



Fe Limited
ABN: 31 112 731 638

HALF-YEAR REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

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 Nicholas Sage Kenneth Keogh	Non-Executive Chairman Non-Executive Director Non-Executive Director
Company Secretary	Eloise von Puttkammer	
Principal Administrative Office and Registered Office	32 Harrogate Street West Leederville WA 6007	
	Telephone:	+61 (0) 8 6181 9793
	Facsimile:	+61 (0) 8 9380 9666
	Contact:	info@felimited.com.au
	Website:	www.felimited.com.au
Share Registry	Link Market Services Level 4 Central Park 152 St Georges Terrace Perth, WA 6000	
	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", the "Company" or the "Consolidated Entity") submit their report for the half-year ended 31 December 2016.

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)
Nicholas Sage (Non-Executive Director) (appointed 18 October 2016)
Kenneth Keogh (Non-Executive Director) (appointed 6 February 2017)
Mark Gwynne (Executive Director) (resigned 6 February 2017)
Paul Kelly (Non-Executive Director) (resigned 18 October 2016)

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.

CORPORATE

Financial Results

The Consolidated Entity recorded a net loss for the period of \$81,165 (31 December 2015: \$372,941).

Cardinal House Group Pty Ltd

As previously advised, the Company was in the process of acquiring 100% of Cardinal House Group Pty Ltd ("Cardinal House") ("Transaction"). On 12 November 2015, the Company signed a binding share sale agreement, which was subsequently amended ("SSA") with Cardinal House that was conditional on a number of items including the finalisation of a capital raising and approval to be reinstated to quotation on the Australian Securities Exchange.

On 1 September 2016, the Company exercised its right to terminate the SSA on the basis that there were reasonable grounds to believe the conditions precedent to the SSA could not be met.

All application funds previously received by the Company under the capital raising per the Company's Prospectus dated 23 March 2016 as supplemented by the Supplementary Prospectus dated 22 June 2016 in respect of the Transaction totalling \$968,131 were refunded to the applicants during the half-year period ended 31 December 2016.

Following termination of the SSA, the Company negotiated to recover \$100,000 in costs associated with the Transaction from Cardinal House.

Board changes

The Company appointed Mr Nicholas Sage as a Non-Executive Director effective 18 October 2016. Mr Nicholas Sage is an experienced marketing and communications professional with in excess of 25 years in various management and consulting roles. Mr Nicholas Sage is based in Western Australia and currently consults to various companies and has held various management roles with Tourism Western Australia. He also runs his management consulting business.

Mr Paul Kelly resigned as a director on 18 October 2016.

Refer to subsequent event note for Board changes subsequent to 31 December 2016.

Capital raising

During the period, the Company entered into a series of placement agreements ("Placement Agreements") with a number of sophisticated investors to issue a total of 37,500,000 shares ("Placement Shares") at an issue price of \$0.02 per share to raise \$750,000. The Placement Shares were issued as follows:

- On 19 October 2016, the Company issued 35,000,000 of the Placement Shares. Shareholders ratified the issue of this tranche of Placement Shares at the Company's annual general meeting held 29 November 2016 ("AGM"); and
- On 1 December 2016, following receipt of shareholder approval at the Company's AGM, the Company issued the final 2,500,000 Placement Shares to Dempsey Resources Pty Ltd ("Dempsey Resources"), wholly owned subsidiary of Cape Lambert Resources Limited ("Cape Lambert").

Investors that participated in the Placement were entitled to receive one option for every four Placement Shares exercisable at \$0.03 each expiring 30 November 2018 ("Placement Options").

Reinstatement to Official Quotation

On 15 December 2016 the Company lodged a cleansing prospectus ("Cleansing Prospectus") pursuant to Section 708A(11) of the Corporations Act 2001, for the offer of up to 100 fully paid ordinary shares, and for the offer of up to 9,375,000 unlisted options exercisable at \$0.03 each, expiring 30 November 2018 (being the Placement Options). The offers were closed on 23 December 2016.

On 15 December 2016, suspension of trading the Company's securities on the ASX was lifted, and the Company was reinstated to Official Quotation.

Shares issued

During the period, the Company issued 37,500,000 fully paid ordinary shares (being the Placement Shares).

Options issued

During the period, the Company issued 9,375,000 unlisted option exercisable at \$0.03 each, expiring 30 November 2018 (being the Placement Options).

Options lapsed

A total of 3,850,000 unlisted options exercisable at \$0.04 expired on 30 November 2016.

Annual General Meeting

The Company's Annual General Meeting was held on 29 November 2016 at 9:00am. All resolutions put to the meeting were passed on a show of hands.

PROJECTS

Projects Review

The Company holds, or has rights or interests in various tenements prospective for iron, nickel, copper and gold located in Western Australia. This includes interests and rights in the 3 iron-focused projects at Mt Ida, Mt Elvire and Robinson Range.

Bryah Basin Joint Venture Projects (“Bryah Basin”) (20% rights, free carried to decision to mine)

FEL, via its wholly owned subsidiary, Jackson Minerals Pty Ltd (“Jackson Minerals”), has a 20% free carried interest to Decision to Mine in fourteen tenements covering an area of 815 km² in the highly prospective Bryah Basin area, including tenements proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine and several gold and copper prospects.

The Bryah Basin Project tenements are subject to joint ventures and farm-ins Westgold Resources Limited (ASX: **WGX**), Independence Group Ltd (ASX: **IGO**), Billabong Gold Pty Ltd, Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**) and RNI NL (ASX: **RNI**).

The Bryah Basin is emerging as a highly prospective and largely under-explored mineral field with potential for further discovery of gold and base metals. This was demonstrated by the recent success by Sandfire and JV partner, Talisman Mining Ltd at the Monty prospect (which FEL has no interest in), which returned high grade copper/gold mineralisation from recent and ongoing drilling. The drilling targeted geophysical anomalies identified under cover and highlights the exploration potential for the region (see ASX: *SFR announcements*).

Grosvenor Projects - RNI NL 80% in all minerals (except gold for E52/1659 and 1671) and FEL 20% in all minerals free carried to Decision to Mine

Jackson Minerals holds a 20% free carried interest to Decision to Mine in five exploration licences and three prospecting licences (E52/1659 and E52/1671 and P52/1484-1486 within RNI’s “Forrest Project” and E51/1033, E52/1613, E52/1672 at RNI’s “Morcks Well Project”) covering a total of 607km².

On 31 July 2015, RNI announced the sale of its gold assets to Metals X Ltd (ASX: **MLX**) with regard to E52/1659 and E52/1671 (within the RNI Forrest Project) (for further details, please refer to RNI announcements). MLX transferred their 80% gold rights interest in these tenements to Westgold Resources Limited (ASX: **WGX**) via a Demerger by MLX (see MLX ASX announcements 16 November 2016, 24 November 2016 and 1 December 2016) and FEL’s interests in E52/1659 and E52/1671 has been assigned to WGX via a Deed of Novation completed in December 2016.

FEL retains its 20% interest in all mineral rights until Decision to Mine.

Forrest (E52/1671), Wodger (E52/1659), Big Billy Prospects (E52/1659)

The “Forrest”, “Wodger” and “Big Billy” Prospects are located along a 12km mineralized Cu+-Au trend which hosts multiple targets for volcanic-hosted massive sulfide (“VHMS”) style mineralization.

On 16 January 2017, RNI announced that first phase drilling across the Forrest and Wodger prospects has been completed and significant drill intercepts from a combined total of 85 aircore drill holes for 7,825 meters were achieved, stating that the “assay results are extremely encouraging and have further elevated each prospect in terms of hosting a significant VMS deposit”. See RNI ASX 16 January 2017 announcement for more details.

Morck’s Well Prospect (E51/1033, E52/1613, E52/1672)

The Morck’s Well Prospect is located in the eastern part of the Bryah Basin and contains approximately 40km of strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck’s Well is adjacent to Sandfire Resources NL’s DeGrussa-Doolgunna exploration tenements.

Alchemy Projects - ALY 80% in all minerals (see below for details of other companies farming-into this interest) and FEL 20% (in all minerals) free carried to Decision to Mine

FEL, via its wholly owned subsidiary Jackson Minerals, holds a 20% interest in all minerals free carried to Decision to Mine in four exploration licenses (E52/1668, E52/1678, E52/1722, E52/1730) jointly known as the “Jackson Tenements.” Additionally, Jackson Minerals has 20% beneficial interest in all minerals in part of E52/1852 previously held under P52/1167 and P52/1168, held in trust for Jackson Minerals by ALY/Billabong – Jackson Minerals/FEL has no registered interest in E52/1852.

The project covers approximately 45km strike of the prospective Narracoota Volcanic Formation sequence in the Bryah Basin and is proximal to Sandfire's Doolgunna Project and the recently discovered Monty Prospect.

Base Metals Rights – ALY/IGO/JAK E52/1668, E52/1678, E52/1722 and E52/1730

Alchemy has entered into a farm-in and joint venture with Independence Group NL (base metals, see ALY announcement 5 November 2014). Diversified mining company, Independence Group NL (ASX: IGO) is earning up to 70% interest in base metals rights, excluding iron ore rights, in relation to whole area of E52/1722 and parts of E52/1668, E52/1678 and E52/1730 (in regard to the Jackson Tenements).

All Mineral Rights - ALY/Billabong/JAK E52/1668, E52/1678, and E52/1730

Leading Australian gold producer Northern Star Resources Ltd (ASX: **NST**) entered into a Farm-In and Joint Venture agreement with ALY (refer ALY announcement 24 February 2015), in regard to parts of E52/1668, E52/1678 and E52/1730 (excluding those parts being farmed into by IGO) and also to earn an 80% interest in the whole of E52/1852 (within which ALY holds a 20% interest in the area previously held under P52/1167-68 for Jackson Minerals). NST assigned its interest in these tenements and the Farm-in and Joint Venture to Billabong Gold Pty Ltd ("Billabong") via a Deed of Consent, Assignment and Assumption dated 11 October 2016, pursuant to "Sale and Purchase Agreement Plutonic Gold Operations" between NST and Billabong dated 12 August 2016 (see NST announcements of 15 August 2016 and 12 October 2016). FEL retains its 20% free carried interests in all minerals all of the aforementioned tenements, via wholly owned subsidiary Jackson Minerals.

Mt Ida Gold - FEL, 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.

The Mt Ida Iron Ore Project ("Mt Ida Iron Project") provides FEL the rights to explore and mine for iron ore on two exploration licenses (E29/640 and E29/641) and 3 mining leases (M29/2, M29/165 and M29/422), held by Mt Ida Gold Pty Ltd, covering approximately 120km² in the emerging Yilgarn Iron Province. The rights give provision for FEL to retain revenue from any iron ore product it mines from the tenure. FEL has no registered interest in these tenements.

The Mt Ida Project area covers part of the Mt Ida - Mt Bevan banded iron formation, which is currently being explored and evaluated by Jupiter Mines Limited and Legacy Iron Ore Limited.

Mt Elvire Project – FEL 100%

FEL has a 100% interest in two exploration licences, E77/1842 and E77/1843 at its Mt Elvire Project, covering 5.9km². The Mt Elvire Project, is a greenfield gold project located in the Yilgarn Craton, 210km north of Southern Cross, Western Australia. The Mt Elvire Project is prospective for structurally hosted gold mineralisation located along the Evanston shear zones. Known gold prospects in the region include the historic Evanston Gold Mine (~43,000 oz. historic production) and the Johnston Range Project, 20km to the southwest. There are also many proximal gold prospects.

A soil sampling program commenced on 16 January 2017 at the Mt Elvire Project, at an estimated cost of approximately \$22,000. The program is a first pass exploration program aimed at defining structurally-hosted gold mineralisation targets for follow-up work.

Evanston Iron Ore Royalty (Cliffs Asia Pacific Iron Ore Pty Ltd, a subsidiary of Cliffs Natural Resources Inc ("Cliffs"))

FEL holds a 1.5% Dry Metric Tonne, FOB Royalty over two tenements (E77/1322 and M37/1259) within the Evanston Project, registered to Black Oak Minerals Limited (ASX: **BOK**). Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs") previously held these tenements but sold them to BOK and provided a Deed of Assignment and Assumption pursuant to the Evanston Iron Ore Rights Deed to FEL assigning the obligation to pay the associated royalty from Cliffs to BOK. The tenements are approximately 20kms north of the Windarling mine. The Evanston Iron Ore Project is located in the Southern Yilgarn Iron Province of Western Australia and covers an area of 167km², of which E77/1322 and M77/1259 cover a combined area of 76.92km².

Events after the balance date

The Company appointed Mr Kenneth Keogh as a Non-Executive Director effective 6 February 2017. Mr Kenneth Keogh is a finance professional with experience in both financing and developing projects in the mining, oil & gas and renewables industries. Mr Keogh is based in Western Australia where he consults to various private companies and holds a key management position at UON Pty Ltd. Mr Keogh also runs his own successful investment firm which holds interests in exploration and mining companies, mining services and hospitality businesses. Mr Keogh holds a Bachelor of Art (Accounting and Finance) from Dublin Business School and holds an MBA from the Australian Institute of Business.

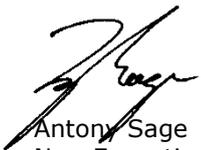
Mr Mark Gwynne resigned as a director on 6 February 2017.

There are no other events subsequent to 31 December 2016 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 Limited'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



Antony Sage
Non-Executive Chairman
Perth

10 February 2017

Auditor's independence declaration to the Directors of Fe Limited

As lead auditor for the review of Fe Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Fe Limited and the entities it controlled during the financial period.



Ernst & Young



V L Hoang
Partner
10 February 2017

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 \$	31 December 2015 \$
Interest income	3(a)	1,969	1,243
Other income	3(b)	104,130	50,000
		<u>106,099</u>	<u>51,243</u>
Employee benefits expense and directors remuneration	3(c)	(37,381)	(162,415)
Legal costs		(51,073)	-
Pre-acquisition Transaction costs	3(d)	-	(114,549)
Impairment of exploration assets		-	(37,313)
Brokerage fees		-	(28,888)
Share-based payments expense		(1,998)	(2,393)
Accounting and audit fees		(10,525)	(10,900)
Consultants costs		(20,000)	(8,000)
Compliance costs		(39,566)	(32,368)
Other expenses		(26,721)	(27,358)
Loss before income tax		<u>(81,165)</u>	<u>(372,941)</u>
Income tax expense		-	-
Loss after income tax		<u>(81,165)</u>	<u>(372,941)</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		(1,500)	500
Other comprehensive income / (loss) for the period		<u>(1,500)</u>	<u>500</u>
Total comprehensive loss for the period		<u>(82,665)</u>	<u>(372,441)</u>
Loss per share from attributable to the ordinary equity holders of the parent			
-basic loss for the period (cents per share)		(0.03)	(0.16)
-diluted loss for the period (cents per share)		(0.03)	(0.16)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2016

	Note	31 December 2016 \$	30 June 2016 \$
ASSETS			
Current Assets			
Cash and cash equivalents	4	667,415	90,137
Restricted cash and cash equivalents	4	-	968,131
Trade and other receivables		6,863	55,702
Other assets		30,188	2,625
Total Current Assets		<u>704,466</u>	<u>1,116,595</u>
Non-current Assets			
Exploration and evaluation expenditure		1,195	-
Plant and equipment		1,650	4,274
Available-for-sale financial assets		1,000	2,500
Total Non-current Assets		<u>3,845</u>	<u>6,774</u>
TOTAL ASSETS		<u>708,311</u>	<u>1,123,369</u>
LIABILITIES			
Current Liabilities			
Trade and other payables		100,802	179,562
Application funds	5	-	968,131
Total Current Liabilities		<u>100,802</u>	<u>1,147,693</u>
TOTAL LIABILITIES		<u>100,802</u>	<u>1,147,693</u>
NET ASSETS / (LIABILITIES)		<u>607,509</u>	<u>(24,324)</u>
EQUITY			
Contributed equity	6	37,395,564	36,683,064
Accumulated losses		(38,516,296)	(38,435,131)
Reserves		1,728,241	1,727,743
TOTAL EQUITY / (NET DEFICIENCY)		<u>607,509</u>	<u>(24,324)</u>

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(185,996)	(307,317)
Costs recovered from Cardinal House		100,000	-
Interest received		1,969	1,243
Net cash flows used in operating activities		<u>(84,027)</u>	<u>(306,074)</u>
Cash flows from investing activities			
Payments for exploration and evaluation costs		(1,195)	(37,313)
Proceeds from sale of tenements		-	50,000
Net cash flows used in investing activities		<u>(1,195)</u>	<u>(12,687)</u>
Cash flows from financing activities			
Proceeds from shares issued (net of costs)		662,500	-
Application funds refunded		(968,131)	-
Proceeds from converting loans (net of costs)		-	452,572
Repayment of converting loans		-	(50,000)
Proceeds from loan from related party		32,727	-
Repayment of loan from related party		(32,727)	-
Net cash flows used in financing activities		<u>(305,631)</u>	<u>402,572</u>
Net increase / (decrease) in cash and cash equivalents		(390,853)	109,185
Cash and cash equivalents and restricted cash and cash equivalents at beginning of period		1,058,268	277,559
Cash and cash equivalents at end of period		<u>667,415</u>	<u>386,744</u>

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Contributed equity \$	Unissued capital reserve \$	Accumulated losses \$	Share based payments reserve \$	Available for sale asset reserve \$	Total \$
At 1 July 2016	36,683,064	-	(38,435,131)	1,725,993	1,750	(24,324)
Loss for the period	-	-	(81,165)	-	-	(81,165)
Other comprehensive income	-	-	-	-	(1,500)	(1,500)
	-	-	(81,165)	-	(1,500)	(82,665)
Transactions with owners in their capacity as owners						
Shares issued, net of costs	712,500	-	-	-	-	712,500
Share based payments	-	-	-	1,998	-	1,998
At 31 December 2016	37,395,564	-	(38,516,296)	1,727,991	250	607,509
At 1 July 2015	36,251,604	-	(37,779,871)	1,721,232	-	192,965
Loss for the period	-	-	(372,941)	-	-	(372,941)
Other comprehensive income	-	-	-	-	500	500
	-	-	(372,941)	-	500	(372,441)
Transactions with owners in their capacity as owners						
Shares not yet issued during the period		431,460	-	-	-	431,460
Share based payments	-	-	-	2,393	-	2,393
At 31 December 2015	36,251,604	431,460	(38,152,812)	1,723,625	500	254,377

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information and basis of preparation

The half-year financial report for the period ended 31 December 2016 was authorised for issue in accordance with a resolution of the directors on 9 February 2017.

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 June 2016 and considered together with any public announcements made by Fe Limited during the half-year ended 31 December 2016 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

(b) Significant accounting policies

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 2016. The adoption of new and amended standards and interpretations had no impact on the financial position or performance of the Company.

New accounting standards and interpretations issued but yet effective

The Company has not elected to early adopt any new accounting standards and interpretations.

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.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

3 REVENUE, INCOME AND EXPENSES

	31 December 2016	31 December 2015
	\$	\$
(a) Revenue		
Bank interest	1,969	1,243
(b) Other income		
Gain on sale of tenements	-	50,000
Negotiated recovery of costs associated with terminated reverse takeover Transaction with Cardinal House	100,000	-
Others	4,130	-
	<u>104,130</u>	<u>50,000</u>
(c) Employment benefits and directors remuneration		
Directors fees	<u>(37,381)</u>	<u>(162,415)</u>
(d) Pre-acquisition Transaction costs		
Pre-acquisition Transaction costs (i)	-	(114,549)
	<u>-</u>	<u>(114,549)</u>

(i) Costs associated with the now terminated reverse takeover Transaction with Cardinal House. Transaction costs were expensed as incurred, and include legal, valuation and other advisory fees.

4 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

	31 December 2016	30 June 2016
	\$	\$
<i>Cash and cash equivalents</i>		
Cash at bank and on hand	667,415	90,137
<i>Restricted cash and cash equivalents</i>		
Application funds (refer note 5)	-	968,131
Total cash and cash equivalents and restricted cash and cash equivalents	<u>667,415</u>	<u>1,058,268</u>

5 APPLICATION FUNDS

At 30 June 2016, the Company had received application for \$968,131 ("Applications") applying for shares under the minimum capital raising offer for \$2,000,000 (up to a maximum of \$2,200,000) ("Offer") per the Company's Prospectus dated 23 March 2016 as supplemented by the Supplementary Prospectus dated 22 June 2016 in respect of the Cardinal House Transaction. On 30 June 2016, FEL were issued a final stop order in respect of its Prospectus from ASIC. Application funds received as at 30 June 2016 are included in the statement of financial position at balance date as restricted cash (refer note 4). A contra liability was included in the statement of financial position at 30 June 2016. During the half-year ended 31 December 2016, all Application funds have been returned to applicants.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

6 CONTRIBUTED EQUITY

	31 December 2016	30 June 2016
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	37,395,564	36,683,064

	31 December 2016	31 December 2016	30 June 2016	30 June 2016
	Number of Shares	\$	Number of Shares	\$
<i>Movements</i>				
Balance at beginning of period	255,669,629	36,683,064	219,714,630	36,251,604
Issued shares (a)	-	-	35,954,999	431,460
Issued shares (b)	37,500,000	750,000	-	-
Share issue costs	-	(37,500)	-	-
Balance at end of period	293,169,629	37,395,564	255,669,629	36,683,064

- a) On 20 April 2016, the Company issued 35,54,999 shares ("Converting Loan Shares") to a number of lenders for the conversion of converting loans at a deemed issued price of \$0.012 per share, totalling \$431,460, pursuant to converting loan agreements ("Converting Loan Agreements"). The Converting Loan Shares were issued following receipt of shareholder approval at the Company's general meeting held 9 April 2016.
- b) The Company issued a total of 37,500,000 shares ("Placement Shares") to a number of sophisticated investors at an issue price of \$0.02 per share, for a total of \$750,000 under a series of placement agreements ("Placement Agreements") ("Placement"). The Placement Shares were issued as follows:
- i. On 19 October 2016, the Company issued 35,000,000 of the Placement Shares. Shareholders ratified the issue of this tranche of Placement Shares at the Company's annual general meeting held 29 November 2016 ("AGM").
 - ii. On 1 December 2016, following receipt of shareholder approval at the Company's AGM, the Company issued the final 2,500,000 Placement Shares to Dempsey Resources Pty Ltd, wholly owned subsidiary of Cape Lambert Resources Limited (refer note 8).

7 UNLISTED OPTIONS ISSUED

The following refers to unlisted options issued by the Company which does not constitute a share based.

Options granted during the period

Investors that participated in the Placement were entitled to receive one option for every four Placement Shares exercisable at \$0.03 each expiring 30 November 2018 ("Placement Options"). On 23 December 2016, the Company issued 9,375,000 Placement Options under a cleansing prospectus dated 15 December 2016.

Shareholder approval to issue the Placement Options was received at the Company's AGM.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

8 RELATED PARTY INFORMATION

Transactions with directors, director related entities and other related parties

During the period, an aggregate amount of \$35,396 (31 December 2015: \$18,215) was paid to Cape Lambert for rent. At 31 December 2016, nil was payable to Cape Lambert (30 June 2016: \$11,065).

During the period, nil (31 December 2015: \$2,500) was received from Cape Lambert for reimbursement of general costs. At 31 December 2016, nil was receivable from Cape Lambert (30 June 2016: nil). Mr Antony Sage is a director of Cape Lambert.

During the period, nil (31 December 2015: \$2,500) was received from Cauldron Energy Limited ("Cauldron") for reimbursement of general costs. At 31 December 2016, nil was receivable from Cauldron (30 June 2016: nil). Mr Antony Sage and Mr Gwynne are directors of Cauldron.

During the period, an aggregate amount of \$30,000 (31 December 2015: \$60,000) was paid or payable to Okewood Pty Ltd ("Okewood") for director fees. During the period, nil (31 December 2015: \$27,950) was paid or payable to Okewood for sponsorship of the Perth Glory Football Club. At 31 December 2016, \$38,500 (30 June 2016: \$5,500) was payable to Okewood. Mr Antony Sage is a director of Okewood.

During the period, nil (31 December 2015: \$77,915) was paid or payable to Silverwest Corporation Pty Ltd ("Silverwest") for director fees. With effect from 1 July 2016, Mr Gwynne agreed to forgo the payment of director fees. At 31 December 2016, \$10,000 (30 June 2016: \$10,000) was payable to Silverwest. Mr Gwynne is a director of Silverwest.

During the period, an aggregate amount of nil (31 December 2015: \$24,500) was paid or payable to Led4Me Pty Ltd ("Led4Me") for director fees. At 31 December 2016, nil (30 June 2016: nil) was payable to Led4Me. Mr Kelly is a director of Led4Me.

On 18 October 2016, the Company entered into a consulting agreement with Pembury Nominees Pty Ltd ("Pembury"), a company controlled by Mr Nicholas Sage, for the provision of non-executive director services. Under the agreement, Mr Nicholas Sage is entitled to receive \$36,000 per annum. During the period, an aggregate amount of \$7,381 (31 December 2015: nil) was paid or payable to Pembury for director fees. At 31 December 2016, \$3,300 (30 June 2016: nil) was payable to Pembury.

On 28 September 2016, the Company entered into a short-term loan facility arrangement with Cape Lambert for \$32,727 (principal loan amount) to be used towards FEL's working capital requirements. The loan was interest-bearing at a rate of 10% per annum. The loan (including accrued interest) was repaid on 19 October 2016.

Significant shareholders

Cape Lambert is the ultimate parent entity of FEL. At 31 December 2016, Cape Lambert held a 44.27% interest in FEL (30 June 2016: 49.62%). During the period, Cape Lambert participated in the Placement, acquiring 2,500,000 shares in FEL for \$50,000 consideration. Liabilities owing from FEL to Cape Lambert of \$50,000 for rent were settled in lieu of Cape Lambert's cash consideration of \$50,000 to acquire Placement shares in FEL (non-cash settled). Mr Antony Sage is a director of Cape Lambert.

At 31 December 2016, Cauldron held a significant interest of 8.74% of FEL (30 June 2016: 9.05%). During the period, Cauldron participated in the Placement, acquiring 2,500,000 shares in FEL for \$50,000 consideration. Mr Antony Sage and Mr Gwynne are directors of Cauldron.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

9 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management activities

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

Financial instruments

Financial instruments held by the Consolidated Entity include cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, available-for-sale financial assets, trade and other payables and application funds, the balances of which at 31 December 2016 and 30 June 2016 are shown in the Statement of Financial Position. As at the balance date, their fair values are approximately the same as their values.

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 available-for-financial instruments as well as the methods used to estimate the fair value is summarised below. The fair value of other financial assets and liabilities belong to level 2 fair value hierarchy.

	Period ended 31 December 2016			
	(Level 1)	(Level 2)	(Level 3)	Total
	\$	\$	\$	\$
<i>Financial assets</i>				
Available-for-sale financial assets	1,000	-	-	1,000

	Period ended 30 June 2016			
	(Level 1)	(Level 2)	(Level 3)	Total
	\$	\$	\$	\$
<i>Financial assets</i>				
Available-for-sale financial assets	2,500	-	-	2,500

10 CONTINGENCIES

At 31 December 2016, there are no known contingent liabilities or contingent assets requiring disclosure.

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

11 EVENTS AFTER THE BALANCE DATE

The Company appointed Mr Kenneth Keogh as a Non-Executive Director effective 6 February 2017. Mr Kenneth Keogh is a finance professional with experience in both financing and developing projects in the mining, oil & gas and renewables industries. Mr Keogh is based in Western Australia where he consults to various private companies and holds a key management position at UON Pty Ltd. Mr Keogh also runs his own successful investment firm which holds interests in exploration and mining companies, mining services and hospitality businesses. Mr Keogh holds a Bachelor of Art (Accounting and Finance) from Dublin Business School and holds an MBA from the Australian Institute of Business.

Mr Mark Gwynne resigned as a director on 6 February 2017.

There are no other events subsequent to 31 December 2016 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 December 2016 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



Antony Sage
Non-Executive Chairman
Perth

10 February 2017

Report on the half-year financial report to the members of Fe Limited

We have reviewed the accompanying half-year financial report of Fe Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated 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 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 December 2016 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 December 2016 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*.



Ernst & Young



V L Hoang

Partner

Perth

10 February 2017