

# ASX Announcement

14 May 2019

Australian Securities  
Exchange Code: **FEL**

**Ordinary Shares:**

393,627,963

**Unlisted Options:**

20,000,000 at \$0.045 Exp 31/05/2020

5,625,000 at \$0.03 Exp 13/03/2021

3,125,000 at \$0.03 Exp 12/04/2021

1,250,000 at \$0.03 Exp 8/05/2021

**Board of Directors:**

Tony Sage

*Non-Executive Chairman*

Kenneth Keogh

*Non-Executive Director*

Nicholas Sage

*Non-Executive Director*

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

Fe Limited

ABN: 31 112 731 638



## Agreement to Earn-In to Macarthur Minerals Lithium and Gold Tenements

### Highlights:

- **Fe Limited (FEL) has secured an exclusive option to earn-in to 75% interest in the Macarthur Minerals Lithium and Gold Tenements located in the Pilbara region of Western Australia - one of the world's emerging lithium provinces**
- **Complements the Mercury Lithium tenement ground that FEL is set to acquire (refer ASX announcement 22 February 2019); together providing FEL with over 1,600<sup>2</sup> km of highly prospective ground**
- **FEL to raise up to \$2m via placement**

Fe Limited (ASX: **FEL**) (**FEL** or the **Company**) is pleased to announce that it has entered into an exclusive option agreement (**Option Agreement**) with Macarthur Lithium Pty Ltd (**MLi**), a wholly owned subsidiary of Macarthur Minerals Limited (**Macarthur**) (**TSX-V:MMS**) to acquire an interest of up to 75% in the tenements listed at Schedule 1 (**Project**).

The Project includes 19 tenements highly prospective for gold, copper and lithium in proximity to numerous known hard rock lithium and gold deposits in the central and eastern Pilbara (refer Schedule 1 and Figure 1).

### Terms of Option Agreement

MLi has granted FEL a 45 day option to enable FEL to conduct due diligence and secure the required funding to proceed with exercising the option. The Company will pay a non-refundable option fee to MLi of \$100,000 in cash (**Option Fee**).

Should FEL formally elect to exercise the option within the 45 day option period, \$400,000 will be payable to MLi (**Option Exercise Fee**).

Upon payment of the Option Exercise Fee (**Exercise Date**), FEL will have the right to earn-in up to 75% interest in the Project, on the following terms:

- 1) Stage 1 - Initial 25% interest in the Project by:
  - a. undertaking project expenditure of \$800,000; and
  - b. payment to MLi of \$500,000 in cash, within 1 year from the Exercise Date;

- 2) Stage 2 - Further 30% interest in the Project by:
  - a. undertaking further project expenditure of \$750,000; and
  - b. payment to MLI of \$500,000 in cash or shares (based on 5 day VWAP prior to the issue date) at FEL's election, within 2 years from the Exercise Date;
- 3) Stage 3 - Further 20% interest in the Project by:
  - a. undertaking further project expenditure of \$750,000 and
  - b. payment to MLI of \$750,000 in cash or shares (based on 5 day VWAP prior to the issue date) at FEL's election, within 3 years from the Exercise Date.

MLi will act as JV manager and be paid a 10% project management fee (excluded from earn-in expenditure) and will be free carried until a pre-feasibility study is completed.

FEL can withdraw from the earn-in at any time and without penalty.

## Funding

FEL has the necessary funds available to fund the Option Fee. As previously announced, the Board has resolved that it is seeking to undertake a placement of up to \$2 million during the June 2019 quarter (**Placement**). The issue price of fully paid ordinary FEL shares (**Shares**) under the proposed Placement is at \$0.015 per Share, with one unlisted option for every four Placement Shares issued at an exercise price of \$0.02 each expiring 31 May 2021 (**Options**). The issue will be made to unrelated parties. Should the Placement proceed, it is proposed to be completed in two tranches, as follows:

- Tranche 1 will comprise 50,906,990 Placement Shares to be issued under the Company's existing Listing 7.1 and 7.1A capacity and settled as soon as possible after announcement of the confirmed Placement; and
- Tranche 2 will comprise 82,426,343 Placement Shares, and 33,333,333 Placement Options (being the Placement Options attaching the Tranche 1 and Tranche 2 Placement Shares) to be issued subject to receipt of shareholder approval.

The final decision as to whether or not to proceed with the exercising the option to earn-in remains subject to the Company securing funding via the proposed Placement to cover payment of the Option Exercise Fee and to allocate funding towards Stage 1 requirements.

The Company will update the market as to its progress with the proposed Placement.

## Lithium Prospectivity

Reconnaissance site visits and sampling conducted by Macarthur has identified several targets for further exploration with several occurrences of observed pegmatite in outcrop. Preliminary rock chip sampling returned elevated lithium values from pegmatite samples containing visually identified spodumene and lepidolite minerals. Many of the tenements are close to or contain pegmatites from known world class deposits such as the Pilbara Minerals Pilgangoora project.

## Tambourah Project

The Tambourah Project is located approximately 200 km southeast of Port Hedland and 80 km southwest of Marble Bar in the Pilbara region of Western Australia. The Tambourah Project is approximately 80km south of Pilbara Minerals Limited's and Altura Mining Limited's Pilgangoora Lithium Projects.

The Tambourah Project was recognized for having potential for lithium mineralization during a historical review with reports of a Lithium Minedex Record from the Geological Society of WA (**GSWA**).



Should the Company proceed to exercise the option to earn-in, FEL will begin planning immediate site reconnaissance field work to determine core areas of focus and the next steps for exploration.

## **Gold Prospectivity**

As can be seen in figure 1, there are numerous gold occurrences within and around the MLI tenement package in what is a very well endowed gold province, particularly in association with greenstones. Several tenements have historic high grade gold (and copper) occurrences associated with conglomerates found along lithological boundaries such as the Mt Roe Basalt, known to host significant gold deposits elsewhere in the Pilbara.

Others contain more conventional deposits as identified through numerous nugget discoveries by prospectors and other known deposits in the Pilbara within and adjacent to the same geological units.

### Hillside Gold Project

The Hillside Gold Project in the Pilbara covers an area of ~ 400 km<sup>2</sup>, of greenstone lithologies highly prospective for gold and copper mineralisation. Historical gold mining has occurred within the tenement area with recent activity by prospectors. (Figure 2).

In May 2018, an Airborne Electromagnetic survey was flown over two areas of the Hillside Gold Project. The aim of the survey was to define high priority targets from conductors such as clusters of massive sulphide hosted base metal deposits at depth. The survey was conducted using the SkyTEM system with 150m spaced lines totalling 846 line-kilometers covering approximately 125 km<sup>2</sup> (refer figure 2).

The heliborne SkyTEM electromagnetic survey identified 18 high priority bedrock conductors. All anomalies correlate with historic gold workings, surface copper and gold geochemical anomalies, magnetic anomalies or fault systems. The next steps is ground truthing these anomalies with subsequent drill testing of targets.

Macarthur's Hillside Gold Project occupies a region comprising similar geological units as the nearby Warrawoona Gold Project of ASX listed Calidus Resources where recent exploration has defined a 1.25 million ounce gold resource.<sup>1</sup>

### Panorama and Bonnie Scot Gold Projects

The Panorama Project is located in the Pilbara region of Western Australia. The project consists of two tenements E45/4779 and E45/4732 covering a total of 265 km<sup>2</sup>. The Panorama Project sits adjacent to Macarthur's Bonnie Scot Project on tenement E45/4764. GSWA geological mapping shows extensive outcrops of Mt Roe Basalts and Hardey Formation across both projects which are prospective for conglomerate hosted gold. The Company is currently preparing a program to map the geology across the prospective areas.

Overall, the Macarthur tenement package provides access to highly prospective ground in a known lithium, gold and base metals province for FEL within proximity to Port Hedland, Marble Bar and Nullagine.

Yours faithfully  
FE LIMITED

Tony Sage  
**Non-Executive Chairman**

END

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<sup>1</sup> Calidus Resources ASX Announcement 11 April 2019



Figure 1:

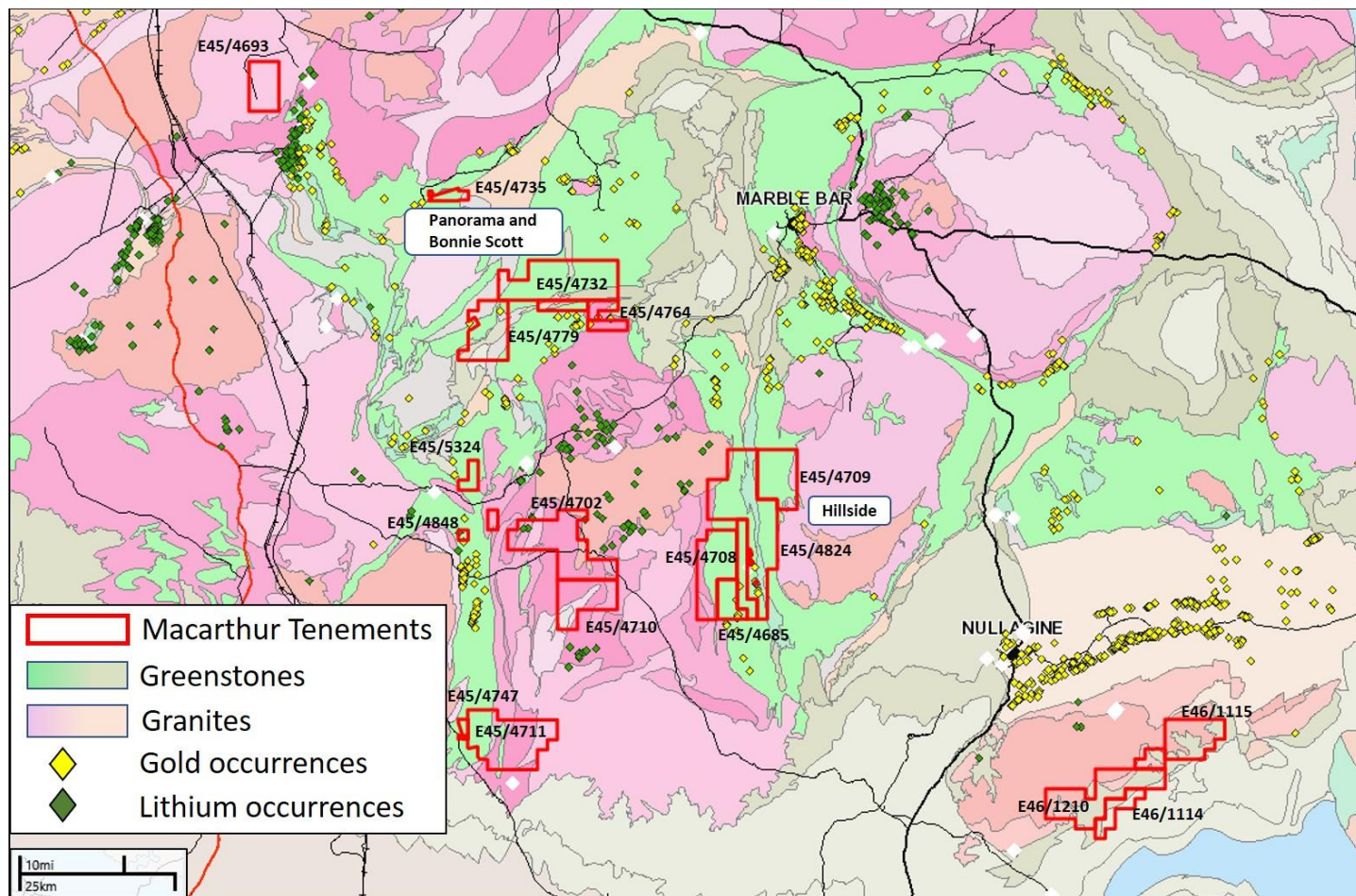
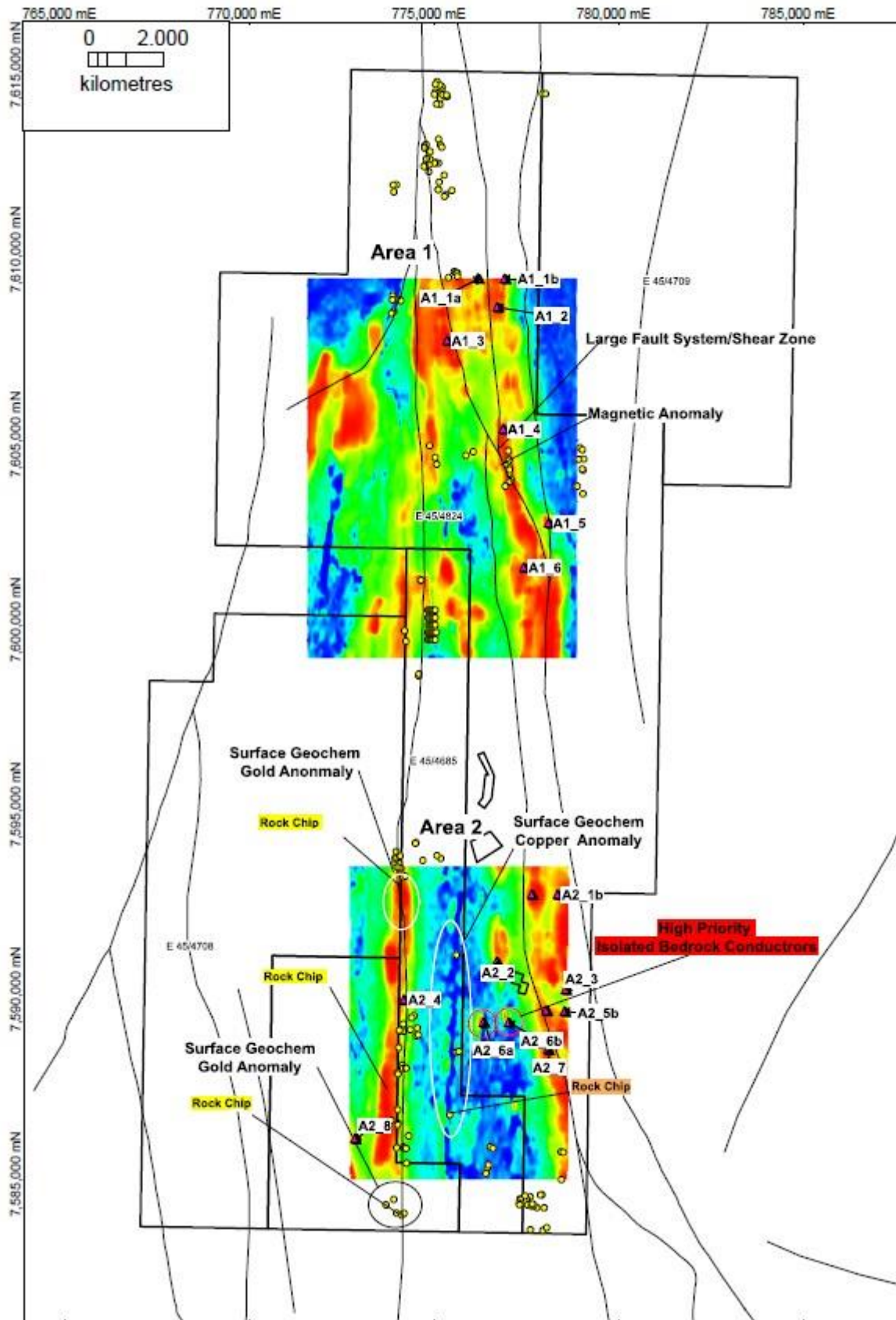


Figure 2:



## Schedule 1:

Tenement	Status	Jurisdiction	Project	Holder1	Holder1Shares %	Current Area	Area Unit	ExpiryDate	Rent Amount
E45/4685	LIVE	WA	MARBLE BAR	MACL	100	11	SB	11/01/2022	\$1,496.00
E45/4693	LIVE	WA	INDEE	MACL	100	15	SB	20/11/2022	\$2,040.00
E45/4702	LIVE	WA	HILLSIDE	MACL	100	41	SB	19/11/2022	\$5,576.00
E45/4708	LIVE	WA	PANORAMA	MACL	100	27	SB	20/11/2022	\$3,672.00
E45/4709	LIVE	WA	PANORAMA	MACL	100	22	SB	20/11/2022	\$2,992.00
E45/4710	LIVE	WA	HILLSIDE	MACL	100	22	SB	19/11/2022	\$2,992.00
E45/4711	LIVE	WA	HILLSIDE	MACL	100	40	SB	19/11/2022	\$5,440.00
E45/4732	LIVE	WA	PANORAMA	MACL	100	43	SB	20/11/2022	\$5,848.00
E45/4735	LIVE	WA	STRELLEY GORGE	MACL	100	5	SB	20/11/2022	\$680.00
E45/4747	LIVE	WA	HILLSIDE	MACL	100	2	SB	20/11/2022	\$272.00
E45/4764	LIVE	WA	MARBLE BAR	MACL	11	4	SB	9/08/2022	\$544.00
E45/4779	LIVE	WA	PANORAMA	MACL	100	33	SB	15/01/2023	\$4,488.00
E45/4824	LIVE	WA	PANORAMA	MACL	100	65	SB	4/12/2022	\$8,840.00
E45/4848	LIVE	WA	TAMBOURAH	MACL	100	1	SB	13/12/2022	\$341.00
E45/4903	LIVE	WA	HILLSIDE	MACL	100	12	SB	2/01/2023	\$1,632.00
E46/1114	LIVE	WA	NOREENA DOWNS	MACL	100	35	SB	9/11/2022	\$4,760.00
E46/1115	LIVE	WA	NOREENA DOWNS	MACL	100	21	SB	9/11/2022	\$2,856.00
E46/1210	LIVE	WA	NOREENA DOWNS	MACL	100	14	SB	1/07/2023	\$1,904.00
E45/5324	LIVE	WA	NORTH TAMBOURAH	MACL	100	4	BL	4/04/2024	\$544.00
									<b>\$56,917.00</b>

