



QUARTERLY REPORT Quarter ended 30 September 2013

Australian Securities
Exchange Code: **FEL**

Ordinary Shares:

115,521,575

Unlisted Options:

375,000 (\$0.15 exp. 23 Mar 2014)

Board of Directors:

Tony Sage

Non-Executive Chairman

Mark Gwynne

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:

Mark Gwynne

Executive Director

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

31 October 2013

QUARTERLY REPORT - 30 September 2013

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 September 2013.

Yours faithfully
Fe Limited

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ABN: 31 112 731 638

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CORPORATE

Strategy

Fe Limited (**ASX: FEL**) ("**FEL**" 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.

Funding

In June 2011, FEL secured a \$2 million standby loan facility ("**Facility**") entered into with cornerstone shareholder Cape Lambert Resources Limited (ASX: CFE) ("**Cape Lambert**"), which currently holds a 19.9% interest in FEL. At 30 September 2013, \$2 million had been drawn down under the facility. Subsequently the Company renegotiated a deferral of its repayment obligation to 31 December 2013. In addition, the Company secured an additional short-term facility with Cape Lambert capped at \$1 million, to enable it to meet its obligations as and when they fall due. At 30 September 2013, \$1 million had been drawn down under this additional facility. FEL has entered into discussions with CFE for an extension to the loan agreement and securing bridging finance until the sale of assets are completed.

Gympie Eldorado Mining Pty Ltd Sale Agreement update.

On 2 August 2013, FEL announced the conditional sale of its wholly owned subsidiary, Gympie Eldorado Mining Pty Ltd (GEM) to a Singapore based private metals and mining trading group (**GEM Sale**).

FEL has been advised by the buyer that due diligence has been completed and the final form of the definitive agreement has been agreed by both parties (**Formal Agreement**). The Buyer advises that Foreign Investment Review Board approval is required for the GEM Sale and is anticipated in the next 2 weeks.

The material terms of the GEM Sale include:

- Payment of \$50,000 deposit upon execution of term sheet (these funds have been received by FEL)
- Payment of a further \$200,000 upon completion of the FEL Sale
- Refund of approximately \$2.2M in environmental performance bonds
- 3% Net Smelter Return from gold derived from the Gympie Eldorado Mine
- 10% of any profits from any future sale of freehold land which comprises the Gympie Eldorado Gold Mine Tailings Site.

Sale of Non-Core Assets

FEL has entered into the following agreements in relation to the sale of tenement packages located near Kalgoorlie in Western Australia:

- (a) a binding term to sell 100% of the vendors' interests in the 13 prospecting licences which comprise the Grafters and Bardoc Tenements (**First Binding Term Sheet**); and
- (b) a binding term sheet to sell 100% of the vendors' interest in the two Vettensburg mining leases (**Second Binding Term Sheet**).



Pursuant to the terms of the First Binding Term Sheet, in consideration for the sale of its interest in the Grafters and Bardoc Tenements, the Company has received a non-refundable deposit of \$14,950 with a further \$134,550 payable on completion which is scheduled to occur on or before 8 November 2013 (or such later date as the parties agree) (**End Date**).

Pursuant to the terms of the Second Binding Term Sheet, in consideration for the sale of its 65% interest in the two Vetersburg mining leases, the Company has received a non-refundable deposit of \$1,300 with a further \$11,700 payable on completion which is scheduled to occur on or before the End Date.

Both the terms sheets are subject to and conditional upon:

- (a) the parties obtaining the written consent of the Minister or an officer of the Department of Mines and Petroleum acting with the authority of the Minister providing written consent to the sale of the tenements, where such consent is required under the Mining Act; and
- (b) the purchaser completion of due diligence on the tenements and being satisfied with the results of those enquiries in its absolute discretion.

Completion of the sale and purchase of the tenements will occur on the date which is 5 business days after satisfaction of the last of the conditions, or on such other date as is agreed between the parties.

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 necessary commercial and technical information required to seek expressions of interest for the divestment of the non-core projects is in the process of being completed.

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

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

Grosvenor Gold Project (RNI 80%, FEL20% free carried to Decision to Mine)

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

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

No field activities were undertaken on the project during the quarter.

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

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



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

No field activities were undertaken on the project during the quarter.

Robinson Range Iron Ore Project (20%)

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

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

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

No field activities were undertaken on the project during the quarter.

Kalgoorlie Regional Gold Project

The Kalgoorlie Regional Gold Project lies approximately 25kms north of the mining town and comprises of several tenements which FEL holds between 65%-100% equity. The Company has entered into negotiations for the sale of this project to a third party and anticipates completion within a month.

Bardoc/Vetterberg/Grafters Gold Project.

The Company holds interests in 15 tenements which comprise this project totaling an area of 18km². The Company has entered into binding term sheets for the sale of this tenement package. Refer above for further details. .

Next Quarter

Mt Ida Iron Ore Project.

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

The Project comprises the rights to explore and mine for iron ore on a group of 71 licences covering approximately 370km² in the emerging Yilgarn Iron Province. The principal targets are located on licences E29/561 and E29/644 where the Company holds 100% and 85% respectively of the rights to explore for and mine iron ore. These tenements are prospective for detrital and in-situ DSO iron mineralisation, especially in the hanging-wall and at cross fault / BIF unit intersections, and for large magnetite BIF deposits.

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

The Company has completed planning for field studies including reverse circulation drilling programs to test hematite targets in the coming quarter.

Yours faithfully
Fe Limited

Mark Gwynne
Executive Director



For further information please contact:

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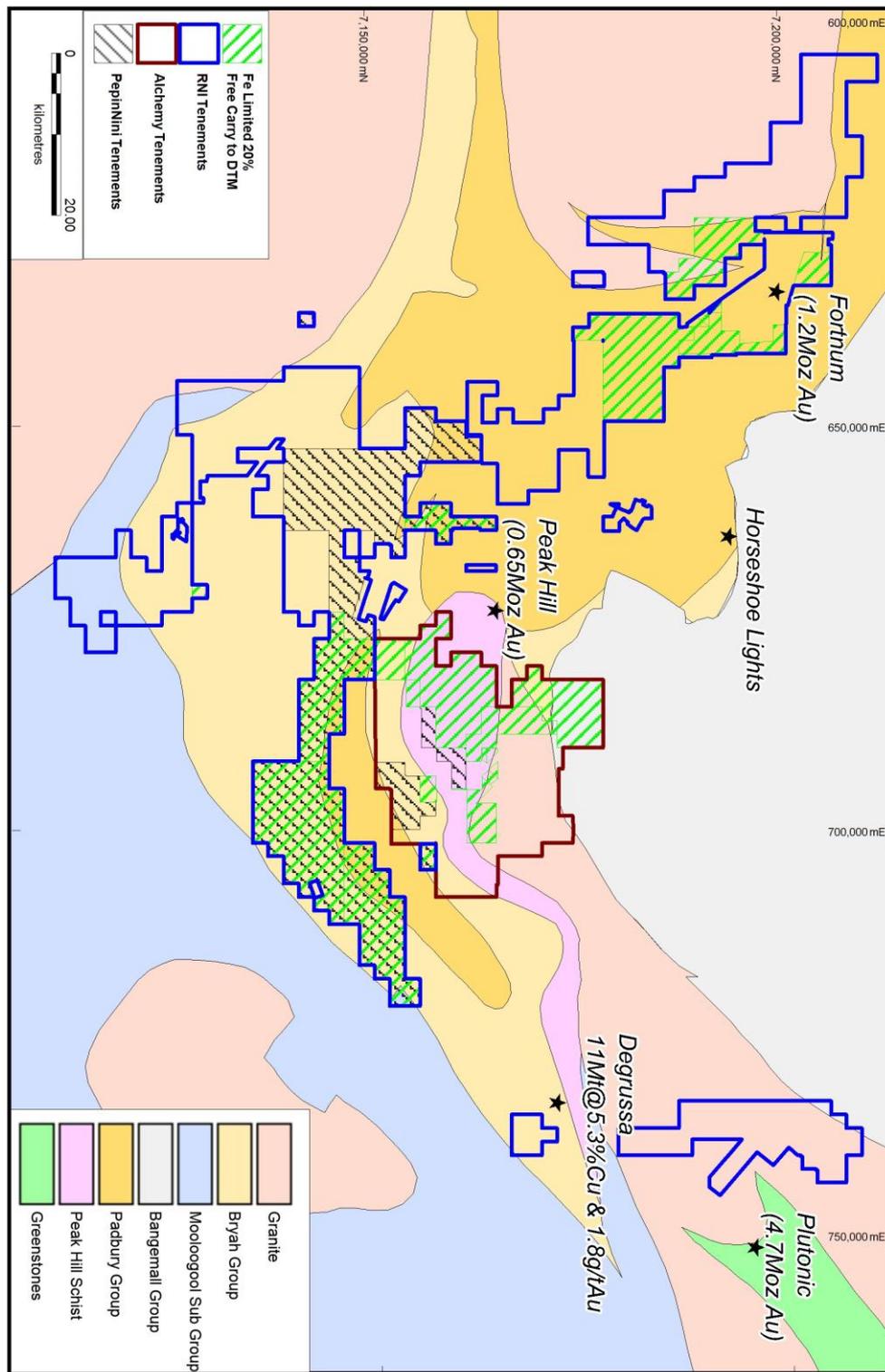
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Competent Person Statement

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





Map 1



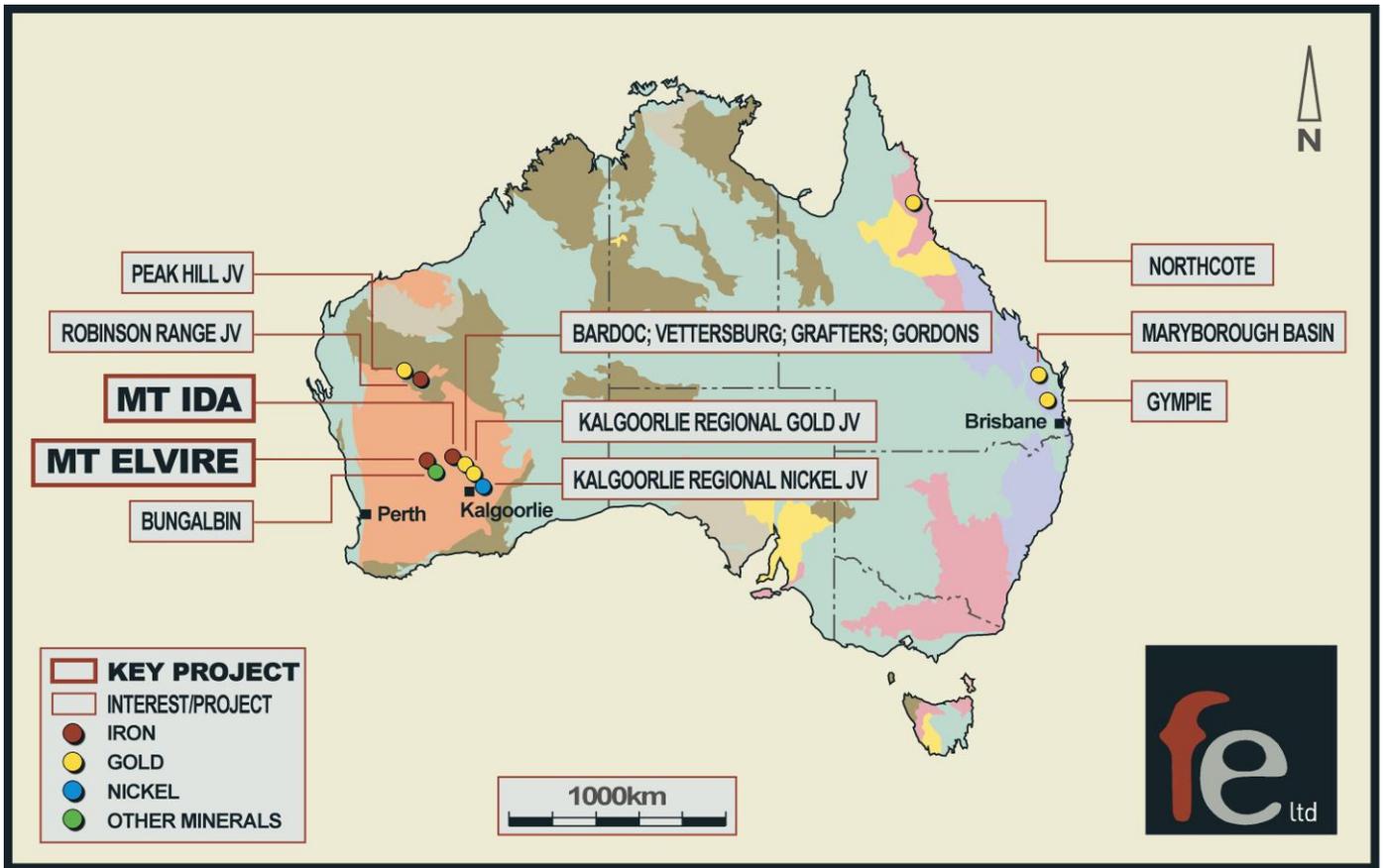


Figure 1: Project Locations

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 2013

Consolidated statement of cash flows

Cash flows related to operating activities	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	(74)	(226)
(b) development	-	-
(c) production	-	-
(d) administration	(95)	(654)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other: Rehab at Gympie Eldorado Mine	(153)	(536)
Other	-	10
Net Operating Cash Flows	(314)	(1,363)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Cash backing security provided for performance bonds	-	-
1.12 Other: Deposit received on sale of subsidiary	50	50
Net investing cash flows	50	50
1.13 Total operating and investing cash flows (carried forward)	(264)	(1,313)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(264)	(1,313)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	210	1,175
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	210	1,175
	Net increase (decrease) in cash held	(54)	(138)
1.20	Cash at beginning of quarter/year to date	63	147
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	9	9

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	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director 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

N/A

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 *	-	3,000
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). The Company has renegotiated a deferral of its repayment obligation of this loan to 31 December 2013. The Company secured an additional short-term facility with Cape Lambert capped at \$1,000,000, to enable it to meet its obligations as and when they fall due. FEL has entered into discussions with CFE for an extension to the loan agreement and securing bridging finance until the sale of assets are completed.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	250

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	9	63
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter** (item 1.22)	9	63

**In addition to the cash balance reported above, the Company has \$2,267,562 (\$1,463,978 in term deposit and \$803,584 deposited directly with the Department of Employment, Economic Development and Innovation) which serves as security provided by the Company in respect of rehabilitation bonds.

+ See chapter 19 for defined terms.

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	E08/1756	Surrendered	100%	-
		P26/3591	Surrendered	80%	-
		P26/3592	Surrendered	80%	-
		P26/3593	Surrendered	80%	-
		P26/3594	Surrendered	80%	-
		P26/3595	Surrendered	80%	-
6.2	Interests in mining tenements acquired or increased	E24/145	Granted	Application	100%

+ 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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	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 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	375,000	-	<i>Exercise price</i> \$0.15	<i>Expiry date</i> 23/03/2014
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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 2013

Mark Gwynne
Director

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.

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+ See chapter 19 for defined terms.