Fe Limited
ABN: 31 112 731 638

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

The information in this report, given to ASX under Listing Rule 4.2A, should be read in conjunction with Fe Limited's most recent annual financial report.

Contents

Corporate Directory

Australian Business Number	31 112 731 638	
Country of Incorporation	Australia	
Board of Directors	Antony Sage Mark Gwynne Paul Kelly	Non-Executive Chairman Executive Director Non-Executive Director
Company Secretary	Eloise von Puttkammer	
Principal Administrative Office and Registered Office	32 Harrogate Street West Leederville WA 6007	
	Telephone: Facsimile:	+61 (0) 8 6181 9793 +61 (0) 8 9380 9666
	Contact: Website:	info@felimited.com.au www.felimited.com.au
Share Registry	Link Market Services Level 4 Central Park 152 St Georges Terrace Perth, WA 6000	
	Telephone:	1300 554 474 (in Australia) +61 (2) 9280 7111 (outside Australia)
	Website:	www.linkmarketservices.com.au
Auditors	Ernst & Young 11 Mounts Bay Road Perth, WA 6000	
Australian Stock Exchange Limited (ASX)	Fe Limited's fully paid ordinary shares are quoted on the Official List of ASX. The ASX code is FEL.	

Directors' Report

The directors of Fe Limited ("FEL", the "Company" or the "Consolidated Entity") submit their report for the half-year ended 31 December 2015.

DIRECTORS

The names of FEL's directors in office during the half-year and as at the date of this report are as follows:

Antony Sage (Non-Executive Chairman)
Mark Gwynne (Executive Director)
Paul Kelly (Non-Executive Director)

All directors were in office for the entire period unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

Fe Limited (ASX: FEL) ("FEL" or "Company") is an Australian company with interests in a portfolio of mineral resource projects at exploration stage located in Australia that are prospective for iron ore, gold and base metals.

The Company has interest in several highly prospective projects in the Bryah Basin region of Western Australia with joint venture partners RNI NL, Alchemy Resources Ltd, Independence Group NL, Metals X Ltd and Northern Star Resources Ltd, where it has no contributing responsibilities.

CORPORATE

Financial Results

The Consolidated Entity recorded a net loss for the period of $372,941 (31 December 2014: $1,069,095).

Converting Loan Funding

During the period, the Company raised $481,460 through a series of converting loan agreements with a number of sophisticated investors to find, evaluate and procure a substantial asset. Subsequently $50,000 of the funds raised were repaid (net $431,460 before costs) ("Converting Loans Agreements"). The trigger for conversion of the loan funds into ordinary shares in FEL was satisfied in September 2015, upon FEL's execution of a binding term sheet for the acquisition of Cardinal House Group Pty Ltd ("Cardinal House"). Further details on this acquisition are provided below.

Pursuant to the Converting Loan Agreements, lenders will receive ordinary shares in FEL at a conversion price of $0.012 per share (total of 35,954,999 shares) ("Converting Loan Shares").

As at the date of this report, the Converting Loan Shares have yet to be issued. The Company plans to seek shareholder approval for the issue of these shares in conjunction with the approvals to be sought in relation to the proposed Cardinal House acquisition at an upcoming general meeting ("Proposed General Meeting").

Cardinal House Acquisition

Proposed transaction

On 12 November 2015, FEL signed a binding conditional Share Sale Agreement ("Agreement") with Cardinal House, an Australian registered proposed business-to-business (B2B) and business-to-customer (B2C) provider of regulated and licensed online social gaming products and real money gambling platforms.

In accordance with the Agreement, FEL will acquire 100% of Cardinal House ("Transaction") for $6,000,000 consideration. Consideration for the acquisition by FEL is a maximum of 300,000,000 FEL shares (before any consolidation of FEL's shares), subject to reduction to offset for certain Cardinal House liabilities at completion of the sale. Specifically, the total number of FEL consideration shares will be reduced by one share for every $0.02 of Cardinal House liabilities.

Conditions precedent

The Agreement is subject to the satisfaction or waiver of a number of conditions precedent. Those that are key to completion of the Transaction are summarised as follows:

a) FEL completing financial and legal due diligence on Cardinal House to FEL's satisfaction, in its sole discretion;

b) FEL having obtained all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to this Agreement and in relation to such other matters as determined by FEL;

c) FEL entering into a Managing Director Agreement with Paul Carroll (one of the vendors of Cardinal House);

d) FEL confirming it can raise a minimum of $2,000,000, or such other amount as FEL determines, pursuant to a capital raising at a price to be determined by the FEL Board (such capital raising to be settled on or about Completion) and FEL obtaining conditional approval to be reinstated to quotation on ASX;

e) all necessary statutory and regulatory approvals and any other third party consents or waivers being obtained as necessary or desirable for Completion;

f) Cardinal House being granted a gaming licence from the Department of Gaming of Norfolk Island or the Northern Territory Government, allowing non-restricted access to international gaming markets on terms acceptable to FEL; and

g) Cardinal House entering into an agreement with Cardinal House UK (or an alternate third party acceptable to FEL) for Cardinal House, FEL and any third parties identified by Cardinal House or FEL to access, use and exploit a suitably reliable and robust gaming platform, on terms acceptable to FEL in its sole discretion.

As at the date of this report, conditions (f) and (g) have been satisfied.

Change in nature and scale of activities

FEL considers that the Transaction and associated capital raising will constitute a significant change in the nature and scale of FEL's activities. As a result, subject to ASX's discretion, FEL will seek shareholder approval for the Transaction and will also need to re-comply with the back-door listing requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

This will involve the preparation of a full form prospectus.

Should the Transaction proceed, FEL proposes to seek to divest its existing mining exploration business.

FEL has not yet identified any potential buyers for its existing assets and will keep the market updated of any significant developments.

About Cardinal House

Cardinal House is the holder of three conditional gaming licences. It has access to an exclusive gaming software platform and associated technology, and has aligned with Gameworkz Inc ("Gameworkz") to provide managed gaming services under an agreement. The Gameworkz agreement is anticipated to facilitate Cardinal House's business plan. Cardinal House's proposed business is subject to various risk factors and further actions required, such as compliance with applicable legal and regulatory requirements.

Cardinal House proposes to become an innovative entertainment provider for business (B2B) and direct customer delivery (B2C) of online social gaming and gambling, in addition to providing a compliant and fully integrated payment processing system.

Cardinal House's focus is on seeking to acquire an audience of national and international gaming markets where it proposes to offer safe, securely regulated, real money gambling experiences and enriched user entertainment through highly enhanced social gaming networks.

Cardinal House's proposed product range is anticipated to be delivered via platform technologies accessed from third parties, which are currently fully operational in various international jurisdictions and includes:

- Bingo;
- Fantasy Football;
- Charitable Lotteries;
- Binary options;
- Lotto/Keno;
- Sports betting;
- Virtual sports;
- Live streaming casino;
- eSports betting; and
- Social gaming.

The Asia Pacific region represents a large prospective growth market for gaming services and Cardinal House is well placed to take advantage of these opportunities. Cardinal House is currently in B2B partnership negotiations with regional groups who operate across South-East Asia. The partnership agreements may also include the opportunity to deliver over-the-top content (OTT)/video-on-demand (VOD) and internet protocol TV (IPTV) solutions via multi-level digital platforms.

Important Notice

Some of the statements appearing in this report with respect to the Cardinal House and Transaction may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this report. To the maximum extent permitted by law, none of the Company, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this report. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this report reflect views held only as at the date of this report.

This report is not an offer, invitation or recommendation to subscribe for, or purchase securities in the Company. Nor does this report constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. By reviewing or retaining this report, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.

Annual General Meeting

The Company's Annual General Meeting was held on 9 November 2015 at 10:00am. All resolutions put to the meeting were passed by a show of hands.

PROJECTS

Projects Review

The Company holds, or has rights or interests in several tenements prospective for iron, nickel, copper and gold located in Western Australia. This includes interests and rights in the 3 iron-focused projects at Mt Ida, Mt Elvire and Robinson Range.

Bryah Basin Joint Venture Projects ("Bryah Basin") (20% rights, free carried to decision to mine)

FEL, via its wholly owned subsidiary, Jackson Minerals Pty Ltd, has a 20% free carried interest to Decision to Mine in 13 tenements covering an area of 838km² in the highly prospective Bryah Basin, including tenements proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine and several gold and copper prospects. The Bryah Basin Project tenements are subject to joint ventures with Alchemy Resources Ltd (ASX: **ALY**), RNI NL (ASX: **RNI**) and PepinNini Minerals Ltd (ASX: **PNN**).

The Bryah Basin is emerging as a highly prospective and largely under-explored mineral field with potential for further discovery of gold and base metals resources. This is demonstrated by the recent success by Sandfire and JV partner, Talisman Mining Ltd at the Monty prospect, which returned high grade copper/gold mineralization from recent and ongoing drilling. The drilling targeted geophysical anomalies identified highlight the exploration potential for the region (see ASX: SFR announcements).

Grosvenor Project - Metals X Limited 80%, FEL 20% free carried to Decision to Mine

FEL, via its subsidiary, Jackson Minerals Pty Ltd, holds a 20% free carried interest to Decision to Mine in six exploration licenses (E51/1033, E52/1613, E52/1659, E52/1670, E52/1671, E52/1672) covering a total of 607km² (refer Map 1).

The tenements hold favorable geological setting to those hosting the DeGrussa Cu/Au mine as well as significant gold potential.

On 31 July 2015, RNI announced the sale of its gold assets to Metals X Ltd (ASX: MLX) (for further details, please refer to RNI announcement). RNI retains rights to a suite of tenements highly prospective for copper, gold mineralization. FEL's rights remain intact. FEL welcomes MLX as joint venture partner.

RNI announced an aircore drilling program, consisting of 205 holes, at key copper-gold targets at Forrest and Morck's Well on 23 December 2015 and provided progress updates on 11 and 18 January 2016 (see ASX: RNI announcements).

Forrest, Wodger, Big Billy Prospects

The Forrest, Wodger and Big Billy Prospects are located along a 12km mineralized Cu+-Au trend which hosts multiple targets for VHMS style mineralization.

Previous exploration at the Forest Prospect has identified high grade copper +/- gold results from drilling.

Morck's Well Prospect

The Morck's Well Prospect is located in the eastern part of the Bryah Basin and contains approximately 40kms strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck's Well is adjacent to Sandfire Resources NL's DeGrussa-Doolgunna exploration tenements.

RNI has undertaken an RC drilling program which is reported in its Quarterly Report dated 11 January, 2016. For further information, please refer to this Report.

Bryah Basin Project (ALY 80%, FEL 20% free carried to Decision to Mine, IGO earning up to 70%)

FEL, via its wholly owned subsidiary Jackson Minerals Pty Ltd holds a 20% free carried interest to Decision to Mine in four exploration licenses (E52/1668, E52/1678, E52/1722, E52/1730) and two prospecting licenses (P52/1195, P52/1196) and, in relation to the portion of P52/1167 and P52/1168 amalgamated into E52/1852, ALY hold a further 20% interest in trust for JAK, for a total area of 228km² (refer Map 1).

The project covers approximately 45km strike of the prospective Narracoota Volcanic Formation sequence in the Bryah Basin and is proximal to Sandfire's Doolgunna Project and the recently discovered Monty Prospect.

Alchemy has entered into farm-ins and joint ventures with Independence Group NL (base metals, see ALY announcement 5 November 2014) and Northern Star Resources Ltd (gold, see ALY announcement 24 February 2015).

Base Metals Rights

FEL holds 20% free carried interest in 4 exploration licenses (E52/1668, E52/1678, E52/1722 and E52/1730), totaling 216.5km² included in the IGO Farm In agreement where IGO may earn 70% interest in base metals rights by sole funding exploration over 6 years.

Gold Rights

Leading Australian gold producer Northern Star Resources Ltd (ASX: **NST**) has entered into a Farm-In and Joint Venture agreement with ALY (refer *ALY announcement 24 February, 2015*).

FEL retains its 20% free carried interests.

Robinson Range Iron Ore Project (20%)

On 14 November 2015, PNN (50% iron ore rights) announced its withdrawal from the Robinson Range Project. The Project reverts to RNI (80%) and FEL (20%).

Mt Ida Iron Ore Project

Mt Ida is approximately 80km northwest of the operational railway at Menzies, which offers access to existing port facilities at Esperance.

The Project comprises the rights to explore and mine for iron ore on a group of 71 licenses covering approximately 370km^2 in the emerging Yilgarn Iron Province. This land holding is currently being reviewed to reduce the total area to better reflect iron ore potential.

The Project area covers part of the Mt Ida - Mt Bevan BIF, which is currently being explored and evaluated by Jupiter Mines Limited ("Jupiter") and Legacy Iron Ore ("Legacy").

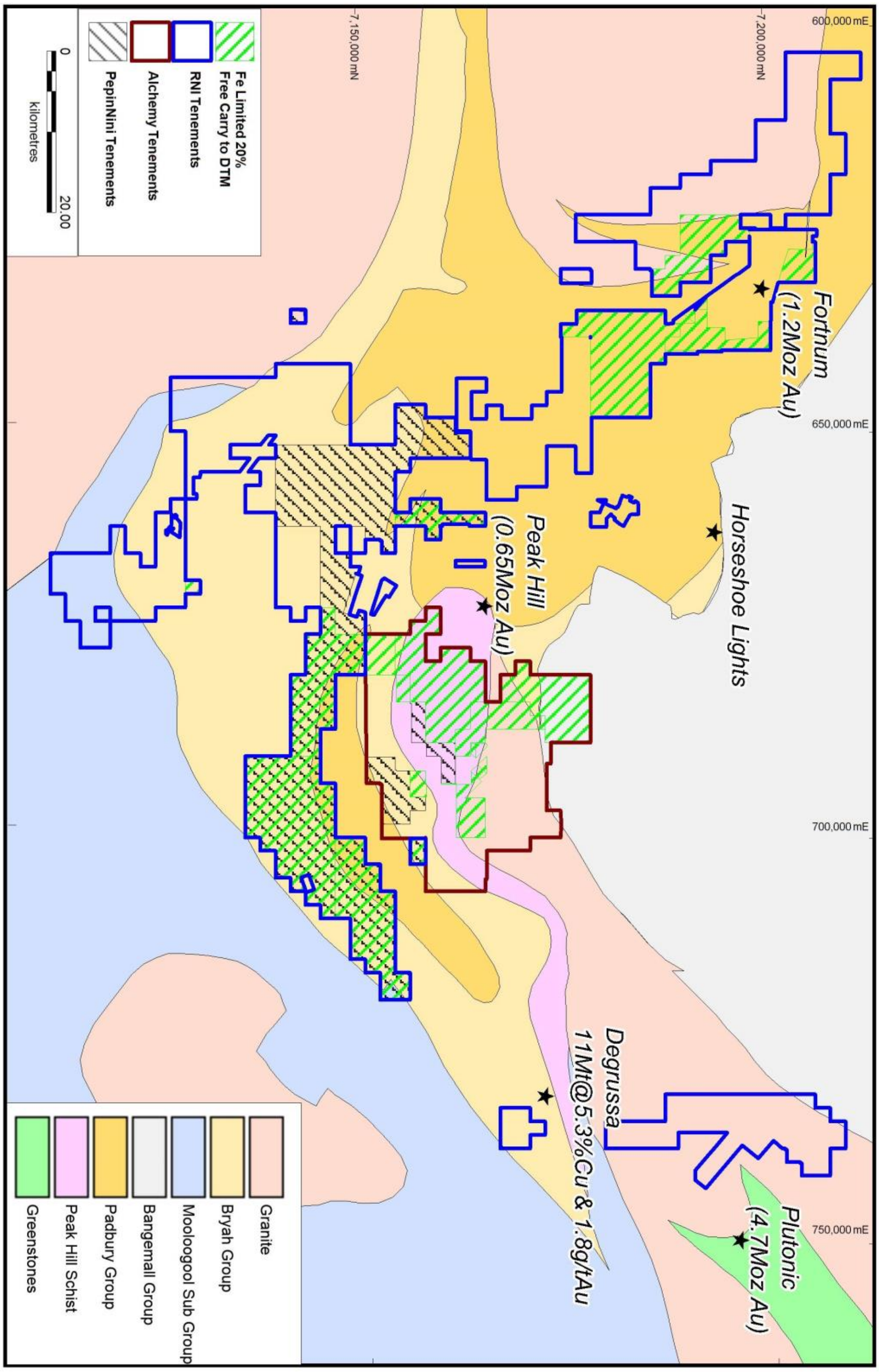
Evanston Iron Ore Royalty (Cliffs Asia Pacific Iron Ore Pty Ltd, a subsidiary of Cliffs Natural Resources Inc ("**Cliffs**"))

FEL holds a 1.5% Dry Metric Tonne, FOB Royalty over the Evanston Project. Cliffs is the operator of the Koolyanobbing Iron Ore mining operation which includes the Windarling and Mt Jackson mines.

The Evanston Iron Ore Project is located in the Southern Yilgarn Iron Province of Western Australia and covers an area of 167km².

FEL understands that Cliffs has undertaken drilling programs at the Deception Prospect, located approximately 20kms north of the Windarling mine. At this time, FEL has not been formally notified by Cliffs of a mineable reserve or intention to mine.

Map 1



Competent Person Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Jess Oram, who is Exploration Manager of Cauldron Energy Limited. Mr Oram is a Member of The Australasian Institute of Geoscientists and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Oram consents to the inclusion in the report of the matters based on his information in the form and context in which appears. Mr Oram has disclosed to the reporting company the full nature of the relationship between himself and the company, including any issue that could be perceived by investors as a conflict of interest. He verifies that the Report is based on and fairly and accurately reflects in the form and context in which it appears, the information in supporting documentation relating to Exploration Targets and Exploration Results.

Events after the balance date

There are no events subsequent to 31 December 2015 and up to the date of this report that would materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires Fe Limited's auditors, Ernst & Young, to provide the directors with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration follows and forms part of the Directors report.

Signed in accordance with a resolution of the Directors

Mark Gwynne
Executive Director
Perth

12 February 2016

Building a better
working world

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Auditor's independence declaration to the Directors of Fe Limited

As lead auditor for the review of Fe Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fe Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

V L Hoang
Partner
12 February 2016

MH:AJ:FE:012

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER

	Note	31 December 2015 $	31 December 2014 $
Interest income	3(a)	1,243	3,173
Other income	3(b)	50,000	20,000
		51,243	23,173
Employee benefits expense and directors remuneration	3(c)	(162,415)	(177,497)
Pre-acquisition Transaction costs	3(d)	(114,549)	-
Impairment of exploration assets	3(e)	(37,313)	(779,018)
Brokerage fees		(28,888)	-
Share-based payments expense		(2,393)	-
Accounting and audit fees		(10,900)	(15,980)
Consultants costs		(8,000)	(4,000)
Compliance costs		(32,368)	(40,415)
Travel costs		-	(1,384)
Other expenses		(27,358)	(73,974)
Loss before income tax		(372,941)	(1,069,095)
Income tax expense		-	-
Loss after income tax		(372,941)	(1,069,095)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value loss on available-for-sale financial assets		500	-
Transfer impairment on available-for-sale financial assets to profit and loss		-	-
Other comprehensive income for the period		500	-
Total comprehensive loss for the period		(372,441)	(1,069,095)
Loss per share from attributable to the ordinary equity holders of the parent			
-basic loss for the period (cents per share)		(0.16)	(0.49)
-diluted loss for the period (cents per share)		(0.16)	(0.49)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2015

	Note	31 December 2015 $	30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents		386,744	277,559
Trade and other receivables		36,060	13,082
Capital raising costs	4	14,400	-
Other assets		10,331	2,549
Total Current Assets		447,535	293,190
Non-current Assets			
Plant and equipment		5,188	6,106
Available-for-sale financial assets		1,250	750
Total Non-current Assets		6,438	6,856
TOTAL ASSETS		453,973	300,046
LIABILITIES			
Current Liabilities			
Trade and other payables		199,596	107,081
Total Current Liabilities		199,596	107,081
TOTAL LIABILITIES		199,596	107,081
NET ASSETS		254,377	192,965
EQUITY			
Contributed equity	5	36,251,604	36,251,604
Unissued capital reserve	6	431,460	-
Reserves		1,724,125	1,721,232
Accumulated losses		(38,152,812)	(37,779,871)
TOTAL EQUITY		254,377	192,965

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	31 December 2015 $	31 December 2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(307,317)	(320,055)
Interest received		1,243	3,173
Net cash flows used in operating activities		(306,074)	(316,882)
Cash flows from investing activities			
Payments for exploration and evaluation costs		(37,313)	(44,036)
Purchase of plant and equipment		-	(720)
Proceeds from sale of plant and equipment		-	15,000
Proceeds from sale of tenements		50,000	-
Net cash flows from / (used in) investing activities		12,687	(29,756)
Cash flows from financing activities			
Proceeds from converting loans (net of costs)		452,572	-
Repayment of converting loan funds		(50,000)	-
Net cash flows from financing activities		402,572	-
Net increase / (decrease) in cash and cash equivalents		109,185	(346,638)
Cash and cash equivalents at beginning of period		277,559	766,709
Cash and cash equivalents at end of period		386,744	420,071

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Contributed equity $	Unissued capital reserve $	Accumulated losses $	Share based payments reserve $	Available for sale asset reserve $	Total $
At 1 July 2015	36,251,604	-	(37,779,871)	1,721,232	-	192,965
Loss for the period	-	-	(372,941)	-	-	(372,941)
Other comprehensive income	-		-	-	500	500
	-	-	(372,941)	-	500	(372,441)
Transactions with owners in their capacity as owners						
Shares not yet issued during the period		431,460	-	-	-	431,460
Share based payments	-	-	-	2,393	-	2,393
At 31 December 2015	36,251,604	431,460	(38,152,812)	1,723,625	500	254,377

At 1 July 2014	36,251,604	-	(36,504,148)	1,718,781	-	1,466,237
Profit for the period	-	-	(1,069,095)	-	-	(1,069,095)
Other comprehensive income	-	-	-	-	-	-
	-	-	(1,069,095)	-	-	(1,069,095)
Transactions with owners in their capacity as owners						
-	-	-	-	-	-	-
December 2014	36,251,064	-	(37,573,243)	1,718,781	-	397,142

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information and basis of preparation

The half-year financial report for the period ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 12 February 2016.

Fe Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded.

This half-year financial report is a condensed general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Fe Limited during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At balance date the Consolidated Entity had cash and cash equivalents of $386,744 (30 June 2015: $277,559) and a net working capital surplus of $247,939 (30 June 2015: $186,109).

Whilst sufficient cash is available to meet general and administrative requirements in the short term, additional funding is necessary for the Consolidated Entity to fulfil its proposed activities in the next 12 months. As set out in the directors' report, FEL's proposed activities contemplate completion of a capital raising under a prospectus in respect of the Cardinal House Transaction.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Consolidated Entity will be able to continue its planned operations and the Consolidated Entity will be able to meet its obligations as and when they fall due because the directors are confident that the Consolidated Entity has sufficient cash available to meet its general and administrative requirements in the short term and will be able to raise additional capital if required.

Should the Group not achieve the matter set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

(c) Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended accounting standards and interpretations

The Company has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2015. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

New accounting standards and interpretations issued but yet effective

The Company has not elected to early adopt any new accounting standards and interpretations.

2 SEGMENT INFORMATION

FEL has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. All activities are inter-related and discrete information is reported as a single segment. FEL has only one operating segment, being mineral exploration and all of these activities are conducted in Australia.

3 REVENUE, INCOME AND EXPENSES

	31 December 2015 $	31 December 2014 $
(a) Revenue		
Bank interest	1,243	3,173
(b) Other income		
Gain on sale of plant and equipment	-	15,000
Gain on sale of tenements	50,000	-
Others	-	5,000
	50,000	20,000
(c) Employment benefits and directors remuneration		
Directors fees	(162,415)	(177,497)
(d) Pre-acquisition Transaction costs		
Pre-acquisition Transaction costs	(114,549)	-

Costs associated with the proposed reverse takeover Transaction with Cardinal House. Transaction costs are being expensed as incurred, and include legal, valuation and other advisory fees.

(e) Impairment of exploration assets		
Impairment of exploration assets	(37,313)	(779,018)
	(37,313)	(779,018)

The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources.* In assessing the carrying value of all of the Consolidated Entity's expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources and therefore the Consolidated Entity has recognised an impairment expense of $37,313 during the current period to write down the carrying value of exploration and evaluation expenditure to nil, which represents the Group's estimated fair value of these tenements under the current market conditions (Level 3 fair value). The impairment expense is shown as a separate line item in the Statement of Comprehensive Income.

4 PRE-ACQUISITION COSTS

	31 December 2015 $	30 June 2015 $
Capital raising costs	14,400	-

Costs associated with the capital raising in connection to the proposed Cardinal House Transaction have been included in the statement of financial position at balance date. These costs include advisory fees incurred to date in relation to the preparation of the full form prospectus. In the event that the capital raising associated with the Cardinal House Transaction is completed in future, these costs will be reallocated to equity as a cost of raising capital.

5 CONTRIBUTED EQUITY

	31 December 2015 $	30 June 2015 $
Ordinary shares		
Issued and fully paid	36,251,604	36,251,604

6 UNISSUED CAPITAL RESERVE

	31 December 2015 $	30 June 2015 $
Unissued capital	431,460	-

	31 December 2015 No. of shares	31 December 2015 $
Movement in unissued shares		
Balance at beginning of period	-	-
Shares not yet issued (a)	35,954,999	431,460
Balance at the end of period	35,954,999	431,460

a) During the period, the Company raised $481,460 through a series of converting loan agreements with a number of sophisticated investors to find, evaluate and procure a substantial asset. Subsequently $50,000 of the funds raised were repaid (net $431,460 before costs) ("Converting Loans Agreements"). The trigger for conversion of the loan funds into ordinary shares in FEL was satisfied in September 2015, upon FEL's execution of a binding term sheet for the acquisition of Cardinal House Group Pty Ltd ("Cardinal House").

Pursuant to the Converting Loan Agreements, lenders will receive ordinary shares in FEL at a conversion price of $0.012 per share (total of 35,954,999 shares) ("Converting Loan Shares"). At 31 December 2015, the Converting Loan Shares were not issued. The Company plans to seek shareholder approval for the issue of these shares in conjunction with the approvals to be sought in relation to the proposed Cardinal House Transaction at an upcoming general meeting.

7 RELATED PARTY INFORMATION

The following table provides the total amount of transactions which have been entered into with related parties during the six months ended 31 December 2015 and 31 December 2014:

		Sales to related parties	Purchases from related parties	Director fees
Director related entities				
Cape Lambert Resources Limited	**31 Dec 2015**	**2,500**	**18,215**	**-**
Cape Lambert Resources Limited	31 Dec 2014	-	20,819	-
Cauldron Energy Limited	**31 Dec 2015**	**2,500**	**-**	**-**
Cauldron Energy Limited	31 Dec 2014	16,818	-	-
Kupang Resources Limited	**31 Dec 2015**	**-**	**-**	**-**
Kupang Resources Limited	31 Dec 2014	1,818	-	-
Silverwest Corporation Pty Ltd (a)	**31 Dec 2015**	**-**	**-**	**77,915**
Silverwest Corporation Pty Ltd	31 Dec 2014	-	-	87,497
Okewood Pty Ltd	**31 Dec 2015**	**-**	**27,950**	**60,000**
Okewood Pty Ltd	31 Dec 2014	-	1,320	60,000
PAFK Enterprises Pty Ltd	**31 Dec 2015**	**-**	**-**	**-**
PAFK Enterprises Pty Ltd	31 Dec 2014	-	-	5,000
LED4Me (b)	**31 Dec 2015**	**-**	**-**	**24,500**
LED4Me	31 Dec 2014	-	-	25,000

Sales of property, plant and equipment to director related entities and purchases from director related entities for the reimbursement of costs such as employee, consultancy, occupancy, and travel costs.

a) From 1 December 2015, Mr Mark Gwynne's director fees were reduced from $175,000 to $60,000 per annum.

b) From 1 October 2015, Mr Paul Kelly's director fees were reduced from $60,000 to $36,000 per annum.

The following table provides the balances with related parties as at 31 December 2015 and 30 June 2015:

		Amounts owed by related parties*	Amounts owed to related parties*
Director related entities			
Cape Lambert Resources Limited	**31 Dec 2015**	**-**	**-**
Cape Lambert Resources Limited	30 June 2015	-	-
Cauldron Energy Limited	**31 Dec 2015**	**-**	**-**
Cauldron Energy Limited	30 June 2015	-	-
Kupang Resources Limited	**31 Dec 2015**	**-**	**-**
Kupang Resources Limited	30 June 2015	2,000	-
Silverwest Corporation Pty Ltd	**31 Dec 2015**	**-**	**37,582**
Silverwest Corporation Pty Ltd	30 June 2015	-	16,041
Okewood Pty Ltd	**31 Dec 2015**	**-**	**33,000**
Okewood Pty Ltd	30 June 2015	-	11,000
LED4Me	**31 Dec 2015**	**-**	**9,000**
LED4Me	30 June 2015	-	5,500

* Amounts are classified as trade receivables and trade payables, respectively.

8 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management activities

The risk management activities are consistent with those of the previous period unless otherwise stated.

Financial instruments

Set out below is an overview of financial instruments held by the Consolidated Entity:

	31 December 2015 $	30 June 2015 $
Financial assets		
Cash and cash equivalents	386,744	277,559
Financial liabilities		
Trade and other payables	(199,596)	(107,081)
Net exposure	187,148	170,478

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2015.

	Carrying amount $	Fair value $
Financial assets		
Cash and cash equivalents	386,744	386,744
Financial liabilities		
Trade and other payables	(199,596)	(199,596)

Fair value hierarchy

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 – quoted priced in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as process) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the financial instruments as well as the methods used to estimate the fair value is summarised below:

	Period ended 31 December 2015			
	(Level 1) $	(Level 2) $	(Level 3) $	Total $
Financial assets				
Available-for-sale financial assets	1,250	-	-	1,250

	Period ended 30 June 2015			
	(Level 1) $	(Level 2) $	(Level 3) $	Total $
Financial assets				
Available-for-sale financial assets	750	-	-	750

9 CONTINGENCIES

At 31 December 2015, there are no known contingent liabilities or contingent assets requiring disclosure.

10 EVENTS AFTER THE BALANCE DATE

There are no events subsequent to 31 December 2015 and up to the date of this report that would materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

Directors' Declaration

In accordance with a resolution of the directors of Fe Limited, I state that in the opinion of the directors:

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

(i) giving a true and fair view the financial position as at 31 December 2015 and the performance for the half-year ended on that date; and

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

(b) subject to the matters described in note 1(b), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mark Gwynne
Executive Director
Perth

12 February 2016

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Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Fe Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of Fe Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Opinion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

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

Emphasis of Matter

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

Ernst & Young

Ernst & Young

V L Hoang
Partner
12 February 2016