



Fe Limited
ABN: 31 112 731 638

HALF-YEAR REPORT

**FOR THE HALF-YEAR ENDED
31 MARCH 2013**

The information in this report, given to ASX under Listing Rule 4.2A, should be read in conjunction with Fe Limited's most recent annual financial report.



Contents

Corporate Directory	3
Directors' Report	4
Auditor's Independence Declaration	7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Cash Flows	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12
Directors' Declaration	18
Independent Review Report	19

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	32 Harrogate Street West Leederville WA 6007	
	Telephone:	+61 (0)8 9380 9555
	Facsimile:	+61 (0)8 9380 9666
	Contact:	info@felimited.com.au
	Website:	www.felimited.com.au
Share Registry	Link Market Services Level 12, 680 Georges Street Sydney, NSW 2000	
	Telephone:	1300 554 474 (in Australia) +61 (2) 9280 7111 (outside Australia)
	Website:	www.linkmarketservices.com.au
Auditors	Ernst & Young 11 Mounts Bay Road Perth, WA 6000	
Australian Stock Exchange Limited (ASX)	Fe Limited's fully paid ordinary shares are quoted on the Official List of ASX. The ASX code is FEL.	

Directors' Report

The directors of Fe Limited ("FEL" or the "Consolidated Entity") submit their report for the half-year ended 31 March 2013.

DIRECTORS

The names of FEL's directors in office during the half-year and as at the date of this report are as follows:

Antony Sage (Non-Executive Chairman)
Mark Gwynne (Executive Director)
Paul Kelly (Non-Executive Director)

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

REVIEW AND RESULTS OF OPERATIONS

The principal activity of the Consolidated Entity during the half-year was the management of iron ore and precious base metal tenements in Western Australia.

Financial Results

The Consolidated Entity recorded a net loss for the period of \$825,704 (31 March 2012: net loss \$720,774).

Corporate Activities

Divestment of Gympie Eldorado Gold Operations

In April 2011, FEL entered into a conditional agreement to sell Gympie Eldorado Mining Pty Ltd ("GEM"), a wholly owned subsidiary of FEL, to BRI Microfine Pty Ltd ("BRI"). In September 2012, FEL received the initial \$50,000 cash payment from BRI. Consideration for the sale also includes a net smelter return of 6.5% on gold recovered from tailings treatment and 25% of any profits on sale of freehold land. In addition, FEL will be reimbursed \$2,264,984 in respect of environmental performance bonds on completion of the sale to BRI. The Company is continuing to work with BRI to satisfy the conditions precedent set out in the sale agreement. BRI has advised the Company that the capital raising, for the acquisition of all the shares in GEM, is close to completion.

Funding

In June 2011, FEL secured a \$2,000,000 standby loan facility ("Facility") to ensure that the Consolidated Entity had sufficient funds to progress the Mt Ida exploration program, and to perform the necessary works to satisfy the conditions precedent under the agreement to sell its 100% interest in GEM to BRI. The Facility was entered into with cornerstone shareholder Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert"), which currently holds a 19.9% interest in FEL. At 31 March 2013, \$2,000,000 had been drawn down under the facility. The Consolidated Entity has renegotiated a deferral of its repayment obligation to 31 December 2013. In addition, the Consolidated Entity has secured an additional short-term facility with Cape Lambert capped at \$1,000,000, which will enable it to meet its obligations as and when they fall due. At 31 March 2013, \$485,000 has been drawn down under the facility (refer to note 8(a) for further details).

Projects

The Consolidated Entity holds, or has rights or interests in approximately 320 tenements prospective for iron ore, nickel, copper and gold located mostly in Western Australia. This total includes 77 interests and rights in the 3 iron ore-focused projects at Mt Ida, Mt Elvire and Robinson Range, which are the Consolidated Entity's core projects. Compilation of the necessary commercial and technical information required to seek expressions of interest for the non-core projects is in the process of being completed.

Mt Ida Iron Ore Project ("Mt Ida") (85-100% Fe rights)

The Mt Ida Iron Ore Project is located approximately 70kms west south west of Leonora in the Yilgarn iron province of Western Australia. The project lies proximal to both Legacy Iron Ore Ltd's Mt Bevan iron ore project and Jupiter Mines Ltd's Mt Ida and Mt Mason iron ore projects.

On 22 March 2011, FEL entered into an agreement to acquire Mt Ida from Dempsey Resources Pty Ltd, a wholly owned subsidiary of Cape Lambert Resources Ltd. Completion of the acquisition is subject to the execution of split commodity agreements for exploration licences E29/561 and E29/644 ("Core Tenements") with the license holders. These agreements are presently being negotiated. The principal iron ore targets are located on the Core Tenements, where, subject to the terms of the agreement, FEL will hold 100% (E29/561) and 85% (E29/644) respectively of the iron rights.

As previously stated by the Consolidated Entity, a total exploration target size for the Eastern and Western Banded Iron Formation units at Mt Ida has been estimated at 1.1 to 1.4 billion tonnes of oxide and fresh magnetite with a grade of 30% to 37% Fe¹, based on interpretation and modelling of geological and geophysical data.

Robinson Range Iron Ore Project (20%)

This project comprises 4 exploration licenses (380km²) located in the Midwest Iron Province of Western Australia.

The licenses are subject to the Jackson Iron Ore Joint Venture Agreement ("JIOJVA"), between PepinNini Minerals Limited (40% and Manager) ("PepinNini"), Jackson Minerals Pty Ltd (20%), a fully owned subsidiary of FEL ("Jackson") and Grosvenor Gold Pty Ltd (40%).

The tenements are prospective for DSO hematite deposits covering the Robinson Range Formation.

Kalgoorlie Regional Gold Project ("KRGP") (80-100%)

The KRGP comprises 47 tenements covering ~120km² located 5-20km north of Kalgoorlie along and adjacent to the prospective Kanowna Fault Zone. These tenements are subject to a joint venture between Barrick (PD) Australia Limited ("Barrick") and Jackson. Under the terms of the joint venture agreement, Barrick, upon discovery of a mineral resource made by Barrick of more than 15,000 ounces of gold, may earn an 80% interest in the project. Barrick also has a conditional right to acquire 51% of any discovery made by Jackson. Barrick are currently actively exploring in this district. The Company is in discussion with third parties for the possible sale of KRGP.

Kalgoorlie Regional Nickel Project

As part of an ongoing assessment of non core projects, the Company has decided to withdraw from this project.

Kalgoorlie Gold Projects

The Consolidated Entity holds interests in 4 packages of tenements located north of Kalgoorlie that are prospective for gold. These projects are under consideration for sale.

Grafters (100%)

This project comprises 2 granted licenses covering 240Ha located 70km northwest of Kalgoorlie. Historic shallow drilling intersected anomalous gold over a strike length of 1km.

Vettersburg (65%)

This project comprises 5 granted licenses covering 691Ha located 60km northwest of Kalgoorlie. Previous drilling has intersected anomalous gold in 3 prospects at Vettersburg, Vettersburg South and Stockade.

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

Bardoc (65-100%)

This project comprises 12 granted licenses covering 1,329Ha located 40km northwest of Kalgoorlie.

Gordons and Gordons North (100%)

This project comprises 3 granted licenses and 1 application covering ~25km² located 40-50km north-northeast of Kalgoorlie.

Northcote Gold Antimony Project (10-15%)

As part of ongoing project review and rationalization, the Consolidated Entity has entered into a conditional sale agreement for the Northcote gold/antimony Project located in far north Queensland which was announced on 15 January 2013 to Territory Minerals Ltd. The sale is conditional upon Territory successfully listing on the Australian Securities Exchange (ASX).

The Consolidated Entity holds 10%-15% in two mining tenements which host gold/antimony mineralization with defined resources previously determined by Republic Gold Ltd (previous majority owner) and forms part of a larger project area. Territory is seeking listing on the ASX in the near term.

Terms for the sale include:

- Issue of 1 million shares in Territory;
- Payment of \$74,999 upon successful listing, sale or divestment of all or some of the project to a third party; and
- Territory maintains the tenements in good standing.

Territory anticipates listing on the Australian Securities Exchange in the near term via an Initial Public Offering and has accumulated leases in strategic locations in northern Queensland containing significant gold inventory. Territory also has granted leases in the Northern Territory proximal to rare earth and mineral sands discoveries.

Competent Person Statement

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled and reviewed by Mr Dennis Kruger who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Kruger is an Independent Technical Advisor to Fe Ltd, and has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Kruger consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires Fe's auditors, Ernst & Young, to provide the directors with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration follows and forms part of the Directors report.

Signed in accordance with a resolution of the Directors



Mark Gwynne
Executive Director


11 June 2013

Auditor's Independence Declaration to the Directors of Fe Limited

In relation to our review of the financial report of Fe Limited for the half-year ended 31 March 2013, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'G H Meyerowitz' in a cursive style.

G H Meyerowitz
Partner
11 June 2013

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 MARCH 2013

	Note	31 March 2013 \$	31 March 2012 \$
Continuing operations			
Interest income	3(a)	25,619	35,534
Other income	3(b)	-	246,544
		<u>25,619</u>	<u>282,078</u>
Employee benefits expense and directors remuneration	3(c)	(202,010)	(266,327)
Impairment of exploration assets	5	(149,971)	(221,491)
Impairment of available-for-sale financial asset		(7,250)	-
Accounting and audit fees		(26,040)	(15,060)
Legal fees		-	(200)
Consultants costs		(524)	(2,125)
Compliance costs		(7,386)	(3,949)
Travel costs		(14,792)	(29,158)
Finance costs		(73,210)	(35,718)
Other expenses	3(d)	(99,472)	(108,482)
Loss from continuing operations before income tax		<u>(550,036)</u>	<u>(400,432)</u>
Income tax expense		-	-
Loss from continuing operations after income tax		<u>(550,036)</u>	<u>(400,432)</u>
Discontinued operations			
Loss from discontinued operations after income tax	4	(270,668)	(320,342)
Loss for the period		<u>(825,704)</u>	<u>(720,774)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain / (loss) on available-for-sale financial assets		(7,250)	2,500
Transfer loss on available-for-sale financial assets to profit and loss		7,250	-
Other comprehensive income for the period		<u>-</u>	<u>2,500</u>
Total comprehensive loss for the period		<u>(825,704)</u>	<u>(718,274)</u>
Loss per share from continuing operations attributable to the ordinary equity holders of the parent			
-basic loss for the period (cents per share)		(0.48)	(0.35)
-diluted loss for the period (cents per share)		(0.48)	(0.35)
Loss per share from continuing and discontinued operations attributable to the ordinary equity holders of the parent			
-basic loss for the period (cents per share)		(0.71)	(0.62)
-diluted loss for the period (cents per share)		(0.71)	(0.62)

The accompanying notes form part of these financial statements

Statement of Financial Position

AS AT 31 MARCH 2013

	Note	31 March 2013 \$	30 September 2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents		129,319	147,111
Trade and other receivables		27,519	41,531
Other assets		17,315	21,857
		<u>174,153</u>	<u>210,499</u>
Assets classified as held for sale	4	553,454	553,454
Total Current Assets		<u>727,607</u>	<u>763,953</u>
Non-current Assets			
Exploration and evaluation expenditure	5	2,011,970	2,068,189
Plant and equipment		34,235	40,257
Available-for-sale financial assets	6	2,500	9,750
Other receivables	7	2,268,362	2,268,362
		<u>4,317,067</u>	<u>4,386,558</u>
Total Non-current Assets		<u>4,317,067</u>	<u>4,386,558</u>
TOTAL ASSETS		<u>5,044,674</u>	<u>5,150,511</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		347,758	362,332
Provisions		8,240	7,009
Interest-bearing loans and borrowings	8	2,651,264	1,918,054
		<u>3,007,262</u>	<u>2,287,395</u>
Liabilities associated with non-current assets held for sale	4	2,248,984	2,248,984
Total Current Liabilities		<u>5,256,246</u>	<u>4,536,379</u>
Non-current Liabilities			
Provisions		16,000	16,000
Total Non-current Liabilities		<u>16,000</u>	<u>16,000</u>
TOTAL LIABILITIES		<u>5,272,246</u>	<u>4,552,379</u>
NET ASSETS / (LIABILITIES)		<u>(227,572)</u>	<u>598,132</u>
EQUITY			
Contributed equity		33,957,000	33,957,000
Accumulated losses		(35,903,353)	(35,077,649)
Reserves		1,718,781	1,718,781
TOTAL EQUITY / (NET DEFICIENCY)		<u>(227,572)</u>	<u>598,132</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 MARCH 2013

	Note	31 March 2013 \$	31 March 2012 \$
Cash flows from operating activities			
Payments to suppliers and employees		(587,520)	(746,362)
Interest received		25,960	35,868
Net cash flows used in operating activities		<u>(561,560)</u>	<u>(710,494)</u>
Cash flows from investing activities			
Payments for exploration and evaluation costs		(116,232)	(173,133)
Proceeds from sale of available-for-sale financial assets		-	390,019
Net cash flows from / (used in) investing activities		<u>(116,232)</u>	<u>216,886</u>
Cash flows from financing activities			
Proceeds from loans		660,000	605,000
Net cash flows from financing activities		<u>660,000</u>	<u>605,000</u>
Net increase / (decrease) in cash and cash equivalents		(17,792)	111,392
Cash and cash equivalents at beginning of period		147,111	65,727
Cash and cash equivalents at end of period		<u>129,319</u>	<u>177,119</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 MARCH 2013

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Net unrealised gains reserve \$	Total \$
At 1 October 2012	33,957,000	(35,077,649)	1,718,781	-	598,132
Loss for the period	-	(825,704)	-	-	(825,704)
Other comprehensive income	-	-	-	-	-
	-	(825,704)	-	-	(825,704)
Transactions with owners in their capacity as owners	-	-	-	-	-
At 31 March 2013	33,957,000	(35,903,353)	1,718,781	-	(227,572)
At 1 October 2011	33,957,000	(33,239,531)	1,718,781	-	2,436,250
Loss for the period	-	(720,774)	-	-	(720,774)
Other comprehensive income	-	-	-	2,500	2,500
	-	(720,774)	-	2,500	(718,274)
Transactions with owners in their capacity as owners	-	-	-	-	-
At 31 March 2012	33,957,000	(33,960,305)	1,718,781	2,500	1,717,976

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2013

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information and basis of preparation

The half-year financial report for the period ended 31 March 2013 was authorised for issue in accordance with a resolution of the directors on 11 June 2013.

Fe Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded.

This half-year financial report is a condensed general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 September 2012 and considered together with any public announcements made by Fe Limited during the half-year ended 31 March 2013 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Significant accounting policies

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

From 1 October 2012, the Consolidated Entity has adopted all the Standards and Interpretations, mandatory for annual periods beginning on or after 1 October 2012. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Consolidated Entity.

The Consolidated Entity has not elected to early adopt any new standards or amendments.

(c) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The ability of the Consolidated Entity to continue its planned exploration and evaluation activities is dependent on the Consolidated Entity completing the sale of its 100% interest in Gympie Eldorado Mining Pty Ltd ("GEM") as detailed in note 4. At the date of this report, the directors are satisfied there are reasonable grounds to believe that the sale will complete and are actively working towards a successful completion of the GEM sale. In the event that the sale does not complete, the directors are confident that the Consolidated Entity will be able to raise additional capital, to enable it to meet its obligations as and when they fall due.

Notwithstanding the net liability position of the Consolidation Group of \$227,572 at 31 March 2013, the Company has a further \$515,000 facility remaining upon which could be drawn on if required.

As detailed in note 8(a), the Consolidated Entity has utilised its existing \$2,000,000 facility with Cape Lambert Resources Limited ("Cape Lambert") via a loan facility agreement. The directors have renegotiated a deferral of its repayment obligation of this loan to 31 December 2013. In addition, the Consolidated Entity has secured an additional short-term facility with Cape Lambert capped at \$1,000,000. At 31 March 2013, \$485,000 had been drawn down under the facility,

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2013

with \$515,000 facility remaining. Interest is payable on the amounts drawn down at the cash rate plus 3% per annum. Furthermore, it has been negotiated with Cape Lambert that subject to receipt of necessary shareholder approvals by the Company that Cape Lambert may convert the outstanding monies into fully paid ordinary shares in the Company.

Should the Consolidated Entity not achieve the matters set out above, there is significant uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. The financial statement do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

2 SEGMENT INFORMATION

FEL has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. All activities are inter-related and discrete information is reported as a single segment. FEL has only one operating segment, being mineral exploration and all of these activities are conducted in Australia.

3 REVENUE, INCOME AND EXPENSES

	31 March 2013	31 March 2012
	\$	\$
(a) Revenue		
Bank interest	25,619	35,534
(b) Other income		
Gain on sale of available-for-sale financial assets	-	243,762
Other	-	2,782
	-	246,544
(c) Employment benefits and directors remuneration		
Directors fees	(177,500)	(178,700)
Wages and salaries	(22,710)	(80,502)
Other employee benefits expense	(1,800)	(7,125)
	(202,010)	(266,327)
(d) Other expenses		
General tenement administration fees	(21,313)	(30,803)
Media and printing expenses	(15,772)	(23,457)
Depreciation expense	(6,022)	(8,660)
Other expenses	(56,365)	(45,562)
	(99,472)	(108,482)

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2013

4 DISCONTINUED OPERATIONS

In April 2011, FEL entered into a conditional agreement to sell Gympie Eldorado Mining Pty Ltd ("GEM"), a wholly owned subsidiary of FEL, to BRI Microfine Pty Ltd ("BRI"). Consideration for the sale includes \$50,000 in cash; a net smelter return of 6.5% on gold recovered from tailings treatment and 25% of any profits on sale of freehold land. In addition, FEL will be reimbursed \$2,264,984 in respect of environmental performance bonds.

In September 2012, FEL received the initial \$50,000 cash payment from BRI. The Company is continuing to work with BRI to satisfy the conditions precedent set out in the sale agreement. BRI has advised the Company that the capital raising, for the acquisition of all the shares in GEM, is close to completion.

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

	31 March 2013	31 March 2012
	\$	\$
Employee benefits expense	(146,387)	(152,436)
Site operation costs	(91,958)	(126,354)
Administration and other expenses	(38,934)	(56,473)
Other income	6,611	14,921
Loss from discontinued operations before tax	<u>(270,668)</u>	<u>(320,342)</u>
Income tax	-	-
Loss from discontinued operations after tax	<u>(270,668)</u>	<u>(320,342)</u>

Assets and liabilities – held for sale of operations:

	31 March 2013	30 September 2012
	\$	\$
Assets		
Property, plant & equipment (Land) (i)	428,454	428,454
Exploration and evaluation expenditure (ii)	<u>125,000</u>	<u>125,000</u>
	553,454	553,454
Liabilities		
Provision for rehabilitation (i)	<u>(2,248,984)</u>	<u>(2,248,984)</u>
Net liabilities attributable to discontinued operations	<u>(1,695,530)</u>	<u>(1,695,530)</u>

- (i) Assets and liabilities of Gympie Eldorado Mining Pty Ltd ("GEM").
(ii) Exploration assets in Western Australia, classified as held for sale.

Loss per share from discontinued operations:

	31 March 2013	31 March 2012
Basic loss for the period (cents per shares)	(0.23)	(0.28)
Diluted loss for the period (cents per shares)	(0.23)	(0.28)

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2013

5 EXPLORATION AND EVALUATION EXPENDITURE

	31 March 2013	30 September 2012
	\$	\$
Exploration and evaluation expenditure	2,011,970	2,068,189
<i>Movements in exploration and evaluation expenditure:</i>		
	31 March 2013	31 March 2012
	\$	\$
Balance at beginning of period	2,068,189	2,422,568
Exploration and evaluation expenditure capitalised	93,752	124,676
Less: exploration and evaluation expenditure impaired (a)	(149,971)	(221,491)
Balance at end of period	2,011,970	2,325,753

The ultimate recoupment of capitalised 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.

(a) The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 'Exploration for and Evaluation of Mineral Resources' and has recognised an impairment expense of \$149,971 during the current half-year (2012: \$221,491). The impairment expense relates to the discontinuance of exploration activities on certain tenements in Western Australia. The impairment expense is shown as a separate line item on the Statement of Comprehensive Income.

6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 March 2013	30 September 2012
	\$	\$
Shares – Australian listed	2,500	9,750
<i>Movements in available-for sale financial assets:</i>		
	31 March 2013	31 March 2012
	\$	\$
Balance at beginning of period	9,750	158,757
Shares disposed	-	(146,257)
Fair value adjustment through equity	(7,250)	2,500
Balance at end of period	2,500	15,000

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2013

7 OTHER RECEIVABLES (NON-CURRENT)

	31 March 2013	30 September 2012
	\$	\$
Term deposit (i)	1,463,978	1,463,978
Cash deposits – deposited with DEEDI (ii)	803,584	803,584
Cash deposits – other	800	800
	<u>2,268,362</u>	<u>2,268,362</u>

- (i) Term deposits have been pledged as security for a bank guarantee.
- (ii) Cash has been deposited directly with the Department of Employment, Economic Development and Innovation ("DEEDI"), pledged as security for an environmental performance bond.

The term deposit and cash deposit provide security for the Consolidated Entity's rehabilitation obligations in relation to the tenements held by Gympie Eldorado Mining Pty Ltd.

8 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2013	30 September 2012
	\$	\$
Loan from related party (a):		
Current		
- Principal	2,485,000	1,825,000
- Interest	166,264	93,054
	<u>2,651,264</u>	<u>1,918,054</u>

- (a) In June 2011, the Consolidated Entity entered into a loan facility agreement with Cape Lambert Resources Limited (ASX: CFE). Under the terms of the agreement, the Consolidated Entity has access to \$2,000,000 with any amounts drawn down repayable in full by 31 December 2012. Interest is payable on the amounts drawn down at the cash rate plus 3% per annum. At 31 March 2013, \$2,000,000 had been drawn down under the facility. The Consolidated Entity has renegotiated a deferral of its repayment obligation to 31 December 2013.

In addition, the Consolidated Entity has secured an additional short-term facility with Cape Lambert capped at \$1,000,000 repayable in full by 31 December 2013. At 31 March 2013 \$485,000 had been drawn down under the facility. Interest is payable on the amounts drawn down at the cash rate plus 3% per annum. Furthermore, it has been negotiated with Cape Lambert that subject to receipt of necessary shareholder approvals by the Company that Cape Lambert may convert the outstanding monies into fully paid ordinary shares in the Company at a conversion price per share of 80% of the 10-day VWAP of the shares on ASX prior to the conversion date.

9 CONTINGENCIES

At 31 March 2013, there are no known contingent liabilities or contingent assets.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2013

10 EVENTS AFTER THE BALANCE SHEET DATE

In relation to the loans details in note 8(a), on 30 April 2013, the Consolidated Entity has:

- (a) renegotiated a deferral of its repayment obligation to 31 December 2013 in respect of its \$2,000,000 loan with Cape Lambert; and
- (b) secured an additional short-term facility with Cape Lambert capped at \$1,000,000 repayable in full by 31 December 2013.

Interest is payable on the amounts drawn down at the cash rate plus 3% per annum. Furthermore, it has been negotiated with Cape Lambert that subject to receipt of necessary shareholder approvals by the Company that Cape Lambert may convert the outstanding monies into fully paid ordinary shares in the Company at a conversion price per share of 80% of the 10-day VWAP of the shares on ASX prior to the conversion date.

There are no events subsequent to 31 March 2013 and up to the date of this report that would materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

Directors' Declaration

In accordance with a resolution of the directors of Fe Limited, I state that in the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view the financial position as at 31 March 2013 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*; and
- (b) subject to the matters described in note 1(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mark Gwynne
Executive Director

11 June 2013

To the members of Fe Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fe Limited, which comprises the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fe Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Fe Limited is not in accordance with the *Corporations Act 2001*, including:

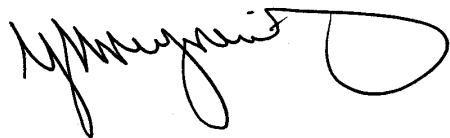
- a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report. As a result of these matters, there is material uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a large, stylized flourish at the end.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz', with a large, stylized flourish at the end.

G H Meyerowitz
Partner
Perth
11 June 2013