



**ABN: 31 112 731 638
(Formerly Buka Gold Ltd)**

HALF-YEAR REPORT

**FOR THE HALF-YEAR ENDED
31 MARCH 2010**

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 Simon McDonald Paul Kelly	Non-Executive Chairman Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Eloise von Puttkammer	
Principal Administrative Office and Registered Office	18 Oxford Close 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	Registries Limited Level 7, 207 Kent Street Sydney, NSW 2000	
	Telephone:	+61 (2) 9290 9600
	Facsimile:	+61 (2) 9279 0664
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 (**Fe** or the **Company**) submit their report for the half-year ended 31 March 2010.

DIRECTORS

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

Antony Sage (Non-Executive Chairman)
Mark Gwynne (Executive Director)
Simon McDonald (Non-Executive Director)
Paul Kelly (Non-Executive Director) (Appointed 9 April 2010)
David Hillier (Executive Director) (Resigned 17 November 2009)

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

REVIEW AND RESULTS OF OPERATIONS

Fe Ltd's primary activity is exploration for precious and base metals in South East Queensland, and Western Australia.

Financial Results

The Consolidated Entity recorded a net profit for the period of \$154,509 (31 March 2009: net profit \$444,809).

During the period 397 ounces (31 March 2009: 1,667) of gold were sold at an average price of \$1,243 per ounce (31 March 2009: \$1,202).

REVIEW OF OPERATIONS

Gympie

Gold cleanup at Gympie mine treatment plant

The cleanup of the Gympie mill site is continuing, but hampered by continuous rain over the past quarter. All gold collected from the cleanup has subsequently been sold in April 2010.

Gympie freehold land and mining inventory sale

Stage 1 of the sale of mining inventory at the Gympie Operations was completed, with Grays Mining conducting an auction for the sale of electrical equipment and underground mining equipment in March 2010, realising \$300,000 to the Company. A second auction for the remaining equipment is scheduled in the near future. In addition to this the sale of freehold land is expected to deliver \$1 million to \$3 million in cash over the coming months.

Mt Elvire Iron Ore Project

In late March, the Company announced an exploration target of 180Mt-200Mt for the Mt Elvire Iron Project, based on interpretation of geophysical and geological data for the Project. This data suggests extensive Banded Iron Formation, supported by outcrop previously mapped and sampled, with best results from rock chips 63.25%, 61.95%, 60.83%, 54.46%, 52.48% and 51.94% Fe.

The Company intends to commence a +2,000m Reverse Circulation drilling program in the near term, pending regulatory approval. This program is designed to test mineralisation under cover and determine widths of mineralised zones.

Directors' Report (Continued)

Exploration Targets in relation to the Mt Elvire project

Under clause 18 of the JORC code the potential quantity and grade of the Exploration Target is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Competent Person Statement in relation to the Mt Elvire project

The information in this report to which this statement is attached that relates to Fe Limited's Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Gary Powell who is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. Mr Powell is engaged as a technical advisor to Fe Limited. Mr Powell has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration, and is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Powell consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mooloogool Iron and Manganese Project

In March, three of the tenements included in the Mooloogool Project, located 100kms north of Meekatharra, were granted. The Mooloogool Iron and Manganese Project is located in the Mid West region of Western Australia, an emerging iron ore province with extensive iron ore endowment, developing infrastructure and exciting exploration potential for further, large scale discoveries. Several mines are expected to commence production in 2010.

CORPORATE

Change of Company Name

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

Having already built a portfolio of iron ore projects covering 2,000 kms² of prospective land in the emerging Mid West and Yilgarn provinces of Western Australia we will focus efforts to exploration activities.

The Company intends to continue with acquisition of further acreage in these provinces that are experiencing new discoveries, mine and infrastructure development and strong investor support, particularly from Chinese steel companies.

Acquisition of Mooloogool Limited

On the 20th January 2010 the Company first announced the conditional acquisition of Mooloogool Limited, subsequent to receipt of shareholder approval at the Annual General Meeting in February 2010 and the grant of three of the tenements including in the Mooloogool project on 27 April 2010 the Company issued 5,580,247 shares and 3,408,749 options (exercisable at \$0.12 on or before 31 Dec 2012) as part consideration for the transaction.

Maryborough Exploration Project sale

The sale of 80% the Maryborough Project, located north of Gympie in South East Queensland to MAuB Pty Ltd (MAuB) was approved by shareholders at the Annual General Meeting and subsequently finalised, with the initial payment of \$500,000 received in March 2010.

Directors' Report (continued)

Under the broad terms of the sale agreement MAuB will:

- Make an initial cash payment to Fe (formerly Buka Gold Limited) of A\$500,000, (completed);
- Make a second cash payment to Fe of A\$500,000 within 12 months from completion of the agreement (this payment is unconditional); and
- Sole fund the first A\$1 million of joint venture expenditure at the Maryborough Basin Project, after which normal joint venture funding and dilution provisions would apply.

Acquisition of Jackson Minerals Limited and other non uranium projects from Cauldron Energy

On the 16th October 2009 Fe Ltd announced the acquisition of Jackson Minerals Limited and other non-uranium projects from Cauldron Energy in a cash scrip deal valued at approximately \$1.1m. The acquisition delivered a portfolio of highly prospective exploration tenements located in districts with major production in gold, nickel and base metals. Consideration for the acquisition was \$250,000, which as at the date of this report is still payable, and 10,458,935 Fe Limited shares (issued on 26th November 2009).

\$1.4M Capital Raising

The Company completed a capital raising via a Placement to sophisticated investors to raise \$1.4M (before costs).

A total of 11,666,667 shares were issued at a price of \$0.12 per share.

The placement received shareholder approval at the Company's Annual General Meeting in February 2010 and will be applied to exploration programs at the Company's exploration projects.

Appointment of Mr Paul Kelly to the Board of Directors

On 9th April 2010, the Company appointed Mr Paul Kelly to the Board as an independent Non-Executive Director.

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

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

4 June 2010

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 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz'.

G H Meyerowitz
Partner
Perth
4 June 2010

Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 MARCH 2010

		CONSOLIDATED	
	Note	31 March 2010 \$	31 March 2009 \$
Continuing operations			
Revenue	3(a)	35,775	44,102
Other income	3(b)	-	346,644
		35,775	390,746
Exploration written off	3(c)	(135,395)	(225,276)
Write down of assets	3(c)	-	(97,198)
Administration expenses		(1,184,445)	(520,076)
Loss from continuing operations before income tax		(1,284,065)	(451,804)
Income tax expense		-	-
Loss from continuing operations after income tax		(1,284,065)	(451,804)
Discontinued operations			
Profit from discontinued operations after income tax	4	1,438,574	896,613
Net profit for the period		154,509	444,809
Total comprehensive income for the period		154,509	444,809
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the parent (cents per share)			
-basic for loss for the period		(1.60)	(0.63)
-diluted for loss for the period		(1.60)	(0.63)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the parent (cents per share)			
-basic for profit/(loss) for the period		0.19	0.62
-diluted for profit/(loss) for the period		0.19	0.62

The accompanying notes form part of these financial statements

Statement of Financial Position

AS AT 31 MARCH 2010

	Note	CONSOLIDATED	
		31	30
		March	September
		2010	2009
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,881,659	1,057,453
Trade and other receivables		871,958	23,347
Inventories		95,737	-
Prepayments		15,995	39,755
		<u>2,865,349</u>	<u>1,120,555</u>
Non-current assets held for sale		428,454	429,400
Total Current Assets		<u>3,293,803</u>	<u>1,549,955</u>
Non-current Assets			
Exploration, evaluation and development costs capitalised	9	1,148,341	491,574
Property Plant and Equipment		10,719	4,593
Investment in joint venture entity		520,000	-
Other receivables		1,449,461	1,447,230
Total Non-current Assets		<u>3,128,521</u>	<u>1,943,397</u>
TOTAL ASSETS		<u>6,422,324</u>	<u>3,493,352</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		507,906	307,600
Interest-bearing loans and borrowings		7,186	18,917
Provisions		1,846	46,925
		<u>516,938</u>	<u>373,442</u>
Liabilities associated with non-current assets held for sale		1,606,000	1,606,000
Total Current Liabilities		<u>2,122,938</u>	<u>1,979,442</u>
Non-current Liabilities			
Provisions		2,888	3,716
Total Non-current Liabilities		<u>2,888</u>	<u>3,716</u>
TOTAL LIABILITIES		<u>2,125,826</u>	<u>1,983,158</u>
NET ASSETS		<u>4,296,498</u>	<u>1,510,194</u>
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	6	31,049,098	28,884,383
Accumulated losses		(27,415,334)	(27,569,843)
Reserves		662,734	195,654
TOTAL EQUITY		<u>4,296,498</u>	<u>1,510,194</u>

The accompanying notes form part of these financial statements

Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 MARCH 2010

	<i>Note</i>	CONSOLIDATED	
		31 March 2010	31 March 2009
		\$	\$
Cash flows from operating activities			
Receipts from customers		493,591	2,177,396
Payments to suppliers and employees		(1,298,658)	(2,313,432)
Payments for exploration, evaluation and development		(514,949)	(566,490)
Interest received		37,190	48,682
Interest and other costs of finance paid		(808)	(1,200)
Net cash flows used in operating activities		(1,283,634)	(655,044)
Cash flows from investing activities			
Proceeds from sale of BK Exploration Pty Ltd	4	-	-
Proceeds from repayment of loans from BK Exploration Pty Ltd		500,000	-
Proceeds from sale of property, plant and equipment		298,735	299,844
Purchase of property, plant and equipment		(7,160)	-
Net cash flows from investing activities		791,575	299,844
Cash flows from financing activities			
Repayment of borrowings		(11,731)	(3,276)
Proceeds from issue of shares		1,400,000	-
Share issue costs		(72,000)	-
Net cash flows from / (used in) financing activities		1,316,269	(3,276)
Net increase / (decrease) in cash and cash equivalents		824,206	(358,476)
Cash and cash equivalents at beginning of period		1,057,453	2,911,157
Cash and cash equivalents at end of period	5	1,881,659	2,552,681

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 MARCH 2010

CONSOLIDATED

	<i>Issued capital</i> \$	<i>Accumulated losses</i> \$	<i>Equity-settled employee benefits reserve</i> \$	<i>Total</i> \$
At 1 October 2009	28,884,383	(27,569,843)	195,654	1,510,194
Profit for the period	-	154,509	-	154,509
Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners				
Shares issued during the period	2,236,715	-	-	2,236,715
Transactions costs	(72,000)	-	-	(72,000)
Recognition of share-based payments	-	-	467,080	467,080
At 31 March 2010	<u>31,049,098</u>	<u>(27,415,334)</u>	<u>662,734</u>	<u>4,296,498</u>
At 1 October 2008	28,884,383	(25,803,907)	190,529	3,271,005
Profit for the period	-	444,809	-	444,809
Other comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners				
Recognition of share-based payments	-	-	5,125	5,125
At 31 March 2009	<u>28,884,383</u>	<u>(25,359,098)</u>	<u>195,654</u>	<u>3,720,939</u>

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

This general purpose condensed financial report for the half-year ended 31 March 2010 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 2009 and considered together with any public announcements made by Fe Limited during the half-year ended 31 March 2010 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Change in accounting policies

From 1 October 2009 the Company has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2009. The following standards and interpretations have been adopted from 1 October 2009:

AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards
AASB 1039 (Revised)	Concise Reporting
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations
AASB 3 (Rev)	Business Combinations
AASB 127 Rev)	Consolidated and Separate Financial Statements
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable financial instruments and obligations arising on liquidation.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Cont'd)

AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items
AASB 2008-11	Amendments to Australian Accounting Standards – Business combinations among Non-Profit entities
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]
AASB 123 (rev)	Amendments to International accounting standard – Borrowing Costs
AASB 132	Amendments to International accounting standard - Financial instruments – Presentation
AASB 139	Amendments to International accounting standard - Financial instruments – Measurement and recognition
AASB Int. 15	Agreements for the construction of real estate
AASB Int. 17	Distributions of non cash assets to owners
AASB Int. 18	Transfers of assets from customers

Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

2 SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. The Company has only one operating segment, being mineral exploration and all of these activities are conducted in Australia.

3 REVENUE, INCOME AND EXPENSES

	CONSOLIDATED	
	31 March 2010	31 March 2009
	\$	\$
(a) Other revenue		
Bank interest	35,775	44,102
(b) Other income		
Gain on sale of property, plant & equipment held for sale	-	299,844
Hire of plant & equipment	-	46,800
	-	346,644
(c) Other expenses		
Exploration expenditure written off	(135,395)	(225,276)
Write down of impaired assets	-	(97,198)
	(135,395)	(322,474)
(d) Share based payment expense		
Share based payment expense	467,080	5,125
	467,080	5,125

The exploration written off for the half-year relates to the Maryborough Basin Tenements in South East Queensland. This related to exploration work carried out on tenements that the company believes it will not be able to recover through successful development, exploitation or sale.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

4 DISCONTINUED OPERATIONS

In late 2008 the Board decided that the Company would cease mining at the Monkland mine and sell the Company's Monkland operations, related assets and the surrounding Gympie goldfield exploration tenements. Although the final gold pour from the Company's Gympie Eldorado operations took place in December 2008. The recent gold scavenges from the tailings dam and surrounding areas have resulted substantial gold receipts. The company continues negotiations to sell its remaining property plant and equipment.

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

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

	2010 Gympie Eldorado Mining Pty Ltd	2010 BK Exploration Pty Ltd	2010 Total
	\$	\$	\$
Revenue from gold sales	589,373	-	589,373
Revenue from sale of property plant and equipment	610,450	-	610,450
Gain on sale of subsidiary	-	710,497	710,497
Administration Expenses	(470,938)	-	(470,938)
Gross profit	<u>728,885</u>	<u>710,497</u>	<u>1,439,382</u>
Finance costs	(808)		(808)
Profit from discontinued operations before tax	728,077	710,497	1,438,574
Income tax	-	-	-
Profit from discontinued operations after tax	<u>728,077</u>	<u>710,497</u>	<u>1,438,574</u>

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

4 DISCONTINUED OPERATIONS (cont'd)

Assets, liabilities and cash flow information of disposed entity – BK Exploration Pty Ltd

	2010 \$
Assets	
Cash	10
Exploration and Evaluation Expenditure	809,492
	<u>809,502</u>
Liabilities	
Intercompany loan payable to Gympie Eldorado Mining Pty Ltd	(2,175,067)
	<u>(2,175,067)</u>
Net assets attributable to discontinued operations	<u>(1,365,567)</u>
The net cash flows of BK Exploration Pty Ltd are as follows:	
Operating activities	-
Net cash flows	<u>-</u>
<i>Consideration received or receivable:</i>	
Cash	10
Total disposal consideration	10
Less net assets disposed off	(1,365,567)
Write down of impaired assets	655,070
Gain on disposal before income tax	710,497
Income tax expense	-
Gain on disposal after income tax	<u>710,497</u>
Net cash flow on disposal	
Cash and cash equivalents consideration	10
Less cash and cash equivalents disposed of	(10)
Reflected in the consolidated statement of cash flows	<u>-</u>

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

5 CASH AND CASH EQUIVALENTS

	CONSOLIDATED		
	31 March 2010	30 September 2009	31 March 2009
	\$	\$	\$
Cash at bank and in hand	1,881,659	344,935	1,667,180
Short Term deposits	-	712,518	1,385,561
	<u>1,881,659</u>	<u>1,057,453</u>	<u>2,552,681</u>

6 CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 March 2010	30 September 2009
	\$	\$
<i>Ordinary shares (i)</i>		
Issued and fully paid	<u>31,049,098</u>	<u>28,884,383</u>

(i) Ordinary shares

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movements in ordinary shares on issue

	<i>No. of Shares</i>	\$
At 1 October 2009	71,392,898	28,884,383
Issued to Cauldron Energy Ltd	10,458,935	836,715
Share placement	11,666,667	1,400,000
Costs associated with the share placement	-	(72,000)
At 31 March 2010	<u>93,518,500</u>	<u>31,049,098</u>

Share Options

At the reporting date the following share options were outstanding:

- i. Options over 500,000 unissued ordinary shares, having an exercise price of \$0.50 per option, exercisable on or before 27 September 2010;
- ii. Options over 800,000 unissued ordinary shares, having an exercise price of \$0.32 per option, exercisable on or before 1 October 2010;
- iii. Options over 750,000 unissued ordinary shares, having an exercise price of \$0.42 per option, exercisable on or before 1 October 2010; and
- iv. Options over 375,000 unissued ordinary shares, having an exercise price of \$0.15 per option, exercisable on or before 23 March 2014.
- v. Options over 5,500,000 unissued ordinary shares, having an exercise price of \$0.12 per option, exercisable on or before 31 December 2012.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

7 SHARE-BASED PAYMENT TRANSACTIONS

Details of options issued to employees and directors during the period are;

a) 125,000 unlisted options (with no vesting conditions) exercisable at \$0.15 on or before 23 March 2014.

b) 5,500,000 unlisted options (with no vesting conditions) exercisable at \$0.12 on or before 31 December 2012

The fair value of these options at the grant date was a) \$0.089 and b) \$0.083, this was derived using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following lists the inputs to the model used for estimating the fair values of the share options at the date of grant:

	<u>Exercise price - \$0.15</u>	<u>Exercise price - \$0.12</u>
Underlying security spot price	\$0.145	\$0.145
Exercise price	\$0.150	\$0.120
Grant date	26/02/2010	26/02/2010
Expiry date	23/03/2014	31/12/2012
Life of option	4.07 years	2.85 years
Expected volatility:	100%	100%
Risk free rate:	4.62%	4.62%
Dividend yield:	Nil	Nil

8 COMMITMENTS AND CONTINGENCIES

Capital Commitments

There are no contracted exploration commitments as at 31 March 2010. However, the expected annual expenditure commitments with respect to exploration grounds currently under operator status are approximately \$833,311.

In addition to the above, the company is contracted to issue a further 14,882,701 ordinary shares in the company and 9,091,251 options with an exercise price of \$0.12 before the 31 December 2012 representing the remaining consideration payable to the shareholders of Mooloogool Ltd for the acquisition of that company.

Contingencies

At the 31 March 2010 there were no known contingent liabilities or contingent assets.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 MARCH 2010

9 Deferred Exploration and Evaluation Expenditure

	<i>CONSOLIDATED</i>	
	<i>31 March 2010</i>	<i>30 September 2009</i>
	\$	\$
Opening balance	491,574	982,351
Exploration and evaluation expenditure capitalised	1,601,663	1,095,071
Less exploration and evaluation expenditure written off	(135,395)	(1,585,848)
Less exploration asset disposed	(809,501)	-
	<u>1,148,341</u>	<u>491,574</u>

During the half-year the company acquired exploration assets from Cauldron Energy and exploration assets purchased through the acquisition of Jackson Minerals Ltd, a wholly owned subsidiary of Cauldron Energy Ltd.

The ultimate recoupment of the 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 Company has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB6 – 'Exploration for and Evaluation of Mineral Resources' and has written off \$135,395 during the period this related to exploration work carried out on tenements that the company believes it will not be able to recover through successful development, exploitation or sale. This amount is shown as a separate line item on the Statement of Comprehensive Income.

10 EVENTS AFTER THE BALANCE SHEET DATE

On 27 April 2010, the Company issued 5,580,247 shares and 3,408,749 unlisted options exercisable at \$0.12 on or before 31 December 2012, to the shareholders of Mooloogool Limited pursuant to the agreement between Mooloogool Ltd and FE Limited dated 19 January 2010.

In accordance with the agreement the company will issue an additional 14,882,701 shares and 9,091,251 options exercisable at \$0.12 on or before 31 December 2012 representing the remaining consideration for the acquisition of 100% of Mooloogool Ltd and its associated assets.

Upon completion of the acquisition the company will have access to iron and manganese mineral rights over the tenements.

Directors' Declaration

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

- (a) the consolidated financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2010 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) 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

4 June 2009

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 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration of the consolidated entity. The consolidated entity comprises 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and other Financial Reports 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 December 2009 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:

- i giving a true and fair view of the consolidated entity's financial position as at 31 March 2010 and of its performance for the half-year ended on that date; and
- ii complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'G H Meyerowitz'.

G H Meyerowitz
Partner
Perth
4 June 2010