

ASX Announcement

4 April 2011

Australian Securities
Exchange Code: **FEL**

Ordinary Shares:

115,521,575

Unlisted Options:

18,000,000 (\$0.12 exp. 31 Dec 2012)

375,000 (\$0.15 exp. 23 Mar 2014)

Board of Directors:

Tony Sage

Non-Executive Chairman

Kim Bischoff

Managing Director

Mark Gwynne

Executive Director

Paul Kelly

Non-Executive Director

Eloise von Puttkammer

Company Secretary

Key Projects & Interests:

Mt Ida Iron Ore Project

Mt Elvire Iron Project

Crossroads, Bardoc and Grafters
Gold Projects

Kalgoorlie Regional Gold Project

Kalgoorlie Regional Nickel Project

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

DRILLING COMMENCES AT NEW PROSPECT AT MT ELVIRE IRON ORE PROJECT

Highlights

- **2,200m reverse circulation drilling commences at Mt Elvire Iron Ore Project focused on new prospect at Camelback.**
- **Field reconnaissance commences at the newly acquired Mt Ida Iron Ore Project.**

Australian mineral resources explorer, Fe Limited (ASX: FEL) ("Fe" or the "Company"), is pleased to announce commencement of a 2,200m RC drilling program at its wholly owned Mt Elvire Iron Ore Project ("Mt Elvire" or "Project"), located in the Yilgarn Iron Province.

Mt Elvire Iron Ore Project

Mt Elvire is located 140km north of the railway at Koolyanobbing and 150km west of the railway at Menzies in the Yilgarn Iron Province of Western Australia (refer Figure 1).

Other companies active near to Mt Elvire include the Koolyanobbing Operation owned by Cliffs Natural Resources ("Cliffs") located 50km to the south, and Macarthur Minerals' Lake Giles Project located 30km to the ESE. Cliffs exported 8.5Mt of DSO lump and fine iron ore during 2009 through the Esperance Port. Macarthur Minerals recently announced a total Inferred Mineral Resource of magnetite banded iron formation ("BIF") for their Lake Giles project of 1,117Mt at 28.7% Fe.

A total of 3,855m in 50 holes has been drilled to date, largely at the Iron Crescent Prospect (3,591m in 46 holes). The drilling at Iron Crescent was completed on wide-spaced sections and confirmed the occurrence of magnetite BIF in 2 lodes to >100m below surface over an aggregate strike length of 6km. The magnetite BIF is overlain by enriched weathered BIF. Two zones or pipes of high grade hematite-goethite mineralisation (DSO) have been located in the south lode at Iron Crescent.

Scout drilling late in 2010 at Camelback and Jigsaw to the northeast of Iron Crescent has confirmed the occurrence of BIF requiring follow-up.

An exploration target of 515-675 million tonnes at 26-46% Fe¹ has been estimated for the Mt Elvire Iron Ore Project².

¹ The estimates of exploration target sizes mentioned in this release should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.



Mt Elvire Drilling Program

The drilling program now underway is designed to test the west part of the Camelback prospect (refer Figure 2). The 2 scout drill holes completed late in 2010 returned significant results³ as follows:

- 84m at 35.4% Fe from surface in drill hole CBRC001, and
- 68m at 31.7% Fe from surface in drill hole CBRC002.

The Camelback prospect comprises BIF outcropping over a strike length of approximately 1km with extensions under cover to the southwest and southeast apparent from airborne geophysical survey data.

The Camelback drill program will test the west limb on 200m spaced cross sections corresponding to the zone where environmental and work clearances have recently been approved by the relevant State Government departments. Resource definition drilling is planned at Iron Crescent in the September quarter 2011 subject to receipt of statutory approvals.

Mt Ida Iron Ore Project Update

Following announcement of the acquisition of the Mt Ida Iron Ore Project on 22 March 2011, the Company has commenced field reconnaissance. Initial work underway comprises geochemical sampling, geological mapping, geophysical surveying and preparation of statutory applications for drilling.

The Mt Ida Iron Ore Project is located approximately 80km northwest of the operational railway at Menzies, which provides access to ports at Esperance and Kwinana (refer Figure 1).

The Project covers approximately 10km of strike of the eastern unit of the Mt Ida – Mt Bevan BIF. This part of the Mt Ida – Mt Bevan BIF has a similar magnetic signature to the other parts currently being explored by Jupiter Mines Limited (“Jupiter”) and Legacy Iron Ore Ltd (“Legacy”). Jupiter has recently announced a total Inferred Mineral Resource for the Central Zone of their Mt Ida Magnetite Project (located 3km southwest of the Project) of 530 million tonnes at 32% Fe, and positive results from a scoping study to produce 10Mtpa of magnetite concentrate. Legacy has estimated an exploration target size at the Mt Bevan Iron Ore Project (located along strike to the north of the Project) of 1.0 – 1.5 billion tonnes at 30 – 40% Fe of magnetite BIF and has recently commenced drilling.

Yours faithfully
FE LIMITED

Kim Bischoff
Managing Director

² refer ASX announcement by FEL dated 24 January 2011.

³ refer ASX announcement by FEL dated 24 January 2011 for details.



Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Mr. T. Deane who is a Member of the Australasian Institute of Mining & Metallurgy. Mr. Deane is employed as Exploration Manager by Fe Limited, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration 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 consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

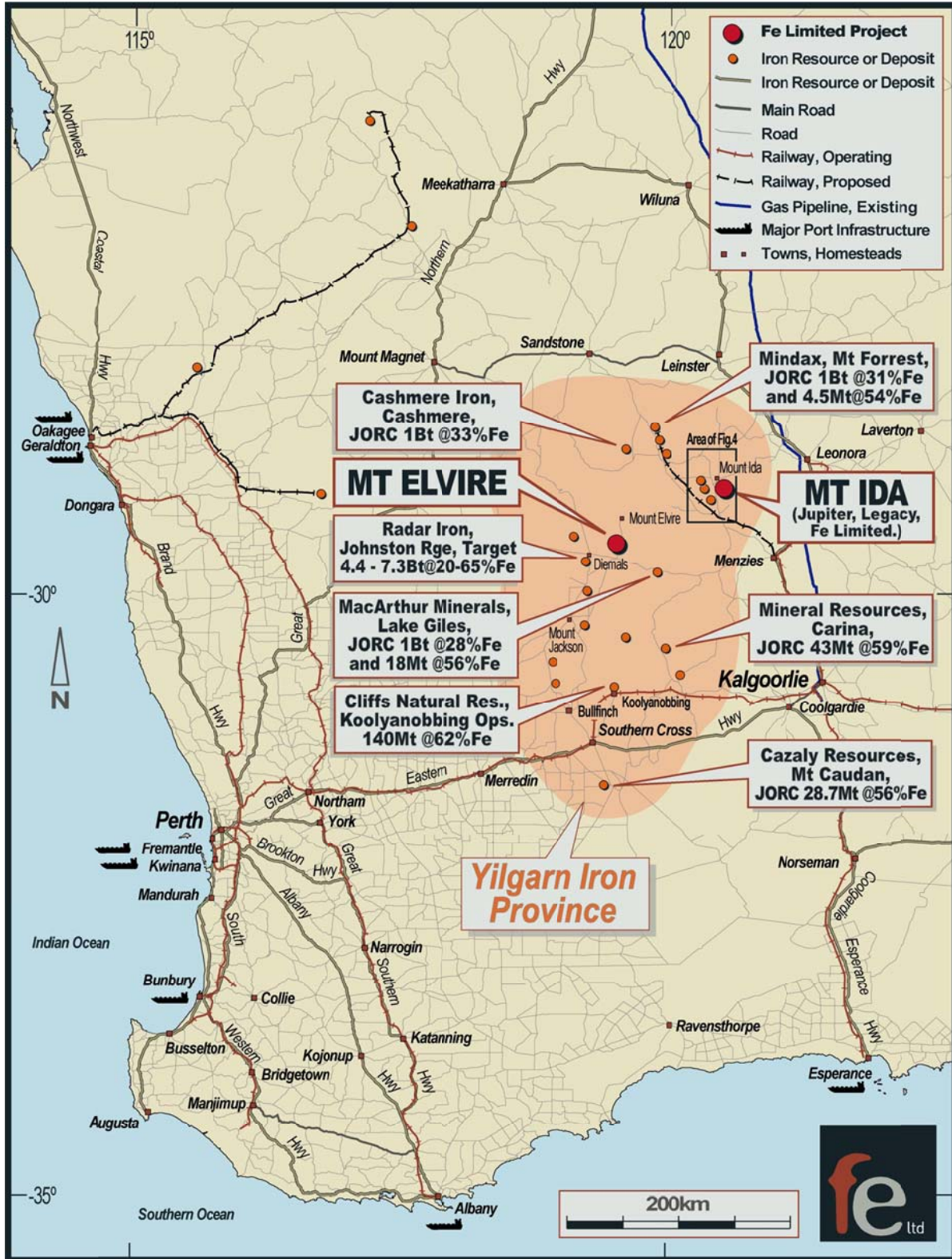


Figure 1: Project Locations



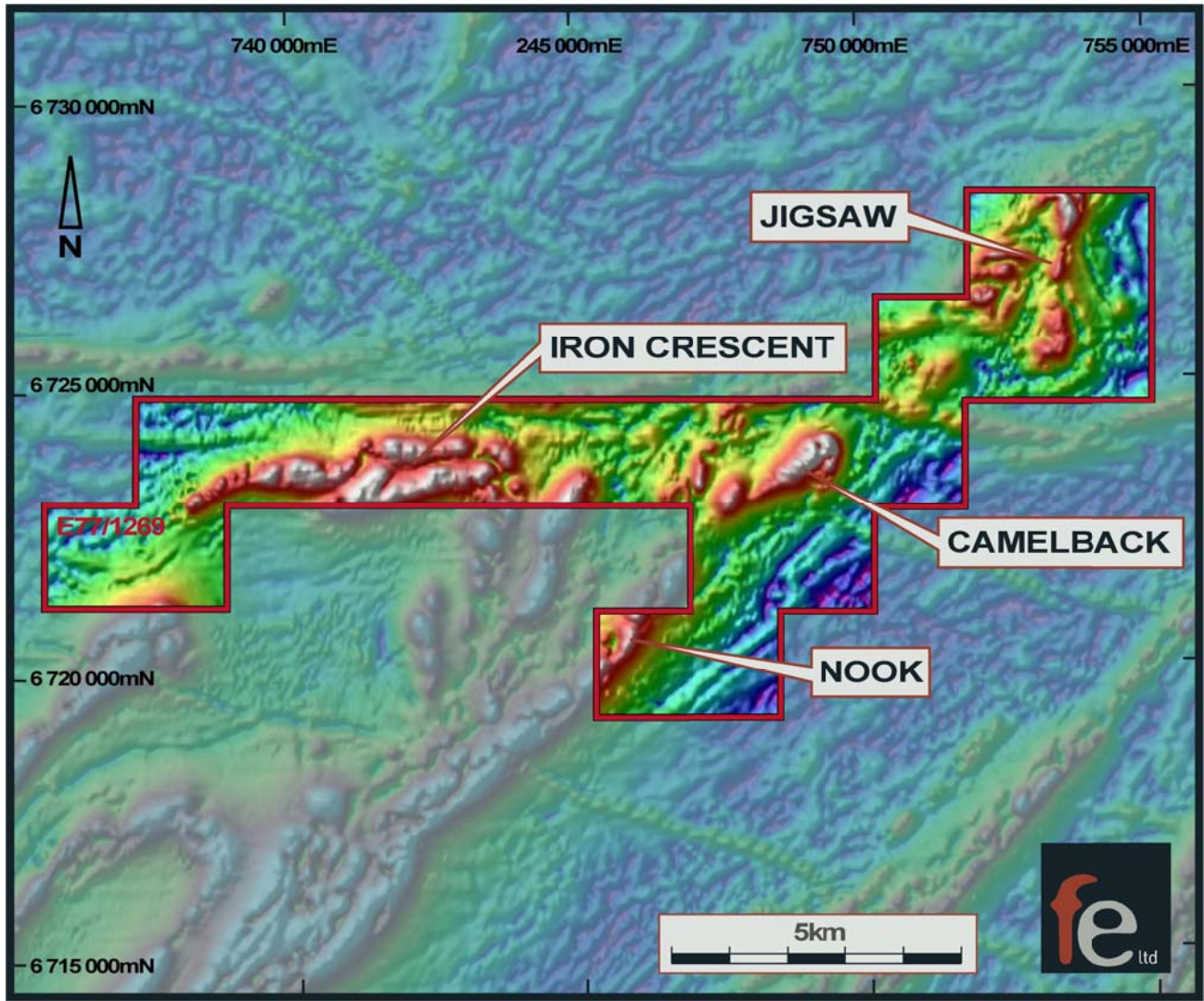


Figure 2: Mt Elvire - Prospect Location (on airborne magnetics)