Fe Limited
ABN: 31 112 731 638

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2017

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 Nicholas Sage Kenneth Keogh	Non-Executive Chairman Non-Executive Director Non-Executive Director
Joint Company Secretary	Catherine Grant-Edwards Melissa Chapman	
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 QV1 Building, Level 12 250 St Georges Terrace Perth WA 6000	
	Telephone:	1300 554 474 (in Australia) +61 (2) 8280 7761 (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 2017.

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)
Nicholas Sage (Non-Executive Director)
Kenneth Keogh (Non-Executive Director)

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

REVIEW AND RESULTS OF OPERATIONS

Fe Limited (ASX: FEL) is an Australian company with interests in a portfolio of mineral resource projects at exploration stage located in Australia and the Democratic Republic of Congo (**DRC**).

CORPORATE

Financial Results

The Consolidated Entity recorded a net loss for the period of $511,709 (31 December 2016: $81,165).

Kasombo Acquisition

On 6 November 2017, the Company completed the acquisition of the Kasombo Project (**Kasombo Acquisition**) from Cape Lambert Resources Limited (**Cape Lambert**) and were assigned 100% of Cape Lambert's rights and obligations to the Kasombo Project, located 25km from the DRC's second largest city, Lubumbashi, in the Katanga Copper Belt of the DRC.

The Kasombo Copper-Cobalt Project comprises three mineralised areas, Kasombo 5, 6 and 7, of approximately 600 hectares located within two granted mining licenses PE 481 and PE 4886 (**Licences**) (**Kasombo Project**). The Licences are held by La Generales Des Carrieres Et Des Mines S.A. (**Gecamines**). Congolese entity Paragon Mining SARL (**Paragon**) is a party to a contract with Gecamines for the undertaking of exploration and research work at the Kasombo Project (**Gecamines Contract**). Cape Lambert's rights and obligations associated with the Kasombo Project and the Kipushi Cobalt Copper Tailings Project and operate the Kipushi Processing Plant (**Kipushi Project**) were established in a joint venture agreement (**JV Agreement**) it entered with Paragon pursuant to which Cape Lambert and Paragon formed an incorporated joint venture with each party holding 50% of the issued capital of that Company (JV Company) (refer Cape Lambert ASX Announcement dated 17 May 2017). Pursuant to the JV Agreement, Paragon will transfer its interest in the Kipushi Project and Kasombo Project (subject to conditions) to the JV Company.

Shares issued

During the period, the Company issued 35,000,000 fully paid ordinary shares (being the shares issued in relation to the Kasombo Acquisition).

Annual General Meeting

The Company's Annual General Meeting was held on 3 November 2017 at 9:00am. All resolutions put to the meeting were passed on a show of hands.

Suspension and Reinstatement of Trading

On 21 November 2017, the Company requested and was granted voluntary suspension of trading in the Company's securities on the ASX. The suspension was sought to provide the Company with time to apply for orders to be made by the Federal Court of Australia for the retrospective curing of a procedural issue in the quotation of shares in the Company that were issued on 6 November 2017.

The Company lodged an application with the Federal Court of Australia seeking urgent declaratory relief and ancillary orders relating to the issue of securities and the subsequent offers for sale by some of the subscribers to those securities. On 21 December 2017, the Company was successful in obtaining all orders sought, which were that the offers for sale of the shares issued by the Company on 6 November 2017 were not invalidated by any failure of the Company to comply with section 707(3) of the Corporations Act 2001 (Cth) and also relieve from civil liability any seller of these shares.

The Company was reinstated to trading on ASX at the open of market on 22 December 2017.

Cleansing Prospectus

On 24 November 2017, the Company lodged a cleansing prospectus (**Prospectus**) pursuant to Section 708A(11) of the Corporations Act 2001, for the offer of up to 20,000 fully paid ordinary shares (**Offer**). The Prospectus offer closed the same day and no shares were issued pursuant to the Prospectus Offer.

PROJECTS

Kasombo Project - Democratic Republic of Congo

The Kasombo Project comprises three mineralized areas of approximately 600 hectares, Kasombo 5, 6 and 7, located within two granted mining licenses PE 481 and PE 4886 (**Licences**). The Licences are held by La Generale Des Carrieres Et Des Mines S.A. (**Gecamines**). On 24 March 2017, Paragon executed a contract with Gecamines for the undertaking of exploration and research work at the Kasombo Project.

In August 2017 (prior to settlement of the Kasombo Acquisition), Cape Lambert announced that the local branch of SRK Consulting (**SRK**) had commenced the initial exploration works at Kasombo and that handheld XRF sampling of artisanal cobalt workings and exposed cobalt mineralisation at Kasombo 7 showed the high grade nature of the cobalt mineralization with grades of up to 38.2% cobalt reported (refer Cape Lambert announcement dated 22 August 2017). In its September 2017 quarterly report, Cape Lambert reported that the information subsequently received on mapping works was deemed unsatisfactory and that Cape Lambert had instructed SRK to undertake further work. SRK subsequently advised that they do not wish to continue with the work due to personnel issues.

In November 2017, the Company completed its own mapping works at Kasombo 6 and 7. Mapping works at Kasombo 5 were completed early December 2017. The mapping showed two styles of mineralization: the first conforming to mineralization typical of deposits of the Katanga Copper Belt; the second showing cross-cutting breccia style, providing potential to significantly increase the size of mineralisation.

Twenty samples were collected during the mapping program, predominantly from Kasombo 7 and dispatched to ALS Laboratories for assaying in Lubumbashi and South Africa. The assay results returned high grade cobalt assays, with the highest grade assays being 6.99% cobalt (sample A2914) and 1.57% cobalt (sample A2916) (refer FEL announcement dated 12 December 2017).

During December 2017, the Company completed a small RC drill programme, designed to test the grade and depth of mineralisation at Kasombo 5 and Kasombo 7. A total of 390m was completed in difficult conditions due to the wet weather, with 3 holes completed at Kasombo 5 (200m) and 4 holes at Kasombo 7 (190m). Drill samples were dispatched to ALS Laboratories for assaying. Results from the first drillhole at Kasombo 5 were announced by the Company 16 Frebruary 2018, with further drilling results expected back late February 2018. For an explanation of the drilling refer to FEL announcement dated 8 January 2018.

Western Australia

The Company holds, or has rights or interests in various tenements prospective for iron, nickel, copper and gold located in Western Australia.

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 twelve tenements covering an area of 802 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 Auris Minerals Ltd (formerly **RNI NL**)(ASX:**AUR**).

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.

Auris Projects - Auris Minerals Ltd (AUR) 80% in all minerals (except gold for E52/1659 and E52/1671) 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 AUR's "Forrest Project" and E51/1033, E52/1613, E52/1672 at AUR's "Morcks Well Project") covering a total of 607km². The AUR 80% interests were registered in the name of Grosvenor Gold Pty Limited. Grosvenor, via RNI NL (ASX:RNI) changed its name to Auris Resources Pty Ltd, effective 17 March 2017 (see ASX: RNI 17 February 2017 and 16 March 2017).

Metals X Ltd (ASX: **MLX**) acquired AUR's interest in the gold assets with regard to E52/1659 and E52/1671 (within the AUR Forrest Project)(for further details, please refer to RNI/AUR announcements) from RNI/AUR in July 2015. 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 20% interest in E52/1659 and E52/1671 is now free carried until Decision to Mine by WGX (pursuant to a Deed of Novation completed in December 2016).

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

Forrest Project: 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.

The Wodger prospect is confirmed as the priority prospect in AUR's Bryah Basin exploration portfolio.

On 9 March 2017 RNI released an announcement to the ASX confirming that a further 50 aircore holes for a total of 4,970 metres were completed to extend the VMS mineralized horizon at the Wodger prospect to 1.4km in length (see RNI:ASX 9Mar17). RNI is now planning a 400m diamond drill hole to test the down-dip extension of the mineralization (see RNI:ASX 15Mar17). Geochemical Services Pty Ltd has completed a full analysis of the previous air core drilling at Wodger "with the resultant model suggesting that there are two distinct mineralized zones (>0.1% Cu) within the VMS horizon. Both mineralized zones (lodes) are approximately 500m in length, open along strike and depth and contain significant copper values of 4m @ 4.73% (within a broader halo of 25m @ 1.1%) and 9m @ 1.30%" (refer ASX:RNI 15 Mar17). On 2 May 2017 RNI announced "confirmation of visible, extensive, fresh copper suplphides (Bornite and Chalcopyrite) from the first diamond hole at the Company's high priority Wodger Prospect" (refer to ASX:RNI 2May2017). On 9 May 2017 AUR announced successful placement has raised $2.5 Million to fund Wodger drilling and advance other key projects (see ASX:AUR 9May2017).

On 6 June 2017 Auris announced that the first phase of diamond drilling was completed at the Wodger Prospect (two diamond holes WRDD001 and WRDD002 for a total of 821.60m). "The observations from WRDD001 are extremely encouraging and included a zone of disseminated bornite with lesser chalcopyrite, positioned below an interpreted volcanic massive sulphide (VMS) horizon that included blebby sulphides, and a 20cm wide zone of suplhide material with 30% copper values from spot portabole XRF readings" (refer to ASX:AUR 6Jun2017 and 10Jul2017).

AUR interpreted the results from WRDD001 to suggest that a single VMS horizon has been overturned in an antiformal fold at the top of the Narracoota Formation volcanics, subsequently generating western and eastern lodes associated with limbs of the antiform (refer to ASX: AUR 12 July 2017). On 31 July 2017, AUR announced (ASX: AUR 31 July 2017) the first assay results from the company's RC drill program at Wodger to test the down-plunge extent of both lodes along strike towards the southern EM plate. First assay results from Wodger RC drilling program in WDRC005 returned major intersections of copper-gold-silver mineralisation which included: 50 meteres @ 1.55% (copper) Cu from 175metres; 41 metres @ 0.47g/t Gold (Au) from 177 meteres; and 59 meteres @ 5.05g/t Silver (Ag) from 168 metres. Refer to ASX:AUR 31July2017 for full details on the assay outcomes. Follow up drilling with potential Down-Hole Electromagnetic (DHEM) surveys is now being planned to test for a potential fresh massive sulphide source.

On 21 August 2017 AUR announced further "broad, high-grade zones of copper-gold-silver mineralisation intersected from the Wodger prospect", Refer to ASX:AUR 21 August 2017 for assay highlights and AUR statement that "Results from WDRC001, WDRC003 and the previously reported high-grade Cu mineralization in WDRC005 define a 150 metre strike length zone of mineralization" (ASX: AUR 21 August 2017). Further exploration at this prospect is being planned by Auris at the time of this report. On 28 September 2017 AUR announced that second phase of RC drilling at Wodger has been completed and a 550 metre diamond hole is now planned. The diamond hole will be partly funded by the State Government of WA. Refer to ASX: AUR 28 Sep 2017 for full details.

On 17 October 2017 AUR announced "Wodger Drilling Intersects Multiple Zones of Copper Sulphides" (ASX:AUR 17 Oct 2017) and, in a separate announcement on the same day, that "Auris Completes $1.25M Capital Raising" to fund further exploration activities and drilling at the Wodger Prospect (ASX:AUR 17 Oct 2017). On 10 November 2017 AUR announced that there has been a "Downhole EM Conductor Identified at Wodger" in diamond drill hole WRDD003 and that WRDD003 had intersected a broad zone of copper mineralisation made up of bornite, chalcocite and native copper (ASX:AUR 10 Nov 2017). On 23 November 2017 Auris announced further work to commence on the project, "Diamond Drilling to Commence at Wodger and Forrest Prospects" (ASX: 23 Nov 2017).

***Morck's Well Project (*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.

On 10 July 2017 Auris announced via their June 2017 Quarterly Report that the Company has commenced a 13,500 metre air core drill program over five prospects identified in the Cashman and Morck's Well Project areas. (refer to ASX:AUR 6Jun2017 and 10Jul2017). FEL has not received any updates regarding this drilling.

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 ("Reefer" and "Flamel" prospects), E52/1678 ("Troy" prospect), E52/1722 ("Neptune" prospect), E52/1730 ("Henry" prospect) 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).

Please refer to the ALY Half Yearly Report to December 2016 (ALY:ASX 7Mar2017) for 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.

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 120km^2 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.

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 167km^2, of which E77/1322 and M77/1259 cover a combined area of 76.92km^2.

FEL has received confirmation from the holders that no mining has commenced at either of the Evanston Royalty tenements.

Events after the balance date

On 4 January 2018, the Company completed a placement of 33,333,334 fully paid ordinary shares to sophisticated investors to raise $1,000,000 (before costs) (**Placement**).

On 9 January 2018, the Company issued 5,312,500 fully paid ordinary shares upon exercise of options by holders ($0.03 each expiring on or before 30 November 2018), raising $159,375.

On 1 February 2018, Ms Eloise von Puttkammer resigned as Company Secretary. Ms Catherine Grant-Edwards and Ms Melissa Chapman were appointed Joint Company Secretary effective 1 February 2018.

On 9 February 2018, the Company lodged a cleansing prospectus pursuant to Section 708A(11) of the Corporations Act 2001, for the offer of up to 20,000 fully paid ordinary shares. The Prospectus offer closed the same day and no shares were issued pursuant to the Prospectus Offer.

On 9 February 2018, the Company issued 1,250,000 fully paid ordinary shares upon exercise of options by holders ($0.03 each expiring on or before 30 November 2018), raising $37,500.

On 16 February 2018, the Company announced drilling results from Kasombo 5 Copper Project first drillhole.

As detailed in the Company's 30 June 2017 Annual Report, the Company previously entered into a consulting agreement Okewood, a company controlled by Mr Antony Sage, for the provision of non-executive director services. With effect from 1 April 2016, Mr Antony Sage's entitlement to payment in respect of services provided was reduced to $60,000, and remained in place until 31 January 2018. On 22 February 2018, the Directors in their discretion, acknowledging that Okewood previously agreed to reduced fees during the period from 1 April 2016 to 31 January 2018, agreed to issue 2,750,000 shares to Okewood at a deemed issue price of 4 cents per share, subject to shareholder approval.

There are no other events subsequent to 31 December 2017 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

Antony Sage
Non-Executive Chairman
Perth

23 February 2018

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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 2017, 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
23 February 2018

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 $	31 December 2016 $
Interest income	3(a)	1,188	1,969
Other income		-	104,130
		1,188	106,099
Exploration and evaluation expenditure		(195,038)	-
Employee benefits expense and director remuneration	3(b)	(66,000)	(37,381)
Legal costs		(31,560)	(51,073)
Share-based payments expense		-	(1,998)
Accounting and audit fees		(18,522)	(10,525)
Consultants costs		(54,000)	(20,000)
Compliance costs		(81,815)	(39,566)
Travel costs		(3,492)	-
Other expenses		(62,470)	(26,721)
Loss before income tax		(511,709)	(81,165)
Income tax expense		-	-
Loss after income tax		(511,709)	(81,165)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on available-for-sale financial assets		-	(1,500)
Other comprehensive income / (loss) for the period		-	(1,500)
Total comprehensive loss for the period		(511,709)	(82,665)
Loss per share from attributable to the ordinary equity holders of the parent			
-basic loss for the period (cents per share)		(0.16)*	(0.03)*
-diluted loss for the period (cents per share)		(0.16)*	(0.03)*

*The loss per share calculations for all periods prior to 31 December 2017 have been adjusted by a factor of 1.029 to reflect the bonus element of the share placement completed subsequent to the period end.

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2017

	Note	31 December 2017 $	30 June 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	40,844	422,649
Restricted cash and cash equivalents	4	730,000	-
Trade and other receivables		22,214	5,067
Other assets		14,097	3,864
Total Current Assets		807,155	431,580
Non-current Assets			
Exploration assets	5	735,000	-
Plant and equipment		211	248
Total Non-current Assets		735,211	248
TOTAL ASSETS		1,542,366	431,828
LIABILITIES			
Current Liabilities			
Trade and other payables	6	196,622	39,375
Application funds	7	730,000	-
Total Current Liabilities		926,622	39,375
TOTAL LIABILITIES		926,622	39,375
NET ASSETS		615,744	392,453
EQUITY			
Contributed equity	8	38,130,564	37,395,564
Accumulated losses		(39,242,811)	(38,731,102)
Reserves		1,727,991	1,727,991
TOTAL EQUITY		615,744	392,453

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 $	31 December 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(204,977)	(185,996)
Costs recovered from Cardinal House		-	100,000
Interest received		1,188	1,969
Payments for exploration and evaluation costs		(178,016)	(1,195)
Net cash flows used in operating activities		(381,805)	(85,222)
Cash flows from investing activities			
-		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from shares issued (net of costs)		-	662,500
Application funds received	7	730,000	-
Application funds refunded		-	(968,131)
Proceeds from loan from related party		-	32,727
Repayment of loan from related party		-	(32,727)
Net cash flows from/(used in) financing activities		730,000	(305,631)
Net increase / (decrease) in cash and cash equivalents and restricted cash and cash equivalents		348,195	(390,853)
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period		422,649	1,058,268
Cash and cash equivalents and restricted cash and cash equivalents at end of period	4	770,844	667,415

The accompanying notes form part of these financial statements

Statement of Changes in Equity
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Contributed equity	Accumulated losses	Share based payments reserve	Available for sale asset reserve	Total
	$	$	$	$	$
At 1 July 2017	37,395,564	(38,731,102)	1,727,991	-	392,453
Loss for the period	-	(511,709)	-	-	(511,709)
Other comprehensive income	-	-	-	-	-
	-	(511,709)	-	-	(511,709)
Transactions with owners in their capacity as owners					
Shares issued, net of costs	735,000	-	-	-	735,000
At 31 December 2017	38,130,564	(39,242,811)	1,727,991	-	615,744
At 1 July 2016	36,683,064	(38,435,131)	1,725,993	1,750	(24,324)
Loss for the period	-	(81,165)	-	-	(81,165)
Other comprehensive loss	-	-	-	(1,500)	(1,500)
	-	(81,165)	-	(1,500)	(82,665)
Transactions with owners in their capacity as owners					
Shares issued, net of costs	712,500	-	-	-	712,500
Share based payments	-	-	1,998	-	1,998
At 31 December 2016	37,395,564	(38,516,296)	1,727,991	250	607,509

The accompanying notes form part of these financial statements

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 2017 was authorised for issue in accordance with a resolution of the directors on 23 February 2018.

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 2017 and considered together with any public announcements made by Fe Limited during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Significant accounting policies

Other than detailed in note 1(c), 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 2017. 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.

(c) Change in accounting policy

The Company has re-assessed its policy for accounting for exploration and evaluation expenditure.

The Consolidated Entity's previous accounting policy was that costs arising from exploration and evaluation activities were carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made. The carrying value of the capitalised exploration and evaluation expenditure is assessed for impairment whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

The Consolidated Entity's new accounting policy is that exploration and evaluation expenditure in relation to the Company's mineral tenements, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral tenements are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

Management believe the change in accounting policy will provide more relevant information to the users of its financial statements on its financial position and financial performance. Additionally, the new accounting policy is more correlated to the Accounting Framework, in that exploration activities (which are akin to research activities) are expensed as incurred. The change in accounting policy has been applied fully retrospectively.

The impact of this change in accounting policy is reflected below:

	31 December 2017 $	30 June 2017 $
Impact on the consolidated statement of financial position (increase/(decrease))		
Exploration and evaluation expenditure	(195,038)	-
Accumulated losses	195,038	-
Impact on the statement of profit or loss increase/(decrease)):		
Exploration and evaluation expenditure	195,038	-
Accumulated losses	195,038	-

The cash flows related to exploration and evaluation costs previously classified as investing activities have been restated and recognised within operating activities.

(d) 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 $40,844 (30 June 2017: $422,649) and a net working capital deficit of $119,467 (excluding restricted cash and cash equivalents) (30 June 2017: $392,205 surplus).

On 4 January 2018, the Company issued 33,333,334 fully paid ordinary shares at an issue price of $0.03 each to raise $1,000,000 (before costs). Subsequent to 31 December 2017, the Company issued 6,562,500 fully paid ordinary shares upon exercise of options by holders at $0.03 each expiring on or before 30 November 2018, raising a further $196,875. Additional funding will be necessary for the Consolidated Entity to fulfil its proposed activities (including the activities associated with the Kasombo Project) in the next 12 months.

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 will be able to obtain the additional funding required either through a further capital raising or continued support from its existing shareholders.

Should the Consolidated Entity not achieve the matters set out above, there is uncertainty whether the Consolidated Entity 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.

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 2017 $	31 December 2016 $
(a) Revenue		
Bank interest	1,188	1,969
(b) Employment benefits and director remuneration		
Directors fees	(66,000)	(37,381)

4 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

	31 December 2017 $	30 June 2017 $
Cash and cash equivalents		
Cash at bank and on hand	40,844	422,649
Restricted cash and cash equivalents		
Application funds (refer note 7)	730,000	-
Total cash and cash equivalents and restricted cash and cash equivalents	770,844	422,649

5 EXPLORATION ASSETS

	31 December 2017 $	30 June 2017 $
Acquisition Cost – Kasombo Project (a)	735,000	-

a) On 6 November 2017, the Company completed the acquisition of the Kasombo Project from Cape Lambert Resources Limited (**Cape Lambert**) and were assigned 100% of Cape Lambert's rights and obligations to the Kasombo Project (**Kasombo Acquisition**). Consideration for the acquisition included the issue of 25,000,000 shares to Cape Lambert (subject to 12 month escrow) and 10,000,000 shares to the facilitator to the transaction, at an issue price of $0.021 per share.

6 TRADE AND OTHER PAYABLES

	31 December 2017 $	30 June 2017 $
Trade payables	153,175	4,950
Other payables	43,447	34,425
	196,622	39,375

7 APPLICATION FUNDS

At 31 December 2017, the Company had received applications for $730,000 (**Applications**) applying for shares under a placement offer to raise up to $1,000,000 (**Placement**). Application funds received as at 31 December 2017 are included in the statement of financial position at balance date as restricted cash. A contra liability has been included in the statement of financial position at balance date. As detailed in the events after balance date, on 4 January 2018 the Placement was completed and the Company issued 33,333,334 shares.

8 CONTRIBUTED EQUITY

	31 December 2017 $	30 June 2017 $
Ordinary shares		
Issued and fully paid	38,130,564	37,395,564

	31 December 2017 Number of Shares	31 December 2017 $	30 June 2017 Number of Shares	30 June 2017 $
Movements				
Balance at beginning of period	293,169,629	37,395,564	255,669,629	36,683,064
Issued shares (refer note 5(a))	25,000,000	525,000	-	-
Issued shares (refer note 5(a))	10,000,000	210,000	-	-
Issued shares	-	-	37,500,000	750,000
Share issue costs	-	-	-	(37,500)
Balance at end of period	328,169,629	38,130,564	293,169,629	37,395,564

9 RELATED PARTY INFORMATION

Transactions with directors, director related entities and other related parties

During the period, an aggregate amount of $70,656 (31 December 2016: $35,396) was paid to Cape Lambert for rent, travel and reimbursement of exploration expenditure costs. At 31 December 2017, $1,535 was payable to Cape Lambert (30 June 2017: $1,102). Mr Antony Sage is a director of Cape Lambert.

During the period, an aggregate amount of $13,247 (31 December 2016: nil) was paid to Cauldron Energy Ltd (**Cauldron**) for reimbursement of consultant costs. At 31 December 2017, $14,572 was payable to Cauldron (30 June 2017: nil). Mr Antony Sage and Mr Nicholas Sage are directors of Cauldron.

During the period, an aggregate amount of $30,000 (31 December 2016: $30,000) was paid or payable to Okewood Pty Ltd (**Okewood**) for director fees. At 31 December 2017, nil (30 June 2017: nil) was payable to Okewood. Mr Antony Sage is a director of Okewood.

During the period, $18,000 (31 December 2016: $7,381) was paid or payable to Pembury Nominees Pty Ltd (**Pembury**) for director fees. At 31 December 2017, $3,300 (30 June 2017: $3,000) was payable to Pembury. Mr Nicholas Sage is a director of Pembury.

During the period, $18,000 (31 December 2016: nil) was paid or payable to EK Holdings Group Pty Ltd (**EK Holdings**) for director fees. At 31 December 2017, nil (30 June 2017: $3,300) was payable to Pembury. Mr Kenneth Keogh is a director of EK Holdings.

Significant shareholders

Cape Lambert is the ultimate parent entity of FEL. At 31 December 2017, Cape Lambert held a 44.25% interest in FEL (30 June 2017: 44.69%). During the period, Cape Lambert received 25,000,000 shares (subject to 12 month escrow) in FEL as consideration for the Kasombo Project acquired by FEL.

At 31 December 2017, Cauldron held a significant interest of 8.24% of FEL (30 June 2017: 8.81%).

10 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

Financial instruments held by the Consolidated Entity include cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, available-for-sale financial assets, trade and other payables and application funds, the balances of which at 31 December 2017 and 30 June 2017 are shown in the Statement of Financial Position. As at the balance date, their fair values are approximately the same as their values.

11 COMMITMENTS AND CONTINGENCIES

Kasombo Acquisition Pre-Settlement Exploration Expenditure

Pursuant to the Kasombo Acquisition agreement, FEL is required to reimburse Cape Lambert for expenditure incurred by Cape Lambert since acquisition of its interest in the Kasombo Project (**Pre-Settlement Expenditure**) up to maximum amount of $125,000 (subject to ASX's confirmation that it is reimbursement of expenditure incurred in the development of the asset). During the period to 31 December 2017, FEL had advanced Cape Lambert $50,000 as a contribution towards the Pre-Settlement Expenditure (included in exploration and evaluation expenditure in the statement of comprehensive income). The final amount of Pre-Settlement Expenditure payable by, or refundable to, FEL has not yet been determined between the parties. The maximum additional amount of Pre-Settlement Expenditure payable by FEL is a further $75,000.

Kasombo Project obligations (exploration and feasibility)

Pursuant to the Kasombo Acquisition, FEL was assigned Cape Lambert's rights and obligations to the Kasombo Project, with the objectives being to:

(a) undertake exploration activities at the Kasombo Project;

(b) complete a Feasibility Study on the Kasombo Project by 24 September 2019; and

(c) commence mining activities at the Kasombo Project.

Upon completion of the Kasombo Acquisition, FEL has acquired from Cape Lambert the following obligations:

(a) provide all necessary technical resources to enable exploration and mining activities at the Kasombo Project to be conducted to acceptable industry standards and in accordance with an agreed budget;

(b) provide 100% of the funding to the JV Company on the basis set out in (c) below to undertake exploration activities at the Kasombo Project, complete a feasibility study and any other expenses the JV Company board may deem necessary;

(c) sole fund the costs of exploration and the completion of a feasibility study on the Kasombo Project in accordance with the requirements of the Gecamines Contract up to a cost of US$7.5 Million (Sole Funding Commitment);

(d) provide any required funds in excess of US$7.5 million by way of a loan to the JV Company, which is repayable from future profits of the JV Company; and

(e) if it is determined that a mining operation is viable at the Kasombo Project, secure, on behalf of the JV Company, 100% of the funds for development of the Kasombo Project and to upgrade the Kipushi Processing Plant to process ore from the project, and to also conclude any obligations with Gecamines,

(together, the **Kasombo Project JV Commitments**).

Kasombo Project obligations (production)

FEL is further obliged:

(a) in the event that production is achieved at the Kasombo Project:

(i) prior to production at Cape Lambert's Kipushi Tailings Project, then FEL will:

- issue Pelesa & Associates Law Firm (**Pelesa**) (being the party that introduced Paragon's Kasombo Proejct, Kipushi Tailings Project and Kipushi Processing Plant to Cape Lambert and later facilitated and assisted in negotiating the JV Agreement) 25,000,000 shares within 5 business days of achieving production at the Kasombo Project (or within 5 business days of receiving FEL shareholder approval if required); and

- pay Pelesa US$75,000 within 5 business days of achieving production at the Kasombo Project; or

(ii) after production at Cape Lambert's Kipushi Tailings Project, then FEL will issued Cape Lambert 25,000,000 shares within 5 business days of achieving production at the Kasombo Project (or within 5 business days of receiving FEL shareholder approval if required); and

(b) the grant by FEL to Pelesa of a 1% royalty on all of FEL's attributable production from the Kasombo Project.

FEL may elect to withdraw and terminate the agreement in respect of the Kasombo Acquisition by giving 30 days' notice in writing to Cape Lambert and Paragon.

12 EVENTS AFTER THE BALANCE DATE

On 4 January 2018, the Company completed a placement of 33,333,334 fully paid ordinary shares to sophisticated investors to raise $1,000,000 (before costs) (**Placement**).

On 9 January 2018, the Company issued 5,312,500 fully paid ordinary shares upon exercise of options by holders ($0.03 each expiring on or before 30 November 2018), raising $159,375.

On 1 February 2018, Ms Eloise von Puttkammer resigned as Company Secretary. Ms Catherine Grant-Edwards and Ms Melissa Chapman were appointed Joint Company Secretary effective 1 February 2018.

On 9 February 2018, the Company lodged a cleansing prospectus pursuant to Section 708A(11) of the Corporations Act 2001, for the offer of up to 20,000 fully paid ordinary shares. The Prospectus offer closed the same day and no shares were issued pursuant to the Prospectus Offer.

On 9 February 2018, the Company issued 1,250,000 fully paid ordinary shares upon exercise of options by holders ($0.03 each expiring on or before 30 November 2018), raising $37,500.

On 16 February 2018, the Company announced drilling results from Kasombo 5 Copper Project first drillhole.

As detailed in the Company's 30 June 2017 Annual Report, the Company previously entered into a consulting agreement Okewood, a company controlled by Mr Antony Sage, for the provision of non-executive director services. With effect from 1 April 2016, Mr Antony Sage's entitlement to payment in respect of services provided was reduced to $60,000, and remained in place until 31 January 2018. On 22 February 2018, the Directors in their discretion, acknowledging that Okewood previously agreed to reduced fees during the period from 1 April 2016 to 31 January 2018, agreed to issue 2,750,000 shares to Okewood at a deemed issue price of 4 cents per share, subject to shareholder approval.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

There are no other events subsequent to 31 December 2017 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 2017 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(d) 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

Antony Sage
Non-Executive Chairman
Perth

23 February 2018

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Independent auditor's review report to the members of Fe Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Fe Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial 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 – Material uncertainty related to going concern

We draw attention to Note 1(d) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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*.

Ernst & Young

Ernst & Young

V L Hoang
Partner
Perth
23 February 2018