



QUARTERLY REPORT Quarter ended 31 December 2016

Australian Securities
Exchange Code: **FEL**

18 January 2017

Fe Limited is an Australian domiciled mineral resources exploration and development company.

QUARTERLY REPORT - 31 December 2016

Ordinary Shares:

293,169,629

Please find attached the Quarterly Activities Report and Appendix 5B for the three month period ended 31 December 2016.

Unlisted Options:

9,375,000

Yours faithfully
Fe Limited

Board of Directors:

Tony Sage
Non-Executive Chairman

Mark Gwynne
Executive Director

Nicholas Sage
Non-Executive Director

Tony Sage
Non-Executive Chairman

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CORPORATE

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

Financial Position

On 19 October 2016, the Company successfully completed a \$750,000 placement of new shares to sophisticated investors. The issue of 37,500,000 fully paid ordinary shares in respect of this placement were ratified and approved at the Company's Annual General Meeting held on 29 November 2016 (**AGM**). Proceeds from the placement will be used by the Company on existing mineral projects, to assess and secure new mineral exploration projects and for working capital purposes.

Annual General Meeting

The Company held its AGM on 29 November 2016 at 9am where all resolutions put to the AGM were passed on a show of hands. For more information, refer to the Notice of Annual General Meeting and Results available at the Company's website.

Existing Business

The Company remains focused on its activities within the mineral exploration industry on its retained tenements and interests and is also investigating projects for future acquisition.

The Company has interests 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, Westgold Resources Limited and Billabong Gold Pty Ltd, which are free-carried with no contributing responsibilities, until Decision to Mine.

Cleansing Prospectus

On 15 December 2016, the Company lodged a cleansing prospectus (**Prospectus**) pursuant to Section 708A(11) of the Corporations Act 2001, for the offer of up to 100 fully paid ordinary shares, and for the offer of up to 9,375,000 unlisted options exercisable at \$0.03 per share, expiring 30 November 2018 (**Options Offer**). The Prospectus offers were closed on 23 December 2016 and the Company only issued the unlisted options pursuant to the Options Offer under the Prospectus.

Reinstatement to Official Quotation

On 15 December 2016, suspension of trading in the Company's securities on the ASX was lifted. The Company is returned to normal trading.

PROJECTS

The Company holds, or has rights or interests in various 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.

The Company and its child entities have not carried out any exploration, development or mining production activities during the quarter ended 31 December 2016. No beneficial interest was held by the Company or its child entities in farm-in or farm-out agreements at 31 December 2016 and no such beneficial interests were acquired or disposed of during the quarter ended 31 December 2016. The 20% beneficial interest held by Jackson Minerals Pty Ltd in Prospecting Licences 52/1195 and 52/1196 was surrendered outright in December 2016.

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

FEL, via its wholly owned subsidiary, Jackson Minerals Pty Ltd (**Jackson Minerals**), has a 20% free carried interest to Decision to Mine in fourteen tenements covering an area of 815 km² in the highly prospective Bryah Basin area,



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 and farm-ins Westgold Resources Limited (ASX: **WGX**), Independence Group Ltd (ASX: **IGO**), Billabong Gold Pty Ltd, Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**) and RNI NL (ASX: **RNI**).

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. This was demonstrated by the recent success by Sandfire and JV partner, Talisman Mining Ltd at the Monty prospect (which FEL has no interest in), which returned high grade copper/gold mineralisation from recent and ongoing drilling. The drilling targeted geophysical anomalies identified under cover and highlights the exploration potential for the region (see ASX: *SFR announcements*).

Grosvenor Projects - RNI NL 80% in all minerals (except gold for E52/1659 and 1671) and FEL 20% in all minerals free carried to Decision to Mine

FEL, via its subsidiary, Jackson Minerals, holds a 20% free carried interest to Decision to Mine in five exploration licences and three prospecting licences (E52/1659 and E52/1671 and P52/1484-1486 within RNI's "Forrest Project" and E51/1033, E52/1613, E52/1672 at RNI's "Morcks Well Project") covering a total of 607km².

On 31 July 2015, RNI announced the sale of its gold assets to Metals X Ltd (ASX: **MLX**) with regard to E52/1659 and E52/1671 (within the RNI Forrest Project)(for further details, please refer to RNI announcements). MLX transferred their 80% gold rights interest in these tenements to Westgold Resources Limited (ASX:**WGX**) via a Demerger by MLX (see MLX ASX announcements 16 November 2016, 24 November 2016 and 1 December 2016) and FEL's interests in E52/1659 and E52/1671 has been assigned to WGX via a Deed of Novation completed in December 2016.

FEL retains its 20% interest in all mineral rights until Decision to Mine.

Forrest (E52/1671), Wodger (E52/1659), Big Billy Prospects (E52/1659)

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

On 16 January 2017, RNI announced that first phase drilling across the Forrest and Wodger prospects has been completed and significant drill intercepts from a combined total of 85 aircore drill holes for 7,825 meters were achieved, stating that the "assay results are extremely encouraging and have further elevated each prospect in terms of hosting a significant VMS deposit". See RNI ASX 16 January 2017 announcement for more details.

Morck's Well Prospect (E51/1033, E52/1613, E52/1672)

The Morck's Well Prospect is located in the eastern part of the Bryah Basin and contains approximately 40km of 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.

Alchemy Projects - ALY 80% in all minerals (see below for details of other companies farming-into this interest) and FEL 20% (in all minerals) free carried to Decision to Mine

FEL, via its wholly owned subsidiary Jackson Minerals, holds a 20% interest in all minerals free carried to Decision to Mine in four exploration licenses (E52/1668, E52/1678, E52/1722, E52/1730) jointly known as the **Jackson Tenements**. Additionally, Jackson Minerals has 20% beneficial interest in all minerals in part of E52/1852 previously held under P52/1167 and P52/1168, held in trust for Jackson Minerals by ALY/Billabong – Jackson Minerals/FEL has no registered interest in E52/1852.

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.



Base Metals Rights – ALY/IGO/JAK E52/1668, E52/1678, E52/1722 and E52/1730

Alchemy has entered into a farm-in and joint venture with Independence Group NL (base metals, see ALY announcement 5 November 2014). Diversified mining company, Independence Group NL (ASX: IGO) is earning up to 70% interest in base metals rights, excluding iron ore rights, in relation to whole area of E52/1722 and parts of E52/1668, E52/1678 and E52/1730 (in regard to the Jackson Tenements).

FEL has not received any updates from ALY regarding this project.

Please refer to the ALY Quarterly Report and various announcements for further relevant information and diagrams.

All Mineral Rights - ALY/Billabong/JAK E52/1668, E52/1678, and E52/1730

Leading Australian gold producer Northern Star Resources Ltd (ASX: **NST**) entered into a Farm-In and Joint Venture agreement with ALY (refer ALY announcement 24 February 2015), in regard to parts of E52/1668, E52/1678 and E52/1730 (excluding those parts being farmed into by IGO) and also to earn an 80% interest in the whole of E52/1852 (within which ALY holds a 20% interest in the area previously held under P52/1167-68 for Jackson Minerals). NST assigned its interest in these tenements and the Farm-in and Joint Venture to Billabong Gold Pty Ltd (**Billabong**) via a Deed of Consent, Assignment and Assumption dated 11 October 2016, pursuant to "Sale and Purchase Agreement Plutonic Gold Operations" between NST and Billabong dated 12 August 2016 (see NST announcements of 15 August 2016 and 12 October 2016). FEL retains its 20% free carried interests in all minerals all of the aforementioned tenements, via wholly owned subsidiary Jackson Minerals.

Please refer to the ALY Quarterly Report and various announcements for further relevant information and diagrams.

Mt Ida Gold - FEL, 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 Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides FEL the rights to explore and mine for iron ore on two exploration licenses (E29/640 and E29/641) and 3 mining leases (M29/2, M29/165 and M29/422), held by Mt Ida Gold Pty Ltd, covering approximately 120km² in the emerging Yilgarn Iron Province. The rights give provision for FEL to retain revenue from any iron ore product it mines from the tenure. FEL has no registered interest in these tenements.

The Mt Ida Project area covers part of the Mt Ida - Mt Bevan banded iron formation, which is currently being explored and evaluated by Jupiter Mines Limited and Legacy Iron Ore Limited.

Mt Elvire Project – FEL 100%

FEL has a 100% interest in two exploration licences, E77/1842 and E77/1843 at its Mt Elvire Project, covering 5.9km². The Mt Elvire Project, is a greenfield gold project located in the Yilgarn Craton, 210km north of Southern Cross, Western Australia. The Mt Elvire Project is prospective for structurally hosted gold mineralisation located along the Evanston shear zones. Known gold prospects in the region include the historic Evanston Gold Mine (~43,000 oz. historic production) and the Johnston Range Project, 20km to the southwest. There are also many proximal gold prospects.

A soil sampling program commenced on 16 January 2017 at the Mt Elvire Project, at an estimated cost of approximately \$22,000. The program is a first pass exploration program aimed at defining structurally-hosted gold mineralisation targets for follow-up work.

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 two tenements (E77/1322 and M37/1259) within the Evanston Project, registered to Black Oak Minerals Limited (ASX: **BOK**). Cliffs Asia Pacific Iron Ore Pty Ltd (**Cliffs**) previously held these tenements but sold them to BOK and provided a Deed of Assignment and Assumption pursuant to the Evanston Iron Ore Rights Deed to FEL assigning the obligation to pay the associated royalty from Cliffs to BOK. The tenements are approximately 20kms north of the Windarling mine. The Evanston Iron Ore



Project is located in the Southern Yilgarn Iron Province of Western Australia and covers an area of 167km², of which E77/1322 and M77/1259 cover a combined area of 76.92km².

At this time, FEL has not been formally notified by BOK of a mineral resource, ore reserve or intention to mine.

For further information please contact:

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Important Notice

Some of the statements appearing in this announcement 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 announcement. 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 announcement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities in the Company. Nor does this announcement 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 announcement, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.



**Schedule of tenement interests of the Company and its child entities as at 31 December 2016
(including details of tenements acquired and disposed of during the quarter)**

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed Interest during the quarter	Interest at end of quarter	Notes
E51/1033-I	Heines Find - Western Australia	-	-	20%	1, 2
E52/1613-I	Heines Find - Western Australia	-	-	20%	1, 2
E52/1659	Milgun - Western Australia	-	-	20%	1, 3, 4
E52/1668	Peak Hill - Western Australia	-	-	20%	5
E52/1671	Milgun - Western Australia	-	-	20%	1, 3, 4
E52/1672-I	Heines Find - Western Australia	-	-	20%	1, 2
E52/1678	Peak Hill - Western Australia	-	-	20%	5
E52/1722	Peak Hill - Western Australia	-	-	20%	6
E52/1730	Peak Hill - Western Australia	-	-	20%	5
E77/1842-I	Mt Elvire - Western Australia	-	-	100%	8
E77/1843-I	Mt Elvire - Western Australia	-	-	100%	8
P52/1195	Milgun - Western Australia	-	20%	-	7
P52/1196	Milgun - Western Australia	-	20%	-	7
P52/1494	Peak Hill - Western Australia	-	-	20%	1
P52/1495	Peak Hill - Western Australia	-	-	20%	1
P52/1496	Peak Hill - Western Australia	-	-	20%	1
NOTES:					
1	Peak Hill Sale Agreement: Grosvenor Gold Pty Ltd (Grosvenor) 80% (Operator) and Jackson Minerals Pty Ltd 20% in all minerals free carried to decision to mine.				
2	Jackson Iron Ore Royalty: Grosvenor (Operator) to pay PepinNini Robinson Range Pty Ltd (PRR) a 0.8% gross revenue royalty from the sale or disposal of iron ore. PRR 40% registered holder interest was transferred to Grosvenor on 28 July 2016. Jackson Minerals Pty Ltd holds 20% in all minerals free carried to decision to mine.				
3	Westgold Resources Limited owns 80% gold rights, Grosvenor (Operator) holds 80% interest in all minerals other than gold and Jackson Minerals Pty Ltd holds 20% in all minerals free carried to decision to mine.				
4	Westgold Resources Limited has first right of refusal over disposal of RNI/Grosvenor 80% interest.				
5	Alchemy 80% reducing to 10% in all minerals once Independence Group NL (IGO) and Billabong Gold Pty Ltd (Billabong) (Operator) earn in under respective JV agreements with Alchemy Resources Ltd (ALY). Billabong earning 70% interest in all minerals in part of this tenement and IGO earning 70% in base metals only (excluding Iron Ore) in the remaining tenement area. Jackson Minerals holds 20% in all minerals in the whole of the tenements free carried to decision to mine.				
6	Alchemy 80% reducing to 10% in all minerals once IGO (Operator) earn in under JV agreement with ALY. IGO earning 70% in base metals only (excluding iron ore) in the whole of tenement area by sole funding exploration expenditure. Jackson Minerals holds 20% in all minerals free carried to decision to mine.				
7	Alchemy 80% reducing to 10% in all minerals once Billabong (Operator) earn in under JV agreement with Alchemy. Billabong has a right to explore and earn a 70% interest in whole tenement by sole funding exploration expenditure over tenement. Jackson Minerals held 20% in all minerals free carried to decision to mine until the tenements were surrendered outright during the December 2016 quarter.				
8	100% owned and operated by FEL.				

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Fe Limited

ABN

31 112 731 638

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1)	(1)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(132)	(236)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other:		
Recovery of reverse-takeover transaction costs	100	100
1.9 Net cash from / (used in) operating activities	(31)	(135)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	750	750
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(38)	(38)
3.5 Proceeds from borrowings	-	33
3.6 Repayment of borrowings	(33)	(33)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	679	712

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	19	90
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(31)	(135)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	679	712

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	667	667

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	667	19
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	667	19

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

5

-

Payments included in item 6.1 of \$4,819 relates to payment of director fees.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

50

-

Payments included in item 7.1 of \$50,000 relates to payments to director-related parties for office occupancy costs.

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
-		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	30
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	165
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	195

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	P52/1195	Surrendered	20%	-
	P52/1196	Surrendered	20%	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
(Company secretary)

Date: 18 January 2017

Print name: Eloise von Puttkammer

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.