

ASX Announcement

29 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 Ore Project

Crossroads, Bardoc and Grafters

Gold Projects

Kalgoorlie Regional Gold Project

Kalgoorlie Regional Nickel Project

Fe Limited Contact:

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Managing Director

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

Fe Limited
ABN: 31 112 731 638



Fe to Divest Gympie Eldorado Gold Operations

Highlights

- **Fe Limited signs conditional agreement to divest the Gympie Eldorado Mine to BRI Microfine Pty Ltd.**
- **Subject to completion of conditions in the agreement, upon settlement Fe Limited will receive A\$50,000 and retain a Net Smelter Return of 6.5% on gold recovered from tailings treatment and 25% of profits on sale of freehold land.**
- **The Company will also receive approximately \$2.2 million from the release of environmental performance bonds after settlement occurs.**

Australian mineral resources explorer, Fe Limited (ASX: FEL) ("Fe" or the "Company"), is pleased to announce it has entered into a conditional agreement for the divestment of Gympie Eldorado Mining Pty Ltd ("GEM"), which owns the Gympie Eldorado Mine and associated freehold land and infrastructure ("Gympie"), to BRI Microfine Pty Ltd ("BRI"). BRI is a private company, which specialises in recovery of gold from mine tailings using proprietary technology.

Sale Agreement

The Company has entered into a conditional sale agreement ("Agreement") for the sale of all the shares in GEM, a wholly owned subsidiary of Fe Limited, to BRI.

GEM is the holder of mining leases that contain three tailings storage facilities covering approximately 22 hectares and associated remaining assets and infrastructure at the Gympie Eldorado Mine, located in southeast Queensland. The mine was closed in late 2008 due to depletion of ore reserves. In the past 18 months, the Company has carried out rehabilitation planning and works, which has included environmental monitoring, land and shaft rehabilitation, process plant gold clean-up and gold recovery and the sale of land, exploration licences, plant and equipment. The gold clean-up and sales have delivered proceeds of approximately \$4.7M.

Under the terms of the Agreement Fe Limited will receive;

- a payment of \$50,000 at completion;
- a 6.5% Net Smelter Return from gold recovered from treatment of tailings;

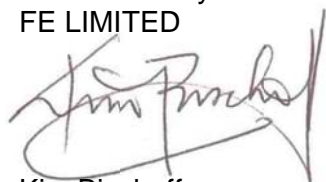
- 25% of profits from any future sale of freehold land owned by GEM; and
- reimbursement of environmental performance bonds of approximately \$2.2M.

Settlement is conditional on a number of matters to be completed by 31 May 2011 including completion of:

- technical and legal due diligence by BRI including test work trials on the tailings; and
- certain works by the Company including rehabilitation of the decline and shafts and tailings pond dewatering.

Commenting on the sale Managing Director, Mr Kim Bischoff said “successful completion of this sale will be a positive step forward in our stated intention of divesting non-core assets and increasing focus on our iron projects in Western Australia including the recently acquired iron rights at Mt Ida”.

Yours faithfully
FE LIMITED



Kim Bischoff
Managing Director



Mark Gwynne
Executive Director

About BRI Microfine.

BRI MICROFINE is a private Australian company that has developed proprietary technology for the treatment of gold tailings and upon completion of due diligence intends to commence pilot scale processing in the very near term.