



## QUARTERLY REPORT Quarter ended 30 September 2011

Australian Securities  
Exchange Code: **FEL**

31 October 2011

**Ordinary Shares:**

115,521,575

**Unlisted Options:**

18,500,000 (\$0.12 exp. 31 Dec 2012)  
375,000 (\$0.15 exp. 23 Mar 2014)

**Board of Directors:**

Tony Sage  
*Non-Executive Chairman*

Kim Bischoff  
*Managing Director*

Mark Gwynne  
*Executive Director*

Paul Kelly  
*Non-Executive Director*

Eloise von Puttkammer  
*Company Secretary*

**Key Projects & Interests:**

Mt Ida Iron Ore Project  
Mt Elvire Iron Ore Project  
Crossroads, Bardoc and Grafters Gold  
Projects  
Kalgoorlie Regional Gold Project  
Kalgoorlie Regional Nickel Project

**Fe Limited Contact:**

Kim Bischoff  
*Managing Director*  
Tel: +61 (8) 9380 9555

**Corporate Office:**

18 Oxford Close Leederville,  
Western Australia 6007 Australia  
Telephone +61 8 9380 9555  
Facsimile +61 8 9380 9666

**Australian Enquiries:**

Professional Public Relations  
David Tasker  
Tel: +61 8 9388 0944  
Mob: +61 433 112 936  
Email: david.tasker@ppr.com.au

Fe Limited is an Australian domiciled  
mineral resources exploration and  
development company.

### QUARTERLY REPORT - 30 JUNE 2011

Please find attached the Quarterly Activities Report and Appendix 5B for  
the period ended 30 September 2011.

Yours faithfully  
Fe Limited

## CORPORATE

### Strategy

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

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. The Company is undertaking a strategic review of its gold and nickel interests with a view to divestment to enable it to focus on its iron ore projects. In addition, the Company is actively seeking new investments in bulk and related commodities including iron ore and manganese.

### Divestments

On 4 April 2011, the Company entered into a conditional sale agreement for the sale of all the shares in Gympie Eldorado Mining Pty Ltd ("**GEM**"), a wholly owned subsidiary of Fe, to BRI Microfine Pty Ltd ("**BRI**"). GEM is the holder of mining leases that contain three tailings storage facilities covering approximately 22 hectares, freehold land and associated remaining assets and infrastructure at the Gympie Eldorado Mine, located in southeast Queensland. The mine was closed late in 2008 due to depletion of ore reserves.

The sale agreement required the conditions precedent to be satisfied by 31 May 2011, which was subsequently extended to 31 July 2011. However, due to further delays in collection of bulk samples and processing trials, a deed of variation was entered into to extend the date by which the conditions precedent are to be satisfied to 31 October 2011.

### Funding

Early in the September quarter 2011 Fe secured a \$2 million standby loan facility ("**Facility**") to ensure that the Company has sufficient funds to progress the Mt Ida exploration program, and to perform the necessary works to satisfy the conditions precedent under the agreement to sell its 100% interest in GEM to BRI. The Facility was entered into with cornerstone shareholder Cape Lambert Resources Limited (ASX: CFE) ("**Cape Lambert**"), which currently holds a 19.9% interest in Fe. At 30 September 2011, \$0.51 million had been drawn down under the facility.

### Reconciliation of cash

During the quarter, the Company's net cash outflow amounted to \$155k. All expenditure in the current quarter related to exploration, rehabilitation and administration.

## PROJECTS

### Projects Review

The Company holds, or has rights or interests in approximately 320 tenements prospective for iron, nickel, copper and gold located mostly in Western Australia (refer Figure 1). This total includes 77 interests and rights in the 3 iron-focused projects at Mt Ida, Mt Elvire and Robinson Range, referred to as core projects. The strategic review of the Company's non-core projects was completed during the quarter. Work has commenced to compile the necessary commercial and technical information and seek expressions of interest for the non-core projects.

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

Mt Ida is an iron ore exploration project which comprises the rights to explore for and mine iron ore on a group of 71 licences covering ~400km<sup>2</sup> located 180km northwest of Kalgoorlie in the Yilgarn Iron Province of Western Australia. Mt Ida is located approximately 80km northwest of the operational railway at Menzies, which provides access to the existing deep water port facilities at Esperance.

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



Detailed geological mapping and geochemical rock chip sampling, and acquisition of high resolution airborne magnetic survey data and historical exploration drilling reports was completed over the Core Tenements during the June quarter 2011.

A total exploration target size was estimated for the Eastern and Western BIF units at Mt Ida of 1.1 to 1.4 billion tonnes of oxide and fresh magnetite BIF with a grade of 30 to 37% Fe<sup>1</sup> based on interpretation and modeling of the geological and geophysical data (refer ASX announcements dated 19 May 2011 and 29 June 2011 for full details).

A program of work to carry out an initial drilling program on 800m traverses was submitted during the June quarter 2011 with approval being received from the Department of Mines and Petroleum ("DMP") late in the September quarter. An application for exemption from a statutory relinquishment of 50% of E29/561 was made to DMP during the quarter on behalf of the beneficial license and rights holders.

An environmental survey of the Core Tenements was also completed during the quarter to underpin preparation of a program of work to conduct resource drilling on 400m traverses in 2012.

### **Mt Elvire Iron Ore Project ("Mt Elvire") (100%)**

Mt Elvire comprises a granted exploration license (60km<sup>2</sup>) and 1 application located 230km northwest of Kalgoorlie in the Yilgarn Iron Province of Western Australia. The project is located 150km west of the railway at Menzies and 140km north of the railway at Koolyanobbing.

The Mt Elvire license is prospective for magnetite BIF and small overlying DSO deposits.

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

This project comprises 4 exploration licenses (380km<sup>2</sup>) located in the Midwest Iron Province of Western Australia.

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

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

PepinNini have recently completed an exploration drilling program totaling 3,163m in 63 drill holes part of which covered the JIOJVA area (refer Areas A, B and C). Significant assay results were reported from Area C by PepinNini (refer ASX announcement by PNN dated 13 September 2011 for details).

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

The KRGP comprises 47 tenements covering ~120km<sup>2</sup> located 5-20km north of Kalgoorlie along and adjacent to the prospective Kanowna Fault Zone. These tenements are subject to a joint venture between Barrick (PD) Australia Limited ("Barrick") and Jackson. Under the terms of the joint venture Barrick, upon discovery of a mineral resource made by Barrick of >15,000 ounces of gold, may earn 80%. Barrick also has a conditional right to acquire 51% of any discovery made by Jackson. Barrick are currently actively exploring in this district.

### **Kalgoorlie Regional Nickel Project**

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

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

These nickel interests have been offered to a company with other nickel interests in Western Australia.

---

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



## Kalgoorlie Gold Projects

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

### Grafters (100%)

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

### Vettersburg (65%)

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

### Bardoc (65-100%)

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

### Gordons and Gordons North (100%)

This project comprises 3 granted licenses and 1 application covering ~25km<sup>2</sup> located 40-50km north-northeast of Kalgoorlie.

Yours faithfully  
Fe Limited

Kim Bischoff  
**Managing Director**

### **Competent Person**

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

### **For further information please contact:**

Kim Bischoff  
Managing Director  
Fe Limited  
Tel: 08 9211 0600  
Email: kimb@felimited.com.au

Website: [www.felimited.com.au](http://www.felimited.com.au)

Eloise von Puttkammer  
Company Secretary  
Fe Limited  
Tel: 08 9380 9555  
Email: eloisev@felimited.com.au

David Tasker  
Professional Public Relations  
Tel: 08 93388 0944  
Mobile: 0433 112 936  
Email: david.tasker@ppr.com.au



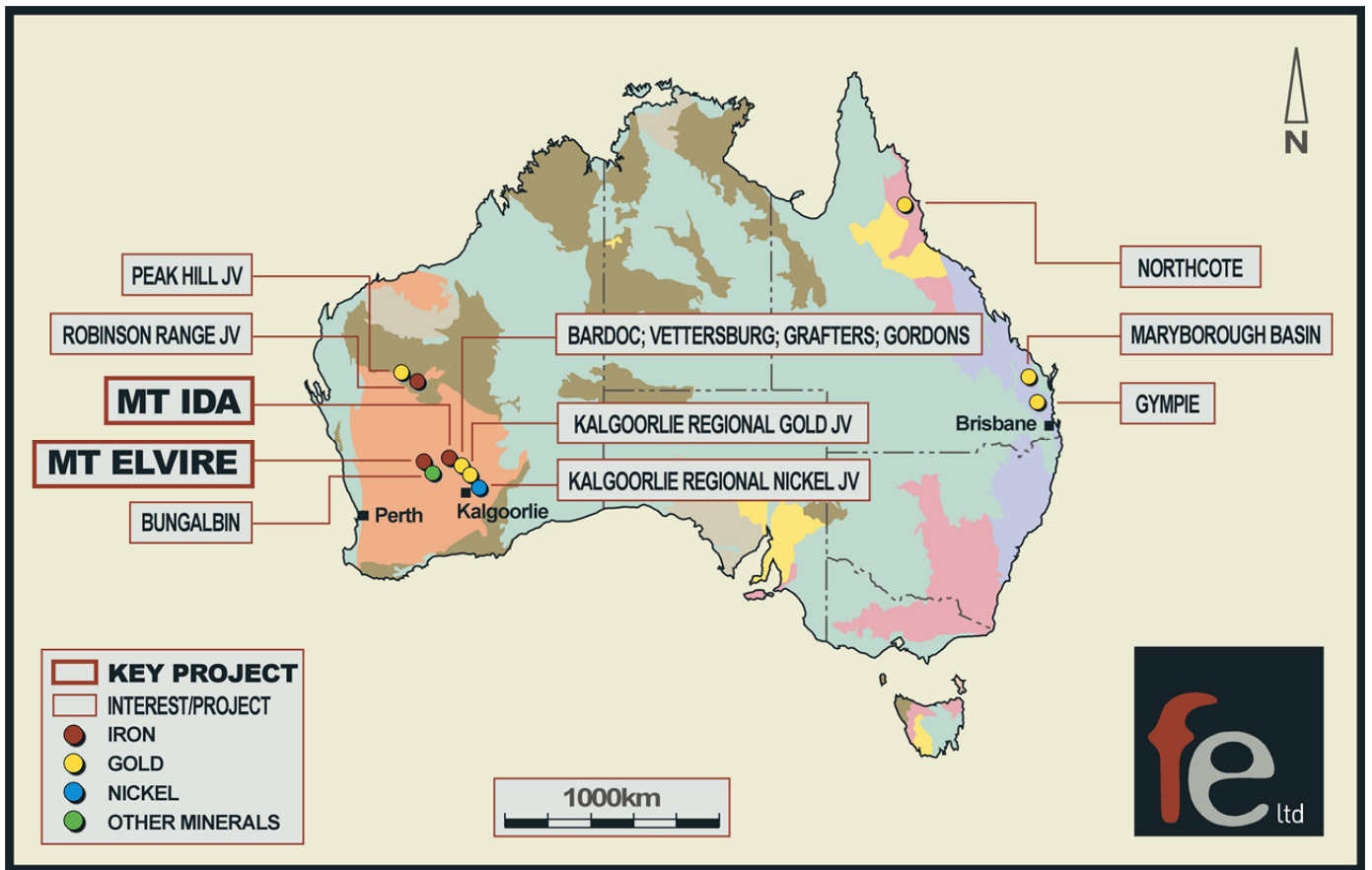


Figure 1: Project Locations

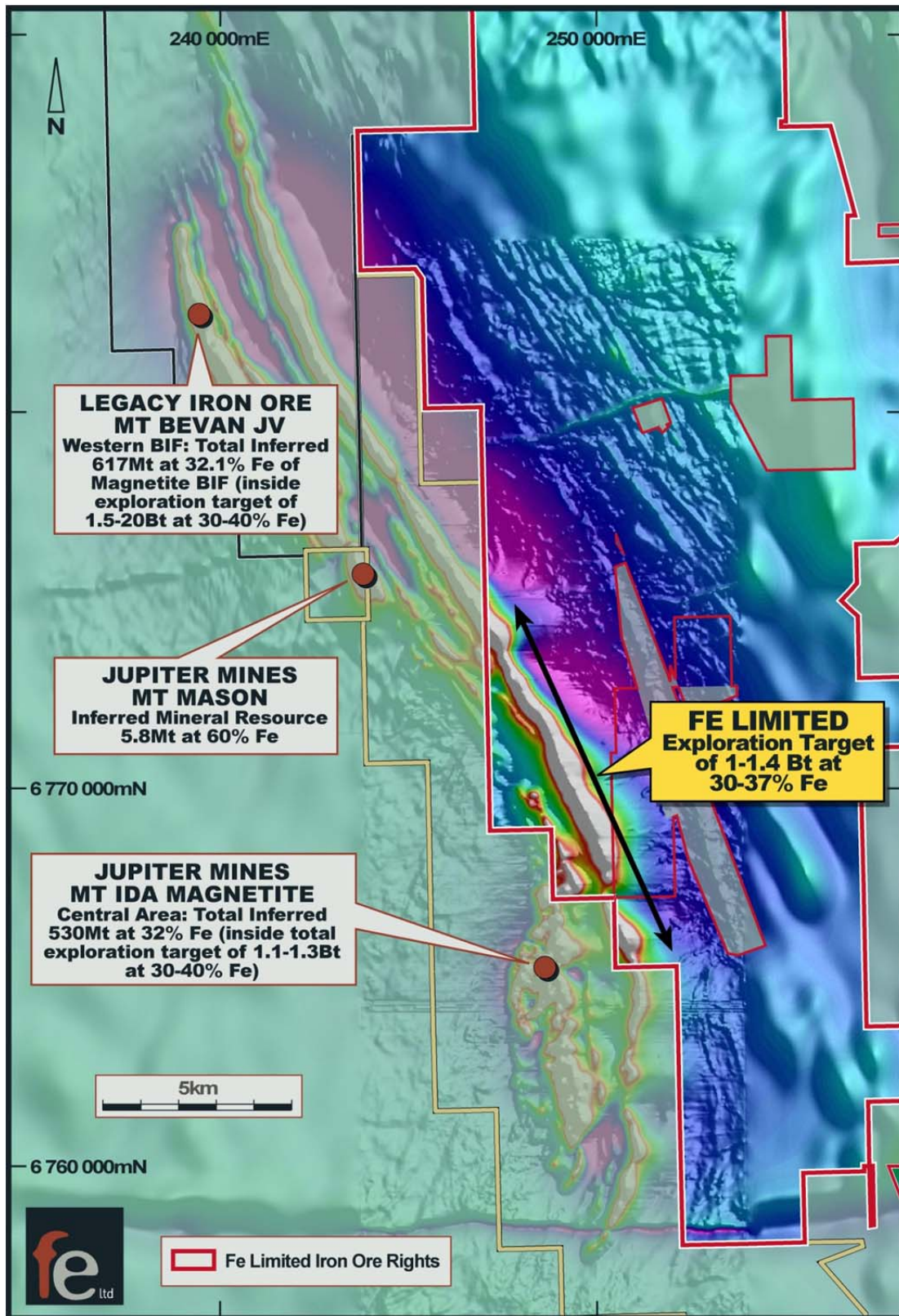


Figure 2: Mt Ida District (on TMI geophysics)

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Fe Limited

ABN

34 112 731 638

Quarter ended ("current quarter")

30 September 2011

### Consolidated statement of cash flows

<b>Cash flows related to operating activities</b>	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(379)	(2,207)
(b) development	-	-
(c) production	-	-
(d) administration	(311)	(1,116)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	18	89
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	7	25
	<b>(665)</b>	<b>(3,209)</b>
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	(250)
(b) equity investments	-	(294)
(c) other fixed assets	-	(7)
1.9 Proceeds from sale of:		
(a) prospects	-	500
(b) equity investments	-	326
(c) other fixed assets	-	2,000
1.10 Loans to other entities	-	-
1.11 Cash backing security provided for performance bonds	-	(804)
1.12 Other (provide details if material)	-	-
	<b>-</b>	<b>1,471</b>
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	<b>(665)</b>	<b>(1,738)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(665)	(1,738)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	510	510
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	510	510
	<b>Net increase (decrease) in cash held</b>	(155)	(1,228)
1.20	Cash at beginning of quarter/year to date	221	1,294
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	66	66

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	136
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees paid to executive and non executive directors.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

In the quarter ended 31 December 2010, the Company issued 1,540,127 ordinary shares as consideration for the receipt of 20,462,948 acceptances from the Padbury Mining Limited takeover offer.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.



### Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities *	1,490	510
3.2 Credit standby arrangements	N/A	N/A

\*A \$2 million standby loan facility agreement has been entered into with Cape Lambert Resources Limited (ASX: CFE).

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>400</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	66	221
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter**</b> (item 1.22)	<b>66</b>	<b>221</b>

\*\*In addition to the cash balance reported above, the Company has \$2,265,384 (\$1,461,000 in term deposit and \$804,384 deposited directly with the Department of Employment, Economic Development and Innovation) which serves as security provided by the Company in respect of rehabilitation bonds.

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	P26/3329	Expired	100%	-
		P26/3330	Expired	100%	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

---

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	115,521,575	115,521,575		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	18,500,000 375,000	- - -	<i>Exercise price</i> \$0.12 \$0.15	<i>Expiry date</i> 31/12/2012 23/03/2014
7.8 Issued during quarter	500,000	-	\$0.12	31/12/2012
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 10 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
  
- 2 This statement does *give* a true and fair view of the matters disclosed.

Sign here: ..... Date: 31 October 2011

Eloise Von Puttkammer  
Company Secretary

Print name: .....

## Notes

- 10 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
  
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
  
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.