FE Limited
ABN 31 112 731 638

AND CONTROLLED ENTITIES

ANNUAL REPORT 2010

CORPORATE DIRECTORY

Australian Business Number	31 112 731 638	
Country of Incorporation	Australia	
Board of Directors	Antony Sage Mark Gwynne Paul Kelly	Non-Executive Chairman Executive Director Non-Executive Director
Company Secretary	Eloise Von Puttkammer	
Principal Administrative Office and Registered Office	18 Oxford Close Leederville WA 6007	
	Telephone: Facsimile:	+61 (0)8 9380 9555 +61 (0)8 9380 9666
Share Registry	Link Market Services Level 12, 680 St Georges Terrace Sydney, NSW 2000	
	Telephone: Facsimile:	+61 (2) 8280 7001 +61 (2) 9287 0303
Auditors	Ernst & Young 11 Mounts Bay Road Perth, WA 6000	
ASX	The Company's fully paid ordinary shares are quoted on the official list of ASX. The ASX code is FEL.	

CONTENTS

DIRECTORS' REPORT

The directors of Fe Limited present their report for the year ended 30 September 2010.

Directors

The names and details of the Company's directors in office during the year and until the date of this Report are as follows. All directors were in office for the entire year unless stated otherwise.

***Antony (Tony) Sage**, (B com, FCPA, CA, FTIA) Non-Executive Chairman*

Mr Sage has in excess of 26 years experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and for the last 14 years has been involved in the management and financing of listed exploration mining companies all over the world. Mr Sage is, or has been, a director of the following listed entities in the three years immediately before the end of the current financial year:

- International Petroleum Limited (January 2006 to Present),
- African Petroleum Corporation Limited (October 2007 to Present),
- International Goldfields Limited (formerly known as Corvette Resources Limited)(February 2009 to Present),
- Cauldron Energy Limited (June 2009 to Present),
- Cape Lambert Resources Limited (2002 to Present), and
- Chameleon Mining NL (September 2010 to Present).

***Mark Gwynne**, Executive Director*

Mr Gwynne has been involved in gold exploration and mining for over 17 years, predominantly in Western Australia. Mr Gwynne has held management positions on Mine sites and in the private sector of the mining industry, including general manager of an exploration consultancy. Mr Gwynne has demonstrated extensive skills in exploration, mining logistics and management. Mr Gwynne is currently a director or has been a director of the following listed companies in the three years immediately before the end of the current financial year:

- Monitor Energy Limited (April 2006 to Present),
- International Petroleum Limited (April 2009 to Present), and
- African Petroleum Corporation Limited (May 2010 to June 2010).

***Paul Kelly**, Non-Executive Director (Appointed 9 April 2010)*

Mr Kelly has more than 20 years of experience in the fields of finance, investment and banking. Mr Kelly was previously National Manager of Advertising and Sponsorship for Members Equity Bank and has held a number of senior roles with the bank over a 15 year period. Mr Kelly is a director of the following listed entities.

- Chameleon Mining NL (September 2010 to Present), and

International Goldfields Limited (formerly known as Corvette Resources Limited) (November 2009 to February 2010).

***Simon McDonald**, (BA, CFA) Non-Executive Director (Resigned 3 December 2010)*

Mr McDonald has spent the last decade as a professional investor for Merrill Lynch, Lehman Brothers and Commerzbank. He has extensive experience in capital markets, having invested on a global basis in many different industries. His financial abilities coupled with his entrepreneurial character will help deliver significant shareholder value. He received the Natwest Economics Prize and Shell International Economics Prize during academia. Mr McDonald has not been and is not currently a director of any other listed entity.

***David Hillier**, (FCA, MAICD, AMP (Harvard)) Non-Executive Director (Resigned 31 December 2009)*

Mr Hillier has more than 30 years experience in commercial aspects of the resources industry. Between 1989 and 2002, Mr Hillier held a range of senior executive positions in the Normandy Mining Limited Group of companies and was Chief Financial Officer of Normandy for six of these years. He has served as Chairman of Normandy Mt Leyshon Limited and as a director of a number of public companies. Mr Hillier is a chartered accountant. Mr Hillier was a director of the following listed companies in the three years prior to the current financial year:

- Mineral Securities Limited (April 2009 to July 2009).

Company Secretary

Eloise von Puttkammer

Ms von Puttkammer has many years of experience in the finance and investment industry. Over the past ten years she has held administration, compliance, and company secretarial roles within both private and public companies. She has also had experience in the provision of governance and secretarial advice to ASX and AIM public listed companies.

Interests in the Shares and Options of the Company and its Related Body Corporate

As at the date of this Report, the interests of the Directors in Shares and Options are as follows:

Directors	Interest	Ordinary Shares	Options
Antony Sage	Indirect	2,071,699	2,500,000
Mark Gwynne	Indirect	-	1,500,000
Paul Kelly	-	-	-

Dividends and Distributions

No dividends or distributions were paid to members during the year and none were recommended or declared for payment.

Principal Activities

The principal activities of the Group during the year were exploration and evaluation of the Group's mineral rights in Western Australia.

Review of Corporate Activities

On 16 October 2009, the Company announced it had entered into an agreement to acquire Jackson Minerals Limited and other non-uranium projects from Cauldron Energy Limited. The acquisition completed on 26 November 2010 and delivered to the Company a portfolio of highly prospective exploration tenements located in districts with major production in gold, nickel and base metals. Consideration for the acquisition was $250,000 cash (not yet paid as at the date of this report) and 10,458,935 fully paid ordinary shares in the Company which were issued on 26 November 2009.

At the Annual General Meeting held on 26 February 2010, the change of the Company name to Fe Limited was approved by shareholders. The new name and corporate branding was selected to better reflect the new focus of the Company.

On 20 January 2010, the Company announced it had entered into an agreement to acquire Mooloogool Limited. Shareholders approved the acquisition at the Annual General Meeting and the Company issued 20,462,948 ordinary shares and 12,500,000 unlisted options as consideration for the acquisition.

The sale of 80% the Maryborough Project to MAuB Pty Ltd (MAuB) was approved by shareholders at the Annual General Meeting and an initial payment of $500,000 was received in March 2010.

A second cash payment of $500,000 is payable by MAuB 12 months after completion and is due for payment in February 2011.

Under the sale agreement, MAuB is required to sole fund the first $1 million of joint venture expenditure at the Maryborough Project, after which normal joint venture funding and dilution provisions will apply.

The Company completed a placement to sophisticated investors to raise $1.4 million (before costs) in March 2010. A total of 11,666,667 shares were issued at a price of $0.12 per share. The funds raised have been applied to exploration programs at the Company's exploration projects.

On 24 August 2010, the Company launched a conditional off market takeover bid to acquire 100% of the shares in Padbury Mining Limited ("PDY"). Consideration for the offer was one Fe Limited share for every thirteen PDY shares held and $0.01 in cash for every Fe Limited share issued. On 29 October 2010, the Company's takeover bid became unconditional. At the end of the offer period, being 22 November 2010, the Company had a relevant interest in 20,020,276 ordinary shares representing approximately 1.46% of the total issued capital in PDY.

Review of Operations

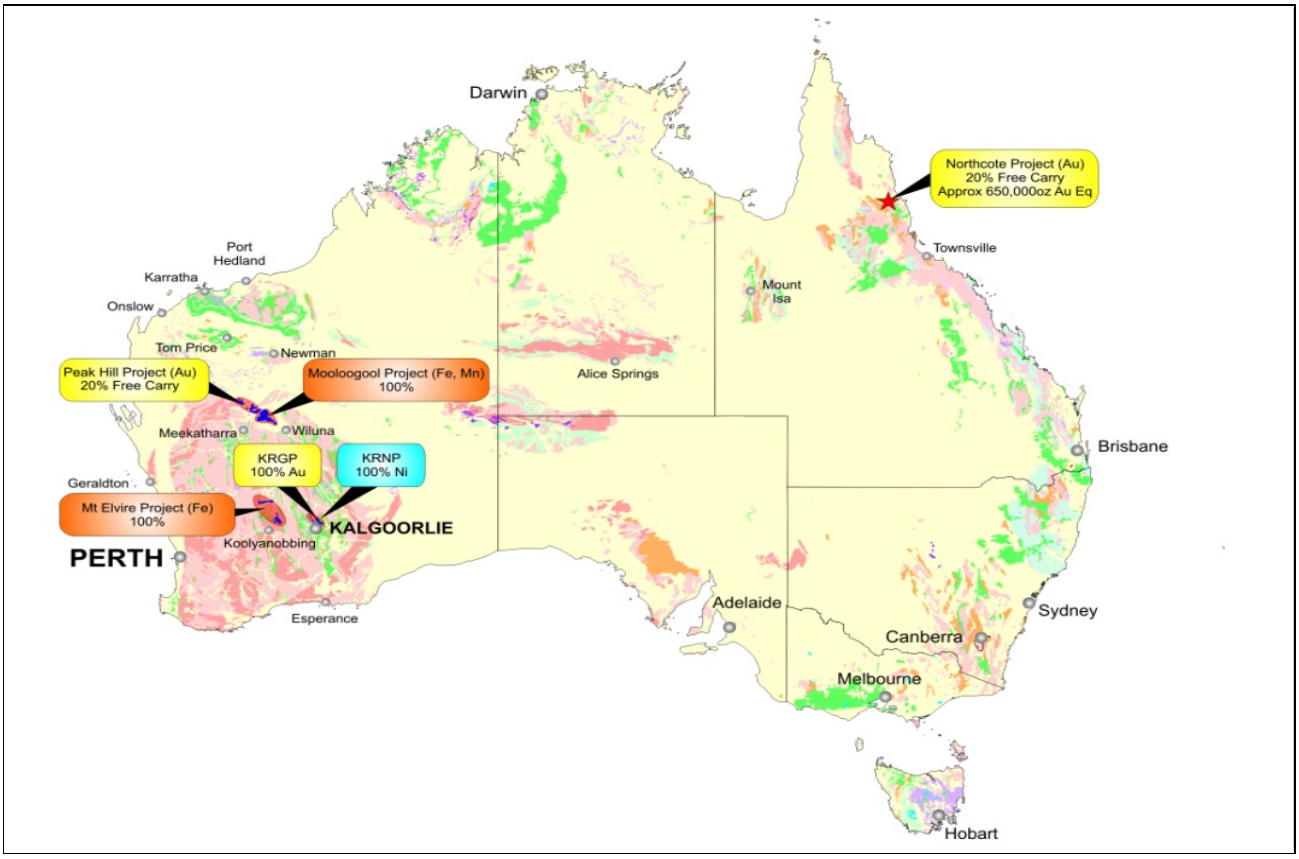

Figure 1 - Project Locations

Summary

During the past year, the Group has completed a significant change of focus, with divestment of historic projects which are concluded or nearing conclusion, and acquisition of new assets with the potential to provide growth for the shareholders. A portfolio of new projects located in Western Australia and Queensland now form the basis of the future for the Group (see Figure 1, Map of Australia).

IRON ORE PROJECTS

Mt Elvire Iron Project, Yilgarn Region, Western Australia
(FEL 100%)

The Mt Elvire Project, located some 210 kilometres north of Southern Cross, comprises one exploration licence EL77/1269 covering 60 square kilometres. The project covers part of the Mount Elvire greenstone belt and lies to the north of the Mount Manning Nature Reserve and within the proposed Mt Elvire Conservation Park, on former Mt Elvire Pastoral Lease now managed by the Dept. of Conservation and Land Management (CALM).

The country around the project area is typified by undulating granite plains with stands of mulga scrub and eucalypts. Banded iron formation (BIF) ridges create local topographic highs, with the Lake Barlee salt lake and associated alluvial deposits to the east.

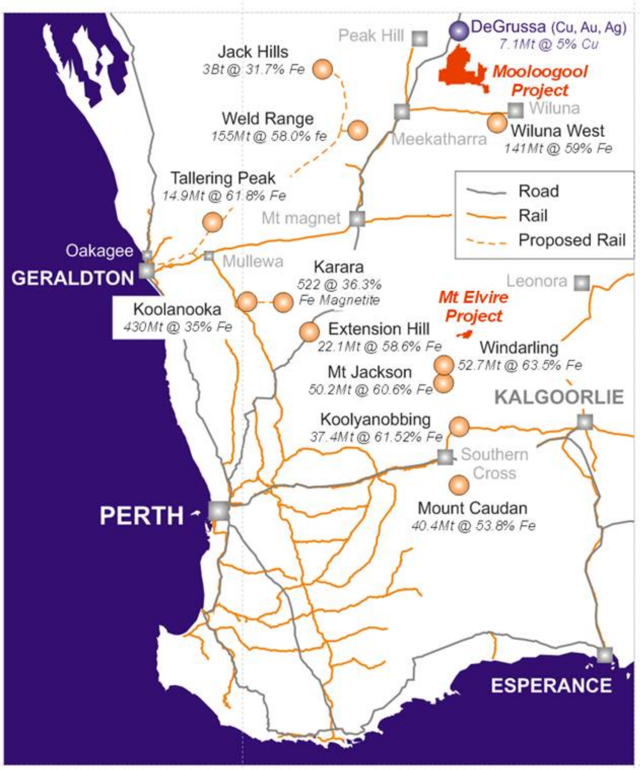

Figure 2 - Iron Ore Projects, Yilgarn and Midwest Regions

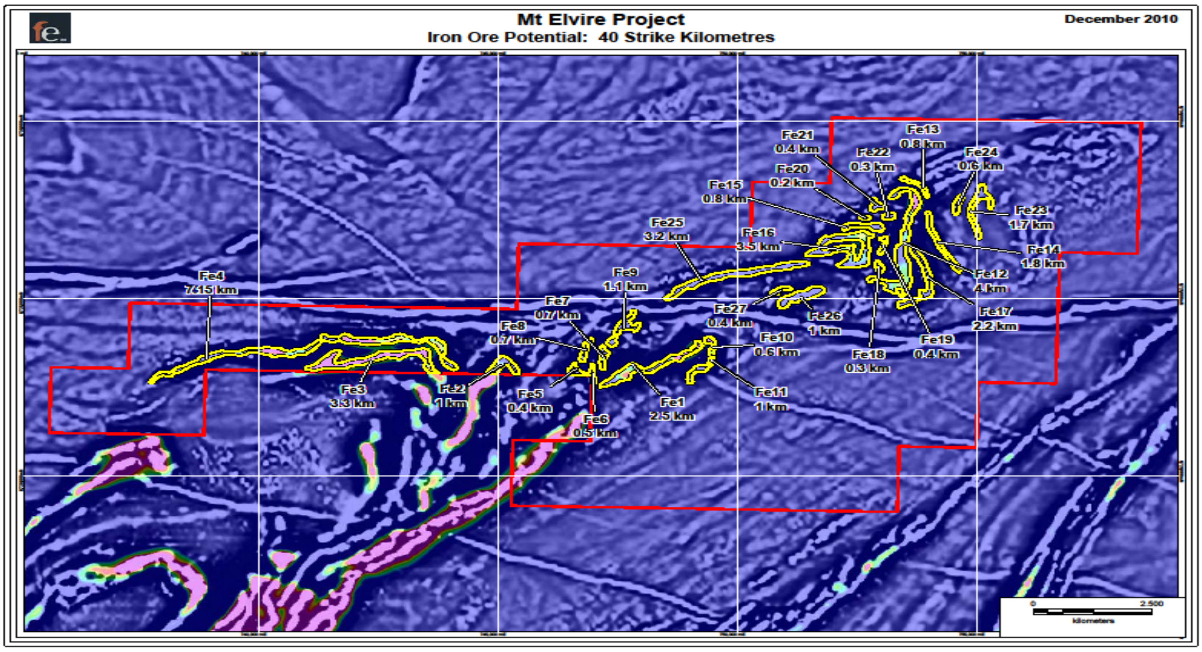

Figure 3 - Mt Elvire Project showing geophysical Structure

Regional Geology

The Mount Elvire Project is located in the northern parts of the Mount Elvire Greenstone Belt, to the north of the Evanston Shear Zone. This thin, north trending belt, part of the Archean Yilgarn Craton, is composed of a package of steeply dipping BIF's interbedded with mafic basalts, sediments and ultramafic lithologies, which are intruded by gabbro sills and dykes.

The northern part of the belt, north of Mount Elvire, is typified by major north striking BIF units, separated by gabbro sills in the east and by amphibolites and strongly foliated schists to the west. The dominant northeast trending BIF ridges extend along the length of the greenstone belt and provide markers for the bulk deformation of the sequence.

Widespread folding and the presence of tight synforms and antiforms between the BIF ridges indicate that the multiple ridges represent structural repetition and thickening of the belt. Iron mineralisation is considered to be a surface enrichment of magnetite-carbonate facies within silica rich BIFs, with structurally controlled secondary enrichment also occurring. In areas of deformation these BIF units comprise mainly fissile, finely laminated haematite-magnetite rich layers alternating with quartz rich layers. Haematite and magnetite have been replaced with goethite and limonite in places.

At the southern end of the belt the north east trending Evanston Shear Zone transects the greenstone lithologies. To the south of the shear metamorphosed calc-silicate rocks are overlain by ultramafics, tholeiitic basalt and minor pelitic schist within a large syncline which plunges moderately to the north. Steeply dipping BIF overlain by ultramafics and tholeiitic basalt occurs to the north west of the shear.

Mineralisation

At present iron-ore exploration dominates the region with significant mining and exploration of deposits occurring. Iron deposits of the region are of the Archean volcano-sedimentary Algoma-type. Algoma-type BIFs are finely layered intercalations of silica and an iron mineral, generally hematite or magnetite, but the individual layers lack the lateral continuity of Lake Superior-type BIFs, like those of the Hamersley Ranges. Algoma-type BIFs are found within rock sequences containing a significant proportion of submarine volcanic rocks.

The Mt Elvire Project is located 50 kms north of Cliff Natural Resources' Mt Jackson/Windarling DSO iron ore mines and 30kms WNW of Macarthur Minerals' Lake Giles Project. McArthur Minerals recently announced a JORC compliant Inferred Mineral Resource estimate for their Lake Giles project of 1,117Mt at 28.7% Fe.

Exploration

During the reporting period, the Company completed environmental studies and submitted all relevant reports and applications to statutory authorities to allow commencement of drilling at the Mt Elvire Project. Several phases of geological mapping and surface rock chip sampling were conducted, with strong results leading to the maiden drilling program being completed in August.

The Company has identified an Exploration Target[5] comprising between 180M and 200M tonnes of Banded Iron Formation (BIF) mineralisation following a thorough review of all available data relating to the project, together with re-interpretation of recently acquired geophysical data. The size of the Exploration Target was determined from interpretation of processed aeromagnetic data where more than 40 kilometres of highly magnetic units (interpreted as mineralised BIFs) have been identified, and combined with results of rock chip sampling of outcropping BIF mineralisation and inferred to a depth of 50m below surface. It is important to note that the drilling program confirmed mineralisation at the Iron Crescent Prospect to a depth over 100m, but has not confirmed true widths of mineralisation.

The 31 hole drilling program targeting the Iron Crescent Prospect delivered results that exceeded Company expectations, with 29 of the 31 holes reporting significant mineralisation, including 2 holes which reported "DSO-type" Fe grade results (Table 1).

The RC drilling program targeted 2.5kms of an outcropping BIF mineralisation with an outcrop strike of 5kms. The aim was to test surface mineralisation prior to expanding the program to investigate the potential high-grade exploration targets located under surficial cover.

The nature of the iron mineralisation is structurally complex, with extensive localized folding and thickening evident in outcrop. Drill hole orientations may not necessarily be perpendicular to mineralisation, therefore intercept widths may not necessarily be equivalent to "true widths".
Initial laboratory work on drill samples included analysis for the presence of possible metallurgically detrimental elements. The XRF 'whole rock' analysis results for SiO_2 and Al_2O_3 are considered to be comparable to other magnetite deposits in the region. Further work is required to determine the metallurgical association of Fe with silicates, etc.

Detailed metallurgical test work and studies will commence in the near term to determine metallurgical characteristics of the Fe mineralisation, such as recovery and beneficiation parameters and the likely final grade of the iron ore post processing. The magnetite-rich zones are typically highly magnetic and may be favourable to simpler magnetic separation processes.

The Iron Crescent Prospect represents less than 30% of the delineated outcropping targets and less than 15% of all geophysical targets for the Mt Elvire Project.
A follow up, 1,200m RC drilling program commenced at Mt Elvire in early December, targeting infill and extensions to mineralisation at the Iron Range Prospect and maiden drilling of the Camelback Prospect, located approximately 7kms to the east of Iron Crescent. Iron mineralisation at Camelback outcrops for 2.5kms, with extensions to the south west apparent from geophysical data. At the time of writing, the program was not completed and results not available.

Future Exploration

The Company will continue with an aggressive exploration strategy for Mt Elvire, with multiple drilling campaigns anticipated throughout the coming year.

The intention is to continue with a strategy of 'de-risking' future drilling by targeting exposed mineralisation prior to drilling targets below surficial cover, which potentially hold DSO type mineralisation.

The Company has a policy of ongoing rehabilitation where applicable.

Table 1. Significant Drill Intercepts – Iron Crescent Prospect, Mt Elvire Project

Drill Hole Number	Drill Hole Coordinates & Orientation				Down-hole Intercept (m) [1,2]			Intercept - Average Weighted Grades [3,4,5,8]					
	Easting	Northing	Dip	Azimuth [6]	From	To	Width	Fe %	SiO_2 %	Al_2O_3 %	S %	P %	LOI %
ICRC1	1511	3191	60°	170°	12	28	16	61.3	4.39	3.15	0.076	0.093	4.05
ICRC2	1530	3101	60°	170°	4	24	20	61	4.63	3.03	0.063	0.091	4.27
ICRC3	1453	3457	60°	135°	20	60	40	31.4	43.16	3.89	0.038	0.02	4.23
ICRC4 [7]	1219	3101	60°	310°	surface	84	85 [7]	33.6	44.87	2.91	0.034	0.018	2.99
ICRC5 [7]	1513	3372	60°	315°	8	54	46 [7]	33.7	47.44	2.02	0.013	0.006	2.17
ICRC6	1540	3333	60°	135°	surface	40	40	34.5	41.62	4.72	0.037	0.032	3.38
ICRC7	1868	3903	60°	20°	8	76	68	35.2	49.09	1.2	0.044	0.035	1.83
ICRC8 [7]	1836	3737	60°	20°	132	174	42 [7]	28.8	44.49	1.46	0.052	0.105	1.7
ICRC9	2085	3260	60°	350°	16	56	40	35.9	42	3.43	0.047	0.016	2.8
ICRC10	2095	3222	60°	170°	16	44	28	36.3	37.83	5.69	0.051	0.031	3.88
ICRC12	2619	3442	60°	200°	surface	36	36	34.7	42.76	2.96	0.035	0.016	2.99
ICRC13	3431	3332	60°	130°	surface	52	52	36.7	37.69	2.88	0.027	0.079	4.53
ICRC14	3398	3348	60°	130°	surface	60	60	38.3	38.35	2.54	0.042	0.052	3.55
ICRC15	3362	3380	60°	130°	surface	68	68	39.1	37.19	2.75	0.044	0.047	2.76
ICRC16	3287	3374	60°	235°	surface	28	28	33.9	45.51	2	0.03	0.012	2.84
ICRC17	3561	3045	60°	235°	surface	48	48	41.1	30.97	3.84	0.045	0.038	5.06
ICRC18	3601	3039	60°	235°	12	80	68	37.7	40.25	1.23	0.062	0.022	2.55
ICRC19	3739	3691	60°	240°	20	84	64	35.5	45.44	1.23	0.038	0.01	2.27
ICRC20	2960	3909	60°	345°	surface	36	36	35.2	46.1	0.89	0.029	0.016	2.48
ICRC20	2960	3909	60°	345°	60	88	28	34	46.95	1.48	0.044	0.003	1.81
ICRC21	2991	3880	60°	345°	surface	100	100	32.5	46.92	2.31	0.029	0.011	3.14
ICRC22	2984	3814	60°	165°	12	68	56	29	43.22	5.8	0.032	0.036	4.63
ICRC23	2381	3818	60°	345°	8	60	52	33.3	46.61	2.22	0.012	0.011	2.49
ICRC24	2394	3759	60°	345°	surface	52	52	33.9	30.18	9.7	0.029	0.083	7.98
ICRC24	2394	3759	60°	345°	92	164	72	33.7	44.09	0.94	0.054	0.036	2.36
ICRC25	2399	3704	60°	165°	surface	60	60	25.2	42.26	9.08	0.016	0.021	7.24
ICRC26	1422	3824	60°	185°	surface	52	52	40.5	20.84	9.67	0.037	0.05	9.38
ICRC27	1869	3797	60°	20°	surface	96	96	33.35	44.75	3.46	0.052	0.04	8.48
ICRC28	1232	3093	60°	345°	36	156	120	32	47.65	1.97	0.055	0.039	0.97
ICRC29	8359	3090	60°	350°	8	16	8	31.4	46.83	2.48	0.022	0.03	3.75
ICRC29	8359	3090	60°	350°	36	48	12	29.5	45.62	3.54	0.027	0.003	4.21
ICRC30	435	3474	60°	360°	surface	48	48	34.5	46.62	1.62	0.035	0.009	2.14

Notes to accompany summary table of RC drill results:

1. Down hole depths are reported, as true widths are unknown.
2. Intercepts are reported for minimum down-hole drill intersection of 4 metres at >25% Fe, with maximum internal

dilution of 4 metres. Sampling was carried out at 2 metres and 4 metre downhole composites, with individual 1 metre samples retained for future analysis and/or metallurgical test work.

3. Assay grades reported by Ultra Trace Pty Ltd, an internationally accredited independent laboratory ISO and Nata Accredited for Iron Ores and Nickel Laterites Member of ISO MN-002-02 Chemical Analysis Committee AQIS Registered.
4. %Fe analysis obtained by XRF technique (Fe detection limit, 0.01%).
5. Whole Rock analyses conducted using a 19 element plus 1000o C LOI standard Iron ore suite (e.g. %Al2O3 & %Si2O3) obtained by XRF technique (with detection limits of 0.01% for both).
6. Azimuth relative to Magnetic North.
7. Hole ends in mineralisation.
8. No top cut off grade applied to reported grades.

Mooloogool Iron Project, Mid-West Region, Western Australia
(FEL 100% Fe + Mn rights)

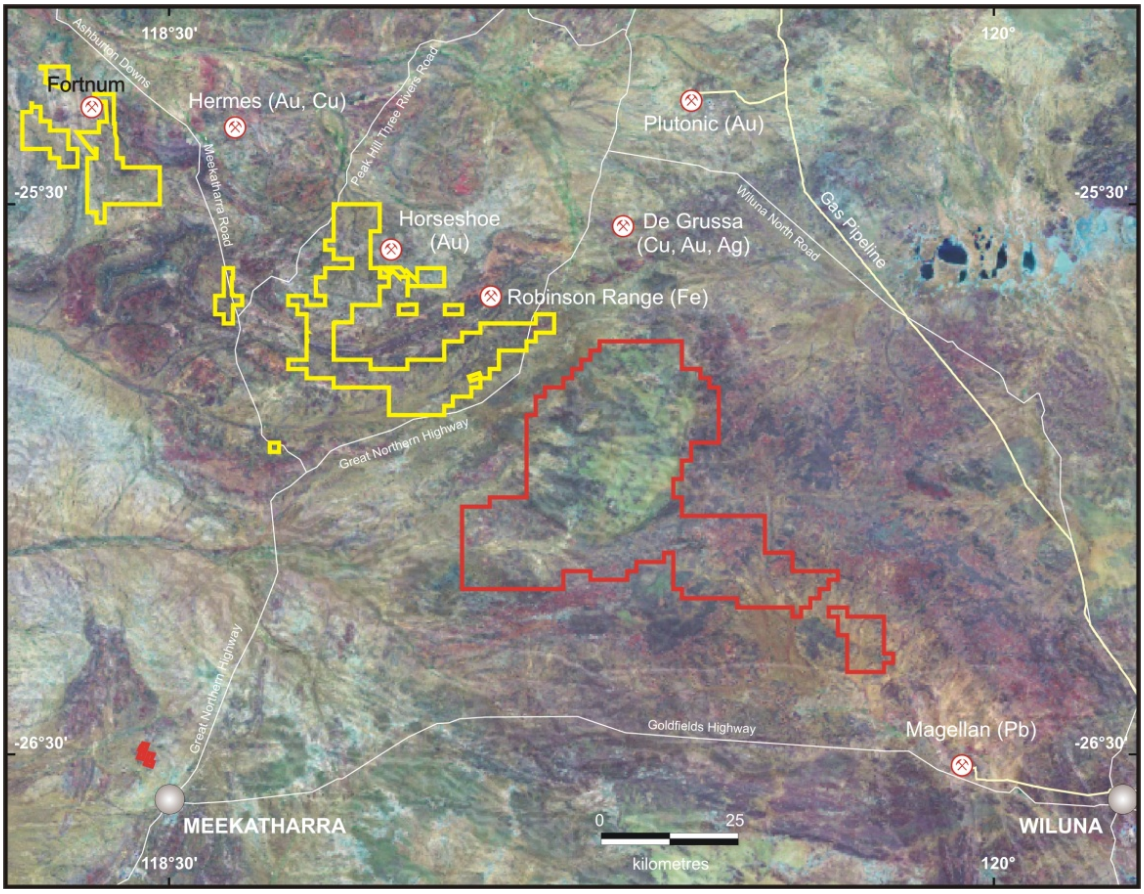

Figure 4 - Peak Hill and Mooloogool Projects

In January of this year, FEL consolidated its landholding in the Midwest region of Western Australia, through an agreement to acquire private company Mooloogool Limited ("Mooloogool"), the holder of iron and manganese rights to 1926 square kilometres of exploration licences in the region, from a private consortium.

The rights to iron and manganese on tenement applications held by Mooloogool are adjacent to FEL's tenements in the Peak Hill region, located approximately 100km north-northeast of the township of Meekatharra, in the Murchison region of Western Australia (Figure 4).

The project area lies close to a number of existing iron ore projects and infrastructure including the Goldfields Gas Pipeline and Great Northern Highway.

The project is situated along the southern contact zone of the Yerrida and the Glengarry Basins, and the geology is dominated by Proterozoic lithologies overlying the NeoArchaean Goolin Dome inlier.

Central to the project's tenements is the NeoArchaean Goolin Dome, which is an inlier granitic body of predominantly Monzogranitic composition.

Potential has been recognised for iron mineralisation within the Project area. Field activities have been delayed pending approval of the tenements and the Company is now planning to conduct initial field reconnaissance work to evaluate geological targets and review site access, including drill rig in February/March 2011. The Company will also complete regulatory applications for ground disturbing work to allow exploration to accelerate, including drilling programs.

FEL now has access to approximately 3,000 square kilometres of landholding in the Robinson Range area in the Midwest region of Western Australia, considered to be highly prospective for iron ore.

The Company also intends to continue proactively consolidating its landholding of iron ore focused assets in the region, through either acquisition of tenement packages or iron ore rights. At present discussions with a number of parties in the region are occurring, but none are at a final or complete stage.

GOLD

Gympie Eldorado Gold Mine, Queensland
(FEL divesting)

The Gympie Eldorado Gold Operation is located 150kms north of Brisbane on the outskirts of the regional town of Gympie. The Eldorado Mine ceased operations in 2008 due to high costs and limited resources. A review of operations was completed in early 2010 and a decision made to sell off the infrastructure and land holdings, including all remaining mining inventory. To date, this has delivered $2.7M from sale of mining equipment, plant, freehold land and gold scavenge at the processing plant site. Sale of remaining freehold land is nearing completion and will deliver approximately $1M.

A review of rehabilitation requirements was also undertaken. A lack of historic planning for this process has caused delays in completion. A number of historic and recent shafts, head frames, tailings dams and the decline required mandatory remedial works to allow relinquishment of the mining licences covering the operations area. To date, head frames have been dismantled and removed, shaft capping has commenced and will continue over the coming months and sealing of the decline portal will be completed, in accordance with the Queensland Department of Mines and Energy requirements.

The Group is in discussions with third parties for the sale of the tailings dam site. It is anticipated that this will be concluded in the coming months and may include retreatment of tailings. If this is the case, the Group will retain a royalty payable on gold ore produced. It will also involve reimbursement of environmental bonds totalling $1.4m.

Mount Scotchie/Maryborough Project, Queensland
(FEL 20%, Maub earning 80%)

Lying to the north of Gympie, the Mount Scotchie/Maryborough Project is a large land package, located some 60km north of Gympie townsite. The Project is prospective for precious and base metals.

In February, the Company entered into an agreement with private company, Maub Pty Ltd, to sell 80% equity in the Project. The terms included an up-front payment to the Company of $500,000 and a further payment of $500,000 within 12 months. Maub Pty Ltd is required to expend $1million in the first year on exploration or related activities.

Exploration at the Mount Scotchie/Maryborough Project has continued throughout the year and a decision on the future of the project will be made early in the new year.

Crossroads Gold Project, Kalgoorlie, Western Australia
(FEL 2% NSR)

Following receipt of a mining proposal for the Crossroads Gold Project (73,000 oz Au) from joint venture partner, Barrick Gold, the Group has decided to revert its 20% participating equity to a 2% Nett Smelter Return for future mining operations. The decision is based on Barrick's plan to initially mine a smaller starter pit, which does not deliver suitable economics to the Group and allows the Group to use available funds to further develop its core 'iron' business. Mining is anticipated to commence late 2011, which should see a revenue stream shortly thereafter.

Kalgoorlie Regional Gold Project, Western Australia
(FEL 70-100%, Barrick earning up to 80% of FEL interest)

The Kalgoorlie Regional Gold Project (KRGP) is a large, strategically located tenement package located in the centre of a major, +70 Moz gold endowed region. Barrick Gold is allowed to earn 80% of the Company's equity in any new discovery greater than 15,000 ounces of resource.

The principle exploration target is the Kanowna Shear which hosts the Crossroads Project and is thought to be spatially associated with both the Kanowna Belle and Panglo deposits.

Barrick is required to notify the Group of proposed exploration for 2011 early in the new year.

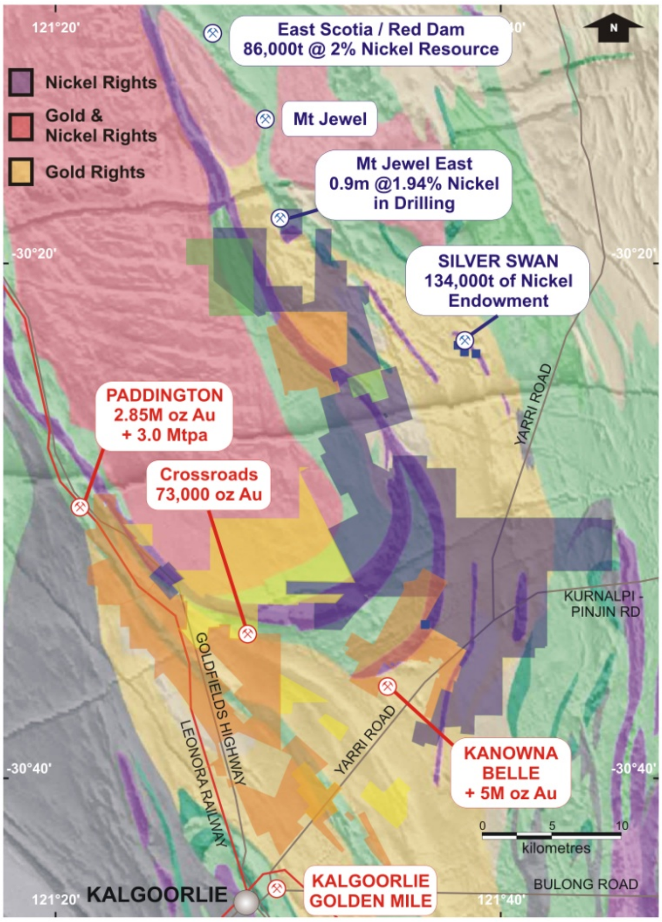

Figure 5 - Kalgoorlie Regional Gold and Nickel Projects

Northcote Project, North Queensland
(FEL 15-25%, Republic Gold Ltd 75%)

The Northcote Project is a joint venture between the Company, International Goldfields Ltd, and Republic Gold Ltd. FEL is free carried to Decision to Mine.

Republic Gold[1] have reported that the Northcote Project contains a mineral resource of 573,000 ounces gold and significant antimony credits.

Republic has announced its decision to sell its equity in the Northcote Project to concentrate on its Bolivian assets. FEL will make a decision on its future involvement once this has been completed.

Peak Hill Gold and Base Metals Project, Midwest Region, Western Australia
(FEL 20%, Grosvenor Gold 80%)

Following receivership of the previous partner (Eagle Gold Pty Ltd), Grosvenor Gold is intending to commence active exploration at the Peak Hill Project in the new year.

The Peak Hill Project covers an area of approximately 1,000 square kilometres and has potential for gold, copper, manganese and iron ore. Recent exciting discoveries by Sandfire Resources at their Doolgunna/DeGrussa copper/gold project[2] and Alchemy Resources' Hermes and Wilgeena gold discoveries[3] are situated in close proximity to parts of the tenement package (see figure 4), which are believed by the Group to comprise similar geology and potential for similar discoveries.

Pepinnini Minerals Ltd[4] has earned 50% rights to 'iron ore' mineralisation located within four tenements located in the southern region of the Peak Hill mineral field - FEL holds 20%. Pepinnini refers to this project area as their Robinson Range Iron Ore project, and is located in the southern part of the Peak Hill Mineral Field, within the Lower Proterozoic Bryah-Padbury Basin, about 850km north of Perth, WA. In its 2010 annual report, Pepinnini reports rock chip sampling from within the project area has returned values up to 65% Fe and has the potential for the discovery of a significant resource, based on historic exploration. Little recent exploration has been completed to date for iron ore.

According to Peninni's Annual Report, The Joint Venture intend to commence an extensive RC drilling program of approximately 5,000m as soon as possible with the objective of defining an initial JORC compliant resource and to investigate the potential for additional iron ore resources.

Bardoc Tectonic Zone (BTZ) Gold Project, Western Australia
(FEL 65-100%)

The BTZ project is located 70kms north of Kalgoorlie and consists of three separate tenement groups, Grafters, Bardoc and Goongarrie.

The project area hosts historic mining operations and has potential for new gold discovery.

The BTZ hoists a number of significant mines, including Paddington gold mine and associated satellite deposits. The Group will review these projects with a view to divestment.

The Group is reviewing its options for exploration or divestment of this project, to take advantage of strong gold prices.

NICKEL

Kalgoorlie Regional Nickel Project (KRNP), Western Australia
(FEL100% Ni rights)

The Group holds rights to nickel and associated minerals to approximately 700km² highly prospective ground in the Paddington-Kanowna region located adjacent to the Silver Swan/Black Swan nickel sulphide mines. The prospectivity of the project is well established, with over 200kms of ultramafic units directly related to those hosting the Scotia (35kt Ni) and Silver Swan/Black Swan (+135kt Ni) deposits.

The Group is currently in discussion with nickel mining companies for a farm-in for the KRNP.

1. http://www.republicgold.com.au/about/mineral-resource-statement
2. http://www.sandfire.com.au/go/doolgunna/overview
3. http://www.alchemyresources.com.au/projects/three-rivers-project
4. http://www.pepinnini.com.au/project_detail.php?p=14
5. Exploration Target: In accordance with Clause 18 of the JORC Code, the Group wishes to state that the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource

QUALIFIED PERSON

The information in this report that relates to Exploration Results is based on information compiled by Mr. Travis Deane, who is the Exploration Manager and a full-time employee of Fe Ltd., and reviewed by Mr. Gary Powell, who is a Member of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Geoscientists. Mr. Powell is an Independent Technical Advisor to Fe Ltd., and is a geologist with more than 25 years experience and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 and Mr Powell both consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Significant Changes in the State Of Affairs

There have been no changes in the state of affairs of the Group other than those disclosed in the review of operations.

Significant Events Subsequent to Reporting Date

On 29 October 2010, the Company's takeover offer for all of the shares in Padbury Mining Limited ("PDY") became unconditional.

At the end of the offer period, being 22 November 2010, the Company had a relevant interest in 20,020,276 ordinary shares representing approximately 1.46% of the total issued capital in PDY.

On 23 November 2010, the Company settled the sale of a plot of land in Gympie, Queensland realising approximately $872,000 in cash.

There are no other events subsequent to 30 September 2010 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.

Environment Regulation and Performance

The Group continues to meet all environmental obligations across its tenements. No reportable incidents occurred during the year. Environmental regulations applicable to the group include the Environmental Protection Act 1994

Options

During the year and to the date of this Directors' Report, the Company issued and allotted the following Options:

- 5,000,000 unlisted options granted on the 26 February 2010 and exercisable at $0.12 each and expiring on 31 December 2012 to Directors.
- 500,000 unlisted options granted on the 26 February 2010 and exercisable at $0.12 each and expiring on 31 December 2012 to consultants of the company.
- 125,000 unlisted options granted on the 8 March 2010 and exercisable at $0.15 each and expiring on 23 March 2013 to employees.
- 3,408,749 unlisted options granted on 27 April 2010 and exercisable at $0.12 each and expiring on 31 December 2012 as consideration for the acquisition of Mooloogool Ltd.
- 2,273,749 unlisted options granted on 27 July 2010 and exercisable at $0.12 each and expiring on 31 December 2012 as consideration for the acquisition of Mooloogool Ltd.
- 6,817,502 unlisted options granted on 19 August 2010 and exercisable at $0.12 each and expiring on 31 December 2012 as consideration for the acquisition of Mooloogool Ltd.

As at the date of this Report, the Company has on issue:

- 18,000,000 unlisted options exercisable at $0.12 each and expiring on 31 December 2012, and
- 375,000 unlisted options exercisable at $0.15 each and expiring on 23 March 2014.

During the year and to the date of this Directors' Report, the following unlisted options expired without exercise:

- 500,000 unlisted options exercisable at $0.50 each and expiring on the 27 September 2010,
- 800,000 unlisted options exercisable at $0.32 each and expiring on the 1 October 2010, and
- 750,000 unlisted options exercisable at $0.42 each and expiring on the 1 October 2010.

There were no ordinary shares issued during the year on conversion of options.

Option holders do not have any right, by virtue of the Option, to participate in new issues of Shares offered to Shareholders.

Options issued to directors, employees and consultants during the year are not performance based.

Indemnification and Insurance of Directors and Officers

The Company has entered into a Deed of Access, Insurance and Indemnity with each of the Directors. Under the terms of these Deeds, the Company has undertaken, subject to restrictions in the Corporations Act, to:

- indemnify each Director in certain circumstances;
- advance money to a Director for the payment of any legal costs incurred by a Director in defending legal proceedings before the outcome of those proceedings is known (subject to an obligation by the Director to repay any money advanced if a court determines that the Director was not entitled to it);
- maintain Directors' and Officers' insurance cover in favour of each Director whilst they remain a director of Fe Limited and for a run out year after ceasing to be such a director; and
- provide each Director with access to Board papers and other documents provided or available to the Director as an officer of Fe Limited.

During the year the Company had in place and paid premiums for insurance policies indemnifying Directors and officers of the Company against certain liabilities incurred in the conduct of business or in the discharge of their duties as Directors or officers. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premium paid, the nature of the liability covered by the policies, the limit of liability and the name of the insurer.

Likely Developments and Future results

The Directors will continue to market and sell all remaining assets held by its Subsidiary Gympie Eldorado Mining Pty Ltd.

Furthermore, the Directors will continue to explore the areas acquired from Cauldron Energy Ltd, Jackson Minerals Ltd and Mooloogool Ltd.

Directors' attendance at Meetings

The number of meetings of the Company's Board of directors and of each Board committee held during the year and the number of meetings attended by each director was as follows:

Directors	Full Meetings of Directors		Audit Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Antony Sage	3	3	-	-
Simon McDonald	3	3	-	-
Mark Gwynne	3	3	-	-
David Hillier	1	1	-	-
Paul Kelly	1	-	-	-

Auditors' Independence Declaration

Section 307C of the Corporations Act 2001 (Cth) requires the Company's auditors, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration for the year is set out on page 24 and forms part of this Directors' Report. The Directors are satisfied with the independence of the auditors.

Non-Audit Services

No non-audit services were provided to the Group by the Group's auditor, Ernst & Young, during the year.

REMUNERATION REPORT (AUDITED)

This Report outlines the remuneration arrangements in place for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning and directing the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the executives in the parent and the Group receiving the highest remuneration.

Details of Key Management Personnel

(i) *Directors*

A Sage	Director (Non-Executive chairman)
S McDonald	Director (Non-Executive) (Resigned 3 December 2010)
M Gwynne	Director (Executive)
D Hillier	Director (Non-Executive) (Resigned 31 December 2009)
P Kelly	Director (Non-Executive) (Appointed 9 April 2010)

(ii) *Executives*

E von Puttkammer	Company Secretary

Remuneration Philosophy

The performance of the Company and its subsidiaries depend on the quality of the Group's directors, executives and employees and therefore the Company must attract, motivate and retain appropriately qualified industry personnel.

The Company embodies the following principles in its remuneration framework:

- provide competitive rewards to attract and retain high calibre executives, directors and employees; and
- link executive rewards to Shareholder value.

Remuneration Policy

During the year, the Company did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive Directors and the Chairman. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from retention of a high quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of executive and non-executive Directors is not dependent on the satisfaction of a performance conditions. Remuneration and share based payments are issued to align director's interest with that of shareholders.

The Group has no policy on executives and Directors entering into contracts to hedge their exposure to options on shares granted as part of their remuneration package.

Group Performance and shareholder wealth

Below is a table summarising key performance and shareholder wealth statistics for the consolidated entity over the last four financial years. Prior to this the entity was not listed.

Financial year	Profit / (Loss) after tax '000s	Loss per share	Share Price Cents
30 June 2006	(14,653)	(48.93)	17.00
30 September 2007	(3,692)	(6.40)	33.00
30 September 2008	(7,459)	(12.49)	7.00
30 September 2009	(1,766)	(2.47)	7.00
30 September 2010	(1,064)	(1.17)	14.50

Executive Director Remuneration

The Board seeks to set remuneration of the executive Director at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

Mr Gwynne is entitled to receive $175,000 per annum. In addition he was entitled to reimbursement of reasonable expenses for attendance at meetings. Mr Gwynne received 1,500,000 options exercisable at $0.12 each and expiring on 31 December 2012. Mr Gwynne did not receive any shares during the year There is no employment contract between the company and Mr Gwynne.

Summary details of remuneration for the executive Director are given in the table below. The remuneration is not dependent on the satisfaction of a performance condition. Further details of the executive Directors' remuneration and Option holdings for the year are detailed in Note 21 to the financial statements.

Non-Executive Director Remuneration

The Board seeks to set remuneration of non-executive Directors at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to Shareholders.

Mr McDonald is not entitled to a director's fee but provides corporate advice and is compensated for this advice. Mr McDonald received 1,000,000 options exercisable at $0.12 each and expiring on 31 December 2012. Mr McDonald did not receive any shares during the year. There is currently no employment contract between the company and Mr McDonald.

Mr Kelly (Appointed 9 April 2010) is entitled to receive $60,000 per annum. There is currently no employment contract between the company and Mr Kelly.

Mr Hillier was entitled to a salary of $275,000 plus statutory superannuation at 9% (capped at a salary of $130,000). In addition, he received reimbursement of reasonable expenses for attendance at meetings. No options or shares were issued to Mr Hillier during the year. There was no employment contract between the company and Mr Hillier.

There is currently no cap in the total remuneration to non-executive directors.

Summary details of remuneration for non-executive Directors are given in the table below. Their remuneration is not dependent on the satisfaction of a performance condition. Further details of the non-executive Directors' remuneration and Option holdings for the year are detailed in Note 21 to the financial statements.

Chairman's Remuneration

The Company aims to reward the Chairman with a level and mix of remuneration commensurate with his position and responsibilities within the Company to:

- align the interests of the chairman with those of Shareholders;
- ensure that total remuneration is competitive by market standards.

Mr Sage is entitled to receive $60,000 per annum for the first 11 months and $120,000 per annum thereafter. Mr Sage received 2,500,000 options exercisable at $0.12 each and expiring on 31 December 2012. Mr Sage did not receive any shares during the year. There is currently no employment contract between the company and Mr Sage.

Further details of the Chairman's remuneration, Option holdings and Share holdings for the year are detailed in Notes 21 to the financial statements.

Company Secretary Remuneration

The remuneration and Option holdings Ms Eloise von Puttkammer, Company Secretary are set out below. There is currently no employment contract between the company and Ms von Puttkammer.

Compensation of Key Management Personnel (12 months ended 30 September 2010)

Consolidated 30 September 2010	**Short-Term** Salary & Fees $	**Post-Employment** Superannuation $	**Share-based Payment** Share Options $	**Total** $	**% Performance Based**	**% Comprising Options**
Directors						
A Sage (i)	70,000	-	207,500	277,500	-	74.8
S McDonald (ii)	51,896	-	83,000	134,896	-	61.5
M Gwynne (iii)	172,078	-	124,500	296,578	-	42.0
D Hillier (v)	106,814	3,645	-	110,459	-	-
P Kelly (iv)	30,000	-	-	30,000	-	-
	430,788	**3,645**	**415,000**	**849,433**		
Executives						
E von Puttkammer	-	-	20,750	20,750	-	100
	430,788	**3,645**	**435,750**	**870,183**		

(i) As at 30 September 2010 $70,000 was paid or payable to Okewood Pty Ltd a company that Mr Sage is a director of.

(ii) As at 30 September 2010 $51,896 was paid or payable to Mr McDonald or to Torres investments Pty Ltd a company that Mr Mc Donald is a director of. Mr McDonald resigned on 3 December 2010.

(iii) As at 30 September 2010 $172,078 was paid or payable to Silverwest Corporation Pty Ltd a company that Mr Gwynne is a director of.

(iv) As at 30 September 2010 $30,000 was paid to PAFK Enterprises Pty Ltd a company which Mr Kelly is a Director of.

(v) Mr Hillier Resigned on the 31 December 2009.

Compensation of Key Management Personnel (12 months ended 30 September 2009)

Consolidated 30 September 2009	**Short-Term** Salary & Fees $	**Post-Employment** Superannuation $	**Share-based Payment** Share Options $	**Total** $	**% Performance Based**	**% Comprising Options**
Directors						
A Sage (iv)	-	-	-	-	-	-
S McDonald (xi)	-	-	-	-	-	-
M Gwynne (i) (iv)	17,500	-	-	17,500	-	-
D Hillier	56,633	103,372	-	160,005	-	-
J Richards (v)	33,207	2,988	-	36,195	-	-
P Dowd (ii) (v)	36,196	-	-	36,196	-	-
R Gunthorpe (iii) (v)	26,196	-	-	26,196	-	-
	169,732	106,360	-	276,092		
Executives						
M Dudley (vi)	272,372	11,871	-	284,243	-	-
P McDowall (vii)	140,202	12,015	-	152,217	-	-
L Frømyhr (viii)	56,887	5,120	-	62,007	-	-
R Worland (ix)	82,461	7,422	5,125	95,008	-	5.4
P Marshman (x)	21,723	-	-	21,723	-	-
	573,645	36,428	5,125	615,198		
	743,377	**142,788**	**5,125**	**891,290**		

(i) As at 30 September 2009 $17,500 was paid or payable to Silverwest Corporation Pty Ltd, a company that Mr Gwynne is a director of.

(ii) As at 30 September 2009 $36,196 was paid or payable to PJ Dowd and Associates Pty Ltd, a company that Mr Dowd is a director of.

(iii) As at 30 September 2009 $26,196 was paid or payable to RJ Gunthorpe Pty Ltd, a company that Mr Gunthorpe is a director of.

(iv) Appointed on 26 August 2009

(v) Resigned on 26 August 2009

(vi) Resigned 28 August 2009

(vii) Ceased to be key management personnel 26 August 2009

(viii) Resigned 15 April 2009

(ix) Ceased to be key management personnel on 26 August 2009

(x) Resigned 14 September 2009

(xi) Resigned 3 December 2010

Options Granted as Part of Remuneration

Options are granted to certain executives, employees and consultants of the Group in the form of share-based payments. There is currently no formal employee share plan, however selected employees of the Group were granted Options during the year. The purpose of the grant of Options to selected employees is to:

- recognise the ongoing ability of the employees of the Group and their expected efforts and contribution in the long term to the performance and success of the Company; and

- provide an incentive to the employees of the Group to remain in their employment in the long term.

There were no vesting conditions attached to these options. These options were granted in addition to the employee's salary entitlement and were granted to satisfy the conditions of his employment contract. It was agreed between the company and this employee that there would be no vesting conditions attached.

Options awarded and vested during the year (Consolidated)

30 September 2010	Awarded number	Award date	Terms and conditions of each grant: Fair value per option at award date $	Exercise Price $	Expiry Date	First Exercise date	Last Exercise date	Vested No	Vested %
Directors									
A Sage	2,500,000	26 Feb 2010	0.083	0.12	31 Dec 2012	26 Feb 2010	31 Dec 2012	2,500,000	100%
M Gwynne	1,500,000	26 Feb 2010	0.083	0.12	31 Dec 2012	26 Feb 2010	31 Dec 2012	1,500,000	100%
S McDonald	1,000,000	26 Feb 2010	0.083	0.12	31 Dec 2012	26 Feb 2010	31 Dec 2012	1,000,000	100%
Executives									
E von Puttkammer	250,000	26 Feb 2010	0.083	0.12	31 Dec 2012	26 Feb 2010	31 Dec 2012	250,000	100%
Total	5,250,000							5,250,000	

Value of options awarded

	Value of options granted during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
Directors				
A Sage	207,500	-	-	74.8
M Gwynne	124,500	-	-	42.0
S McDonald	83,000	-	-	60.5
Executives				
E von Puttkammer	20,750	-	-	100.0

For details on the valuation of the options, including models and assumptions used, please refer to note 21.

There were no shares issued on exercise of options during the year.

Signed on 16 December 2010 in accordance with a resolution of the Board.

Mark Gwynne
Executive Director

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Fe Limited (**Fe**) is responsible for establishing the corporate governance framework of the Company having regard to the ASX Corporate Governance Council's (**CGC**) Corporate Governance Principles and Recommendations (**Recommendations**) and CGC published guidelines.

In accordance with ASX Listing Rule 4.10.3, this corporate governance statement discloses the extent to which the Company has followed the Recommendations by detailing the Recommendations that have not been adopted by the Company and the reasons why they have not been adopted. The Company is pleased to advise that the Company's practices are largely consistent with CGC guidelines, however, in areas where they do not correlate, the Company is working toward compliance or do not consider that the practices are appropriate for the current size and scale of operations.

Fe corporate governance practices were in place throughout the year ended 30 September 2010. The current corporate governance policy is posted in a dedicated corporate governance information section of the Company's website at www.felimited.com.au.

	Recommendation	Comply Yes / No
Principal 1 – Lay solid foundations for management and oversight		
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	Yes
1.3	Provide the information indicated in the guide to reporting on Principle 1.	Yes
Principal 2 – Structure the Board to add value		
2.1	A majority of the Board should be independent directors.	Yes
2.2	The chairperson should be an independent director.	Yes
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes
2.4	The Board should establish a nomination committee.	No
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Yes
2.6	Provide the information indicated in the guide to reporting on Principle 2.	Yes
Principal 3 – Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: 3.1.1 The practices necessary to maintain confidence in the Company's integrity. 3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. 3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes
3.2	Establish and disclose the policy concerning trading in Company securities by directors, senior executives and employees.	Yes
3.3	Provide the information indicated in the guide to reporting on Principle 3.	Yes
Principal 4 – Safeguard integrity in financial reporting		
4.1	The Board should establish an audit committee.	Yes
4.2	The audit committee should be structured so that it: • consists only of non-executive directors; • consists of a majority of independent directors; • is chaired by an independent chairperson, who is not chairperson of the Board; and • has at least three members.	No*
4.3	The audit committee should have a formal charter	Yes
4.4	Provide the information indicated in the guide to reporting on Principle 4.	Yes

Principal 5 – Make timely and balanced disclosure

5.1	Companies should established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes
5.2	Provide the information indicated in the guide to reporting on Principle 5.	Yes

Principal 6 – Respect the rights of shareholders

6.1	Companies should design a communication policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	Yes
6.2	Provide the information indicated in the guide to reporting on Principle 6.	Yes

Principal 7 – Recognise and manage risk

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes
7.3	The Board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes
7.4	Provide the information indicated in the guide to reporting on Principle 7.	Yes

Principal 8 – Remunerate fairly and responsibly

8.1	The Board should establish a remuneration committee.	No
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes
8.3	Provide the information indicated in the guide to reporting on Principle 8.	Yes

*Mr David Hillier resigned 31 December 2009, Mr Paul Kelly was appointed to the Board on 9 April 2010 and Mr Simon McDonald resigned 3 December 2010, the Company's Audit Committee currently consists of two independent non-executive directors.

Functions of the Board

The Board is responsible for the corporate governance of the Company. The Board's primary responsibility is to Shareholders but it must also have regard for the interests of other stakeholders and the broader community.

It is the role management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board ensures that management is appropriately qualified and experienced to discharge their responsibilities.

The Board has adopted a formal charter that details the functions and responsibilities of the Board. The Board Charter can be viewed on the Company's website. The Board of Fe is responsible for:

- oversight of the Company, including its control and accountability systems;
- appointment or removal of the Company Secretary;
- input into and final approval of management's development of corporate strategy and performance objectives;
- identification of significant areas of potential business and legal risk;

- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; and
- approving and monitoring financial and other reporting.

To assist the Board carry out its functions, it has developed a Code of Conduct to guide the Directors, key executives and employees in the performance of their roles. The Code of Conduct addresses the minimum standard expected by the Company to maintain the Company's integrity, legal obligations and expectations of shareholders, responsibility and accountability of individuals for reporting and investigating reports of unethical behaviour.

Structure of the Board

The names, term of office, skills, experience and expertise of the Directors in office at the date of this Annual Report are set out at the beginning of the Directors' Report. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgement skills.

Directors of Fe are considered to be independent when they are a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement. In accordance with this definition, Mr D. Hillier (Non-Executive Director resigned 31 December 2009) is not considered to be independent when applying the definition of independence by virtue of the fact that he is a substantial shareholder of the Company and was an executive of the Company for the majority of the year 2009. Mr A.W.P. Sage (Non-Executive Chairman) is considered to be independent.

Mr M. Gwynne is currently the Executive Director of the Company and by virtue of his role is not considered independent.

Mr S. McDonald and Mr P. Kelly are considered independent.

The majority of the current Board is considered independent. The Board is conscious of the need for independence and ensures that Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Board meeting which considers those transactions or potential transactions and do not discuss those transactions or potential transactions with other Directors.

The retirement by rotation of Directors is governed by the Company's constitution, the Corporations Act and the ASX Listing Rules. According to clause 5.1 of the Company's constitution, at each annual general meeting of the Company one third of the Directors or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one third, retire from office but no Director may retain office for more than three years without submitting himself or herself for re-election even though the submission results in more than one third of the directors retiring from office. The Directors to retire by rotation at an annual general meeting are those who have been longest in office since their election. According to clause 5.7 of the Company's constitution a Managing Director is not subject to retirement by rotation and is not taken into account in determining the rotation of retirement of directors.

For the purposes of the proper performance of their duties, Directors are entitled to seek independent professional advice at Fe expense in certain circumstances.

The Company's constitution states that subject to the Corporations Act and the ASX Listing Rules, the Directors may, with the approval of the Company in general meeting, pay a director of the Company who has ceased to hold office a lump sum in respect of his or her past services as a director.

Review of Performance

The performance of the Non-Executive Chairman is monitored by the Non-Executive Directors. A formal performance review of the Non-Executive Chairman did not occur during the year. The performance of the Executive Director of the Company is monitored by the remainder of the Board, no formal performance appraisal of the Executive Director occurred during the year.

The performance of Gympie Eldorado Mining's senior managers is monitored by the non-Executive Chairman and Managing Director.

There is currently no formal process for performance evaluation of the Board or individual Directors. No formal performance evaluation of the Board, the Audit Committee or individual Directors took place during the year.

Audit Committee

The Audit Committee of Fe consists of the independent Non-Executive Directors of the Company. The qualifications of these Directors are set out at the beginning of the Directors' Report. The current Audit Committee chair is independent of the Board chair.

The Company has a formal Audit Committee Charter that forms part of the Corporate Governance Charter. The charter states that where the Board comprises only three members the Audit Committee will consist of two non-executive Directors.

The Audit Committee's primary responsibilities are to:

- oversee the existence and maintenance of internal controls and accounting systems;
- oversee the management of risk within the Company;
- oversee the financial reporting process to ensure compliance with statutory and accounting standards;
- review the annual and half-year financial reports and recommend them for approval by the Board;
- review and make recommendations to the Board regarding the appointment or dismissal of external auditors;
- review the performance of the external auditors and existing audit arrangements;
- oversee the processes used by management to ensure compliance with laws, regulations and other statutory or professional requirements; and
- review annually the requirement for an internal audit function.

The Audit Committee did not hold a full meeting during the year.

Risk Management

The Board is ultimately responsible for identifying and managing areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks.

Recognised areas of risk include financial, legal, reputation, operation and strategic risks.

Management has reported to the Board as to the effectiveness of the Company's management of its material business risks.

Controls for the management of risk have been determined and the following are some examples of these controls. i) Use of independent accountants for the monitoring and preparation of financial reports, ii) open access for all directors to senior management, and iii) regular mine site attendance and review of operating and exploration plans by the Board.

The Board has received assurance from the Executive Director that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.1 states that the Company should establish policies for the oversight and management of material business risks and disclose a summary of those policies. The Board have established a formal risk management program further details regarding the program can be found in the Corporate Governance Statement available on the Company's website.

Remuneration and Nomination Committee

During the year Fe did not have a separately established remuneration and nomination committee. The collective Board serves as a remuneration and nomination committee to undertake the duties and responsibilities typically delegated to such a committee. The Board have in place formal procedures for the selection and appointment of directors. It is the Company's objective to retain high quality Board and senior management by remunerating fairly and appropriately with reference to relevant employment market conditions. For full disclosure of Director and executive remuneration for the period, please refer to the Remuneration Report, which is contained within the Directors' Report. Given the Company's size the Board does not believe that any marked efficiencies or benefit would be achieved by the creation of a separate remuneration and nomination committee.

Securities Dealing Policy

Under the Company's Securities Dealing Policy, a Director, executive or other employee must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities.

As a matter of course trading in securities of the Company are restricted in the following periods:

- the period between the end of the March and September quarters and the release of the Company's quarterly reports to the ASX, while the Company is one of the type required to lodge such quarterly reports;
- the period between the financial year-end and the release of the Company's annual results to ASX; and
- the period between the half year-end and the release of the Company's half-year results to ASX.

Before commencing to trade, a Director, executive or other employee must notify the Chairman or Company Secretary of their intention to do so.

As is required by the ASX Listing Rules, the Company notifies the ASX of any transaction conducted by a Director in the securities of the Company.

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Auditor's Independence Declaration to the Directors of Fe Limited

In relation to our audit of the financial report of Fe Limited and its controlled entities for year ended 30 September 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct

Ernst & Young

G H Meyerowitz
Partner
Perth
16 December 2010

Statement of Comprehensive Income
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	Consolidated	
		2010 $	2009 $
Revenue from Continuing operations			
Interest income		92,404	73,680
Other income	4(a)	-	550
Employee benefits expense and directors fees		(954,455)	(287,676)
Accounting and audit fees		(177,084)	(81,328)
Legal fees		(69,287)	(115,514)
Consultant costs		(197,536)	(36,526)
Listing costs		(83,922)	(51,358)
Travel costs		(70,691)	(46,679)
Government duties		(54,031)	-
Other expenses	4(b)	(184,072)	(91,485)
Write-down of impaired assets	4(c)	(149,168)	(1,585,848)
Rehabilitation expenses		(16,000)	-
Loss from continuing operations before income tax		(1,863,842)	(2,222,184)
Income tax expense	5	-	-
(Loss) from continuing operations after income tax		(1,863,842)	(2,222,184)
Profit from discontinued operations after tax	23	799,024	456,248
Net loss for the year		(1,064,818)	(1,765,936)
Other comprehensive income		-	-
Total Comprehensive loss for the year	6	(1,064,818)	(1,765,936)
Earnings per share (cents per share) from continuing operations attributable to ordinary equity holders of the parent	6		
- basic loss per share		(2.04)	(3.12)
- diluted loss per share		(2.04)	(3.12)
Earnings per share (cents per share) attributable to ordinary equity holders of the parent			
- basic loss per share		(1.17)	(2.47)
- diluted loss per share		(1.17)	(2.47)

Statement of Financial Position
AS AT 30 SEPTEMBER 2010

	Notes	Consolidated	
		2010 $	2009 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,294,114	1,057,453
Trade and other receivables	8	563,570	23,347
Other assets		9,101	39,755
		1,866,785	1,120,555
Non-current assets held for sale	23	428,454	429,400
Total Current Assets		2,295,239	1,549 ,955
Non-Current Assets			
Other receivables	8	1,461,800	1,447,230
Exploration and evaluation expenditure	9	5,450,597	491,574
Property, plant and equipment	10	74,577	4,593
Total Non-Current Assets		6,986,974	1,943,397
TOTAL ASSETS		9,282,213	3,493,352
LIABILITIES			
Current Liabilities			
Trade and other payables	11	814,992	307,600
Interest-bearing loans and borrowings	12	-	18,917
Provisions	13	5,001	46,925
		819,993	373,442
Liabilities associated with non-current assets held for sale	13	1,606,000	1,606,000
Total Current Liabilities		2,425,993	1,979,442
Non-Current Liabilities			
Provisions	13	16,000	3,716
Total Non-Current Liabilities		16,000	3,716
TOTAL LIABILITIES		2,441,993	1,983,158
NET ASSETS		6,840,220	1,510,194
EQUITY			
Contributed equity	14	33,774,372	28,884,383
Accumulated losses	15	(28,634,661)	(27,569,843)
Reserves	15	1,700,509	195,654
TOTAL EQUITY		6,840,220	1,510,194

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED TO 30 SEPTEMBER 2010

Consolidated	Fully paid ordinary shares $	Equity-settled share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 October 2009	28,884,383	195,654	(27,569,843)	1,510,194
Loss for the year	-	-	(1,064,818)	(1,064,818)
Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners				
Shares issued during the period	4,961,989	-	-	4,961,989
Recognition of share based payments	-	1,504,855	-	1,504,855
Share issue costs	(72,000)	-	-	(72,000)
Balance at 30 September 2010	33,774,372	1,700,509	(28,634,661)	6,840,220
Balance at 1 October 2008	28,884,383	190,529	(25,803,907)	3,271,005
Loss for the year	-	-	(1,765,936)	(1,765,936)
Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners				
Share-based payments	-	5,125	-	5,125
Balance at 30 September 2009	28,884,383	195,654	(27,569,843)	1,510,194

Statement of Cash Flows
FOR THE YEAR ENDED 30 SEPTEMBER 2010

	Notes	Consolidated 2010 $'000	2009 $'000
Cash flows from operating activities			
Receipts from customers		700,572	2,126,665
Payments to suppliers and employees		(2,119,442)	(3,145,755)
Interest received		93,479	78,542
Interest and other costs of finance paid		(808)	(2,258)
Net cash flows used in operating activities	7	(1,326,199)	(942,806)
Cash flows from investing activities			
Proceeds from sale of plant & equipment		1,057,556	1,642,761
Purchase of property, plant and equipment		(78,295)	(4,643)
Payments for exploration and evaluation costs		(1,210,914)	(1,095,070)
Proceeds from repayment of loans from BK Exploration Pty Ltd		500,000	-
Payments to restricted deposits		(14,570)	(85,800)
Net cash flows from investing activities		253,777	457,248
Cash flows from financing activities			
Proceeds from issue of shares		1,400,000	-
Costs on issue of shares		(72,000)	-
Payment of finance lease liabilities		(18,917)	(6,716)
Net cash flows from / (used in) financing activities		1,309,083	(6,716)
Net increase/(decrease) in cash and cash equivalents		236,661	(492,274)
Cash and cash equivalents at beginning of year		1,057,453	1,549,727
Cash and cash equivalents at end of year	7	1,294,114	1,057,453

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The financial report of Fe Limited (the "Company") for the year ended 30 September 2010 was authorised for issue in accordance with a resolution of the directors on 16 December 2010.

Fe Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has also been prepared on a historical cost basis, except assets held for sale which are carried at the lower of cost and fair value less costs to sell.

The financial report is presented in Australian dollars unless otherwise stated.

(b) Statement of compliance

The financial report complies with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

(d) New accounting standards and interpretations

As at 30 September 2010, a number of accounting standards have been issued with applicable commencement dates subsequent to the year end. The impact of these accounting standards has not been assessed at this stage.

Reference	Title	Summary	Impact on Group's Financial Report	Application date for Group
AASB 9 and 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: ▪ two categories for financial assets being amortised cost or fair value ▪ removal of the requirement to separate embedded derivatives in financial assets ▪ strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows ▪ an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition ▪ reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes ▪ changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	The Group has not yet determined the impact on the Group's financial statements	1 October 2010

AASB 2009-12, AASB 2009-5	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	The Group has not yet determined the impact on the Group's financial statements	**1 October 2010**
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139].	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the cquire's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	The Group has not yet determined the impact on the Group's financial statements.	**1 October 2010**

AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	The Group has not yet determined the impact on the Group's financial statements.	1 October 2013
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 Share-based Payment and supersedes Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2 – Group and Treasury Share Transactions. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	The Group has not yet determined the impact on the Group's financial statements.	1 October 2010

AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other; (b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and (c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	The Group has not yet determined the impact on the Group's financial statements.	1 October 2011

The Group has not elected to early adopt any new Standards and Interpretations

(e) Changes to accounting policies and disclosures

The Group has adopted all of the new and amended Australian Accounting Standards and AASB Interpretations that became effective during the year. When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date on 1 October 2009. The Group concluded that it operates in one operating segment.

AASB 101 Presentation of Financial Statements (revised 2007)

The group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 October 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

AASB 127 Consolidated and Separate Financial Statements (revised)

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The changes were implemented prospectively from 1 October 2009.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving disclosures about financial instruments

Adoption of the new Accounting Standards and Interpretations had no impact on the financial position or performance of the Group.

AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

(f) Basis of consolidation

The consolidated financial statements comprise the financial statements of FE Limited and its wholly owned subsidiaries Gympie Eldorado Mining Pty Ltd, Jackson Minerals Ltd and Mooloogool Ltd, and BK Exploration Pty Ltd (until its date of sale) (as outlined in Note 18 and Note 23) as at 30 September each year (the "Group").

The financial statements of the Company's subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(g) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(h) Trade and other receivables

Trade receivables, which generally have 5-day term for gold sales and 14-day term for others, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate.

(i) Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or

b) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in respect of areas of interest are written off in the Statement of Comprehensive Income when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

(j) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Land is measured at cost.

Depreciation is calculated on a combination of a straight-line and reducing balance basis over the estimated useful life of the asset as follows:

Plant and equipment – 3 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(k) Impairment of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset’s value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

(n) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and years of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Share-based payments

The Group provides benefits to certain executives and employees of the Group in the form of share-based payments. During the year Options were granted to one of the key employees of the Company's subsidiary.

The cost of the Options is measured by reference to the fair value of the Options at the date which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in Note 22.

The fair value of the Options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the year during which the employees become unconditionally entitled to the Options.

The dilutive effect, if any, of outstanding Options is reflected as additional share dilution in the computation of earnings per share (see Note 6), unless a loss result has been reported.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time it is passed to the buyer.

Interest
Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(r) Income tax and other taxes

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Capitalised Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the group decides to exploit the related lease itself or, if not whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

(t) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;

- The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Where a loss has been reported the dilutive effects of Options are not adjusted for, in accordance with AASB 133 *Earnings per share.*

(u) Parent entity financial information

The financial information for the parent entity FE Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of FE Limited. Dividends received from associates are recognised for in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

(v) Rehabilitation

Rehabilitation costs are provided for when exploration and evaluation activities give rise to the need for rehabilitation. The estimate of the rehabilitation obligations are based on anticipated technology and legal requirements and future costs. Any changes in the estimates are adjusted on a prospective basis. In determining the rehabilitation obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to rehabilitation of such mines in the future.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3 SEGMENT INFORMATION

The Company 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. The Company has only one operating segment, being mineral exploration. All of these activities are conducted in Australia.

4 REVENUE AND EXPENSES

	Consolidated	
	2010 $	2009 $
(a) Other income		
Other	-	550
	-	550
(b) Other expenses		
Depreciation	(8,310)	(50)
Other Expenses	(175,762)	(91,435)
	(184,072)	(91,485)
(c) Write-down of impaired assets		
Exploration & evaluation expenditure	(149,168)	(1,585,848)
	(149,168)	(1,585,848)

The impairment loss recognised relates to the withdrawal from various projects that the Group has made a decision not to continue exploration.

5 INCOME TAX

	Consolidated	
	2010 $	2009 $
(a) Income tax expense		
The major components of income tax expense are:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of comprehensive income	-	-
(b) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory tax rate		
Accounting loss before tax	(1,064,818)	(1,765,936)
Tax at the statutory income tax rate of 30%	(319,445)	(529,780)
Tax effect of impairment losses	-	-
Tax effect of non-temporary differences	(268,192)	1,800
Unrecognised tax losses and temporary differences	587,637	527,980
Income tax expense reported in statement of comprehensive income	-	-

The following deferred tax assets have not been recognised in respect of these items because it is not considered probable that future taxable profit will be available against which these losses will be utilised.

	Consolidated 2010 $	2009 $
(c) Deferred Tax Liabilities		
Exploration Expenditure	255,600	485,618
Accrued income	408	731
	256,008	486,349
Less offset by Deferred Tax Asset	(256,008)	(486,349)
Deferred Tax Liabilities	-	-
(d) Deferred Tax Assets		
Provisions	488,100	496,992
Other revenue items	86,667	133,467
Tax losses (revenue)	6,979,078	1,812,447
Tax losses (capital)	10,044	-
Unrealised capital tax losses	392,439	-
	7,956,328	2,442,906
Less offset against Deferred Tax Liabilities	(256,008)	(486,349)
Deferred tax assets not recognised	7,700,320	1,956,557

The company has not formed a tax consolidated group.

6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit/loss for the year attributable to ordinary equity holders of the Company by the weighted average number of Shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to Shareholders by the weighted average number of Shares outstanding during the year (adjusted for the effects of dilutive Options). Where a loss has been reported the dilutive effects of Options are not adjusted for, in accordance with AASB 133 *Earnings per share*.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated 2010 $	2009 $
For basic earnings per share		
Net loss from continuing operations attributable to equity holders of the parent	(1,863,842)	(2,224,442)
Profit attributable to discontinued continuing operations	799,024	458,506
Net loss attributable to ordinary equity holders of the parent	(1,064,818)	(1,765,936)
For diluted earnings per share		
Net loss attributable to Shareholders for diluted earnings per Share	(1,863,842)	(2,224,442)
Profit attributable to discontinued operations	799,024	458,506
Net loss attributable to ordinary equity holders of the parent	(1,064,818)	(1,765,936)

	Consolidated 2010 No.	Consolidated 2009 No.
Weighted average number of ordinary shares for basic earnings per share	91,344,477	71,392,898
Effect of dilution:		
- Share options	-	-
Adjusted weighted average number of ordinary shares for diluted earnings per share	91,344,477	71,392,898

There are 19,925,000 (2009: 2,300,000) share options excluded from the calculation of diluted earnings per share (that could potentially dilute basic earnings per share in the future) because they are anti-dilutive for each of the periods presented.

7 CASH AND CASH EQUIVALENTS

	Consolidated 2010 $	Consolidated 2009 $
Cash at bank and on hand	1,294,114	344,935
Short-term deposits	-	712,518
	1,294,114	1,057,453

Cash at bank and on hand earns interest at the floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between 14 days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term rates.

	Consolidated 2010 $	Consolidated 2009 $
Reconciliation of Statement of Cash Flows		
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at year end:		
Cash at bank and in hand	1,294,114	344,935
Short-term deposits	-	712,518
	1,294,114	1,057,453

Reconciliation of net loss after tax to net cash flows from operations

	Consolidated 2010 $	2009 $
Net loss	(1,064,818)	(1,765,936)
Adjustments for:		
Depreciation	8,310	50
Profit on disposal of non-current assets	(1,057,556)	(1,355,081)
Carrying amount of fixed assets sold	946	
Write-down of impaired assets	292,157	2,532,685
Share based payments	467,080	5,125
Gain on sale of investment in Joint Venture entity	(190,500)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(40,223)	154,477
(Increase)/decrease in inventories	-	79,796
(Increase)/decrease in prepayments	30,654	55,642
(Decrease)/increase in trade and other payables	257,391	(135,262)
(Decrease)/increase in provisions	(29,640)	(514,302)
Net cash from/(used) in operating activities	(1,326,199)	(942,806)

8 TRADE AND OTHER RECEIVABLES

	Consolidated 2010 $	2009 $
Current		
Trade receivables	3,714	-
Other receivables	559,856	23,347
	563,570	23,347

Trade receivables are non-interest bearing and are generally on 5-day terms for gold sales and 14 days for other sales. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised in the current year.

At 30 September the ageing analysis of trade receivables is as follows:

		Total $	Current $
2010	Consolidated	3,714	3,714
2009	Consolidated	-	-

Other receivables are amounts which generally arise from transactions outside the usual operating activities of the Group and are non-interest bearing with no fixed terms. Other receivables do not contain impaired assets, are not past due date and are expected to be received in full when due.

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

At 30 September 2010 other receivables include $500,000 related to the remaining amount receivable from the sale of 80% of the Maryborough Project to MAuB Pty Ltd. This amount is secured against the shares in BK Exploration Pty Ltd. The company does not believe this is impaired and expects to receive this amount in February 2011 as per the agreement.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security over receivables other than those mentioned above, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Non current

	Consolidated	
	2010 $	2009 $
Term Deposit carried at amortised cost	1,461,800	1,447,230
	1,461,800	1,447,230

Restricted cash deposits include $1,461,400 held (2009: $1,421,664) in a term deposit which has been pledged as security for a bank guarantee to cover the Group's rehabilitation obligations and cash deposits of $400 (2009: $25,566) held with the Department of Mines and Energy (Queensland) for the Group's exploration permits.

9 EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure carried forward in respect of mining areas of interest:	Consolidated	
	2010 $	2009 $
Balance at 30 September	5,450,597	491,574
Movements		
At the beginning of the year	491,574	982,351
Additions during the year	5,917,683	1,095,071
Disposals during the year (note 23(c))	(809,492)	-
Impairment (Note 4c)	(149,168)	(1,585,848)
At end of year	5,450,597	491,574

Exploration and evaluation expenditures are carried forward in accordance with the policy set out in note 2(i).

The ultimate recoupment of the capitalised exploration and evaluation costs relating to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest and the Consolidated entity's ability to continue to meet its financial obligations to maintain the area of interest.

Impairment
For the conditions leading to the above impairment, please refer to Note 4(c).

10 PLANT AND EQUIPMENT

	Consolidated	
	Plant and equipment	Total
	$	$
Year ended 30 September 2010		
At 1 October 2009, net of accumulated depreciation	4,593	4,593
Additions	78,294	78,294
Depreciation charge for the year	(8,310)	(8,310)
As at 30 September 2010, net of accumulated depreciation	74,577	74,577
At 30 September 2010		
Cost	82,936	82,936
Accumulated depreciation and impairment	(8,359)	(8,359)
At 30 September 2010	74,577	74,577
Year ended 30 September 2009		
At 1 October 2008, net of accumulated depreciation	-	-
Additions	4,643	4,643
Depreciation charge for the year	(50)	(50)
As at 30 September 2009, net of accumulated depreciation	4,593	4,593
At 30 September 2009		
Cost	4,643	4,643
Accumulated depreciation and impairment	(50)	(50)
At 30 September 2009	4,593	4,593

11 TRADE AND OTHER PAYABLES

Current

	Consolidated	
	2010	2009
	$	$
Trade payables	543,333	129,996
Other payables	271,659	177,604
	814,992	307,600

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have varying terms.

12 INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated	
	2010	2009
	$	$
Current		
Obligations under finance leases and hire purchase contracts (Note 17)	-	18,917

13 PROVISIONS

Current	Consolidated 2010 $	2009 $
Employee benefits	5,001	46,925
	5,001	46,925
Liability associated with assets held for sale		
Provision for rehabilitation (a)	1,606,000	1,606,000
Non-current		
Employee benefits	-	3,716
Provision for rehabilitation (b)	16,000	-
	16,000	3,716

(a) Provision for rehabilitation is recognised for the expected costs associated with the rehabilitation of the mine site area, which is expected to be incurred as a result of the Company's decision to cease mining operations at the Monkland Mine in Gympie Queensland. The provision is based on the best estimate of the direct expenditures to be incurred.

(b) Provision for rehabilitation is recognised for the expected costs associated with the rehabilitation of the Group's Mt Elvirie project in Western Australia. The provision is based on the best estimate of the direct expenditures to be incurred.

The Company has given a bank guarantee of $1,461,800 to cover potential rehabilitation costs in respect of the Group's mining operations.

Consolidated	Employee benefits $	Rehabilitation $	Total $
At 1 October 2009	50,641	1,606,000	1,656,641
Arising during the year	5,001	16,000	21,001
Paid	(50,641)	-	(50,641)
At 30 September 2010	5,001	1,622,000	1,627,001
Current – 30 September 2010	5,001	1,606,000	1,611,001
Non-current – 30 September 2010	-	16,000	16,000

14 CONTRIBUTED EQUITY

Ordinary shares

	Consolidated 2010 $	2009 $
Issued and fully paid	33,774,372	28,884,383

	No. of shares	*$*
Movements in ordinary shares on issue		
At 1 October 2009	71,392,898	28,884,383
Share Placement	11,666,667	1,400,000
Issued to Cauldron Energy Ltd (note 25)	10,458,935	836,714
Issued to Shareholders of Mooloogool Ltd (note 25)	20,462,948	2,725,275
Costs associated with share issue	-	(72,000)
At 30 September 2010	113,981,448	33,774,372

Fully paid ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares carry one vote per share, either in person or by proxy, at a meeting of the Company.

15 ACCUMULATED LOSSES AND RESERVES

(a) Movements in accumulated losses were as follows:

	Consolidated 2010 $	2009 $
Balance at beginning of year	(27,569,843)	(25,803,907)
Net Loss for the year	(1,064,818)	(1,765,936)
Balance at end of year	(28,634,661)	(27,569,843)

(b) Reserves

Balance at beginning of year	195,654	190,529
Share-based payments for the year	1,504,855	5,125
Balance at end of year	1,700,509	195,654

Nature and purpose of reserves

Share based payments reserve
This reserve is used to record the value of equity benefits provided to directors and employees as part of their remuneration, as well as equity benefits granted in consideration of the acquisition of Mooloogool Limited.

	Consolidated	
	2010	2009
	$	$
Share based payments reserve	1,700,509	195,654

	No. of options	$
Movements in options on issue		
At 1 October 2009	2,300,000	195,654
Options issued to Directors employees and consultants	5,625,000	467,080
Options issued to Shareholders of Mooloogool Ltd	12,500,000	1,037,775
Options Lapsed	(500,000)	-
At 30 September 2010	19,925,000	1,700,509

At the reporting date the following Options were outstanding:

i) 500,000 unquoted Director's Options with an exercise price of 32 cents per Option and are exercisable between 1 October 2008 and 1 October 2010.

ii) 500,000 unquoted Director's Options with an exercise price of 42 cents per Option and are exercisable between 1 October 2008 and 1 October 2010.

iii) 250,000 unquoted Director's Options with an exercise price of 42 cents per Option and are exercisable between 1 October 2008 and 1 October 2010.

iv) 250,000 unquoted employee options with an exercise price of 32 cents per Option and are exercisable between 1 October 2008 and 1 October 2010.

v) 50,000 unquoted employee options with an exercise price of 32 cents per Option and are exercisable between 1 October 2008 and 1 October 2010.

vi) 375,000 unquoted employee options with an exercise price of 15 cents per Options and are exercisable any time up until 23 March 2014.

vii) 500,000 consultant options with an exercise price of 12 cents per Options and are exercisable any time up until 31 December 2012.

viii) 5,000,000 consultant options with an exercise price of 12 cents per Options and are exercisable any time up until 31 December 2012.

ix) 12,500,000 vendor options issued to existing shareholders of Mooloogool Limited. The Options have an exercise price of 12 cents per Options and are exercisable any time up until 31 December 2012.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's objective with regard to financial risk management is to ensure the effective management of business risks crucial to the financial integrity of the business without affecting the ability of the Group to operate efficiently or execute its business plans and strategies.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective management of all significant financial risks to the business. The Board may delegate specific responsibilities as appropriate.

Capital risk management

The Group's capital base comprises of its ordinary share capital net of accumulated retained losses. The Group manages its capital to ensure that the entities in the Group will be able to continue to meet its working capital requirements and operate as a going concern while seeking to maximise the return to stakeholders. The Group currently does not employ any debt in its capital structure.

In making its decisions to adjust its capital structure, either through new share issues or consideration of debt, the Group considers not only its short-term working capital needs but also its long-term operational and strategic objectives. The Board continually monitors the capital requirements of the Group.

Financial instrument risk exposure and management

The Group's principal financial instruments comprise cash and short-term deposits, receivables, payables and finance leases. The main risks arising from the Group's financial instruments are interest rate and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Interest rate risk

The Group's exposure to changes in market interest rates relates primarily to the Group's cash and short-term deposits with a floating interest rate. The Group has no interest-bearing liabilities with a floating interest rate and therefore are not exposed to changes in market interest rates in respect of the Group's liabilities. The Group's policy to manage interest rate risk is to keep most of its borrowings at a fixed rate of interest by entering into fixed interest rate contracts e.g. finance leases and seek to maximise its returns on its cash balances.

At the reporting date, the Group had the following financial assets exposed to variable interest rate risk:

	Note	2010 $	2009 $
Consolidated			
Financial assets			
Cash and cash equivalents	7	1,294,114	1,057,453

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date and based on judgements of reasonably possible movements:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2010 $	2009 $	2010 $	2009 $
Consolidated				
+1% (100 basis points)	12,941	10,574	-	-
-0.5% (50 basis points)	(6,471)	(5,287)	-	-

A sensitivity analysis is derived from a review of historical movements and management's judgment of future trends. The analysis was performed on the same basis as 2009.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Group trades only with recognised and creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

Revenue from one customer represented approximately $680,155 (2009: $2,008,297) of total revenue.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to ensure that it will always have sufficient liquidity to meet its liabilities through ensuring it has sufficient cash reserves to meet its ongoing working capital and long-term operational and strategic objectives. The Group currently does not require use of debt or other funding alternatives.

The following table summarises the maturity profile of the Group's liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 6 months $	6 months to 1 year $	1 year to 5 years $	Total $
Consolidated				
2010				
Trade & other payables	814,992	-	-	814,992
	814,992	-	-	814,992
2009				
Trade & other payables	307,600	-	-	307,600
Interest-bearing loans	19,952	-	-	19,952
	327,552	-	-	327,552

The Group has determined that the carrying value of financial liabilities is approximately equal to its fair value.

17 COMMITMENTS AND CONTINGENCIES

Finance lease commitments

The Group has finance leases for various items of plant and equipment. Future minimum lease payments are as follows:

	2010		2009	
	Minimum payments $	Present value of minimum payments $	Minimum payments $	Present value of minimum payments $
Consolidated				
Within one year	-	-	9,889	9,889
After one year but not more than five years	-	-	10,063	9,028
Total future minimum lease payments	-	-	19,952	18,917
Less amounts representing finance charges	-	-	(1,035)	-
Present value of future minimum lease payments	-	-	18,917	18,917

Capital Commitments

There are no contracted commitments as at 30 September 2010. However, the expected expenditure commitments with respect to the exploration grounds in Western Australia are approximately $767,000 (2009: $957,000).

Contingencies

At 30 September 2010 there were no known contingent liabilities or contingent assets.

18 RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Fe Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	Equity interest 2010	Equity interest 2009	Parent Entity Investment $ 2010	Parent Entity Investment $ 2009
Gympie Eldorado Mining Pty Ltd	Australia	100%	100%	4,341,350	4,341,350
Impairment allowance				(4,341,350)	(4,341,350)
Jackson Minerals Ltd (*)	Australia	100%	-%	731,211	-
Mooloogool Ltd (*)	Australia	100%	-%	3,404,075	-
BK Exploration Pty Ltd (**)	Australia	-%	100%	-	10
				4,135,286	10

(*) Refer to note 25 for details of subsidiaries acquired during the year.
(**) Refer to note 23 for details of the subsidiary disposed during the year.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 21

(c) Transactions with other related parties

There were no transactions with other related parties for the year ended 30 September 2010 and 30 September 2009.

19 EVENTS AFTER THE REPORTING DATE

On 29 October 2010 Fe Limited's takeover offer for all of the shares in Padbury Mining Limited ("PDY") became unconditional. At the end of the offer period the company had a relevant interest in 20,020,276 ordinary shares representing approximately 1.46% of the total issued capital in PDY.

On the 23 November 2010 the company settled the sale of a plot of land in Gympie Queensland. This realised approximately $872,000 to the company, which resulted in a profit on disposal of $658,000.

There are no other events subsequent to 30 September 2010 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.

20 AUDITORS' REMUNERATION

	Consolidated 2010 $	Consolidated 2009 $
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity:		
Amounts paid relating to prior year audit	35,000	-
Amounts paid or payable relating to current year audit and half year review	83,840	35,000
	118,840	35,000

21 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(xii) Directors

A Sage	Director (Non-executive chairman)
S McDonald	Director (Non-executive) (Resigned 3 December 2010)
M Gwynne	Director (Executive)
P Kelly	Director (Non-Executive) (Appointed 9 April 2010)
D Hillier	Director (Non-executive) (Resigned 31 December 2009)

(xiii) Executives

E V Puttkammer	Company Secretary

During the year, the Company had in place and paid premiums for insurance policies indemnifying directors and officers of the Company against certain liabilities incurred in the conduct of business or in the discharge of their duties as directors or officers. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premium paid, the nature of the liability covered by the policies, the limit of liability and the name of the insurer.

(b) Compensation of key management personnel

	Consolidated	
	2010	2009
	$	$
Short term employee benefits	430,788	743,377
Post employment benefits	3,645	142,788
Share based payments	435,750	5,125
	870,183	891,290

(c) Other transactions and balances with Key Management Personnel

There were no other transactions and balances with key management personnel in each of the two reporting periods.

(d) Shareholdings of Key Management Personnel

Ordinary shares held in Fe Limited.

30 September 2010	Balance at 1 October 2009	Granted as remuneration	Net change other	Balance at 30 September 2010
Director				
A Sage*	-	-	2,071,699	2,071,699
S McDonald (v)	-	-	-	-
M Gwynne	-	-	-	-
P Kelly (i)	-	-	-	-
D Hillier* (ii)	4,500,000	-	(500,000)	4,000,000
Executives				
E Von Puttkammer	-	-	83,333	83,333

30 September 2009	Balance at 1 October 2008	Granted as remuneration	Net change other	Balance at 30 September 2009
Director				
A Sage	-	-	-	-
S McDonald (v)	-	-	-	-
M Gwynne	-	-	-	-
D Hillier* (ii)	4,266,667	-	233,333	4,500,000
P Dowd* (iii)	500,000	-	-	-
J Richards (iv)	1,500,000	-	-	-

*Indirect interest

(i) Appointed 9 April 2010
(ii) Resigned 31 December 2009
(iii) Resigned 26 August 2009
(iv) Resigned 26 August 2009
(v) Resigned 3 December 2010

(e) Option holdings of Key Management Personnel

30 September 2010	Balance at 1 October 2009	Acquired /granted during year	Lapsed during Year	Balance at 30 September 2010	Exercisable	Not Exercisable
Director						
A Sage	-	2,500,000	-	2,500,000	2,500,000	-
S McDonald (i)	-	1,000,000	-	1,000,000	1,000,000	-
M Gwynne	-	1,500,000	-	1,500,000	1,500,000	-
P Kelly (ii)	-	-	-	-	-	-
D Hillier (iii)	1,500,000	-	500,000	1,000,000	1,000,000	-
Executives						
E Von Puttkammer	-	250,000	-	250,000	250,000	-
				6,250,000	6,250,000	-

30 September 2009	Balance at 1 October 2008	Acquired /granted during year	Lapsed during Year	Balance at 30 September 2009	Exercisable	Not Exercisable
Director						
D Hillier (iii)	9,000,000	-	7,500,000	1,500,000	1,500,000	-
P Dowd (iv)	250,000	-	-	250,000	250,000	-
Executives						
M Dudley (v)	50,000	-	-	50,000	50,000	-
P McDowall (vi)	50,000	-	-	50,000	50,000	-
L Frømyhr (vii)	100,000	-	-	100,000	100,000	-
R Worland (viii)	-	250,000	-	250,000	250,000	-
				2,200,000	2,200,000	-

(i) Resigned 3 December 2010
(ii) Appointed 9 April 2010
(iii) Resigned 31 December 2009
(iv) Resigned 26 August 2009
(v) Resigned 28 August 2009
(vi) Ceased to be Key Management Personnel on 26 August 2009
(vii) Resigned 15 April 2009
(viii) Ceased to be Key Management Personnel on 26 August 2009

22 SHARE-BASED PAYMENTS

Total costs arising from share based payment transactions recognised during the year were as follows:

	Consolidated	
	2010	2009
	$	$
Expense arising from equity-settled, directors, executives, consultant and employee share-based payment transactions	467,080	5,125
Shares and options issued to acquire exploration projects	4,599,764	-
	5,066,844	5,125

(a) Equity settled directors, executives, consultant and employee share based payment transactions

Options are granted to directors, executives, employees and consultants of the Group in the form of share-based payments. There is currently no formal employee share plan, however selected employees of the Group were granted Options during the year. The purpose of the grant of Options to selected employees is to:

- recognise the ongoing ability of the employees of the Group and their expected efforts and contribution in the long term to the performance and success of the Group; and

- provide an incentive to the employees of the Group to remain in their employment in the long term.

(b) Share based payments – Exploration expenditure

A total of 10,458,935 ordinary shares were issued during the financial year as part of the consideration to acquire Jackson Minerals Limited and other exploration assets from Cauldron Energy Limited. The fair value of the shares at the date of receiving the assets amounted to $836,714.

A total of 20,462,948 ordinary shares and 12,500,000 unquoted options with an exercise price of $0.12 to be exercised before 31 December 2012 were issued during the financial year as consideration for the acquisition of Mooloogool Limited. These were valued at $2,725,275 and $1,037,775 respectively.

(c) Summaries of Options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, Options issued during the year:

	2010 No.	2010 WAEP	2009 No.	2009 WAEP
Outstanding at the beginning of the year	2,300,000	0.37	2,050,000	0.40
Granted during the year to Executives and consultants	5,500,000	0.12	250,000	0.15
Granted during the year to Executives and consultants	125,000	0.15		
Granted during the year as consideration for the acquisition of Mooloogool Ltd	12,500,000	0.12	-	-
Options lapsed	(500,000)	(0.50)		
Outstanding at the end of the year	19,925,000	0.14	2,300,000	0.37
Exercisable at the end of the year	19,925,000	0.14	2,300,000	0.37

The outstanding balance as at 30 September 2010 is represented by:

- 500,000 Director’s Options exercisable at a price of $0.32 each before 1 October 2010;

- 750,000 Director’s Options exercisable at a price of $0.42 each before 1 October 2010;

- 300,000 employee Options exercisable at a price of $0.32 each before 1 October 2010;

- 375,000 employee Options exercisable at a price of $0.15 each before 23 March 2014;
- 5,500,000 employee Options exercisable at a price of $0.12 each before 31 December 2012;
- 12,500,000 options issued to shareholders of Mooloogool Ltd exercisable at a price of $0.12 each before 31 December 2012.

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the Options outstanding as at 30 September 2010 is 2 years (2009: 2 years).

(e) Range of exercise prices

The range of exercise prices for Options outstanding at the end of the year was $0.12 - $0.42 (2009: $0.15 - $0.50).

(f) Weighted average fair value

The weighted average fair value of Options granted during the year was $0.08 (2009: $0.02).

(g) Option pricing model

The fair value of the equity-settled Options granted is estimated as at the date of grant using the Black-Scholes option pricing model taking into account the terms and conditions upon which the Options were granted.

The following table lists the inputs to the models used for the year ended 30 September 2010 and 30 September 2009:

30 September 2010	Directors options 5,000,000	Employee Options 125,000	Consultants Options 500,000	Mooloogool Options 12,500,000
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	100	100	100	100
Risk free interest rate (%)	4.62	4.62	4.62	5.00
Exercise price ($)	0.12	0.15	0.12	0.12
Marketability discount (%)	Nil	Nil	Nil	Nil
Expected life of option (years)	2.85	2.85	2.85	2.41-2.77
Share price at grant date ($)	0.14	0.14	0.14	0.11-0.145
Value Per option ($)	0.083	0.083	0.083	0.063-0.096

30 September 2009	Director's options	Employee Options 250,000
Dividend yield (%)	Nil	Nil
Expected volatility (%)	Nil	120
Risk free interest rate (%)	Nil	3.65
Exercise price ($)	Nil	0.15
Marketability discount (%)	Nil	Nil
Expected life of option (years):	Nil	5
Share price at grant date ($)	Nil	0.0416
Value of option ($)	Nil	0.0205

23 DISCONTINUED OPERATIONS

(a) Details of operations held for sale

In late 2008 the Board decided that the Group would cease mining at the Monkland mine and sell the Group's Monkland operations, related assets and the surrounding Gympie goldfield exploration tenements. During the financial year, the group continued negotiations to sell its remaining property plant and equipment.

On 10 November 2009 the company reached an agreement with a private consortium to sell an 80% interest in all of the Maryborough Basin Exploration Tenements, through the sale of its 100% owned subsidiary BK Exploration Pty Ltd. This transaction was approved by shareholders at the company's annual general meeting held on 26 February 2010.

(b) Financial performance of operations disposed and held for sale

The results of the discontinued operations for the year are presented below:

	2010 Gympie Eldorado Mining Pty Ltd $	2010 BK Exploration Pty Ltd $	Total $	2009 Gympie Eldorado Mining Pty Ltd $	2009 BK Exploration Pty Ltd $	Total $
Revenue	700,572	-	700,572	2,071,878	-	2,071,878
Cost of Sales	(554,418)	-	(554,418)	(1,577,099)	-	(1,577,099)
Gross Profit	146,154	-	146,154	494,779	-	494,779
Gain on Sale of Fixed assets	1,057,556	-	1,057,556	1,355,081	-	1,355,081
Gain on sale of subsidiary	-	190,500	190,500	-	-	-
Other income	-	-	-	-	-	-
Administration Expenses	(451,389)	-	(451,389)	(71,721)	-	(71,721)
Other expenses	(808)	-	(808)	(375,054)	-	(375,054)
Write down of impaired assets	(142,989)	-	(142,989)		(946,837)	(946,837)
Profit / (loss) for the year from discontinued operations	608,524	190,500	799,024	1,403,085	(946,837)	456,248

Assets and Liabilities – held for sale operations

The major classes of assets and liabilities on Monkland at 30 September 2010 are as follows

Assets	2010 $	2009 $
Property Plant and Equipment (Land)	428,454	429,400

Land is carried at cost as the directors believe that the recoverable value exceeds the current carrying value.

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 September 2010 is $nil (2009: $2,957)

Liabilities	2010 $	2009 $
Provision for rehabilitation	1,606,000	1,606,000

Earnings per share of discontinued operations

EPS (cents per share)	2010	2009
- Basic	0.87	0.65
- Diluted	0.87	0.65

(c) Assets and liabilities and cash flow information of disposed entity –BK Exploration Pty Ltd

	2010 $
Assets	
Cash	10
Exploration and Evaluation Expenditure	809,492
	809,502
Liabilities	
Intercompany loan payable to Gympie Eldorado Mining Pty Ltd	(2,175,067)
	(2,175,067)
Net assets attributable to discontinued operations	(1,365,565)
The net cash flows of BK Exploration Pty Ltd are as follows:	
Operating activities	-
Net cash flows	-
Consideration received or receivable:	
Cash	10
Total disposal consideration	10
Less net assets disposed off	(1,365,567)
Write down of impaired assets	1,175,057
Gain on disposal before income tax	190,500
Income tax expense	-
Gain on disposal after income tax	190,500
Net cash flow on disposal	
Cash and cash equivalents consideration	10
Less cash and cash equivalents disposed of	(10)
Reflected in the consolidated statement of cash flows	-

24 PARENT ENTITY FINANCIAL INFORMATION

	2010 $	2009 $
Current Assets	1,363,816	806,993
Non-Current assets	7,055,126	1,451,833
Total Assets	8,418,942	2,258,826
Current Liabilities	695,275	150,313
Non-current liabilities	2,191,067	-
Total Liabilities	2,886,342	150,313
Net assets	5,532,600	2,108,513
Issued Capital	33,774,372	28,884,383
Accumulated losses	(29,942,281)	(26,971,524)
Share Based Payment reserve	1,700,509	195,654
Total Shareholder's Equity	5,532,600	2,108,513
Loss for the year	(2,970,756)	(1,167,617)
Total comprehensive loss for the year	(2,970,756)	(1,167,617)

There were no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

There were no contingent liabilities in the parent entity.

There were no contractual commitments by the parent entity for the acquisition of property plant and equipment.

25 CHANGE IN COMPOSITION OF THE ENTITY

On 16 October 2009 the Company announced the acquisition of Jackson Minerals Limited and other non-uranium projects from Cauldron Energy Limited for $250,000 in cash and 10,458,935 ordinary shares. The cash component has yet to be paid.

On 20 January the company announced the acquisition of 100% of Mooloogool Limited. The vendors agreed to sell and transfer all of the capital in consideration for the Company issuing 20,462,948 ordinary shares and 12,500,000 unlisted options, with an exercise price of $0.12, expiring before 31 December 2012.

These acquisitions do not constitute a business combination and the cost of the acquisitions has been allocated to individual identifiable assets and liabilities on the basis of their relevant fair values.

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, notes and the additional disclosures included in the Directors report designated as audited, of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2010 and of their performance for the year ended 30 September 2010; and

(ii) complying with the Accounting Standards and Corporations Regulations 2001 (Cth); and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 September 2010.

On behalf of the Board

Mark Gwynne
Executive Director

16 December 2010

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Perth WA 6000 Australia
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Independent auditor's report to the members of Fe Limited

Report on the Financial Report

We have audited the accompanying financial report of Fe Limited, which comprises the statement of financial position as at 30 September 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Auditor's Opinion

In our opinion:

1. the financial report of Fe Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of the consolidated entity at 30 September 2010 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 September 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Fe Limited for the year ended 30 September 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

G H Meyerowitz
Partner
Perth
16 December 2010

SCHEDULE OF TENEMENTS

Queensland

Tenement	Ownership	Status
ML 3771	100% GEM	Granted
ML 3772	100% GEM	Granted
ML 6824	100% GEM	Granted
ML 50114	100% GEM	Granted
ML 50160	100% GEM	Granted
ML 50188	100% GEM	Granted
EPM 6031	20% FEL	Granted
EPM 14860	20% FEL	Granted
EPM 16032	20% FEL	Granted
EPM 16074	20% FEL	Granted
EPM 16655	20% FEL	Granted
EPMA 16818	20% FEL	Granted
EPMA 16819	20% FEL	Granted
EPMA 16820	20% FEL	Granted
EPM 16821	20% FEL	Granted
EPM 16822	20% FEL	Granted
EPMA 16823	20% FEL	Granted
EPM 16824	20% FEL	Granted
EPMA 16825	20% FEL	Granted

Western Australia

E24/0145	100%	JAK	Pending
E24/0151	80%(barr Au)	JAK	Granted
E27/0079	100% Ni (and associated minerals – eg/ Colbalt)	JAK	Granted
E27/0099	100% Ni (and associated minerals – eg/ Colbalt)	JAK	Granted
E27/0191	100% Ni (and associated minerals – eg/ Colbalt)	JAK	Granted
E27/0192	100% Ni (and associated minerals – eg/ Colbalt)	JAK	Granted
E27/0227	100% Ni (and associated minerals – eg/ Colbalt)	JAK	Granted
E27/0331	100%	JAK	Granted
E27/0332	100%	JAK	Granted
E27/0343	80%(barr Au)	JAK	Granted
E27/0360	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
E27/0362	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
E51/1033	20%	JAK	Granted
E51/1060	20%	JAK	Granted
E51/1185	100% Fe & Mn	MOOL	Granted
E51/1186	100% Fe & Mn	MOOL	Granted
E51/1187	100% Fe & Mn	MOOL	Granted
E51/1213	100% Fe & Mn	MOOL	Granted
E51/1214	100% Fe & Mn	MOOL	Granted
E51/1215	100% Fe & Mn	MOOL	Granted
E51/1325	100% Fe & Mn	MOOL	Granted
E51/1340	100% Fe & Mn	MOOL	Granted
E51/1341	100% Fe & Mn	MOOL	Granted

E51/1342	100% Fe & Mn	MOOL	Granted
E51/1367	100% Fe & Mn	MOOL	Granted
E52/1613	20%	JAK	Granted
E52/1655	20%	JAK	Granted
E52/1659	20%	JAK	Granted
E52/1668	20%	JAK	Granted
E52/1670	20%	JAK	Granted
E52/1671	20%	JAK	Granted
E52/1672	20%	JAK	Granted
E52/1678	20%	JAK	Granted
E52/1722	20%	JAK	Granted
E52/1730	20%	JAK	Granted
E77/0946	30% (barr Fe)	FEL	Granted
E77/0947	100% (barr Fe)	FEL	Pending
E77/1071	100% (barr Fe)	FEL	Granted
E77/1115	30% (barr Fe)	FEL	Granted
E77/1129	100% (barr Fe)	FEL	Granted
E77/1269	100%	FEL	Granted
E77/1418	30% (barr Fe)	FEL	Granted
E77/1652	100%	FEL	Pending
E77/1738	90% (barr Fe)	FEL	Pending
E77/1754	100%	FEL	Pending
E77/1841	100%	FEL	Pending
E77/1842	100%	FEL	Pending
E77/1843	100%	FEL	Pending
E77/1881	100%	FEL	Pending
E77/1882	100%	FEL	Pending
EPM 9869	15%	JAK	Granted
EPM 13848	25%	JAK	Granted
M24/0101	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M24/0239	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M24/0240	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M24/0400	65%	FEL	Granted
M24/0429	65%	FEL	Granted
M24/0462	90% Ni	JAK	Granted
M24/0497	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M24/0502	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M24/0640	90%	JAK	Granted
M27/0037	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0038	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0053	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0092	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0102	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0123	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted

M27/0127	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0128	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0133	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0149	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0171	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0178	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0182	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0185	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0191	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0202	90%	JAK	Granted
M27/0219	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0228	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0246	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0247	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0272	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0338	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0339	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0340	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0374	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0375	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0376	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0406	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
M27/0435	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0436	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0437	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0441	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0442	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0443	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0444	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0449	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0450	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0451	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0452	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0453	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
M27/0454	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P24/3920	65%	FEL	Granted
P24/3921	65%	FEL	Granted
P24/4017	100%	JAK	Granted
P24/4018	100%	JAK	Granted
P24/4019	100%	JAK	Granted
P24/4146	80%(barr Au)	JAK	Granted
P24/4149	80%(barr Au)	JAK	Granted
P24/4159	65%	FEL	Granted
P24/4160	65%	FEL	Granted

P24/4161	65%	FEL	Granted
P24/4162	100%	FEL	Granted
P24/4163	100%	FEL	Granted
P24/4444	65%	FEL	Granted
P24/4445	65%	FEL	Granted
P24/4446	65%	FEL	Granted
P24/4448	65%	FEL	Granted
P24/4449	65%	FEL	Granted
P26/3095	80% (barr Au)	JAK	Granted
P26/3096	80% (barr Au)	JAK	Granted
P26/3329	80%(barr Au)	JAK	Granted
P26/3330	80%(barr Au)	JAK	Granted
P26/3363	80% (barr Au)	JAK	Granted
P26/3364	80% (barr Au)	JAK	Granted
P26/3365	80% (barr Au)	JAK	Granted
P26/3366	80% (barr Au)	JAK	Granted
P26/3367	80% (barr Au)	JAK	Granted
P26/3368	80% (barr Au)	JAK	Granted
P26/3369	90%	JAK	Granted
P26/3591	80%	JAK	Granted
P26/3592	80%	JAK	Granted
P26/3593	80%	JAK	Granted
P26/3594	80%	JAK	Granted
P26/3595	80%	JAK	Granted
P27/1126	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1127	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1128	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1132	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1133	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1134	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1657	100%	JAK	Granted
P27/1658	100%	JAK	Granted
P27/1659	100%	JAK	Granted
P27/1660	100%	JAK	Granted
P27/1682	90%	JAK	Granted
P27/1683	100%	JAK	Granted
P27/1684	100%	JAK	Granted
P27/1685	100%	JAK	Granted
P27/1686	90%	JAK	Granted
P27/1687	90%	JAK	Granted
P27/1688	90%	JAK	Granted
P27/1743	80%(barr Au)	JAK	Granted
P27/1861	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1864	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted

P27/1865	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1866	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1867	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1868	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1869	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1870	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1871	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1872	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1873	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1875	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1876	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1878	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1880	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1881	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1882	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1885	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1886	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1892	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1893	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1894	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1895	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Pending
P27/1897	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1898	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1899	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1900	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1901	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1902	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1903	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1904	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1905	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1906	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1907	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1908	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1909	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1910	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1911	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1912	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1913	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1914	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1915	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1916	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1917	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P27/1918	100% Ni (and associated minerals - eg/ Colbalt)	JAK	Granted
P52/1167	20%	JAK	Granted

P52/1168	20%	JAK	Granted
P52/1169	20%	JAK	Granted
P52/1170	20%	JAK	Granted
P52/1171	20%	JAK	Granted
P52/1172	20%	JAK	Granted
P52/1194	20%	JAK	Granted
P52/1195	20%	JAK	Granted
P52/1196	20%	JAK	Granted
P77/3371	100% (barr Fe)	FEL	Granted
P77/3372	100% (barr Fe)	FEL	Granted
P77/3889	30% (barr Fe)	FEL	Granted

ADDITIONAL SHAREHOLDER INFORMATION

Shares

The total number of Shares on issue as at 17 November 2010 was 113,981,448, held by 725 registered Shareholders.

No shareholders hold less than a marketable parcel, based on the market price of a Share as at 17 November 2010.

Each Share carries one vote per Share without restriction.

Quoted Options

The Company does not have any quoted Options on issue.

Unquoted Options

As at the date of this report the Company had on issue:

- 375,000 unquoted Options exercisable at $0.15 and expiring on 23 March 2014
- 18,000,000 unquoted Options exercisable at $0.12 and expiring on 31 December 2012

No voting rights are attached to unquoted Options.

Twenty Largest Shareholders

As at 17 November 2010, the twenty largest Shareholders were as shown in the following table and held 63.09% of the Shares.

	Legal Holder	**Holding**	**%**
1	BUKA MINERALS LIMITED	16,370,358	14.36
2	CAULDRON ENERGY LTD	10,458,935	9.18
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED A/C 1	5,404,952	4.74
4	TRIUMPH MINING PTY LTD	5,047,527	4.43
5	GRAND ENTERPRISES PTY LTD	4,531,862	3.98
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECSA	4,499,641	3.95
7	MR DAVID HILLIER <THE DAD FAMILY S/F A/C>	3,450,000	3.03
8	MR RUSSELL NEIL CREAGH	3,000,000	2.63
9	MR GEOFFREY LEVY <B&G LEVY INVESTMENT A/>	2,133,334	1.87
10	JAMES BRAE BRODICK TAX AND CORPORATE SERVICES PTY LTD	2,091,768	1.84
11	MR ANTONY WILLIAM SAGE <EGAS SUPERANNUATION FUND A/C>	2,071,699	1.82
12	PEARL BLISS PTY LTD	2,000,000	1.75
13	JAMES BRAE BRODICK IT SERVICES PTY LTD	1,621,342	1.42
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,500,356	1.32
15	PT RADINKA ARTHAPRIMA	1,364,197	1.20
16	CST CORPORATION	1,364,197	1.20
17	GOODUN PTY LTD	1,364,195	1.20
18	LAKE MINA HOLDINGS PTY LTD	1,227,778	1.08
19	CAPE LAMBERT RESOURCES LIMITED	1,200,000	1.05
20	JP MORGAN NOMINEES AUSTRALIA LIMITED	1,190,475	1.04
	Total	**71,892,616**	**63.09**

Distribution Schedules

A distribution schedule of the number of Shareholders, by size of holding, as at 17 November 2010 is set out below:

Size of holdings	Number of Shareholders
1 – 1000	18
1,001 – 5,000	125
5,001 – 10,000	152
10,001 – 100,000	315
100,001 and over	114
Total	**724**

A distribution schedule of the number of holders of unquoted, Options exercisable at $0.15 and expiring on 23 March 2014, by size of holding, as at 17 November 2010 is set out below:

Size of holdings	Number of holders
1 – 1000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,001 – 100,000	0
100,001 and over	1
Total	**1**

A distribution schedule of the number of holders of unquoted, Options exercisable at $0.12 and expiring on 31 December 2012, by size of holding, as at 17 November 2010 is set out below:

Size of holdings	Number of holders
1 – 1000	0
1,001 – 5,000	0
5,001 – 10,000	0
10,001 – 100,000	0
100,001 and over	16
Total	**16**

There is no current on-market buy-back.

The following securities are held in escrow:

3,722,210 ordinary shares in escrow until 20 January 2011

11,160,491 ordinary shares in escrow until 18 February 2011