

ASX: FEL

QUARTERLY REPORT

Quarter ended 31 December 2020

29 January 2021

QUARTERLY REPORT – 31 December 2020

Please find attached the Quarterly Activities Report and Appendix 5B for the three month period ended 31 December 2020.

Yours faithfully
Fe Limited

Tony Sage
Executive Chairman



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CORPORATE

Fe Limited (**ASX: FEL**) (**FEL** or **Company**) is an Australian mineral exploration company with interests in various projects and tenements prospective for iron ore, lithium, copper, and gold located in Australia. The company is focused on the development of its iron ore assets.

Annual General Meeting

The Company's Annual General Meeting (**AGM**) was held on 25 November 2020 where all resolutions put to shareholders were passed via a poll. For more information, refer to the Notice of AGM available via the Company's website.

Constitution Amended

On 25 November 2020, the Company adopted an amended Constitution, as approved by special resolution of shareholders at the Company's AGM.

Yarram Acquisition Completion

On 22 December 2020, the Company advised it had completed the transaction (initially announced to ASX on 21 August 2020) to acquire a 50% interest in the Yarram iron ore project in the Northern Territory (**Yarram Acquisition**). Completion of the transaction was effected via FEL purchasing a 50% share in the entity which owns the Yarram Iron Ore Rights.

Consideration includes \$1.0 m in cash (adjusted for any liabilities assumed) and \$0.5m in shares. In respect of the cash consideration, \$515k was paid last quarter, and a final \$430k was paid in the December 2020 quarter. On 22 December 2020, the 31,250,000 consideration shares were issued. FEL is to cover certain historical and future costs (refer ASX Announcement dated 21 August 2020 for a summary of the key terms of the acquisition).

Further contingent consideration of \$0.5m in cash and \$1.0m in cash and/or shares (at FEL's election) is payable on achieving a JORC indicated resource milestone.

Financial Position

Cash available at the end of the December 2020 quarter was \$4.87 million.

Payments to Related Parties and their Associates

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totaled \$93,523. The Company advises that \$79,500 of this relates to Director fees. Refer to the Remuneration Report in the Annual Report for further details on director remuneration. An amount of \$150 was paid to Cyclone Metals Limited (a company of which Mr Tony Sage is a director) for reimbursement of general corporate expenses attributable to FEL. An amount of \$3,323 was paid to European Lithium Limited (a company of which Mr Tony Sage is a director) for reimbursement of general corporate expenses attributable to FEL. An amount of \$9,550 was paid to Okewood Pty Ltd (a company of which Mr Tony Sage is a director) for office rent expense. These amounts are included at Item 6.1 of the Appendix 5B.

Expenditure on mining exploration activities

In accordance with ASX Listing Rule 5.3.1, the Company advises its exploration and evaluation expenditure during the December 2020 quarter totaled \$251k. This amount is included at Item 1.2(a) of the Appendix



5B. Expenditure this quarter included \$77k in payments to geological and technical consultants, \$59k in tenement rents and rates, \$26k in respect of tenement management, \$17k for travel, and \$72k in other general costs. Refer to Projects overview section below for details of activities conducted during the quarter.

Securities

Movements in shares during the December 2020 quarter was as follows:

- 10,325,000 shares were issued following exercise of unlisted options at \$0.02 expiring 31 May 2021; and
- 31,250,000 shares were issued on 22 December 2020 upon completion of the Yarram Acquisition.

Movements in unlisted options during the December 2020 quarter was as follows:

- 10,325,000 unlisted options at \$0.02 expiring 31 May 2021 were exercised raising a total of \$206,500
- 25,000,000 unlisted options at \$0.03 expiring 31 August 2022 were issued
- 5,000,000 unlisted options with vesting conditions at \$0.04 expiring 31 August 2023 were issued

PROJECTS

The Company holds, or has rights or interests in, various tenements prospective for iron ore, lithium, gold and copper located in Western Australia and the Northern Territory.

Whilst the company retains its tenure in the East Pilbara and Pippingarra areas, exploration is being continued at a lower priority given the Company's focus on developing its Iron Ore assets as soon as possible to capitalise on the current iron ore pricing situation.

JWD Mining Rights (Western Australia)

As previously announced, on 29 September 2020 FEL completed its acquisition of a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GV**) over the Wiluna West JWD deposit (**JWD Mining Rights Acquisition**).

On 15 December 2020, the Company advised it had lodged its Works Approval application for the JWD Iron Ore Project with the WA Department of Water and Environmental Regulation ("DWER"). The Works Approval is the only outstanding primary environmental approval required to facilitate commencement of production at JWD.

The Company is in discussions with key contractors to mine, crush, truck and shipload the JWD product with a view to being ready to make a Decision to Mine shortly after receipt of the Works Approval to capitalise on the elevated iron ore price which exist at present.

Yarram (Northern Territory)

As noted above the Company completed the acquisition of a 50% interest in the Yarram Iron Ore rights during the quarter.

Key FEL management visited the site during the quarter and commenced planning for a drilling program which is envisaged to infill and step-out from previous drill holes with an aim of providing sufficient data to publish a JORC resource. The program is also intended to provide additional information to support the environmental approval process for Yarram.

Pippingarra Gold Project and the Marble Bar Lithium Project – FEL 100% rights

FEL acquired 100% beneficial interest in six tenements in May 2019. The tenements acquired represent the Pippingarra Gold Project and the Marble Bar Lithium Project (together the Projects) (refer Figure 1

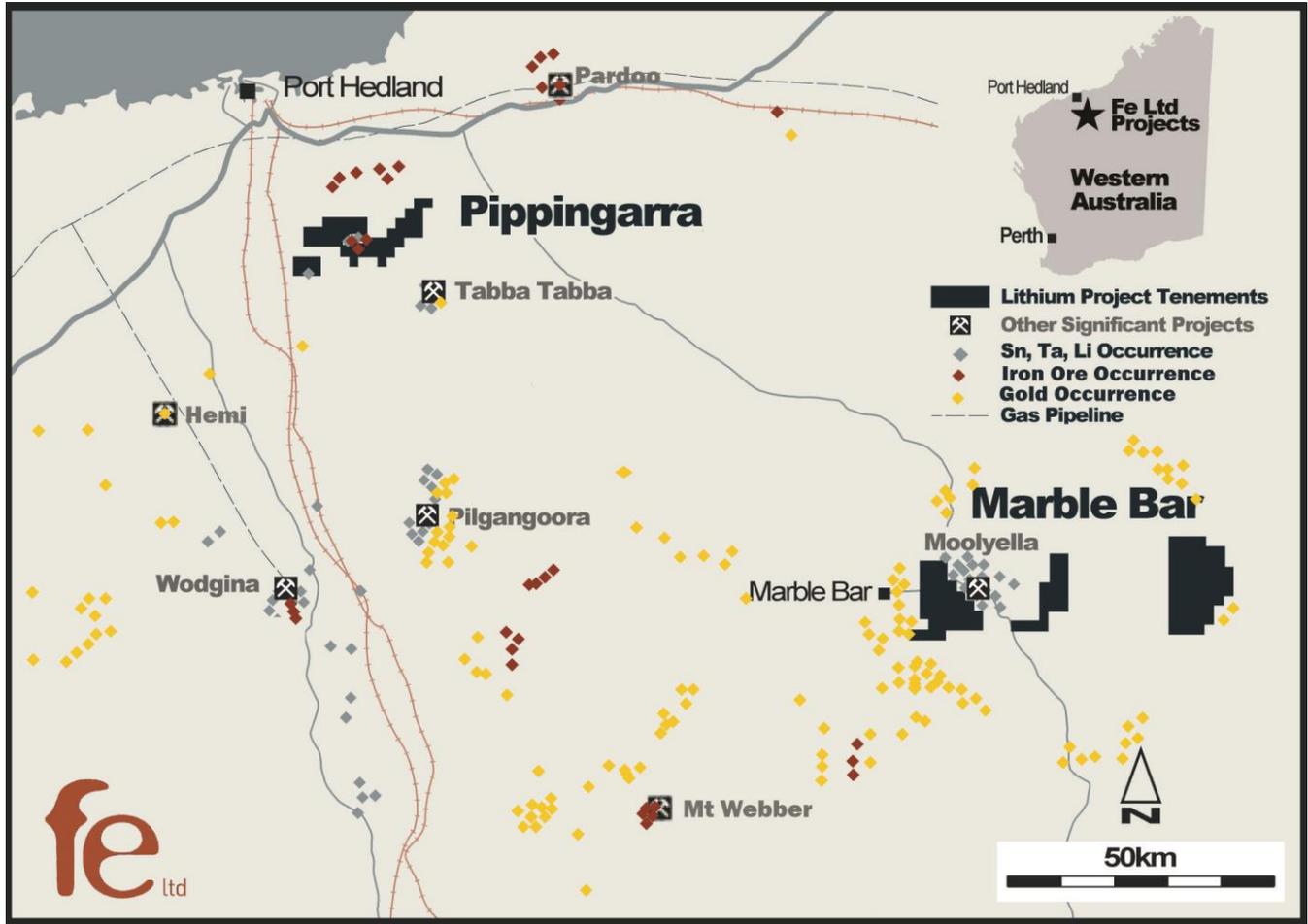


Figure 1: Pippingarra Gold Project and Marble Bar Lithium Project Tenements

Bryah Basin Joint Venture Projects - FEL 20% rights

FEL, via its wholly owned subsidiary Jackson Minerals Pty Ltd (**Jackson Minerals**), has a 20% interest in tenements covering an area of 804 km² in the highly prospective Bryah Basin proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine.

The Bryah Basin Project tenements are subject to joint ventures and farm-ins with Billabong Gold Pty Ltd (**Billabong**), Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**), Auris Minerals Ltd (ASX:**AUR**) and SFR, refer Figure 2.

The Bryah Basin is a highly prospective and largely under-explored mineral field with potential for further discovery of gold and base metals.

Morck Well Project - AUR/SFR/FEL- E51/1033, E52/1613, E52/1672

The Morck Well project is located in the eastern part of the Bryah Basin and contains approximately 40km strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck Well is adjacent to SFR's DeGrussa-Doolgunna exploration tenements. FEL holds a 20% interest in all minerals in three exploration licences (E51/1033, E52/1613 and E52/1672) within AUR's Morck Well project. SFR has a farm-in and joint venture with FEL and AUR where SFR can earn an interest in the Morck Well Project tenements by completing a minimum spend of \$2.0m on exploration over 2 years. Refer to ASX:AUR announcement 27 February 2018 for details.

Auris continue with significant Au and Cu results from recent air core drilling in the Morck Well JV area. Results show areas remain open along strike to the east and west, (refer ASX:SFR announcement 20 January 2021). SFR had planned to complete a further 650 regional and infill air core drill holes in the December 2020 quarter, FEL have not yet received an update on this drilling from SFR or AUR. Refer to ASX:AUR announcements 28 October 2020 for full details and drilling results.

Peak Hill Project Base Metals Rights – ALY/SFR/FEL - E52/1668, E52/1678, E52/1722 and E52/1730

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

ALY has entered into a formal joint venture with SFR (refer to ASX:ALY 23 Sep 2019 for relevant information and diagrams). SFR has earned a 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. FEL holds its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

FEL has not received any updates from ALY or SFR during the quarter.

Peak Hill Project All Mineral Rights - ALY/Billabong/FEL - E52/1668, E52/1678, E52/1730, P52/1538, P52/1539

Billabong, through an assignment of interests from NST, entered into a Farm-In and Joint Venture agreement with ALY (refer to ASX:ALY 24 Feb 2015), in regard to parts of E52/1668, E52/1678, E52/1730 (excluding those parts being farmed into by SFR) and also to earn an 80% interest in the whole of E52/1852. FEL retains its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

FEL has not received any updates from Billabong during the quarter.

Mt Ida Iron Ore Project - Mt Ida Gold

Mt Ida Iron Ore Project is approximately 80km northwest of the operational railway at Menzies, which offers access to existing port facilities at Esperance. The 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.

The Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides FEL the rights to explore and mine for iron ore on exploration license E29/640 and 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.

FEL has not received any updates from Mt Ida Gold Pty Ltd during the quarter.

Announcement released with authority of the FEL board of directors.

For further information please contact:

Investor Relations



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Important Notice

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which the Company operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside the Company's control.

The Company does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of the Company, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities in the Company. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision. By reviewing or retaining this announcement, you acknowledge and represent that you have read, understood and accepted the terms of this important notice.

Competent Person Statement

The information in this report is compiled and collected by Mr Olaf Frederickson, who is a Member of the Australasian Institute of Geoscientists. Mr Frederickson has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves (JORC Code 2012). Mr Frederickson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

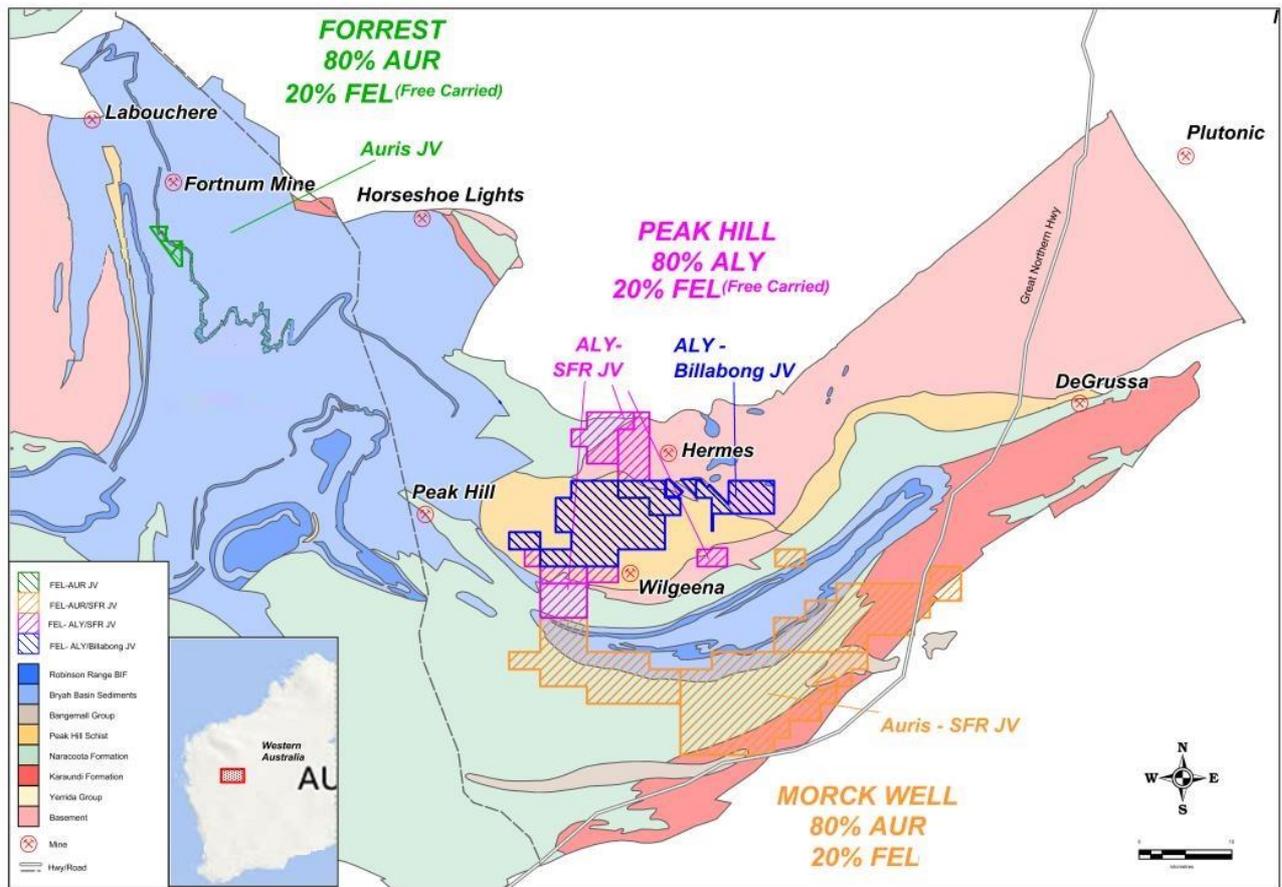


Figure 2: FEL exploration tenement portfolio in the Bryah Basin showing AUR, ALY, SFR and Billabong JV areas

**Schedule of tenement interests of the Company and its subsidiary entities as at 31 December 2020
(including details of tenements acquired and disposed of during the quarter)**

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at end of quarter	Notes
E52/1668	Peak Hill - Western Australia	-	-	20%	2
E52/1678	Peak Hill - Western Australia	-	-	20%	2
E52/1722	Peak Hill - Western Australia	-	-	20%	3
E52/1730	Peak Hill - Western Australia	-	-	20%	2
P52/1538	Peak Hill - Western Australia	-	-	20%	2
P52/1539	Peak Hill - Western Australia	-	-	20%	2
P52/1494	Forrest (Milgun) - Western Australia	-	-	20%	1
P52/1495	Forrest (Milgun) - Western Australia	-	-	20%	1
P52/1496	Forrest (Milgun) - Western Australia	-	-	20%	1
E45/4759	Pippingarra	-	-	100%	
E45/4691	Pippingarra	-	-	100%	
E45/4669	Marble Bar	-	-	100%	
E45/4690	Marble Bar	-	-	100%	
E45/4724	Marble Bar	-	-	100%	
E45/4746	Marble Bar	-	-	100%	
NOTES:					
1	Peak Hill Sale Agreement: Auris Exploration Pty Ltd (AUR - previously known as Grosvenor Gold Pty Ltd) 80% (Operator) and FEL (via Jackson Minerals) 20% in all minerals free carried to decision to mine.				
2	ALY 80% reducing to 10% in all minerals or base metals only once SFR and Billabong (Operator) earn in under respective JV agreements with ALY. Billabong is earning 70% interest in all minerals in part of this tenement and SFR has earned 70% interest in base metals only (excluding Iron Ore) in the remaining tenement area. FEL (via Jackson Minerals) holds 20% in all minerals in the whole of the tenements free carried to decision to mine.				
3	ALY 80% reduced to 10% in base metals only (excluding iron ore) as SFR (Operator) earns in under JV agreement with ALY. SFR has earned a 70% interest in base metals only (excluding iron ore) in the whole of the tenement area by sole funding exploration expenditure. FEL (via Jackson Minerals) holds 20% in all minerals free carried to decision to mine.				

The mining tenements with beneficial interest held in farm-in/farm-out agreements at the end of each quarter (including details of beneficial interests acquired and disposed of during the quarter).

Farm-in/out Agreement and Tenement reference	Project & Location	Acquired interest during the quarter	Disposed Interest during the quarter	Interest at end of quarter	Notes
E51/1033-I	Morck Well	-	-	20%	1, 2, 3
E52/1613-I	Morck Well	-	-	20%	1, 2, 3
E52/1672-I	Morck Well	-	-	20%	1, 2, 3
NOTES:					
1	Peak Hill Sale Agreement: Auris Exploration Pty Ltd (Auris - previously known as Grosvenor Gold Pty Ltd) 80% (Operator) and Jackson Minerals Pty Ltd 20% in all minerals.				
2	Jackson Iron Ore Royalty: Auris Exploration Pty Ltd (Auris) (previously known as Grosvenor Gold Pty Ltd) (Operator) to pay PepinNini Robinson Range Pty Ltd (PRR) a 0.8% gross revenue royalty from the sale or disposal of iron ore. Jackson Minerals Pty Ltd holds 20% in all minerals.				
3	Sandfire Farm-in: Subject to a Farm-in Letter Agreement between SFR, AUR and FEL. If SFR makes a Discovery on the tenements and a JV is formed then the interests in the tenements will be 70% SFR, 24% AUR and 6% FEL. Full details of the agreement are described in the Auris ASX announcement dated 27 February 2018.				

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Fe Limited

ABN

31 112 731 638

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(251)	(482)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(283)	(591)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material):		
- Prepayment of royalty on tenements (JWD Rights)	-	(225)
1.9 Net cash from / (used in) operating activities	(532)	(1,245)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(758)	(1,898)
(c) property, plant and equipment	-	(2)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material):		
	- Proceeds from sale of royalty asset	-	2,650
2.6	Net cash from / (used in) investing activities	(758)	750

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	200	216
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material):		
	- Loan advanced to unrelated entity	-	(500)
	- Loan repaid by unrelated entity	-	500
3.10	Net cash from / (used in) financing activities	200	216

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,956	5,145
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(532)	(1,245)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(758)	750

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	200	216
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,866	4,866

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,866	5,956
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,866	5,956

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	93
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	-	-
7.2	-	-
7.3	-	-
7.4	-	-
7.5	Unused financing facilities available at quarter end	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1	(532)
8.2	-
8.3	(532)
8.4	4,866
8.5	-
8.6	4,866
8.7	9.1
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
Answer: N/A	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 January 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.