



**Fe Limited**  
**ABN: 31 112 731 638**

# **HALF-YEAR REPORT**

**FOR THE HALF-YEAR ENDED  
31 MARCH 2012**

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.



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# Corporate Directory

<b>Australian Business Number</b>	31 112 731 638	
<b>Country of Incorporation</b>	Australia	
<b>Board of Directors</b>	Antony Sage Mark Gwynne Paul Kelly	Non-Executive Chairman Executive Director Non-Executive Director
<b>Company Secretary</b>	Eloise von Puttkammer	
<b>Principal Administrative Office and Registered Office</b>	32 Harrogate Street West Leederville WA 6007	
	Telephone:	+61 (0)8 9380 9555
	Facsimile:	+61 (0)8 9380 9666
	Contact:	<a href="mailto:info@felimited.com.au">info@felimited.com.au</a>
	Website:	<a href="http://www.felimited.com.au">www.felimited.com.au</a>
<b>Share Registry</b>	Link Market Services Level 12, 680 Georges Street Sydney, NSW 2000	
	Telephone:	1300 554 474 (in Australia) +61 (2) 9280 7111 (outside Australia)
	Website:	<a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a>
<b>Auditors</b>	Ernst & Young 11 Mounts Bay Road Perth, WA 6000	
<b>Australian Stock Exchange Limited (ASX)</b>	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 2012.

## 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)  
Kim Bischoff (Managing Director) (Resigned 28 November 2011)

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 exploration for iron ore and precious base metals in Western Australia.

## Financial Results

The Consolidated Entity recorded a net loss for the period of \$720,774 (31 March 2011: net loss \$3,468,866).

## 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"). On completion, FEL will receive \$50,000 in cash. 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. FEL is continuing to work with BRI to satisfy the conditions precedent set out in the sale agreement.

### *Funding*

In the prior year, FEL secured a \$2,000,000 standby loan facility ("Facility") to ensure that the Company has 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 GEM to BRI. The facility was entered into with cornerstone shareholder Cape Lambert Resources Ltd (ASX: CFE) ("Cape Lambert"), which currently holds a 19.9% interest in FEL. At 31 March 2012, \$1,115,000 has been drawn down under the facility.

### *Changes to board of directors*

Kim Bischoff resigned as Managing Director of FEL on 28 November 2011.

## Projects

The Company 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 Company's core projects. A strategic review of the Company's non-core projects was completed during the prior year and work has commenced to compile the necessary commercial and technical information and seek expressions of interest for the non-core projects.

### **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.

The Mt Ida Project is the principal focus of the Company.

During the period, the Company has progressed legal documentation preserving its rights to explore for and mine for iron ore on the core tenements with third party participants (JV and Non Iron Ore Rights) at the Mt Ida Project. Once completed, exploration, including drilling programs will commence at the Mt Ida Project. Exploration approvals, including drilling, have been approved by the Department of Mines and Petroleum.

Initial drilling will target potential hematite mineralization as well as defining a maiden magnetite resource.

As previously stated by the Company, 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% Fe<sup>1</sup>, based on interpretation and modeling of geological and geophysical data (refer ASX announcements dated 19 May 2011 and 29 June 2011 for full details).

### **Robinson Range Iron Ore Project (20%)**

This project comprises 4 exploration licenses (380km<sup>2</sup>) 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.

PepinNini have recently reported drilling results from an additional 35 drill holes, totaling 2,446m. Encouraging hematite and hematite-goethite iron enrichment continues to be intersected at Area C. Refer to PepinNini ASX announcement dated 30 April 2012 for further details.

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

The KRGP comprises 47 tenements covering ~120km<sup>2</sup> 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.

### **Kalgoorlie Regional Nickel Project**

Jackson currently holds nickel interests in a package of 128 tenements covering ~300km<sup>2</sup> straddling the Scotia-Kanowna Anticline located 15-25km north of Kalgoorlie. The interests comprise 20 granted tenements where Jackson is the holder, nickel rights to 84 granted licenses and nickel rights to 24 applications. The nickel rights to the granted licenses and applications are held through agreements with Barrick, Norton Gold Fields Limited and Kesli Chemicals Pty Ltd.

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<sup>1</sup> *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.*

The tenements are prospective for high grade and disseminated nickel sulphide deposits in komatiite units of the Highway Ultramafics.

### **Kalgoorlie Gold Projects**

The Company holds interests in 4 packages of tenements located north of Kalgoorlie that are prospective for gold.

#### *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.

#### *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 ~25km<sup>2</sup> located 40-50km north-northeast of Kalgoorlie.

### **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 Brett Smith who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Smith 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 Smith 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

30 May 2012

## 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 2012, 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  
30 May 2012

# Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 MARCH 2012

	Note	31 March 2012 \$	31 March 2011 \$
<b>Continuing operations</b>			
Interest income	3(a)	35,534	46,621
Other income	3(b)	246,544	128,805
		<u>282,078</u>	<u>175,426</u>
Employee benefits expense and directors remuneration	3(c)	(266,327)	(260,271)
Impairment of exploration assets		(221,491)	(3,828,599)
Accounting and audit fees		(15,060)	(50,599)
Legal fees		(200)	(61,266)
Consultants costs		(2,125)	(80,411)
Compliance costs		(3,949)	(21,417)
Travel costs		(29,158)	(18,486)
Other expenses	3(d)	(144,200)	(186,668)
<b>Loss from continuing operations before income tax</b>		<u>(400,432)</u>	<u>(4,332,291)</u>
Income tax expense		-	-
<b>Loss from continuing operations after income tax</b>		<u>(400,432)</u>	<u>(4,332,291)</u>
<b>Discontinued operations</b>			
(Loss) / profit from discontinued operations after income tax	4	(320,342)	863,425
<b>Net (loss) / profit for the period</b>		<u>(720,774)</u>	<u>(3,468,866)</u>
<b>Other comprehensive income</b>			
Net fair value gain / (loss) on available-for-sale financial assets		2,500	(23,119)
<b>Other comprehensive income for the period</b>		<u>2,500</u>	<u>(23,119)</u>
<b>Total comprehensive loss for the period</b>		<u>(718,274)</u>	<u>(3,491,985)</u>
Earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the parent			
-basic loss for the period (cents per share)		(0.35)	(3.76)
-diluted loss for the period (cents per share)		(0.35)	(3.76)
Earnings/(loss) per share from continuing and discontinued operations attributable to the ordinary equity holders of the parent			
-basic profit/(loss) for the period (cents per share)		(0.62)	(3.01)
-diluted profit/(loss) for the period (cents per share)		(0.62)	(3.01)

*The accompanying notes form part of these financial statements*

# Statement of Financial Position

AS AT 31 MARCH 2012

	Note	31 March 2012 \$	30 September 2011 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		177,119	65,727
Trade and other receivables		14,335	40,845
Other assets		11,659	22,670
		<u>203,113</u>	<u>129,242</u>
Non-current assets held for sale	4	428,454	428,454
<b>Total Current Assets</b>		<u>631,567</u>	<u>557,969</u>
<b>Non-current Assets</b>			
Exploration and evaluation expenditure	5	2,325,753	2,422,568
Plant and equipment		48,917	57,577
Available-for-sale financial assets	6	15,000	158,757
Other receivables	7	2,265,784	2,265,784
		<u>4,655,454</u>	<u>4,904,686</u>
<b>Total Non-current Assets</b>		<u>4,655,454</u>	<u>4,904,686</u>
<b>TOTAL ASSETS</b>		<u>5,287,021</u>	<u>5,462,382</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		144,004	235,404
Provisions		3,687	10,092
Interest-bearing loans and borrowings	8	1,156,370	-
		<u>1,304,061</u>	<u>245,496</u>
Liabilities associated with non-current assets held for sale	4	2,248,984	2,248,984
<b>Total Current Liabilities</b>		<u>3,553,045</u>	<u>2,494,480</u>
<b>Non-current Liabilities</b>			
Provisions		16,000	16,000
Interest-bearing loans and borrowings	8	-	515,652
		<u>16,000</u>	<u>531,652</u>
<b>Total Non-current Liabilities</b>		<u>16,000</u>	<u>531,652</u>
<b>TOTAL LIABILITIES</b>		<u>3,569,045</u>	<u>3,026,132</u>
<b>NET ASSETS</b>		<u>1,717,976</u>	<u>2,436,250</u>
<b>EQUITY</b>			
Contributed equity		33,957,000	33,957,000
Accumulated losses		(33,960,305)	(33,239,531)
Reserves		1,721,281	1,718,781
<b>TOTAL EQUITY</b>		<u>1,717,976</u>	<u>2,436,250</u>

*The accompanying notes form part of these financial statements*

# Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 MARCH 2012

	Note	31 March 2012 \$	31 March 2011 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(746,362)	(1,168,529)
Interest received		35,868	46,568
<b>Net cash flows used in operating activities</b>		<u>(710,494)</u>	<u>(1,121,961)</u>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation costs		(173,133)	(723,144)
Payments for exploration assets		-	(250,000)
Proceeds from sale of BK Exploration Pty Ltd		-	500,000
Purchase of property, plant and equipment		-	(6,722)
Proceeds from sale of property, plant and equipment		-	2,000,390
Purchase of available-for-sale financial assets		-	(294,145)
Proceeds from sale of available-for-sale financial assets		390,019	-
Payments for environmental performance bonds		-	(803,984)
Proceeds from sale of shares in Padbury Mining Ltd		-	325,464
<b>Net cash flows from investing activities</b>		<u>216,886</u>	<u>747,859</u>
<b>Cash flows from financing activities</b>			
Proceeds from loans		605,000	-
<b>Net cash flows from financing activities</b>		<u>605,000</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		111,392	(374,102)
Cash and cash equivalents at beginning of period		65,727	1,294,114
<b>Cash and cash equivalents at end of period</b>		<u>177,119</u>	<u>920,012</u>

*The accompanying notes form part of these financial statements*

## Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 MARCH 2012

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Net unrealised gains reserve	Total \$
<b>At 1 October 2011</b>	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)
<b>Transactions with owners in their capacity as owners</b>					
-	-	-	-	-	-
<b>At 31 March 2012</b>	<b>33,957,000</b>	<b>(33,960,305)</b>	<b>1,718,781</b>	<b>2,500</b>	<b>1,717,976</b>
<b>At 1 October 2010</b>	33,774,372	(28,634,661)	1,700,509	-	6,840,220
Loss for the period	-	(3,468,866)	-	-	(3,468,866)
Other comprehensive income	-	-	-	(23,119)	(23,119)
	-	(3,468,866)	-	(23,119)	(3,491,985)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued during the period	182,628	-	-	-	182,628
<b>At 31 March 2011</b>	<b>33,957,000</b>	<b>(32,103,527)</b>	<b>1,700,509</b>	<b>(23,119)</b>	<b>3,530,863</b>

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2012

## 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 2012 was authorised for issue in accordance with a resolution of the directors on 30 May 2012.

Fe Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded. The principal activities of the company and its subsidiaries (the "Consolidated Entity") are described in note 2.

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 2011 and considered together with any public announcements made by Fe Limited during the half-year ended 31 March 2012 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 2011, the Consolidated Entity has adopted all the Standards and Interpretations, mandatory for annual periods beginning on or after 1 October 2011. 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. 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.

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

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2012

## 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

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Revenue</b>		
Bank interest	35,534	46,621
<b>(b) Other income</b>		
Gain on sale of available-for-sale financial assets	243,762	122,051
Other	2,782	6,754
	<u>246,544</u>	<u>128,805</u>
<b>(c) Employment benefits and directors remuneration</b>		
Directors fees	(178,700)	(177,501)
Wages and salaries	(80,502)	(74,623)
Other employee benefits expense	(7,125)	(8,147)
	<u>(266,327)</u>	<u>(260,271)</u>
<b>(d) Other expenses</b>		
General tenement administration fees	(30,803)	(34,190)
Media and printing expenses	(23,457)	(46,295)
Depreciation expense	(8,660)	(11,536)
Other expenses	(81,280)	(94,647)
	<u>(144,200)</u>	<u>(186,668)</u>

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2012

## 4 DISCONTINUED OPERATIONS

During April 2011, FEL entered into a conditional agreement to sell its 100% interest in Gympie Eldorado Mining Pty Ltd ("GEM") to BRI Microfine Pty Ltd ("BRI"). On completion, FEL will receive \$50,000 in cash. Consideration for the sale also includes a net smelter return of 6.5% on gold recovered from tailings treatment and 25% profits on sale of freehold land. In addition, FEL will be reimbursed \$2.2 million in respect of environmental performance bonds. Completion of the transaction is conditional upon a number of conditions precedent being satisfied.

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

	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>\$</b>	<b>\$</b>
Other income from sale of property plant and equipment	-	2,000,390
Rehabilitation expense	-	(642,984)
Employee benefits expense	(152,436)	(181,847)
Site operation costs	(126,354)	(239,810)
Administration and other expenses	(56,473)	(81,545)
Other income	14,921	9,221
(Loss) / profit from discontinued operations before tax	<u>(320,342)</u>	<u>863,425</u>
Income tax	-	-
(Loss) / profit from discontinued operations after tax	<u>(320,342)</u>	<u>863,425</u>

Assets and liabilities – held for sale of operations of Gympie Eldorado Mining Pty Ltd:

	<b>31 March 2012</b>	<b>30 September 2011</b>
	<b>\$</b>	<b>\$</b>
Assets		
Property, plant & equipment	<u>428,454</u>	<u>428,454</u>
Liabilities		
Provision for rehabilitation	<u>(2,248,984)</u>	<u>(2,248,984)</u>
Net liabilities attributable to discontinued operations	<u>(1,820,530)</u>	<u>(1,820,530)</u>

Earnings/(loss) per share from discontinued operations:

	<b>31 March 2012</b>	<b>31 March 2011</b>
Basic profit/(loss) for the period (cents per shares)	(0.28)	0.75
Diluted profit/(loss) for the period (cents per shares)	(0.28)	0.75

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2012

## 5 EXPLORATION AND EVALUATION EXPENDITURE

	<b>31 March 2012</b>	<b>30 September 2011</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenditure	2,325,753	2,422,568
<i>Movements in exploration and evaluation expenditure:</i>		
	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	2,422,568	5,450,597
Exploration and evaluation expenditure capitalised	124,676	370,643
Less: exploration and evaluation expenditure impaired	(221,491)	(3,828,599)
Balance at end of period	2,325,753	1,992,641

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.

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 impaired \$221,491 during the current half-year (2011: \$3,828,599) following the decision not to continue exploration in certain areas within the mid-west region of Western Australia. The impairment expense is shown as a separate line item on the Statement of Comprehensive Income.

## 6 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>31 March 2012</b>	<b>30 September 2011</b>
	<b>\$</b>	<b>\$</b>
Shares – Australian listed	15,000	158,757
<i>Movements in available-for sale financial assets:</i>		
	<b>31 March 2012</b>	<b>31 March 2011</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	158,757	-
Shares acquired	-	471,338
Shares disposed	(146,257)	(198,030)
Fair value adjustment through equity	2,500	(23,119)
Balance at end of period	15,000	250,189

The available for sale financial assets as at 30 September 2011 and 31 March 2012 belong to level 1 – quoted market prices in the fair value hierarchy.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2012

## 7 OTHER RECEIVABLES (NON-CURRENT)

	<b>31 March 2012</b>	<b>30 September 2011</b>
	<b>\$</b>	<b>\$</b>
Term deposit (i)	1,461,400	1,461,400
Cash deposits (ii)	804,384	804,384
	<u>2,265,784</u>	<u>2,265,784</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, 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

	<b>31 March 2012</b>	<b>30 September 2011</b>
	<b>\$</b>	<b>\$</b>
Loan from related party (a):		
<b>Current</b>		
- Principal	1,115,000	-
- Interest	41,370	-
	<u>1,156,370</u>	<u>-</u>
<b>Non-current</b>		
- Principal	-	510,000
- Interest	-	5,652
	<u>-</u>	<u>515,652</u>
<b>Total</b>	<u>1,156,370</u>	<u>515,652</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.

## 9 CONTINGENCIES

At 31 March 2012, there are no known contingent liabilities or contingent assets.

## 10 EVENTS AFTER THE BALANCE SHEET DATE

There were no events subsequent to 31 March 2012 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 Fe Limited are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view the financial position as at 31 March 2012 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

30 May 2012

## 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 2012, 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 2012 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 2012 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*.

## Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualifying our review conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(c) to the financial report, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of operations 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  
30 May 2012