



Fe Limited
ABN: 31 112 731 638

HALF-YEAR REPORT

**FOR THE HALF-YEAR ENDED
31 MARCH 2014**

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

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	
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	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 2014.

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

Fe Limited (ASX: FEL) ("FEL" or "Company") is an Australian company with interests in a portfolio of mineral resource projects at exploration stage located in Australia that are prospective for iron ore, gold and base metals.

The Company's strategy is to explore and add value to its iron ore projects in Western Australia and position them for development and/or divestment. During this reporting period, the Company has divested several non-core projects including the Gympie gold mine as part of its strategy to focus on its iron ore projects. The Company has retained its interests in several highly prospective projects in the Peak Hill region of Western Australia where it has no contributing responsibilities. In addition, the Company is actively seeking new investments in bulk and related commodities including iron ore and manganese.

Financial Results

The Consolidated Entity recorded a net profit for the period of \$1,138,145 (31 March 2013: net loss \$825,704).

Corporate Activities

Funding

As previously disclosed and detailed in the Company's Notice of Annual General Meeting, the Company entered into a settlement and converting loan agreement ("Settlement and Converting Loan Agreement") with Cape Lambert Resources Limited ("Cape Lambert") for the settlement of existing loans. Shareholder approval was received at the Company's Annual General Meeting to settle the existing loans with Cape Lambert. Repayment of \$1M cash and the issue of 104,193,055 ordinary shares to Dempsey Resources Pty Ltd, a wholly owned subsidiary of Cape Lambert (being conversion of the balance and accrued interest into shares) took place on or about 26 February 2014.

Cape Lambert currently holds a 57.89% interest in FEL.

For full details regarding the Settlement and Converting Loan Agreement, refer to the Company's Notice of Annual General Meeting which is available for review or download from the Company's website www.felimited.com.au.

Annual General Meeting

The Company's Annual General Meeting was held on 21 February 2014 at 9:30am. All resolutions put to the meeting were passed on a show of hands.

Gympie Eldorado Mining Pty Ltd Sale

As announced on 12 February 2014, the Company completed the sale of its wholly owned subsidiary, Gympie Eldorado Mining Pty Ltd ("GEM") to a private Singapore registered Mining and Metals trading group company ("Purchaser") ("Transaction").

As at 31 March 2014:

- \$200,000 consideration had been received; and
- \$803,584 environmental performance bond deposited directly with the Department of Employment, Economic Development and Innovation ("DEEDI") had been refunded.

Final payment of \$1,445,000, being refund of environmental bonds was received on 15 April 2014.

FEL retains a 3% Net Smelter Return royalty from gold derived from the Gympie Eldorado Mine (including any processing tailings) plus 10% of any profits from any future sale of freehold land, which comprises the Gympie Eldorado Gold Mine Tailings Site.

The potential value of the freehold land has increased over the past 18 months with rezoning approval from Rural to High Impact Industrial. The site has several advantages in that it is above flood level heights and is adjacent to the proposed realignment of the Bruce Highway, the main arterial access from Brisbane to the north of Queensland.

Projects

Projects Review

The Company holds, or has rights or interests in several tenements prospective for iron, nickel; copper and gold located mostly in Western Australia. This total includes interests and rights in the 3 iron-focused projects at Mt Ida, Mt Elvire and Robinson Range, referred to as core projects. The Company has completed a successful divestment program of non-core assets over the past year to allow full focus on its key projects.

Peak Hill Projects ("Peak Hill") (20% rights, free carried to decision to mine)

Via its wholly owned subsidiary, Jackson Minerals Pty Ltd, FEL has a 20% free carried interest in 21 tenements in the Peak Hill Gold Field, including tenements proximal to Sandfire Resources NL Doolgunna Project and DeGrussa copper gold mine (14.33Mt @ 4.6%Cu and 1.6g/t Au) and several gold and copper prospects. The Peak Hill Project tenements have been the subject to sales to Alchemy Resources Ltd (ASX: ALY), Resource and Investment NL (ASX: RNI) and PepinNini Minerals Ltd (ASX: PNN).

Grosvenor Gold Project (RNI 80%, FEL 20% free carried to Decision to Mine)

FEL, via its subsidiary, Jackson Minerals Pty Ltd, holds a 20% free carried interest to Decision to Mine in eight exploration licenses (E51/1033, E51/1060, E52/1613, E52/1655, E52/1659, E52/1670, E52/1671, E52/1672) and five prospecting licenses (P52/1169, P52/1170, P52/1171, P52/1172, P52/1194) (refer Map 1).

The tenements hold favourable geological setting hosting the DeGrussa VMS discovery.

RNI recently announced a successful resampling program of historic drilling from the Forrest Gymp and Wodger Prospects, which reported high grade copper anomalism. Please see RNI announcement dated 27 March 2014 for further details.

RNI has also announced a capital raising to fund further exploration of this emerging project.

Bryah Basin Copper Project (ALY 80%, FEL 20% free carried to Decision to Mine)

FEL, via its wholly owned subsidiary Jackson Minerals Pty Ltd holds a 20% free carried interest to Decision to Mine in four exploration licenses (E52/1668, E52/1678, E52/1722, E52/1730) and four prospecting licenses (P52/1167, P52/1168, P52/1196) (refer Map 1).

The project covers approximately 45km of strike length of the prospective Narracoota volcanic sedimentary sequence in the Bryah Basin.

Joint venture partner ALY, announced on 30 January 2014 that nickel and gold miner, Independence Group (ASX: IGO), has farmed into its Bryah Basin Project. FEL holds 20% free carried equity in some of these tenements. IGO may earn up to 80% interest in the entire Bryah Basin Project via sole funding \$6.5M on exploration over 6 years. FEL welcomes the involvement of IGO given its proven success in mining and exploration. For further details, please refer to ALY announcement.

Robinson Range Iron Ore Project (20%)

PepinNini Minerals Ltd ("PepinNini") (50% iron ore rights) is the operator of the Robinson Range Iron Ore Project.

FEL, via its subsidiary Jackson Minerals Pty Ltd, holds 20% free carried interest to Decision to Mine in four exploration licenses (E51/1033, E52/1613, E52/1670, E52/1672) in the Robinson Range Project (refer Map 1).

PepinNini has previously announced mineral resource estimates for iron ore mineralisation at the Robinson Range Project, please refer to their website for further information.

Mt Ida Iron Ore Project

Mt Ida is approximately 80km northwest of the operational railway at Menzies, which offers access to existing port facilities at Esperance. Esperance port is proposing an upgrade of facilities to increase capacity by approximately 10MTPA by mid 2015.

The Project comprises the rights to explore and mine for iron ore on a group of 71 licences covering approximately 370km² in the emerging Yilgarn Iron Province. This land holding is currently being reviewed to reduce the total area to better reflect iron ore potential.

The Project area covers part of the Mt Ida - Mt Bevan BIF, which is currently being explored and evaluated by Jupiter Mines Limited ("Jupiter") and Legacy Iron Ore ("Legacy").

The Company has completed planning for further exploration field work for this reporting period, including detailed mapping and sampling of BIF outcrops, further geophysical survey to better determine drilling targets. Drilling is anticipated later in this quarter.

Events after the balance date

Pursuant to the sale of Gympie Eldorado Mining Pty Ltd, the final payment of \$1,445,000, being refund of environmental bonds was received on 15 April 2014.

FEL repaid the final \$1,000,000 loan to Cape Lambert Resources Limited on 15 April 2014.

There are no events subsequent to 31 March 2014 and up to the date of this report that would materially affect the operations of the Consolidated Entity or its state of affairs which have not otherwise been disclosed in this financial report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires Fe'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

A handwritten signature in black ink, appearing to read 'Mark Gwynne', with a long horizontal stroke extending to the right.

Mark Gwynne
Executive Director
Perth

22 May 2014



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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 2014, 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
22 May 2014

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 MARCH 2014

	Note	31 March 2014 \$	31 March 2013 \$
Continuing operations			
Interest income	3(a)	16,416	25,619
Other income	3(b)	2,151,947	-
		<u>2,168,363</u>	<u>25,619</u>
Employee benefits expense and directors remuneration	3(c)	(177,500)	(202,010)
Impairment of exploration assets	3(d)	(597,824)	(149,971)
Impairment of available-for-sale financial asset		(750)	(7,250)
Accounting and audit fees		(48,883)	(26,040)
Legal fees		(118)	-
Consultants costs		(10,141)	(524)
Compliance costs		(31,285)	(7,386)
Travel costs		(13,524)	(14,792)
Finance costs		(34,357)	(73,210)
Other expenses	3(e)	(162,991)	(99,472)
Profit/(Loss) from continuing operations before income tax		1,090,990	(550,036)
Income tax expense		-	-
Profit/(Loss) from continuing operations after income tax		<u>1,090,990</u>	<u>(550,036)</u>
Discontinued operations			
Profit / (loss) from discontinued operations after income tax	4	47,155	(270,668)
Profit / (loss) for the period		<u>1,138,145</u>	<u>(825,704)</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		(750)	(7,250)
Transfer loss on available-for-sale financial assets to profit and loss		750	7,250
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the period		<u>1,138,145</u>	<u>(825,704)</u>
Earnings per share from continuing operations attributable to the ordinary equity holders of the parent			
-basic profit / (loss) for the period (cents per share)		0.50	(0.48)
-diluted profit / (loss) for the period (cents per share)		0.50	(0.48)
Earnings 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)		0.52	(0.71)
-diluted profit / (loss) for the period (cents per share)		0.52	(0.71)

The accompanying notes form part of these financial statements

Statement of Financial Position

AS AT 31 MARCH 2014

	Note	31 March 2014 \$	30 September 2013 \$
ASSETS			
Current Assets			
Cash and cash equivalents		700,863	9,136
Trade and other receivables		21,881	36,225
Other receivables	7	1,448,788	2,267,562
Other assets		7,708	19,502
		<u>2,179,240</u>	<u>2,332,425</u>
Assets classified as held for sale	4	-	461,450
Total Current Assets		<u>2,179,240</u>	<u>2,793,875</u>
Non-current Assets			
Exploration and evaluation expenditure	5	727,162	1,306,522
Plant and equipment		27,466	28,180
Available-for-sale financial assets	6	1,000	1,750
Other receivables	7	-	800
		<u>755,628</u>	<u>1,337,252</u>
TOTAL ASSETS		<u>2,934,868</u>	<u>4,131,127</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		271,963	375,739
Interest-bearing loans and borrowings	8	1,000,000	3,260,248
		<u>1,271,963</u>	<u>3,635,987</u>
Liabilities associated with non-current assets held for sale	4	-	2,248,984
Total Current Liabilities		<u>1,271,963</u>	<u>5,884,971</u>
Non-current Liabilities			
Provisions		-	16,000
Total Non-current Liabilities		<u>-</u>	<u>16,000</u>
TOTAL LIABILITIES		<u>1,271,963</u>	<u>5,900,971</u>
NET ASSETS / (LIABILITIES)		<u>1,662,905</u>	<u>(1,769,844)</u>
EQUITY			
Contributed equity	9	36,251,604	33,957,000
Accumulated losses		(36,307,480)	(37,445,625)
Reserves		1,718,781	1,718,781
TOTAL EQUITY / (NET DEFICIENCY)		<u>1,662,905</u>	<u>(1,769,844)</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 MARCH 2014

	Note	31 March 2014 \$	31 March 2013 \$
Cash flows from operating activities			
Receipts from customers		4,483	-
Payments to suppliers and employees		(451,403)	(587,520)
Interest received		14,016	25,960
Net cash flows used in operating activities		<u>(432,904)</u>	<u>(561,560)</u>
Cash flows from investing activities			
Payments for exploration and evaluation costs		(61,265)	(116,232)
Purchase of plant and equipment		(3,531)	-
Proceeds from sale of tenements		200,682	-
Proceeds from sale of controlled entity		86,058	-
Proceeds from sale of land		106,746	-
Release of restricted cash		819,574	-
Cash disposed on sale on sale of controlled entity		(23,633)	-
Net cash flows from / (used in) investing activities		<u>1,124,631</u>	<u>(116,232)</u>
Cash flows from financing activities			
Proceeds from loans		-	660,000
Net cash flows from financing activities		<u>-</u>	<u>660,000</u>
Net increase / (decrease) in cash and cash equivalents		691,727	(17,792)
Cash and cash equivalents at beginning of period		9,136	147,111
Cash and cash equivalents at end of period		<u>700,863</u>	<u>129,319</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 MARCH 2014

	Contributed equity \$	Accumulated losses \$	Share based payments reserve \$	Total \$
At 1 October 2013	33,957,000	(37,445,625)	1,718,781	(1,769,844)
Profit for the period	-	1,138,145	-	1,138,145
Other comprehensive income	-	-	-	-
	-	1,138,145	-	1,138,145
Transactions with owners in their capacity as owners				
Shares issued during the period	2,294,604	-	-	2,294,604
At 31 March 2014	36,251,604	(36,307,480)	1,718,781	1,662,905
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)

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

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 2014 was authorised for issue in accordance with a resolution of the directors on 22 May 2014.

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 2013 and considered together with any public announcements made by Fe Limited during the half-year ended 31 March 2014 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Going concern

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

At balance date the Consolidated Entity had cash and cash equivalents of \$700,863 (30 September 2013: \$9,136) and a net working capital surplus of \$889,569. As detailed in note 4, the Consolidated Entity completed the sale of its 100% interest in Gympie Eldorado Mining Pty Ltd ("GEM") in February 2014. Subsequent to 31 March 2014, the Consolidated Entity received its final refund of environmental performance bond of \$1,445,000 and settled the outstanding \$1,000,000 debt facility.

Additional funding may be necessary for the Consolidated Entity to fulfil its proposed exploration program in the next 12 months.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Consolidated Entity will be able to continue its planned exploration and evaluation activities and the Consolidated Entity will be able to meet its obligations as and when they fall due. The directors are confident that the Consolidated Entity will be able to raise additional capital if required.

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

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

(c) 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 2013, the Consolidated Entity has adopted all the Standards and Interpretations, mandatory for annual periods beginning on or after 1 October 2013. 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.

Except as noted below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New and amended accounting standards and interpretations

The Company has adopted all Australian Accounting Standards and Interpretations effective from 1 July 2013, including:

Reference	Title
AASB 10	<p>Consolidated Financial Statements</p> <p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <i>Consolidation - Special Purpose Entities</i>.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.</p> <p>Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.</p>
AASB 12	<p>Disclosure of Interests in Other Entities</p> <p>AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.</p>
AASB 13	<p>Fair Value Measurement</p> <p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Additional disclosures are included in note 13.</p> <p>Consequential amendments were also made to other standards via AASB 2011-8.</p>
AASB 119	<p>Employee Benefits</p> <p>The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.</p> <p>Consequential amendments were also made to other standards via AASB 2011-10.</p>

The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company. The Company has not elected to early adopt any new accounting standards and interpretations.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

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 2013 \$
(a) Revenue		
Bank interest	16,416	25,619
(b) Other income		
Gain on sale of tenements	165,571	-
Gain on sale of controlled entity	1,970,376	-
Others	16,000	-
	<u>2,151,947</u>	<u>-</u>
(c) Employment benefits and directors remuneration		
Directors fees	(177,500)	(177,500)
Wages and salaries	-	(22,710)
Other employee benefits expense	-	(1,800)
	<u>(177,500)</u>	<u>(202,010)</u>
(d) Impairment of exploration assets		
Impairment of exploration assets	<u>(597,824)</u>	<u>(149,971)</u>
	<u>(597,824)</u>	<u>(149,971)</u>
(e) Other expenses		
General tenement administration fees	(81,065)	(21,313)
Printing expenses	(16,476)	(15,772)
Depreciation expense	(4,244)	(6,022)
Other expenses	(61,206)	(56,365)
	<u>(162,991)</u>	<u>(99,472)</u>

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 \$597,824 during the current half-year (2013: \$149,971). The impairment expense arose due to an independent valuation report undertaken during the year on the Mt Elvire Project in Western Australia. The impairment expense is shown as a separate line item on the Statement of Comprehensive Income.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

4 DISCONTINUED OPERATIONS

As previously announced, FEL advised that it had signed a conditional binding term sheet for the sale of its wholly owned subsidiary, Gympie Eldorado Mining Pty Ltd ("GEM") to a private Singapore registered Mining and Metals trading group company ("Purchaser"). In accordance with the conditional of the term sheet, the parties entered into a full form, share sale agreement for the sale of GEM. The sale was completed on 13 February 2014. The terms of the GEM sale include:

- Payment of \$50,000 deposit under execution of the term sheet (received by FEL in September 2012);
- Payment of a further \$200,000 upon completion of the GEM sale (received in February 2014);
- Refund of \$2,248,584 in respect of environmental performance bonds (\$803,584 received in February 2014; \$1,445,000 received in April 2014);
- 3% Net Smelter Return from gold derived from the Gympie Eldorado Mine;
- 10% of any profits from any future sale of freehold land which comprises the Gympie Eldorado Gold Mine Tailings Site.

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

	31 March 2014	31 March 2013
	\$	\$
Other income from sale of property, plant and equipment	160,000	-
Other income from sale of GEM	57,317	-
Employee benefits expense	(69,889)	(146,387)
Site operation costs	(79,423)	(91,958)
Administration and other expenses	(25,334)	(38,934)
Other income	4,483	6,611
Profit / (loss) from discontinued operations before tax	47,154	(270,668)
Income tax	-	-
Profit / (loss) from discontinued operations after tax	47,155	(270,668)

Assets and liabilities – held for sale of operations:

	31 March 2014	30 September 2013
	\$	\$
Assets		
Property, plant & equipment (Land) (i)	-	428,454
Exploration and evaluation expenditure (ii)	-	32,996
	-	461,450
Liabilities		
Provision for rehabilitation (i)	-	(2,248,984)
Net liabilities attributable to discontinued operations	-	(1,787,534)
(i) Assets and liabilities of Gympie Eldorado Mining Pty Ltd ("GEM").		
(ii) Exploration assets in Western Australia, classified as held for sale.		

Earnings/(Loss) per share from discontinued operations:

	31 March 2014	31 March 2013
Basic earnings/(loss) for the period (cents per shares)	0.02	(0.49)
Diluted earnings/(loss) for the period (cents per shares)	0.02	(0.49)

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

4 DISCONTINUED OPERATIONS

Net cash flows

Net operating cash outflows for operating activities of discontinued operations for the current year is \$22,905 (2013: \$502,050). There is no cash in-out flows for investing or financing activities relating to discontinued operations in the current period (2013: nil).

5 EXPLORATION AND EVALUATION EXPENDITURE

	31 March 2014	30 September 2013
	\$	\$
Exploration and evaluation expenditure	727,162	1,306,522

Movements in exploration and evaluation expenditure:

	31 March 2014	31 March 2013
	\$	\$
Balance at beginning of period	1,306,552	2,068,189
Exploration and evaluation expenditure capitalised	61,265	93,752
Less: exploration and evaluation expenditure sold during the year	(42,831)	-
Less: exploration and evaluation expenditure impaired (a)	(597,824)	(149,971)
Balance at end of period	<u>727,162</u>	<u>2,011,970</u>

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 \$597,824 during the current half-year (2013: \$149,971). The impairment expense arose due to an independent valuation report undertaken during the year on the Mt Elvire Project 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 2014	30 September 2013
	\$	\$
Shares – Australian listed	1,000	1,750

Movements in available-for sale financial assets:

	31 March 2014	31 March 2013
	\$	\$
Balance at beginning of period	1,750	9,750
Fair value adjustment through equity	(750)	(8,000)
Balance at end of period	<u>1,000</u>	<u>1,750</u>

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

7 OTHER RECEIVABLES

	31 March 2014	30 September 2013
	\$	\$
Current		
Term deposit (a)	1,448,788	1,463,978
Cash deposits – deposited with DEEDI (b)	-	803,584
	<u>1,448,788</u>	<u>2,267,562</u>
Non-Current		
Cash deposits – other	-	800
	<u>-</u>	<u>800</u>

The following 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:

- (a) Term deposits have been pledged as security for a bank guarantee. Pursuant to the sale of Gympie Eldorado Mining Pty Ltd, the final payment of \$1,445,000, being refund of environmental bonds was received on 15 April 2014.
- (b) Cash has been deposited directly with the Department of Employment, Economic Development and Innovation ("DEEDI"), pledged as security for an environmental performance bond. The funds were refunded to Fe Limited on 10 March 2014.

8 INTEREST-BEARING LOANS AND BORROWINGS

	31 March 2014	30 September 2013
	\$	\$
Current		
Unsecured loan from related party (a)		
- Principal	1,000,000	3,000,000
- Interest	-	260,248
	<u>1,000,000</u>	<u>3,620,248</u>

- (a) In June 2011, FEL secured a \$2,000,000 standby loan facility ("Facility") entered into with cornerstone shareholder Cape Lambert Resources Limited (ASX: CFE) ("Cape Lambert"). Subsequently the Company renegotiated a deferral of its repayment obligation to 31 December 2013. In addition, the Company secured an additional short-term facility with Cape Lambert capped at \$1,000,000, to enable it to meet its obligations as and when they fall due. As 30 September 2013, \$1,000,000 has been drawn down under the facility. Interest is payable on the amounts drawn down at the cash rate plus 3% per annum. The Company entered into a settlement and converting loan agreement with Cape Lambert for the settlement of existing loans as follows:

- \$1m to be settled in cash; and
- \$2m balance plus accrued interest on the loans to be settled via the issue of share in FEL (with the number of share to issued calculated at a conversion price per share of 80% of the 10-day VWAP of shares on ASX prior to conversion date subject to the receipt of necessary shareholder approvals.

Shareholder approval was received at the Company's Annual General Meeting to settle the existing loans with Cape Lambert. The issue of 104,193,055 ordinary shares to Dempsey Resources Pty Ltd, a wholly owned subsidiary of Cape Lambert (being conversion of the balance and accrued interest into shares), took place on or about 26 February 2014 and repayment of \$1,000,000 in cash took place on 15 April 2014.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

9 CONTRIBUTED EQUITY

	31 March 2014	30 September 2013
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	36,251,604	33,957,000
	31 March 2014	31 March 2014
	No. of shares	\$
<i>Movement in ordinary shares on issue</i>		
Balance at the beginning of period	115,521,575	33,957,000
Issued shares (a)	104,193,055	2,294,604
	219,714,630	36,251,604

(a) Shares issued to Cape Lambert (as approved by Shareholders in settlement of existing loans (refer note 8 (a) for further details).

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management activities

The risk management activities are consistent with those of the previous financial year unless otherwise stated.

Financial instruments

Set out below is an overview of financial instruments held by the Consolidated Entity:

	31 March 2014	30 September 2013
	\$	\$
<i>Financial assets</i>		
Cash and cash equivalents	700,863	9,136
Other receivables (term deposits)	1,448,788	1,463,978
	2,149,651	1,473,114
<i>Financial liabilities</i>		
Interest-bearing loans and borrowings	(1,000,000)	(3,260,248)
Net exposure	1,149,651	(1,787,134)

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

10 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 March 2013.

	Carrying amount	Fair value
	\$	\$
<i>Financial assets</i>		
Cash and cash equivalents	700,863	700,863
Other receivables (term deposits)	1,448,788	1,448,788
	<u>2,149,651</u>	<u>2,149,651</u>
<i>Financial liabilities</i>		
Interest-bearing loans and borrowings	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Net exposure	<u>1,149,651</u>	<u>1,149,651</u>

Fair value hierarchy

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 – quoted priced in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as process) or indirectly (derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the financial instruments as well as the methods used to estimate the fair value is summarised below:

	Period ended 31 March 2014			
	(Level 1)	(Level 2)	(Level 3)	Total
	\$	\$	\$	\$
<i>Financial assets</i>				
Available-for-sale financial assets	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	Year ended 30 September 2013			
	(Level 1)	(Level 2)	(Level 3)	Total
	\$	\$	\$	\$
<i>Financial assets</i>				
Available-for-sale financial assets	<u>1,750</u>	<u>-</u>	<u>-</u>	<u>1,750</u>

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2014

11 CONTINGENCIES

At 31 March 2014, there are no known contingent liabilities or contingent assets.

12 EVENTS AFTER THE BALANCE DATE

Pursuant to the sale of Gympie Eldorado Mining Pty Ltd, the final payment of \$1,445,000, being refund of environmental bonds was received on 15 April 2014.

FEL repaid the final \$1,000,000 loan to Cape Lambert Resources Limited on 15 April 2014.

There are no events subsequent to 31 March 2014 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 2014 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(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.

On behalf of the Board



Mark Gwynne
Executive Director
Perth

22 May 2014

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 2014, 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 2014 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, a copy of which is included in the Directors' Report.

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 2014 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*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1(b) in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



G H Meyerowitz
Partner
Perth
22 May 2014