

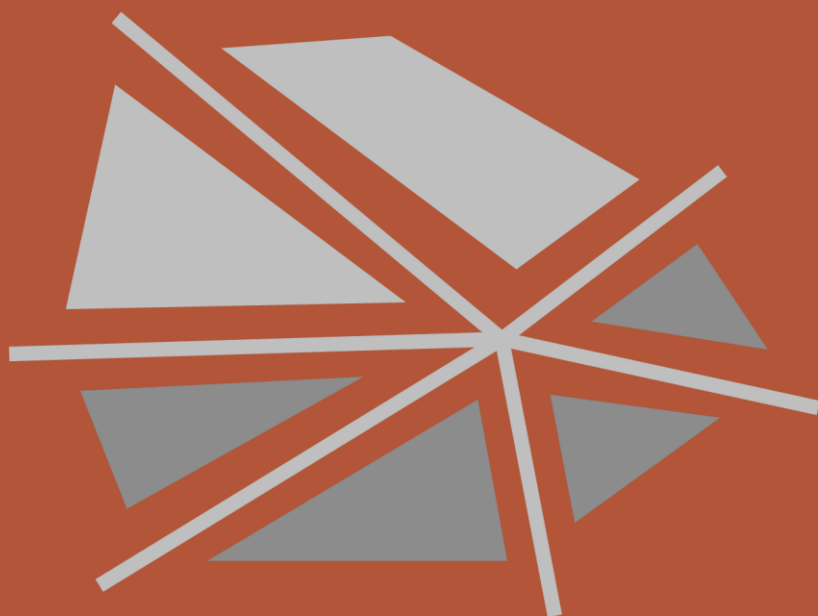


Fe Limited  
ABN: 31 112 731 638

# HALF-YEAR REPORT

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2020**

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

<b>Australian Business Number</b>	31 112 731 638	
<b>Country of Incorporation</b>	Australia	
<b>Board of Directors</b>	Antony Sage Mark Hancock Nicholas Sage	Executive Chairman Executive Director Non-Executive Director
<b>Joint Company Secretary</b>	Catherine Grant-Edwards Melissa Chapman	
<b>Principal Administrative Office and Registered Office</b>	32 Harrogate Street West Leederville WA 6007	
	Telephone:	+61 (0) 8 6181 9793
	Facsimile:	+61 (0) 8 9380 9666
	Contact:	ir@felimited.com.au
	Website:	www.felimited.com.au
<b>Share Registry</b>	Link Market Services QV1 Building, Level 12 250 St Georges Terrace Perth WA 6000	
	Telephone:	1300 554 474 (in Australia) +61 (2) 8280 7761 (outside Australia)
	Website:	www.linkmarketservices.com.au
<b>Auditors</b>	Stantons International Level 2, 1 Walker Avenue West Perth, WA 6005	
<b>Australian Stock Exchange Limited (ASX)</b>	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 **Group**) submit their report for the half-year ended 31 December 2020.

## 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 (Executive Chairman)  
Mark Hancock (Executive Director)  
Nicholas Sage (Non-Executive Director)

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

## REVIEW AND RESULTS OF OPERATIONS

Fe Limited (ASX: FEL) (**FEL** or the **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.

## CORPORATE

### Financial Results

The Group recorded a net loss after tax for the period of \$1,348,969 (31 December 2019: net profit after tax \$583,572).

### Annual General Meeting

The Company's Annual General Meeting was held on 25 November 2020 (**AGM**). All resolutions put to the meeting were passed via a poll.

### 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 Iron JV Transaction

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 (**Yarram Iron JV**) in the Northern Territory (**Yarram Transaction**). Completion of the transaction was effected on 22 December 2020, via FEL purchasing a 50% share in Gold Valley Iron and Manganese Pty Ltd (**GVIM**), being the entity which owns the Yarram Iron Ore Rights.

Consideration included:

- \$1.0m in cash (adjusted for \$55k liabilities assumed);
- 31,250,000 shares valued at \$0.5m based on a deemed issue price of \$0.016 (issued on 22 December 2020);
- \$1.9m subscription amount payable to GVIM in relation to 500,000 GVIM shares acquired by FEL's wholly owned subsidiary Yarram FE Pty Ltd, being:
  - a minimum payment of \$1,500,000<sup>A</sup>; and
  - up to an additional \$400,000 as directed by the Board of GVIM (to cover certain historical costs);at a date to be determined by the Board of GVIM.

<sup>A</sup> Note, if the minimum payment amount is unpaid at payment date, shares to be cancelled proportionally to the unpaid amount.

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.

### Wiluna Iron JV Transaction

As announced 17 September 2020, FEL entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GVIO**) over the Wiluna West JWD deposit (**JWD Mining Rights** or **JWD Iron Ore Project**) (**Wiluna Transaction**). Consideration included \$0.5 in cash and

12,500,000 shares at a deemed issue price of \$0.020 upon settlement with a further commitment to fund a \$125,000 instalment due to GWR Group on 30 September 2020, to prepay the first 50% instalment royalty (\$225,000), and to provide a working capital facility to the Wiluna Iron Project JV (**Wiluna Iron JV**) of \$3.0m following decision to mine. A further \$250,000 is payable in cash or shares (at FEL's election) upon a decision to mine. Additional payments to satisfy the Mining Rights Agreement will be met by the JV. FEL will operate the Wiluna Iron JV with its 51% interest and look to commence operations as soon as practically possible to meet the obligations under the Mining Rights Agreement that a minimum of 300,000 tonnes is mined and trucked off the tenements with 21 months from the PMP approval date of 16 January 2020. Settlement of this acquisition occurred on 29 September 2020.

### **Receipt of Proceeds from Sale of Iron Ore Royalty**

On 22 September 2020, the Company announced that FEL and TRR Services Australia Pty Ltd, a wholly owned subsidiary of Trident Resources PLC (LSX: TRR) (**Trident**) had reached agreement to advance settlement of the second tranche sale proceeds in respect of the Royalty Asset Sale. In return for Trident accelerating the payment, FEL agreed to discount the amount owing to \$2.65m. The second tranche payment was received by FEL on 24 September 2020.

### **Board Changes and Corporate Appointments**

To ensure the Company is well resourced to progress the Yarram Iron JV and Wiluna Iron JV projects, Mr Tony Sage assumed the role of Executive Chairman (transitioned from Non-Executive Chairman) and Mr Mark Hancock has agreed to increase his time commitment to the Company, effective from 17 September 2020.

On 28 September 2020, the Company announced the appointment of experienced iron ore executive Mr Jeremy Sinclair as Projects Director.

### **Withdrawal from Joint Venture with Macarthur**

On 17 September 2020 the Company announced that it had elected to withdraw from the joint venture with Macarthur.

### **Shares issued**

During the period the Company issued the following shares:

- 10,825,000 ordinary shares upon exercise of unlisted options at \$0.02 expiring 31 May 2021;
- 12,500,000 ordinary shares, being consideration shares in relation to the Wiluna Transaction; and
- 31,250,000 ordinary shares, being consideration shares in relation to the Yarram Transaction.

### **Options issued**

During the period the Company issued the following options:

- 25,000,000 unlisted options exercisable at \$0.03 expiring 31 August 2022; and
- 5,000,000 unlisted options exercisable at \$0.04 expiring 31 August 2023 (subject to vesting conditions).

In addition to the above, the following options were granted during the period (formally issued in February 2021):

- 5,000,000 unlisted options exercisable at \$0.035 expiring 12 October 2023 granted to corporate advisors;
- 5,000,000 unlisted options exercisable at \$0.045 expiring 12 April 2024 granted to corporate advisors; and
- 5,000,000 unlisted options exercisable at \$0.06 expiring 12 October 2024 granted to corporate advisors.

## **PROJECTS**

### **Western Australia**

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

The Company retains its tenure in the East Pilbara and Pippingarra area and exploration is being continued, albeit at a slower rate given the Company's focus on developing its iron ore assets (Wiluna Iron JV and Yarram Iron JV) as soon as possible to capitalise on the current iron ore pricing situation.

### **JWD Iron Ore Project - Wiluna Iron JV (51%) (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 GVIO over the Wiluna West JWD deposit (being the Wiluna Transaction).

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 prices which exist at present.

#### **Yarram Project – Yarram Iron JV (50%) (Northern Territory)**

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

Key FEL management visited the site during the period 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 Project and the Marble Bar Project – FEL 100% rights**

FEL holds a 100% beneficial interest in six tenements representing the Pippingarra Project and the Marble Bar Project, both targeting lithium and gold mineralisation.

#### **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 km<sup>2</sup> 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.

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 continues to explore actively 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/IGO/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 September 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 a 20% interest in all minerals in these tenements free carried to decision to mine.

#### **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 February 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.

### **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 120km<sup>2</sup> 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.

### **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.

### **Events after the balance date**

As announced 18 February 2021, the Company successfully completed a placement via the issue of shares at an issue price of \$0.045 raising \$5.5m (before costs) (**Placement**).

During the period subsequent to balance date until the date of release of this report, the Company has issued the following securities:

- 123,381,655 shares issued pursuant to the Placement;
- 16,900,000 shares issued following the exercise of unlisted options at \$0.02 expiring 31 May 2021, raising \$338,000;
- 1,500,000 shares issued following the exercise of unlisted options at \$0.03 expiring 13 March 2021, raising \$45,000;
- 5,000,000 shares issued following the exercise of unlisted options at \$0.025 expiring 31 March 2022, raising \$125,000;
- 5,000,000 unlisted options exercisable at \$0.03 expiring 31 August 2022;
- 5,000,000 unlisted options exercisable at \$0.035 expiring 12 October 2023;
- 5,000,000 unlisted options exercisable at \$0.045 expiring 12 April 2024; and
- 5,000,000 unlisted options exercisable at \$0.060 expiring 12 October 2024.

In addition to the above, the following unlisted options have been exercised and shares are in the process of being issued as at the date of release of this report:

- 166,667 unlisted options at \$0.02 expiring 31 May 2021 were exercised; and
- 625,000 unlisted options at \$0.03 expiring 13 March 2021 were exercised.

There are no other events subsequent to 31 December 2020 and up to the date of this report that would materially affect the operations of the Group 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, Stantons International, 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  
Executive Chairman  
Perth

15 March 2021

15 March 2021

The Directors  
FE Limited  
32 Harrogate Street  
West Leederville WA 6007

Dear Sirs

**RE: FE LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Fe Limited.

As Audit Director for the review of the financial statements of Fe Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**



**Martin Michalik**  
Director



# Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
Interest income	3(a)	53,026	1,308
Other income	3(b)	(3,440)	1,834,508
		49,586	1,835,816
Exploration and evaluation expenditure	3(d)	(522,315)	(738,196)
Employee benefits expense and director remuneration	3(c)	(147,500)	(100,000)
Legal costs		(32,593)	(1,029)
Share-based payments expense	11	(421,382)	(67,038)
Accounting and audit fees		(87,386)	(83,431)
Consultant costs		(65,902)	(48,000)
Compliance costs		(51,042)	(67,452)
Travel costs		(777)	(14,968)
Other expenses	3(e)	(58,510)	(132,130)
Share of net losses of investments in joint venture accounted for using the equity method	7	(11,148)	-
<b>(Loss) / Profit before income tax</b>		(1,348,969)	583,572
Income tax expense		-	-
<b>(Loss) / Profit after income tax</b>		(1,348,969)	583,572
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<b>Other comprehensive income / (loss) for the period</b>		-	-
<b>Total comprehensive (loss) / income for the period</b>		(1,348,969)	583,572
(Loss) / profit per share from attributable to the ordinary equity holders of the parent			
-basic (loss) / earnings for the period (cents per share)		(0.27)	0.12
-diluted (loss) / earnings for the period (cents per share)		(0.27)	0.12

The accompanying notes form part of these financial statements

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	4,865,595	5,144,592
Trade and other receivables	5	176,216	2,650,000
Financial asset		38,700	42,140
Other assets		15,017	38,044
<b>Total Current Assets</b>		<u>5,095,528</u>	<u>7,874,776</u>
<b>Non-current Assets</b>			
Exploration assets	6	1,350,000	250,000
Plant and equipment		4,223	2,635
Investments accounted for using the equity method	7	3,333,852	-
<b>Total Non-current Assets</b>		<u>4,688,075</u>	<u>252,635</u>
<b>TOTAL ASSETS</b>		<u>9,783,603</u>	<u>8,127,411</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	1,895,709	278,430
Income tax payable		78,896	78,896
<b>Total Current Liabilities</b>		<u>1,974,605</u>	<u>357,326</u>
<b>TOTAL LIABILITIES</b>		<u>1,974,605</u>	<u>357,326</u>
<b>NET ASSETS</b>		<u>7,808,998</u>	<u>7,770,085</u>
<b>EQUITY</b>			
Contributed equity	9	42,202,793	41,236,293
Accumulated losses		(36,922,325)	(35,573,356)
Reserves	10	2,528,530	2,107,148
<b>TOTAL EQUITY</b>		<u>7,808,998</u>	<u>7,770,085</u>

*The accompanying notes form part of these financial statements*

# Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>			
Receipt of royalty		-	887,273
Payments to suppliers and employees		(562,478)	(352,624)
Interest received	3(a)	53,026	1,308
Payments for exploration and evaluation costs		(490,986)	(713,638)
<b>Net cash flows (used in) operating activities</b>		<b>(1,000,438)</b>	<b>(177,681)</b>
<b>Cash flows from investing activities</b>			
Purchase of exploration assets	6	(850,000)	(50,000)
Purchase of plant and equipment		(2,295)	-
Investment in joint venture		(1,292,764)	-
Proceeds from sale of royalty asset		2,650,000	-
<b>Net cash flows from / (used in) investing activities</b>		<b>504,941</b>	<b>(50,000)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued (net of costs)	9	216,500	41,475
Loan advanced to unrelated party	3(a)(i)	(500,000)	-
Repayment of loan from unrelated party	3(a)(i)	500,000	-
<b>Net cash flows from financing activities</b>		<b>216,500</b>	<b>41,475</b>
Net (decrease) in cash and cash equivalents		(278,997)	(186,206)
Cash and cash equivalents at beginning of period		5,144,592	760,801
<b>Cash and cash equivalents at end of period</b>	4	<b>4,865,595</b>	<b>574,595</b>

*The accompanying notes form part of these financial statements*

# Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	<b>Contributed equity</b>	<b>Accumulated losses</b>	<b>Share based payments reserve</b>	<b>Total</b>
	\$	\$	\$	\$
At 1 July 2020	41,236,293	(35,573,356)	2,107,148	7,770,085
Loss for the period	-	(1,348,969)	-	(1,348,969)
Other comprehensive income	-	-	-	-
	-	(1,348,969)	-	(1,348,969)
Transactions with owners in their capacity as owners				
Shares issued	966,500	-	-	966,500
Share-based payments	-	-	421,382	421,382
At 31 December 2020	<u>42,202,793</u>	<u>(36,922,325)</u>	<u>2,528,530</u>	<u>7,808,998</u>
At 1 July 2019	40,770,054	(41,481,535)	2,035,849	1,324,368
Profit for the period	-	583,572	-	583,572
Other comprehensive income	-	-	-	-
	-	583,572	-	583,572
Transactions with owners in their capacity as owners				
Shares issued	466,239	-	-	466,239
Share-based payments	-	-	71,299	71,299
At 31 December 2019	<u>41,236,293</u>	<u>(40,897,963)</u>	<u>2,107,148</u>	<u>2,445,478</u>

*The accompanying notes form part of these financial statements*

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 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 2020 was authorised for issue in accordance with a resolution of the directors on 15 March 2021.

Fe Limited is a limited company incorporated and domiciled in Australia whose shares are publicly traded.

These consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with AASB 134 ensures compliance with IAS 34 Interim Financial Reporting.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by Fe Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The half-year financial report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

### (b) Significant accounting policies

#### Adoption of new and revised standards

*Standards and Interpretations applicable to 31 December 2020*

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2020. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2020 including:

#### **Conceptual Framework for Financial Reporting and relevant amending standards (Conceptual Framework)**

The Group has adopted the Conceptual Framework with the date of initial application being 1 July 2020.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:

- Chapter 1 – The objective of financial reporting
- Chapter 2 – Qualitative characteristics of useful financial information
- Chapter 3 – Financial statements and the reporting entity
- Chapter 4 – The elements of financial statements
- Chapter 5 – Recognition and derecognition
- Chapter 6 – Measurement
- Chapter 7 – Presentation and disclosure
- Chapter 8 – Concepts of capital and capital maintenance

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Amendments to References to the Conceptual Framework in IFRS Standards has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework

At 1 July 2020 it was determined that the adoption of the Conceptual Framework had no impact on the Group.

## **AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)**

The Group has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

This Standard amends AASB 101 Presentation of Financial Statements and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

At 1 July 2020 it was determined that the adoption of AASB 2018-7 had no impact on the Group.

## **Significant accounting judgments and key estimates**

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020.

## **(c) Going concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At balance date, the Group had cash and cash equivalents of \$4,865,595 (30 June 2020: \$5,144,592) and a net working capital surplus of \$3,120,923 (30 June 2020: \$7,517,450 surplus).

Subsequent to 31 December 2020 the Company successfully completed a placement via the issue of shares at an issue price of \$0.045 raising \$5.5m (before costs) (**Placement**). In addition, the Company has raised \$0.5m in funds from the exercise of unlisted options.

At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due because the directors are confident that the Group will be able to obtain the additional funding required either through a further capital raising, continued support from its existing shareholders, and through realisation of value upon sale of its assets.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## **(d) Joint Arrangements**

The Group undertakes a number of activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

The Group's joint arrangements are in the form of a joint operation (with respect to the Wiluna Iron JV) and a joint venture (with respect to the Yarram Iron JV).

### *(i) Joint operation*

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities in relation to the arrangement.

The Group recognizes in relation to its joint operations:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities held jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

These amounts have been incorporated in the financial statements under the appropriate classifications.

The Wiluna Iron JV is accounted for as a joint operation.

### *(ii) Joint venture*

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

The joint venture is accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognized in profit or loss and the share of the movements in equity is recognized in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognized separately and is included in the amount recognized as investment.

The carrying amount of the investment in joint venture is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in those entities. Where unreleased losses are eliminated, the underlying asset is also tested for impairment.

The Yarram Iron JV is accounted for as a joint venture.

## **(e) Exploration and evaluation**

Exploration and evaluation expenditure in relation to the Company's mineral projects, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral projects are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

## 2 SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. The Group has only one operating segment, being mineral exploration and operates in one geographical location (Australia).

## 3 REVENUE, INCOME AND EXPENSES

	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Interest income</b>		
Bank interest	3,026	1,308
Interest earned on loan to unrelated entity (i)	50,000	-
	<u>53,026</u>	<u>1,308</u>
<p>(i) On 1 July 2020, the Company advanced a loan \$500,000 to an unrelated entity, repayable within three months. The Company was entitled to receive a fixed interest amount of \$50,000. The loan (including interest) was repaid to the Company on 10 August 2020.</p>		
<b>(b) Other income</b>		
Royalty income	-	1,376,508
Gain on sale of tenement interests	-	402,000
Fair value (loss)/gain of financial assets through profit and loss (refer note 6)	(3,440)	56,000
	<u>(3,440)</u>	<u>1,834,508</u>
<b>(c) Employment benefits and director remuneration</b>		
Directors' fees	<u>(147,500)</u>	<u>(100,000)</u>
<b>(d) Exploration and evaluation expenditure</b>		
Pippingarra Project and the Marble Bar Project	(277,678)	(738,196)
Wiluna Iron JV (i)	(244,637)	-
	<u>(522,315)</u>	<u>(738,196)</u>
<p>(i) Accounted for as a joint operation, this amount represents FEL's 51% share of the Wiluna Iron JV expenditure during the period.</p>		
<b>(e) Other expenses</b>		
Promotional and investor relations	(250)	(44,317)
Occupancy costs	(19,036)	(18,368)
Insurance costs	(23,026)	(14,211)
Stamp duty	(3,129)	-
Other	(13,069)	(55,234)
	<u>(58,510)</u>	<u>(132,130)</u>



# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 4 CASH AND CASH EQUIVALENTS

	31 December 2020 \$	30 June 2020 \$
<i>Cash and cash equivalents</i>		
Cash at bank	4,865,595	5,144,592

## 5 TRADE AND OTHER RECEIVABLES

	31 December 2020 \$	30 June 2020 \$
Net GST receivable	63,673	-
Other receivables	112,543	-
Royalty asset sale receivable	-	2,650,000
	176,216	2,650,000

## 6 EXPLORATION ASSETS

	31 December 2020 \$	30 June 2020 \$
Acquisition cost – Pippingarra Project and Marble Bar Project	250,000	250,000
Acquisition cost – Wiluna Iron JV	1,100,000	-
	1,350,000	250,000
<i>Movements</i>		
Balance at beginning of period	250,000	975,670
Consideration in shares (Wiluna Iron JV) (a)	250,000	-
Cash consideration and payments pursuant to transaction agreement (Wiluna Iron JV) (a)	850,000	-
Write off	-	(500,000)
Transferred to assets classified as held for sale	-	(475,670)
Transferred from assets classified as held for sale	-	250,000
Balance at end of period	1,350,000	250,000

- (a) As announced 17 September 2020, FEL entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GVIO**) over the Wiluna West JWD deposit (**JWD Mining Rights** or **JWD Iron Ore Project**) (**Wiluna Transaction**). Consideration included \$500,000 in cash and 12,500,000 shares (deemed value of \$250,000) upon settlement with a further commitment to fund a \$125,000 instalment due to GWR Group on 30 September 2020, and to prepay an amount of \$225,000 representing the first 50% instalment of a royalty.

## 7 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

- (a) Reconciliation of carrying amount of investments accounted for using the equity method

	31 December 2020 \$	30 June 2020 \$
<b>Yarram Iron JV</b>		
Initial cost of investment (b)	3,345,000	-
Share of profit/(loss) of joint venture	(11,148)	-
Share of reserves	-	-
	3,333,852	-

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

- (b) 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 (**Yarram Iron JV**) in the Northern Territory (**Yarram Transaction**). Completion of the transaction was effected on 22 December 2020, via FEL purchasing a 50% share in Gold Valley Iron and Manganese Pty Ltd (**GVIM**), being the entity which owns the Yarram Iron Ore Rights.

The initial cost of investment is summarised as follows:

	<b>Cost of investment</b>
	<b>\$</b>
Cash <sup>1</sup>	945,000
Shares <sup>2</sup>	500,000
Subscription amount payable to GVIM <sup>3</sup>	1,900,000
	<u>3,345,000</u>

<sup>1</sup>Cash consideration pursuant to agreement of \$1,000,000 less \$55,000 liabilities assumed.

<sup>2</sup>Being 31,250,000 shares valued at \$500,000 based on deemed issue price of \$0.016 per share (refer to note 9).

<sup>3</sup>Refers to subscription funds payable in relation to 500,000 shares in GVIM acquired by FEL's wholly owned subsidiary Yarram FE Pty Ltd, being:

- (i) a minimum payment of \$1,500,000; and
- (ii) up to an additional \$400,000 as directed by the Board of GVIM;

at a date to be determined by the Board of GVIM.

Note, if the minimum payment amount is unpaid at payment date, shares to be cancelled proportionally to the unpaid amount.

- (c) Summarised financial information for the Yarram Iron JV

The tables below provide summarised consolidated financial information for the Yarram Iron JV company (GVIM) and its wholly its wholly owned subsidiary (Yarram Iron Pty Ltd). The information disclosed reflects the amounts presented in the financial statements of the joint venture and not FEL's share of those amounts.

Summarised balance sheet:

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current Assets		
Trade and other receivables	1,552,692	-
Other assets	99,596	-
Total Current Assets	<u>1,652,288</u>	-
<b>TOTAL ASSETS</b>	<u>1,652,288</u>	-
<b>LIABILITIES</b>		
Current Liabilities		
Trade and other payables	206,650	-
Total Current Liabilities	<u>206,650</u>	-
<b>TOTAL LIABILITIES</b>	<u>206,650</u>	-
<b>NET ASSETS</b>	<u><b>1,445,638</b></u>	-

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020	30 June 2020
	\$	\$
<i>Reconciliation of carrying amounts:</i>		
Opening net assets	-	-
Loss for the period	(22,297)	-
Closing net assets/(liabilities)	(22,297)	-
<i>Group's 50% share:</i>		
Group's share in JV's net assets/(liabilities)	(11,148)	-
Cost of investment	3,345,000	-
Carrying amount	3,333,852	-

## 8 TRADE AND OTHER PAYABLES

	31 December 2020	30 June 2020
	\$	\$
Trade payables (a)	137,859	105,673
Subscription funds payable (b)	1,552,237	-
Other payables and accruals (c)	205,613	123,627
Kasombo Acquisition Pre-Settlement Exploration Expenditure	-	49,130
	1,895,709	278,430

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Relates to the initial subscription funds payable for shares in GVIM of \$1,900,000 (refer to note 7(b)), adjusted for \$347,763 in payments made by FEL for and on behalf of the Yarram Iron JV.

(c) Other payables are non-interest bearing and have varying terms.

## 9 CONTRIBUTED EQUITY

	31 December 2020	30 June 2020
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	42,202,793	41,236,293

	31 December 2020	31 December 2020	30 June 2020	30 June 2020
	Number of Shares	\$	Number of Shares	\$
<i>Movements</i>				
Balance at beginning of period	488,701,620	41,236,293	457,034,953	40,770,054
Shares issued pursuant to Wiluna Transaction (refer note 6(a))	12,500,000	250,000	-	-
Shares issued pursuant to Yarram Transaction (refer note 7(b))	31,250,000	500,000	-	-
Exercise of options	10,825,000	216,500	-	-
Placement	-	-	5,000,000	75,000
Settlement of Macarthur earn-in agreement option fee	-	-	26,666,667	400,000
Share issue costs	-	-	-	(8,761)
Balance at end of period	543,276,620	42,202,793	488,701,620	41,236,293

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## 10 RESERVES

	31 December 2020 \$	30 June 2020 \$
Share based payments reserve	2,528,530	2,107,148
	<u>2,528,530</u>	<u>2,107,148</u>
<i>Movements in reserve</i>		
Balance at the beginning of the period	2,107,148	2,035,849
Share-based payment expense (refer note 11)	421,382	71,299
Balance at the end of the period	<u>2,528,530</u>	<u>2,107,148</u>

## 11 SHARE-BASED PAYMENTS

Total costs arising from share based payment transactions recognised during the period were as follows:

	31 December 2020 \$	31 December 2019 \$
(a) Share-based payments expensed through profit and loss: Options (i)	421,382	67,038
	<u>421,382</u>	<u>67,038</u>
(b) Share-based payments recognised through equity: Options	-	4,261
	<u>-</u>	<u>4,261</u>
Total share-based payments	<u>421,382</u>	<u>71,299</u>

(i) During the period, the Company issued or granted the following options:

- 17,500,000 unlisted options exercisable at \$0.03 expiring 31 August 2022 issued to Directors Mr Tony Sage (7,500,000 options), Mr Mark Hancock (7,500,000 options) and Mr Nicholas Sage (2,500,000 options) (or their nominees) (**Director Options**);
- 2,500,000 unlisted options exercisable at \$0.03 expiring 31 August 2022 issued to consultants for provision of accounting and company secretarial services (**Consultant Options**);
- 5,000,000 unlisted options exercisable at \$0.03 expiring 31 August 2022 issued to the Project Director (or nominee) (**Project Director Options A**);
- 5,000,000 unlisted options exercisable at \$0.04 expiring 31 August 2023 with vesting conditions issued to the Project Director (or nominee) (**Project Director Options B**);
- 5,000,000 unlisted options exercisable at \$0.035 expiring 12 October 2023 granted to corporate advisors (**Advisor Options A**);
- 5,000,000 unlisted options exercisable at \$0.045 expiring 12 April 2024 granted to corporate advisors (**Advisor Options B**); and
- 5,000,000 unlisted options exercisable at \$0.06 expiring 12 October 2024 granted to corporate advisors (**Advisor Options C**).

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## (c) Fair value of options issued or granted

The fair value of unlisted options issued or granted during the period has been determined using a Black-Scholes option pricing model. The following table lists the inputs to the model:

	<b>Director Options</b>	<b>Consultant Options</b>	<b>Project Director Options A</b>	<b>Project Director Options B</b>
Expiry date	31 Aug 2022	31 Aug 2022	31 Aug 2022	31 Aug 2023
Valuation date	25 Nov 2020	25 Nov 2020	27 Sep 2020	27 Sep 2020
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%	100%
Risk free interest rate (%)	0.09%	0.09%	0.26%	0.27%
Exercise price (\$)	\$0.030	\$0.030	\$0.030	\$0.040
Discount (%)	Nil	Nil	Nil	Nil
Expected life of options (years)	1.76	1.76	1.93	2.93
Share price at grant date (\$)	\$0.028	\$0.028	\$0.023	\$0.023
Value per option (\$)	\$0.0133	\$0.0133	\$0.0103	\$0.0114

	<b>Advisor Options A</b>	<b>Advisor Options B</b>	<b>Advisor Options C</b>
Expiry date	12 Oct 2023	12 Apr 2024	12 Oct 2024
Valuation date	8 Dec 2020	8 Dec 2020	8 Dec 2020
Dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%
Risk free interest rate (%)	0.11%	0.11%	0.20%
Exercise price (\$)	\$0.035	\$0.045	\$0.060
Discount (%)	Nil	Nil	Nil
Expected life of options (years)	2.84	3.35	3.85
Share price at grant date (\$)	\$0.028	\$0.028	\$0.028
Value per option (\$)	\$0.0156	\$0.0154	\$0.0152

## 12 RELATED PARTY INFORMATION

### Transactions with directors, director related entities and other related parties

During the period, an aggregate amount of \$450 (31 December 2019: \$18,531) was paid to Cyclone Metals Limited (formerly Cape Lambert Resources Limited) (**Cyclone Metals**) for reimbursement of corporate costs. At 31 December 2020, nil was payable to Cyclone Metals (30 June 2020: \$44,664). Mr Antony Sage is a director of Cyclone Metals.

During the period, an aggregate amount of \$4,554 (31 December 2019: \$11,583) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs. At 31 December 2020, nil was payable to European Lithium (30 June 2020: nil). Mr Antony Sage is non-executive chairman of European Lithium.

During the period, an aggregate amount of \$27,884 (31 December 2019: nil) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent. At 31 December 2020, nil was payable to Okewood (30 June 2020: \$9,148). Mr Antony Sage is a director of Okewood.

### Options issued to directors or director related entities

Following receipt of shareholder approval at the Company's AGM held 25 November 2020, a total of 17,500,000 unlisted options were issued to directors (or their nominees) (being Director Options).

Refer note 11(a)(i) for further details.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## Significant shareholders

At 31 December 2020, Cyclone Metals held a significant interest of 26.85% of FEL (30 June 2020: 29.84%). Mr Antony Sage is a director of Cyclone Metals.

## 13 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 Group include cash and cash equivalents, trade and other receivables, financial assets, trade and other payables, the balances of which at 31 December 2020 and 30 June 2020 are shown in the Statement of Financial Position. As at the balance date, their fair values are approximately the same as their carrying values.

## 14 COMMITMENTS AND CONTINGENCIES

### Commitments

#### Office Rental Commitments

The Group has entered into a lease with Okewood for office premises for a lease period terminating on 31 October 2021. The expenditure commitment with respect to rent payable under the lease arrangement is as follows:

	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Within one year	32,000	-
After one year but less than five years	-	-
More than five years	-	-
	<b>32,000</b>	<b>-</b>

### Contingencies

#### Contingent Liabilities of FEL in respect to the Wiluna Transaction

Further consideration of \$250,000 is payable to GVIO in cash or shares (at FEL's election) upon a decision to mine.

FEL has agreed to provide a working capital facility of \$3m to the Wiluna Iron JV following decision to mine (**\$3m Facility**) (repayable against sale proceeds).

Upon decision to mine, FEL will be required to pay \$225,000, being the final prepaid 50% instalment royalty obligation associated with the project.

#### Contingent Liabilities of Wiluna Iron JV (in which FEL has a 51% interest)

Additional payments will be required by the JV to satisfy the underlying Mining Rights Agreement, as follows:

- Should the Wiluna Iron JV elect to exercise its option to extract a further 2.7Mt from the JWD deposit, an amount of \$4,250,000 will be payable;
- Royalties are payable to GWR Group on the basis of iron ore price and to a third party; and
- \$3.50 per tonne for each tonne sold in excess of 3Mt.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

## *Contingent Liabilities of FEL in respect to the Yarram Transaction*

A milestone payment will be payable by FEL to Gold Valley Brown Stone Pty Ltd if the Company discovers a JORC indicated resource of greater than 3MT with greater than 60% Fe, as follows:

- \$1,500,000 cash; or at FEL's election
- \$500,000 in cash and \$1,000,000 in FEL shares (calculated as 10-day VWAP upon announcement of Milestone Resource).

## *Contingent Liability - Mercury Transaction Consideration in Shares*

As previously disclosed, FEL has agreed to issue a further tranche of shares with a total value of \$250,000 (using an issue price equal to the Shares' 5-day VWAP) upon the Company announcing a JORC Resource of 50,000,000 tonnes @ 1% Li<sub>2</sub>O within 24 months from completion as part of the consideration for the project (to be issued subject to prior shareholder approval). This obligation is considered a contingent liability at 31 December 2020.

At 31 December 2020 there were no other contingent liabilities or contingent assets.

## **15 EVENTS AFTER THE BALANCE DATE**

As announced 18 February 2021, the Company successfully completed a placement via the issue of shares at an issue price of \$0.045 raising \$5.5m (before costs) (**Placement**).

During the period subsequent to balance date until the date of release of this report, the Company has issued the following securities:

- 123,381,655 shares issued pursuant to the Placement;
- 16,900,000 shares issued following the exercise of unlisted options at \$0.02 expiring 31 May 2021, raising \$338,000;
- 1,500,000 shares issued following the exercise of unlisted options at \$0.03 expiring 13 March 2021, raising \$45,000;
- 5,000,000 shares issued following the exercise of unlisted options at \$0.025 expiring 31 March 2022, raising \$125,000;
- 5,000,000 unlisted options exercisable at \$0.03 expiring 31 August 2022;
- 5,000,000 unlisted options exercisable at \$0.035 expiring 12 October 2023;
- 5,000,000 unlisted options exercisable at \$0.045 expiring 12 April 2024; and
- 5,000,000 unlisted options exercisable at \$0.060 expiring 12 October 2024.

In addition to the above, the following unlisted options have been exercised and shares are in the process of being issued as at the date of release of this report:

- 166,667 unlisted options at \$0.02 expiring 31 May 2021 were exercised; and
- 625,000 unlisted options at \$0.03 expiring 13 March 2021 were exercised.

There are no other events subsequent to 31 December 2020 and up to the date of this report that would materially affect the operations of the Group 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 Group are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view the financial position as at 31 December 2020 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  
Executive Chairman  
Perth

15 March 2021



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
FE LIMITED**

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of FE Limited ('the Company') and the entities it controlled ('the Group'), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 15 March 2021.

## *Responsibility of the Directors 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## *Auditor's Responsibility for the Review of the Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

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.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

15 March 2021  
West Perth, Western Australia



**+61 (8) 6181 9793**



**ir@felimited.com.au**



**felimited.com.au**