacent to Sandfire Resources' Doolgunna copper gold project and Alchemy Resources' Three Rivers and Hermes projects.

Pepinnini Minerals Limited acquired 50% iron ore rights over four leases in the Peak Hill Joint Venture which FEL holds 20% in.

Northcote Project, QLD (15% - free carried to Decision to Mine)

The Northcote Project in far north Queensland contains a gold and antimony resource.

Majority owner Republic Gold Limited is continuing to explore and assess the economic viability of these resources.

For further information see Republic Gold Ltd web site-
http://www.republicgold.com.au/.

5.2 FEL Securities

The consideration specified in the Takeover Offer for the acquisition of PDY Shares includes the allotment and issue of FEL Shares.

The FEL Shares to be issued will, from their date of issue, rank equally in all respects with the existing FEL Shares on issue.

FEL will apply to ASX for Official Quotation of the FEL Shares to be issued within 7 days after the date of the Offer.

FEL Shares are normally traded on the Stock Exchange Automated Trading System (SEATS).

The highest and lowest recorded sale prices of FEL Shares in SEATS trading on ASX during the three months immediately preceding the date of this Statement, and the respective dates of those sales were:

	Date	Cents
Highest	9 August 2010	14 cents
Lowest	25 May 2010	8 cents

The latest available recorded sale price of FEL Shares in SEATS trading on ASX before the date of this Statement was 10.5 cents.

As at the date of this Statement FEL has on issue:

- 113,981,448 ordinary fully paid shares;
- 18,000,000 unlisted options over ordinary shares with an exercise price of $0.12 each and expiring on 31 December 2012;
- 500,000 unlisted options over ordinary shares with an exercise price of $0.50 each and expiring on 27 September 2010;
- 500,000 unlisted options over ordinary shares with an exercise price of $0.32 each and expiring on 1 October 2010;
- 750,000 unlisted options over ordinary shares with an exercise price of $0.42 each and expiring on 1 October 2010;
- 300,000 unlisted options over ordinary shares with an exercise price of $0.32 each and expiring on 1 October 2010; and
- 375,000 unlisted options over ordinary shares with an exercise price of $0.15 each and expiring on 23 March 2014.

No FEL Shares will be issued on the basis of this Statement after 8 October 2011.

5.3 Directors of FEL.

Details of the directors of FEL are set out below.

- **Tony Sage -** Non-Executive Chairman

Mr Sage has in excess of 26 years experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and for the last 14 years has been involved in the management and financing of listed exploration mining companies all over the world. Mr Sage is currently a director of the following ASX listed entities.

- International Petroleum Limited
- African Petroleum Corporation Limited
- Corvette Resources Limited
- Cauldron Energy Limited
- Cape Lambert Resources Limited

- **Mark Gwynne -** Executive Director

Mark Gwynne has been involved in minerals exploration and mining for over 16 years, predominantly in Western Australia. Mr Gwynne has held management positions on mine sites and in the private sector of the mining industry, including general manager of an exploration consultancy. Mr Gwynne has demonstrated extensive skills in exploration, mining logistics and management. Mr Gwynne was only until recently a director of ASX listed Jackson Gold Limited, which merged by way of scheme of arrangement with ASX listed Scimitar Resources Limited. Mr Gwynne is currently a director or has been a director of the following ASX listed companies.

  - Monitor Energy Limited
  - International Petroleum Limited
  - African Petroleum Corporation Limited

- **Simon McDonald** - Non-Executive Director

Mr McDonald has spent the last decade as a professional investor for Merrill Lynch, Lehman Brothers and Commerzbank. He has extensive experience in capital markets, having invested on a global basis in many different industries. His financial abilities coupled with his entrepreneurial character will help deliver significant shareholder value. He received the Natwest Economics Prize and Shell International Economics Prize during academia.

- **Paul Kelly** - Non-Executive Director

Mr Kelly has more than 20 years experience in the fields of finance, investment and banking. He is currently Chief Executive Officer of the Perth Glory Football Club and a director of the not-for-profit organisation, Football West Limited.

Mr Kelly is the former Non-Executive Chairman of Tianshan Goldfields Limited and was previously employed by Members Equity Bank as National Manager of Advertising and Sponsorship and held a number of senior roles within the bank over a 15-year period.

Mr Kelly is Non-Executive Chairman of DMC Mining Limited.

5.4 Corporate Governance

Full details of FEL's corporate governance practices and policies are included on its website: http://www.felimited.com.au.

5.5 Funding

As at the date of this Statement there are 1,366,430,586 PDY Shares on issue.

The total cash amount that FEL would be required to pay to acquire all of the PDY Shares is approximately $1,051,100.

The total cash amount that FEL would be required to pay to acquire all of the PDY $0.01 options is approximately $198,600.

As at the date of this statement FEL

5.6 Financial Information

Financial information in relation to FEL and the effect of the Takeover Bid on FEL is set out in section 8.2.

6. INFORMATION IN RELATION TO PADBURY

6.1 Overview of Padbury's activities

This section contains a summary of Padbury's activities. Further information on Padbury can be obtained from Padbury's website (www.padburymining.com.au).

Padbury Mining Ltd is a Perth based Western Australian ASX Listed exploration company. Padbury aims to create shareholder wealth through the exploration of its potentially high grade mineralised tenements held in the Mid-West Region with a particular focus on Iron Ore, Gold and Uranium projects.

6.2 Padbury Board of Directors

As at the date of this Bidders Statement the directors at Padbury are:

- Mr John Saunders (chairman)
- Mr Gary Stokes (managing director)
- Mr Luke Innes
- Mr Colin Stirling

Shareholders with at least 5% of the votes that may be cast at a general meeting of PDY requested PDY to call and arrange to hold a general meeting to consider resolutions to remove Messrs Innes and Stirling as directors of PDY and to appoint Messrs Tony Sage, Simon McDonald and Mark Gwynne as directors of PDY. As PDY did not call the general meeting within the strictly required statutory timeframe the shareholders have called the meeting themselves. The general meeting is due to be held on 8 September 2010.

6.3 Information about Padbury Securities

At the date of this Statement, PDY has on issue:

- 1,366,430,586 ordinary fully paid shares;
- 466,959,672 listed options over ordinary shares in PDY with an exercise price of $0.02 each and expiring on 31 May 2011;
- 55,000,000 unlisted options over ordinary shares in PDY with an exercise price of $0.04 each and expiring on 31 May 2011;
- 662,000,000 unlisted options over ordinary shares in PDY with an exercise price of $0.01 each and expiring on 30 June 2012; and
- 22,000,000 unlisted options over ordinary shares in PDY with an exercise price of $0.015 each and expiring on 30 June 2014.

FEL notes that the options exercisable at 1 cent were issued in two tranches in 2009 to a small number of investors. The three largest holders of the options are a company controlled by a director of Padbury's joint venture partner, Aurium Resources, and 2 companies controlled by a director of a company that provided Padbury with consulting services in the year to 30 June 2009. The majority of the options were issued on 20 July 2009 despite the fact that on that date PDY shares were trading at a price between 3.3 and 3.5 cents.

Under the terms of issue of these options, if the options are exercised before 30 June 2011 the option holder is entitled to be issued with an additional option exercisable at 2 cents. Whilst at the time the issue of these options were announced PDY stated that the additional options would only be issued in the event that PDY shareholders approved their issue, FEL notes that some additional options have already been issued despite the fact that no shareholder approval has been obtained.

FEL is concerned about both the circumstances in which these options were issued and the significant dilutionary effect they could have. The likely result of this is to significantly limit the upside for existing PDY shareholders in the event of the successful development of PDY's Peak Hill project.

6.4 Financial Position

As at 30 June 2010 PDY had cash of $2,629,000, and has estimated cash outflow for the quarter to 30 September 2010 of $600,000 for exploration and evaluation and $222,000 for administration.

6.5 Litigation

FEL is aware of the following litigation against PDY and its subsidiaries based on publically available information in relation to that litigation:

- Proceedings have been commenced in the Supreme Court of Western Australia against a wholly owned subsidiary of PDY (Desert Resources Pty Ltd) by a company seeking access to certain tenements owned by PDY for the purpose of exploring for and mining manganese pursuant to contracts between the parties to the litigation.

- Proceedings have been commenced in the Supreme Court of Western Australia against PDY and another ASX listed company of which PDY is the largest shareholder (Yellow Rock Resources Ltd) in relation to the validity of a vanadium royalty attaching to the Vanadium project sold by PDY to Yellow Rock Resources Ltd.

- Proceedings have been commenced in the Supreme Court of Western Australia against PDY and a number of other parties in relation to the issue by PDY in 2009 of options exercisable at 1 cent each on the basis that the issue of those options was oppressive to PDY shareholders.

6.6 Further Information on PDY

As the company's shares are quoted on ASX, PDY is a disclosing entity and as such is subject to regular reporting and disclosure obligations. A substantial amount of information concerning PDY has previously been notified to ASX and is therefore publically available.

PDY shareholders may obtain and inspect a copy of the documents lodged with ASIC at an office of the ASIC or of the documents lodged with ASX on the ASX website.

7. INTENTIONS OF THE BIDDER

7.1 General

FEL believes that there are a number of key synergies that will arise from the successful acquisition of PDY by FEL including:

- PDY's iron ore exploration assets compliment FEL's iron ore exploration assets and would enhance FEL's strategy of consolidating its iron ore holdings in the Mid West Region;
- FEL's management and technical expertise will enhance PDY's technical and operational capabilities;
- FEL's progressive exploration programme will significantly enhance the development of PDY's exploration assets;
- the combined operations of FEL and PDY will provide a significant opportunity to enhance value for shareholders in the combined entity and reduce the impact of the dilution that is otherwise likely to occur for PDY shareholders.

The intentions of FEL set out in this section are based on facts and information concerning PDY which are known to FEL as at the date of this Statement. Accordingly, the intentions may vary as other information becomes available or circumstances change.

7.2 Intentions upon acquiring more than 51% but less than 90% of PDY shares

On completion of the Offer FEL may hold a sufficient number of PDY shares to exercise control over the management and operations of PDY but may not be entitled to compulsorily acquire all outstanding PDY shares.

FEL's specific intentions in this situation are as follows:

- seek to maintain PDY's listing on ASX so long as it meets ASX's requirements for maintaining a listing but only if the benefits of that listing outweigh the corporate and compliance costs of doing so.
- review the position of PDY's Chairman, Managing Director and any other PDY directors appointed after the date of this Statement who are not directors of FEL in light of FEL's overall strategic vision for its Mid West assets.
- assist PDY in raising capital to finance its ongoing exploration and corporate expenses subject to the requirements of the *Corporations Act* and the ASX Listing Rules. This may lead to the dilution of remaining PDY shareholders as new capital is introduced to the company.
- complete an immediate review of PDY's operations at both a strategic and operational level to firstly endeavour to enhance the development of PDY's iron ore exploration assets and secondly to assess whether to seek to dispose of any non-core assets.

- retain PDY's existing employees except to the extent that any rationalization of operational functions gives rise to redundancies.

7.3 Intentions upon acquisition of 90% or more of PDY shares

On completion of the Offer if FEL holds a relevant interest in 90% or more of the PDY shares FEL will be entitled to proceed to compulsorily acquire all outstanding FEL shares.

FEL's specific intentions in this situation are as follows:

- FEL will assess at the time the potential costs and benefits associated with proceeding to compulsory acquisition of the outstanding PDY shares. Compulsory acquisition will only proceed if FEL considers it to be in the best interest of FEL shareholders at the time.

- if FEL proceeds to compulsory acquisition it would arrange for PDY to be delisted from ASX.

- whether or not compulsory acquisition proceeds FEL will implement a strategic and operational review as referred to in section 7.2.

7.4 Intentions upon acquiring less than 51% of PDY shares

On completion of the Offer if FEL has a relevant interest in less than 50.1% of all PDY shares on issue at that time the Offer will lapse unless the minimum acceptance condition is waived by FEL. FEL has no current intention to waive the minimum acceptance condition as the underlying rationale for the Offer is to obtain control of PDY.

8. EFFECT OF OFFER ON BIDDER

8.1 **Capital Structure**

The effect of the Takeover Bid on the capital structure of FEL (based on an acquisition of 100% of the shares in PDY on issue at the date of this Statement and 100%) is set out below:

Shares	
Number presently on issue	113,981,448
FEL Shares to be issued pursuant to the Takeover Bid	105,110,045
Total FEL Shares	219,091,493

8.2 **Financial Information**

The Takeover Bid will also have an effect on FEL's balance sheet. A pro forma consolidated balance sheet of FEL and its controlled entities (based on the acquisition of 100% of the PDY shares on issue at the date of this statement) is set out on the next page.

	Fe Limited			Padbury Mining Limited				
	As at 31 Mar 2010 Reviewed $	Indicative acquisition accounting for Mooloogool Ltd $	As at 30 Jun 2010 Pro-forma $	As at 31 Dec 2009 Reviewed $	Fair Value Adjustments $	As at 31 Dec 2009 (Adjusted) $	Indicative acquisition accounting (100% offer acceptance) $	Merged Entity (100% interest in PDY) $
Current assets								
Cash	1,881,659	2	1,881,661	806,695		806,695	(1,249,700)	1,438,656
Trade and other receivables	871,958		871,958	318,127		318,127		1,190,085
Other current assets	540,186		540,186	800		800		540,986
Total current assets	**3,293,803**	**2**	**3,293,805**	**1,125,622**		**1,125,622**	**(1,249,700)**	**3,169,727**
Non current assets								
Plant and equipment	10,719		10,719	5,892	(5,892)			10,719
Restricted cash	1,449,461		1,449,461					1,449,461
Other financial assets	520,000		520,000	2,965,000	(2,145,000)	820,000		1,340,000
Exploration assets	1,148,341	3,404,073	4,552,414	14,349,500		14,349,500		18,901,914
Total non current assets	**3,128,521**	**3,404,073**	**6,532,594**	**17,320,392**	**(2,150,892)**	**15,169,500**		**21,702,094**
Total assets	**6,422,324**	**3,404,075**	**9,826,399**	**18,446,014**	**(2,150,892)**	**16,295,122**	**(1,249,700)**	**24,871,821**
Current Liabilities								
Trade and other payables	507,906		507,906	122,827		122,827		630,733
Lease Liability	7,186		7,186					7,186
Provisions	1,607,846		1,607,846					1,607,846
Total current liabilities	**2,122,938**		**2,122,938**	**122,827**		**122,827**		**2,245,765**
Non current liabilities								
Provisions	2,889		2,889					2,889
Total non current liabilities	**2,889**		**2,889**					**2,889**
Total liabilities	**2,125,827**		**2,125,827**	**122,827**		**122,827**		**2,248,654**

	Fe Limited			Padbury Mining Limited				
	As at 31 Mar 2010	**Indicative acquisition accounting for Mooloogool Ltd**	**As at 30 Jun 2010**	**As at 31 Dec 2009**	**Fair Value Adjustments**	**As at 31 Dec 2009 (Adjusted)**	**Indicative acquisition accounting (100% offer acceptance)**	**Merged Entity (100% interest in PDY)**
	Reviewed		**Pro-forma**	**Reviewed**				
	$	$	$	$	$	$	$	$
Net assets	**4,296,497**	**3,404,075**	**7,700,572**	**18,323,187**	**(2,150,892)**	**16,172,295**	**(1,249,700)**	**22,623,167**
Equity								
Issued Capital	31,049,098	2,492,715	33,541,813	33,086,152		33,086,152	(23,626,248)	43,001,717
Reserves	662,734	911,360	1,574,094	6,740,504		6,740,504	(6,740,504)	1,574,094
Accumulated losses	(27,415,335)		(27,415,335)	(21,503,469)	(2,150,892)	(23,654,361)	29,117,052	(21,952,644)
	4,296,497	**3,404,075**	**7,700,572**	**18,323,187**	**(2,150,892)**	**16,172,295**	**(1,249,700)**	**22,623,167**

Since 31 March 2010, FEL has issued 20,462,948 shares and 12,500,000 unlisted $0.12 options exercisable before 31 December 2012 to the existing shareholders of Mooloogool Ltd as consideration for the 100% acquisition of that company.

The Company has determined that the fair values of a number of the PDY’s non-current assets have declined significantly since 31 December 2009 and has impaired these amounts to what management believe is the current fair value of those assets.

Since 31 December 2009, PDY has issued 195,000,000 shares, 10,000,000 unlisted $0.015 options exercisable before 30 June 2014 and 77,500,001 listed $0.02 options exercisable before 31 May 2011. The effects of these transactions have not been incorporated into the pro-forma balance sheet as FEL does not have access PDY’s accounting records.

9. RIGHTS ATTACHING TO SECURITIES OFFERED

The rights attaching to ownership of FEL Shares are detailed in the Constitution of FEL. Set out below is a summary of the rights, privileges and restrictions that will attach to the FEL Shares offered under this Statement.

(a) **Voting**

At a general meeting, every holder of FEL Shares present in person or by proxy, attorney or representative will have one vote on a show of hands and on a poll, one vote for each FEL Share held.

(b) **General Meeting**

Each holder of FEL Shares is entitled to receive notice of, and to attend and vote at general meetings of FEL and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the *Corporations Act*.

(c) **Dividends**

The profits of FEL which the directors from time to time determine by way of dividend are divisible amongst the members in proportion to the amounts paid up on the shares held by them.

(d) **Issue of Further Shares**

The directors may (subject to the restrictions on the allotment of shares imposed by the Constitution, the Listing Rules and the *Corporations Act*) allot further shares on such terms and conditions as they see fit and issue options on the terms set out in the Constitution.

(e) **Transfers of Shares**

Holders of FEL Shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules and the ASX and as otherwise permitted by the *Corporations Act*.

The directors may decline to register a transfer of FEL Shares where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules. If the directors decline to register a transfer FEL must give the party lodging the transfer written notice of the refusal and the reason for refusal.

(f) **Winding Up**

Holders of FEL Shares will be entitled, in a winding up of FEL to participate in the division of any surplus assets or profits of FEL in proportion to the FEL Shares held by them.

10. RISKS

10.1 Introduction

The directors of FEL strongly recommend the recipients of the Offer examine the contents of this Statement and consult their professional advisers before deciding whether to accept the Share Offer. In addition, investors should be aware that there are economic and business risks associated with an investment in FEL. There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with FEL's businesses, which are largely beyond the control of FEL.

Before deciding to accept the Offer, offerees should read the entire Statement, consider the following risk factors in light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

Offerees should note that an investment in FEL Shares is speculative and there is no guarantee in respect of profitability, dividends, return of capital, liquidity or the price FEL Shares may trade on the ASX.

10.2 General Risks

The future prospects of FEL's business may be affected by circumstances and external factors beyond FEL's control. Financial performance of FEL may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

The following is not intended to be an exhaustive list of risk factors to which FEL is exposed.

(a) Economic Conditions

Economic conditions, both domestic and global, may affect the performance of FEL. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. FEL's future possible revenues and the FEL Share price can be affected by these factors, all of which are beyond the control of FEL or its Directors. Neither FEL nor the Directors warrant the future performance of FEL or any return on an investment in FEL. In addition, FEL's ability to raise additional capital, should it be required, may be affected.

(b) Market Conditions

A number of factors affect the performance of share market investments that could also affect the price at which FEL Shares trade on the ASX. The market price can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. These factors may materially affect the market price of FEL Shares regardless of FEL's operational performance.

(c) **Changes in Legislation and Government Regulation**

Government legislation, including changes to the taxation system, may affect future earnings and relative attractiveness of investing in FEL. Changes in government policy or statutory changes may affect FEL and the attractiveness of an investment in it.

10.3 Specific Risks

A number of specific risk factors that may impact on the performance of FEL are described below. Offerees should note that this list of risk factors is not exhaustive. Some of the risks may be mitigated by the use of appropriate safeguards and systems, whilst others are outside the control of FEL and cannot be mitigated.

(a) **Exploration Risk**

The tenement interests of FEL are at various stages of exploration and potential investors should understand that mineral exploration and development are high risk undertakings. There can be no assurance that exploration of the tenements held by FEL, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be commercially developed. Further, all of the tenements are largely unexplored and have only a very limited mining history and there is no certainty that the proposed exploration will reveal any mineable mineralisation or that any such mineralisation will ultimately be commercially viable.

(b) **Operating Risks**

The operations of FEL may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown.

There is a risk of inadequate water supplies, unanticipated metallurgical problems which may affect extraction costs, inability to obtain satisfactory joint venture partners, adverse weather conditions, industrial disputes, unexpected shortages and increases in the cost of consumables, spare parts, plant and equipment.

There is a risk that key management may leave FEL and that FEL may have difficulty in replacing such personnel. No assurances can be given that FEL will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until FEL is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) **Commodity Price Volatility & Exchange Rate Risks**

If FEL achieves success which results in mineral production, the revenue it will derive through the sale of commodities exposes the potential income of FEL to commodity price and exchange rate risks.

(d) Commodity Price Volatility & Exchange Rate Risks

If FEL achieves success which results in mineral production, the revenue it will derive through the sale of commodities exposes the potential income of FEL to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of FEL, including supply and demand fluctuations for precious and base metals, technological advancement, forward selling activities and other micro and macro factors. International prices of various commodities are largely denominated in United States dollars, whereas the income and expenditure of FEL, whilst operating on Australian projects, will be in Australian currency, exposing FEL to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar.

(e) Title Risk and Native Title

Interests in exploration and mining tenements in Australia are governed by State legislation and are evidenced by the granting of leases or licences. Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. These conditions include the requirement, particularly for exploration licences, for compulsory reduction in the area held under licence from time to time. Consequently FEL could lose title to or its interest in its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. It is also possible that, in relation to tenements in which FEL has an interest or in the future may acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of FEL to obtain the consent of any relevant land owner, or to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

It is possible that there will exist on FEL’s tenements areas containing sacred sites or sites of significance to Aboriginal people subject to the provisions of the Aboriginal Heritage Act or areas subject to the Native Title Act. As a result land within the mining tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage sites or native title.

(f) Environmental Risks

The operations and proposed activities of FEL are subject to State and Federal laws and regulation concerning the environment. As with most exploration projects and mining operations, FEL’s activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. FEL will attempt to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(g) Insurance

Insurance against all risks associated with mineral exploration production is not always available or affordable. FEL will maintain insurances where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(h) Additional Capital

While the Directors believe that FEL will have sufficient funds to fund its activities in the short term, FEL is operating in a dynamic and highly volatile sector. There can be no assurance that FEL will not seek to exploit business opportunities of a kind which will require it to raise additional capital from equity or debt sources. There can also be no assurance that FEL will be able to raise such capital on favourable terms or at all.

Any additional equity raising may dilute the interests of FEL's shareholders, and any debt financing, if available, may involve financial covenants which limit FEL's operations. If FEL is unable to obtain such additional capital, FEL may be required to reduce the scope of its business activities, which could adversely affect its business, operating results and financial condition.

(i) Potential Acquisitions

As part of its business strategy, FEL may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(j) Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates may change. This could result in alterations to development and mining plans, which may, in turn, affect FEL's operation.

11. DETAILS IN RELATION TO PDY SECURITIES AND INTERESTS OF DIRECTORS AND ADVISERS

11.1 Details of FEL's Relevant Interest in PDY

As at the date of this Statement FEL does not have a relevant interest in any PDY Shares or any other securities in PDY.

11.2 Details of FEL's Voting Power in PDY

As at the date of this Statement FEL's voting power in PDY is 0%.

11.3 FEL's Directors' Interests in PDY

As at the date of this Statement no director of FEL has a relevant interest in any PDY Shares or any other securities in PDY.

11.4 Trading History

The highest and lowest recorded sale prices of PDY Shares in SEATS trading on ASX during the three months immediately proceeding the date of this Statement, and the respective dates of those sales were:

	Date	Cents
Highest	10 June 2010	1.7 cents
Lowest	24 May 2010	1.1 cents

The latest available recorded price of PDY Shares in SEATS trading on ASX before the date of this Statement was 1.3 cents.

11.5 FEL Director's Interests in FEL

Other than as set out below or elsewhere in this Statement:

(i) no director or proposed director of FEL has, or has had in the 2 years before lodgement of this Statement, any interest in:

A. the formation or promotion of FEL; or

B. in any property acquired or proposed to be acquired by FEL in connection with its formation or promotion, or the Takeover Bid; or

C. the Takeover Bid.

(ii) no amount, has been paid or agreed to be paid to any director or proposed director of FEL either to induce him to become, or to qualify as a director, or otherwise for services rendered by him in connection with:

A. the promotion or formation of FEL; or

B. the Takeover Bid.

(a) **Directors' Interests in Securities**

Tony Sage: Indirect interest in 2,071,699 shares and 2,500,000 unlisted options exercisable at $0.12 before the 31 December 2012 through the EGAS superannuation fund in which Mr Sage has a relevant interest.

Mark Gwynne: Indirect interest in 1,500,000 unlisted options exercisable at $0.12 before the 31 December 2012.

Simon McDonald: Direct interest in 1,000,000 unlisted options exercisable at $0.12 before the 31 December 2012.

Paul Kelly: No relevant interest in securities of FEL.

(b) **Directors' Fees**

The Constitution of FEL provides that the directors are entitled to such remuneration as the directors determine, but the remuneration of non-executive directors must not exceed in aggregate a maximum amount fixed by FEL in general meeting for that purpose. The current maximum is $125,000 per annum.

(c) **Interests of Experts and Named Parties**

Other than as set out below or elsewhere in this Statement:

(i) no person named in the Statement as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Statement (**Named Person**) has, or has had in the 2 years before lodgement of this Statement, any interest in:

A. the formation or promotion of FEL; or

B. in any property acquired or proposed to be acquired by FEL in connection with its formation or promotion, or the Takeover Bid; or

C. the Takeover Bid.

(ii) no amount, has been paid or agreed to be paid to any director or proposed director of FEL either to induce him to become, or to qualify as a director, or otherwise for services rendered by him in connection with:

A. the promotion or formation of FEL; or

B. the Takeover Bid.

12. ADDITIONAL INFORMATION

12.1 Date for determining holders of securities

For the purposes of section 633 of the *Corporations Act*, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(2) of the *Corporations Act* is the Register Date.

12.2 Quotation of FEL Shares

Application for quotation by the ASX of the FEL Shares offered pursuant to the Share Offer will be made within 7 days after the start of the Offer Period.

If the FEL Shares are not admitted for quotation by the ASX no later than 7 days after the end of the Offer Period the Share Offer will remain conditional and section 4.6(d) will apply.

12.3 Expenses of the Offer

The total expenses of the Offer to FEL are estimated to be approximately $120,000. The expenses of the Offer will be borne by FEL.

12.4 Consideration provided for PDY Shares during previous 4 months

Neither FEL nor any of its Associates has, during the period of 4 months ending on the day immediately before the date of this Statement, provided, or agreed to provide, consideration for any PDY Shares under a purchase or agreement to purchase.

12.5 Inducing benefits during previous 4 months

Neither FEL nor any of its Associates has, during the period of 4 months ending on the day immediately before the date of this Statement, given, or offered or agreed to give, a benefit to another person, which benefit was likely to induce the other person, or an Associate, to accept an offer or dispose of PDY Shares and which benefit was not offered to all holders of PDY Shares.

12.6 Taxation Considerations

FEL does not consider that it is appropriate to give the recipients of the Offer advice regarding the taxation consequences of accepting the Offer, as it is not possible to provide a comprehensive summary of the possible taxation positions of offerees. FEL, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to offerees as a result of accepting one or more of the Offer. Offerees should, therefore, consult their own taxation adviser in connection with the taxation implications of the Offer.

12.7 Other material information

Except as set out elsewhere in this Statement, there is no information that is:

(a) material to the making of a decision by a holder of PDY Shares whether to accept the Offer; and

(b) known to FEL,

that has not previously been disclosed to the holders of PDY Shares.

13. DISCLOSING ENTITY PROVISIONS AND INCORPORATION BY REFERENCE

FEL is a 'disclosing entity', as defined in section 111(A) of the *Corporations Act* and as such is subject to regular reporting and disclosure obligations.

Copies of documents lodged with ASIC in relation to FEL may be obtained, from or inspected at, an ASIC office.

FEL will provide free of charge to the recipients of the Offer:

- The Annual Financial Report most recently lodged with ASIC by FEL;
- Any continuous disclosure notices given by FEL after the lodgment of the Annual Financial Report and before the lodgment of this Statement.

Pursuant to section 712 of the *Corporations Act* the following documents have been lodged with ASIC and are incorporated into this Statement. A copy of these documents can be obtained free of charge from FEL during the Offer Period and are also available on the ASX website.

Lodgement Date	**Description of Document**
30/12/2009	Annual Financial Report
05/01/2010	Ceasing to be a substantial holder
06/01/2010	Response to ASX Price Query
20/01/2010	Buka Gold Ltd consolidates Midwest Iron Ore holding
25/01/2010	Form 603 Change in substantial holding – Eyeon Investments
28/01/2010	Annual Report and Notice of Annual General Meeting
29/01/2010	Quarterly Activities Report and Appendix 5B
26/02/2010	Results of Annual General Meeting and Change of Company Name
04/03/2010	FEL Raises $1.4m via Placement
08/03/2010	Appendix 3B – Issue of new Securities
08/3/2010	3Y – Change of Director's Interest Notice
10/03/2010	Change in substantial holding from CFE
29/03/2010	Drilling to commence at Mt Elvire

09/04/2010	Appointment of Director – Paul Kelly
28/04/2010	Appendix 3B
28/04/2010	Secondary Trading Notice
30/04/2010	Quarterly Activities and Cashflow Report
05/05/2010	Clarification – March 2010 Quarterly Report
11/05/2010	Change in substantial holding
4/06/2010	Half Yearly Reports and Accounts
11/06/2010	FE Limited to step up exploration at WA Iron Ore Projects
16/06/2010	Change to Registry Administrators
08/07/2010	Proposed Takeover Bid for Padbury Mining Limited
22/07/2010	Appendix 3B
22/07/2010	Cleansing Statement
22/07/2010	Grant of Waiver
30/07/2010	Quarterly Activities and Cashflow report
19/08/2010	Drilling at Mt Elvire
20/08/2010	Appendix 3B
20/08/2010	Cleansing Statement

If any persons receiving the Offer require any further information in relation to FEL or the Offer, the directors recommend that offerees take advantage of the ability to inspect or obtain copies of documents referred to above.

14. DEFINED TERMS AND CONDITIONS

14.1 Definitions

In this Statement, the following words have these meanings unless a contrary intention appears or the context otherwise requires:

Acceptance Form means a form of acceptance and transfer enclosed with this Statement.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement Operating Rules means the settlement rules of the ASX.

Associate has the meaning given by Section 12 of the *Corporations Act.*

ASX means ASX Limited ACN 008 624 691.

Broker means a person who is a share broker and a participant in CHESS.

Business Day means a day on which banks are open for general banking business in Perth, Western Australia (not being a Saturday, Sunday or public holiday in Perth, Western Australia).

CHESS means the Clearing House Electronic Subregister System, which provides for electronic share transfers in Australia.

CHESS Holding means a holding of PDY Shares on the CHESS subregister of PDY.

Closing Date means 7.00pm (AEST) on 8 October 2010.

Controlling Participant means a Broker or Non-Broker Participant who is designated as the controlling participant for shares or options in a CHESS Holding in accordance with the ASX Settlement Operating Rules.

FEL means FE Limited ACN 112 731 638.

FEL Shares means fully paid ordinary shares in FE Limited.

Issuer Sponsored Holding means a holding of PDY Shares on the issuer sponsored subregister of PDY.

Listing Rules means the Listing Rules of ASX.

Offer Period means the period during which the Offer are to remain open as set out in section 4.2 of this Statement.

PDY means Padbury Mining Limited ACN 009 076 242.

PDY Share means a PDY fully paid ordinary share which is on issue as at the Register Date.

Quotation has the same meaning as in the Listing Rules.

Register Date means 26 August 2010.

Relevant Interest has the meaning given by Sections 608 and 609 of the *Corporations Act*.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from PDY Shares as applicable directly or indirectly on or after the date of this Statement, including, without limitation, all dividends or other distributions and all rights to receive any dividends or other distributions, or to receive or subscribe for shares or other securities, declared or paid by PDY.

Offer means the offer to acquire all your PDY Shares on the terms and conditions set out in this Statement.

Statement means this document.

Takeover Bid means the takeover bid for PDY Shares set out in this Statement.

Takeover Transferee Holding means a CHESS holding to which financial products are to be transferred pursuant to acceptance of an offer for the financial product made under a takeover scheme.

Voting Power has the meaning given by Section 610 of the *Corporations Act*.

14.2 Interpretation

The following rules of interpretation apply unless the context requires otherwise:

(a) A reference to time is a reference to Australian Eastern Standard time.

(b) Headings are for convenience only and do not affect interpretation.

(c) A reference to a section is to a section of this Statement.

(d) A gender includes all genders.

(e) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

(f) Any reference to currency is a reference to the lawful currency in Australia, unless otherwise stated.

(g) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.

(h) A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.

(i) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.

(j) A reference to any instrument or document includes any variation or replacement of it.

(k) A term not specifically defined in this Statement has the meaning given to it in the *Corporations Act* or the ASX Settlement Operating Rules, as the case may be.

(l) A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and severally.

(m) A reference to you is to a person to whom the Offer is made under section 3.

(n) A reference to your PDY Shares is to PDY Shares in respect of which you were registered as a holder on the Register Date, or such latter date as the context requires.

(o) A reference to an obligation is to an obligation whether or not enforceable presently or in the future and whether on the fulfilment of a condition or by reason of the act of a third party or not.

(p) A reference to an arrangement includes a Relevant Agreement as defined in the *Corporations Act*.

15. APPROVAL OF BIDDER'S STATEMENT

This Statement has been approved by a resolution passed by the directors of FEL.

SUPPLEMENTARY BIDDER'S STATEMENT

by Fe Limited (ACN 112 731 638) in respect of the Offers to acquire all of the ordinary shares of Padbury Mining Limited (ACN 009 076 242)

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1 INTRODUCTION

This document is the supplementary Bidder's statement (**Supplementary Bidder's Statement**) by Fe Limited (**FEL**) dated 8 September 2010 under section 643 of the Corporations Act in relation to the off-market takeover offer by FEL to acquire all of the issued shares in Padbury Mining Limited (**PDY**) as set out in FEL's Bidder's Statement dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 24 August 2010 (**Original Bidder's Statement**).

This Supplementary Bidder's Statement has been prepared by FEL to ensure that full information has been provided to PDY shareholders in respect of the Offers made by FEL.

A copy of this Supplementary Bidder's Statement was lodged with the ASIC on 8 September 2010. Neither the ASIC nor any of its officers takes any responsibility for the contents of this Supplementary Bidder's Statement.

This Supplementary Bidder's Statement supplements, and must be read together with, the Original Bidder's Statement.

Unless the context otherwise requires, defined terms in the Original Bidder's Statement have the same meaning in this Supplementary Bidder's Statement.

This Supplementary Bidder's Statement has been approved by a unanimous resolution passed by the directors of Fe Limited.

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2 SUMMARY OF THE OFFER

In addition to the information set out in section 3 of the Original Bidder's Statement:

- the following words are added to the paragraph titled '**What Conditions Apply to the Offer**':

"*Please note that if you accept the Offer FEL will be entitled to exercise the voting rights attached to your PDY Shares even if the conditions have not been satisfied or waived'*

- the following words are added to the paragraph titled: '**How do I accept'**:

"If you wish to accept this Offer and you are not resident in the Commonwealth of Australia or New Zealand, then you should ensure you comply with any relevant law in your country of residence. It is your sole responsibility to satisfy yourself as to full compliance with such laws and to obtain any necessary governmental or other consents. This Offer is not registered in any jurisdiction outside Australia (unless that registration is treated by a foreign law as occurring by reason of the lodgement of the Bidder's Statement with ASIC)".

3 INFORMATION IN RELATION TO THE BIDDER

In addition to the information set out in section 5.1 of the Original Bidder's Statement:

- In relation to the Mt Elvire Iron Ore Project, the following words are added:

'In accordance with Clause 18 of the JORC Code, the Company wishes to state that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

The information in this report that relates to Exploration Results is based on information compiled by Mr. Travis Deane, who is the Exploration Manager and a full-time employee of Fe Ltd., and reviewed by Mr. Gary Powell, who is a Member of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Geoscientists. Mr. Powell is an Independent Technical Advisor to Fe Ltd., and is a geologist with more than 25 years experience and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Deane and Mr Powell both consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.'

- In relation to the Peak Hill Project, WA, the last sentence is deleted and the following words are added in its place:

"FEL holds a 20% free carried interest to decision to mine over 32 tenements."

- In relation to the Northcote Project, QLD, the following words are added:

'*Republic Gold Limited owns 75% and is responsible for all expenditure to decision to mine'.*

In addition to the information set out in section 5.5 of the Original Bidder's Statement, the following words are added to the end of the last sentence:

'*has sufficient funds on deposit to acquire all of PDY Shares and $0.01 PDY Options.*'

4 INFORMATION IN RELATION TO PADBURY

In addition to the information set out in section 6.5 of the Original Bidder's Statement, the following words are added:

"In the event that the Offer is successful and FEL's nominees are appointed to the PDY board they will act together with the other members of the PDY board to seek advice from PDY's legal advisors in relation to the litigation."

5 INTENTIONS OF THE BIDDER

The reference to '50.1%' in section 7.4 of the Original Bidder's Statement is replaced with '51%'.

In addition to the information set out in section 7.5 of the Original Bidder's Statement, the following section 7.5 is added:

"7.5 Intentions in relation to PDY Options

FEL has no current intention to make an offer to acquire any PDY options other than the options exercisable at 1 cent each, as all other PDY options are currently 'out of money".

6 EFFECT OF OFFER ON BIDDER

In addition to the information in section 8.1, the following words are added:

"*Based on the shareholding of FEL and PDY as at the Register Date there will be no new substantial shareholders of FEL as a consequence of the Takeover Bid."*

In addition to the information set out in the notes to the balance sheet in section 8.2 of the Original Bidder's Statement, the following is added to the second note:

'The management of FEL believe that PDY's property plant and equipment is of little value to PDY. The other financial assets of PDY include its investment in ASX listed Yellow Rock Resources Limited whose share price has declined significantly since December 2009'.

7 RISKS

In addition to the information set out in section 10.2(b) of the Original Bidder's Statement, the following words are added at the beginning of the paragraph:

"As the consideration for the Offer is comprised in part of FEL Shares the value of the consideration offered will vary during the Offer Period and there is no guarantee that the market value of the consideration will exceed the market value of the PDY Shares the subject of the Offer either during the Offer Period or after the Offer closes".

8 TAXATION CONSIDERATIONS

Section 12.6 in the Original Bidder's Statement is replaced with the following:

"***12.6 Taxation Considerations***

The acceptance of the Offer may constitute the disposal of PDY Shares for Australian tax purposes. FEL anticipates that given the significant decrease in the PDY Share price over the last year that only a limited number of PDY shareholders accepting the Offer will realise a gain on such disposal. For those shareholders who do realise a gain they may be liable for either capital gains tax or income tax on that gain. In the event that FEL acquires 80% or more of PDY Shares under the Offer, capital gains tax roll-over relief may be available.

Other than as set out above, FEL does not consider that it is appropriate to give the recipients of the Offer advice regarding the taxation consequences of accepting the Offer, as it is not possible to provide a comprehensive summary of the possible taxation positions of offerees. FEL, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to offerees as a result of accepting the Offer. Offerees should, therefore, consult their own taxation adviser in connection with the taxation implications of the Offer."

Signed for and on behalf of

Fe Limited

Eloise von Puttkammer
Company Secretary