



QUARTERLY REPORT Quarter ended 30 September 2012

Australian Securities
Exchange Code: **FEL**

Ordinary Shares:

31 October 2012

115,521,575

Unlisted Options:

18,500,000 (\$0.12 exp. 31 Dec 2012)

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

Board of Directors:

Tony Sage

Non-Executive Chairman

Mark Gwynne

Executive Director

Paul Kelly

Non-Executive Director

Eloise von Puttkammer

Company Secretary

QUARTERLY REPORT - 30 September 2012

Please find attached the Quarterly Activities Report and Appendix 5B for the period ended 30 September 2012.

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

Yours faithfully
Fe Limited

Fe Limited Contact:

Mark Gwynne

Executive Director

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

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ASX Code: FEL

ABN: 31 112 731 638

felimited.com.au

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**") to ensure that the Company has sufficient funds to progress the Mt Ida exploration program, and to perform the necessary works to satisfy the conditions precedent under the agreement to sell its 100% interest in Gympie Eldorado Mining Pty Ltd to BRI Microfine Pty Ltd. The Facility was 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 2012, \$1.8 million had been drawn down under the facility.

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)

During the quarter, as reported in its report, Resource and Investment NL ("**RNI**") completed further soil sampling on E52/1672 which identified further anomalism. A drilling program is planned.

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.

Bryah Basin Copper Project (ALY 80%, FEL 2% free carried to Decision to Mine)

Please see Alchemy Resources Ltd Quarterly Report for further information.

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).



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).

No field activities were undertaken during the current quarter.

Gympie Eldorado Mine Site (Care and Maintenance)

During the quarter FEL received the initial \$50,000 cash payment from BRI Microfine Pty Ltd (“**BRI**”). BRI has advised the Company that the capital raising, for the acquisition of all the shares in Gympie Eldorado Mining Pty Ltd (“**GEM**”), a wholly owned subsidiary of FEL, is close to completion.

Consideration for the sale also includes a net smelter return of 6.5% on gold recovered from tailings treatment and 25% of any profits on sale of freehold land. In addition, FEL will be reimbursed \$2,264,984 in respect of environmental performance bonds on completion of the sale to BRI. The Company is continuing to work with BRI to satisfy the conditions precedent set out in the sale agreement.

Rehabilitation is continuing on all peripheral sites.

Yours faithfully
Fe Limited

Mark Gwynne
Executive Director

For further information please contact:

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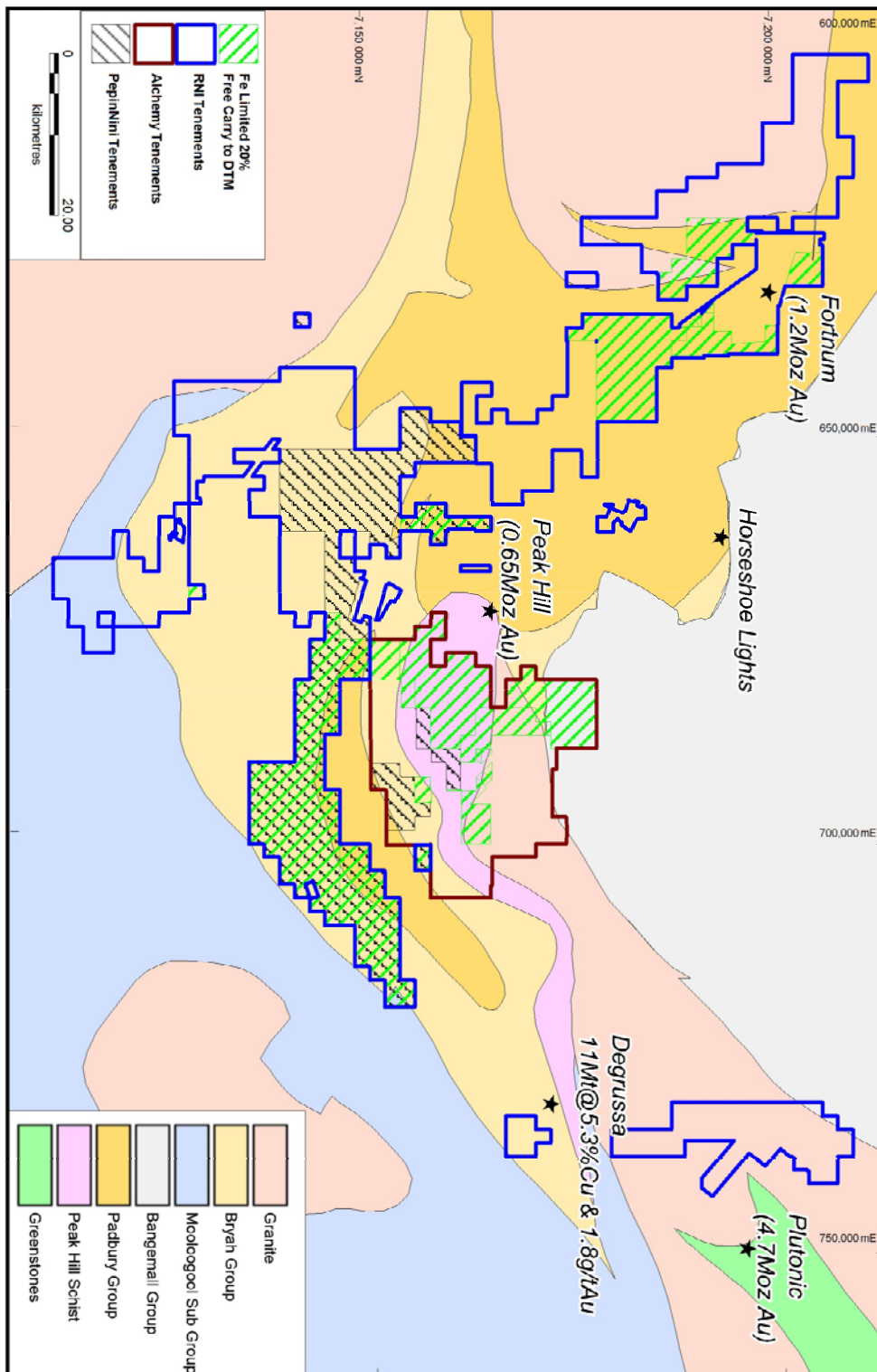
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Competent Person

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled and reviewed by Mr Brett Smith who is a Member of the Australasian Institute of Mining & Metallurgy. Mr Smith 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 Smith 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

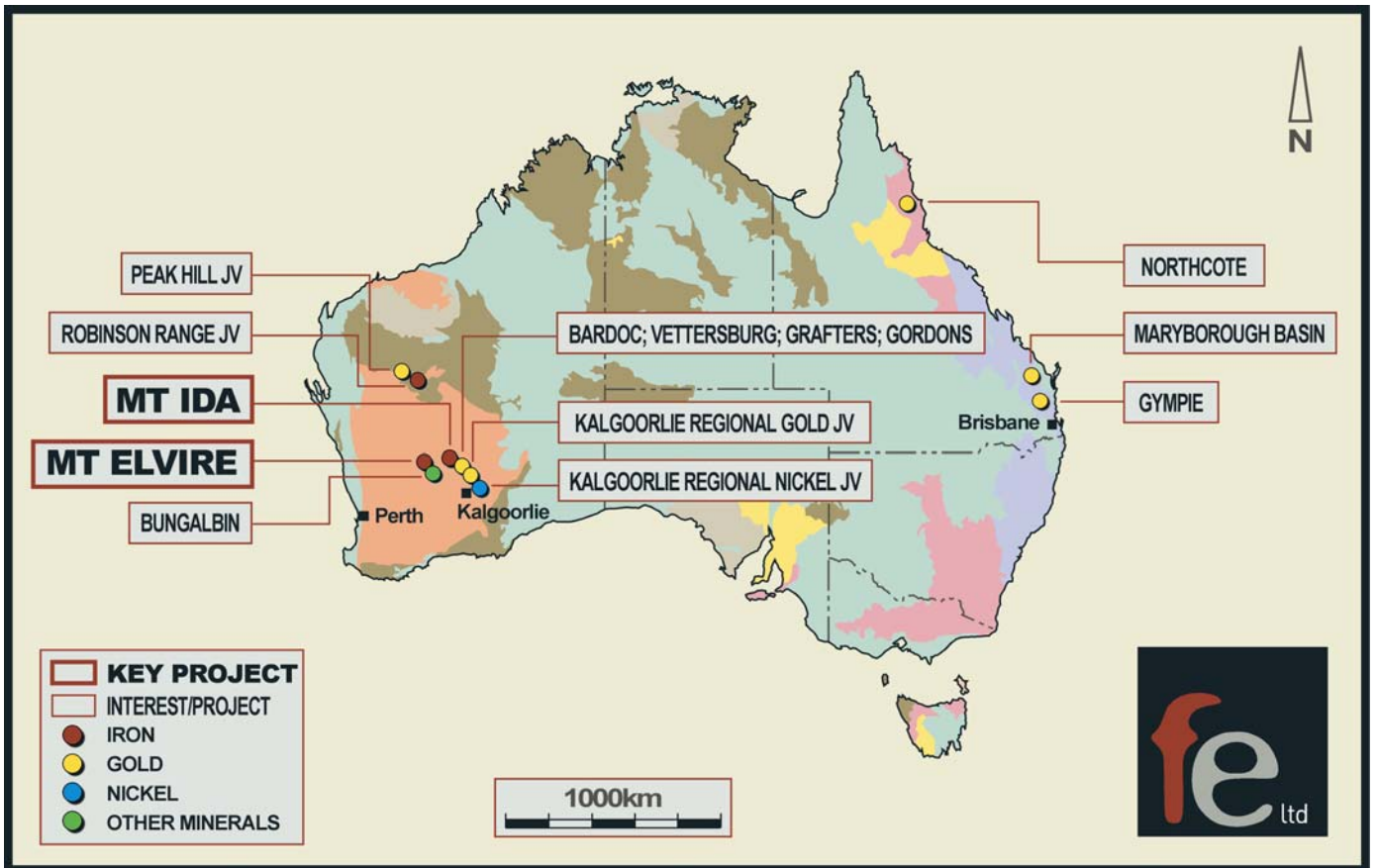


Figure 1: Project Locations

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 2012

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	(80)	(351)
(b) development	-	-
(c) production	-	-
(d) administration	(251)	(724)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	64
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other: Rehab at Gympie Eldorado Mine	(169)	(713)
Other	3	50
Net Operating Cash Flows	(482)	(1,674)
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	-	390
(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	440
1.13 Total operating and investing cash flows (carried forward)	(432)	(1,234)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(432)	(1,234)
	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	536	1,315
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	536	1,315
	Net increase (decrease) in cash held	104	81
1.20	Cash at beginning of quarter/year to date	43	66
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	147	147

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	82
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees paid to executive and non executive directors.

Non-cash financing and investing activities

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

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 *	175	1,825
3.2 Credit standby arrangements	N/A	N/A

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	200
Total	300

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	147	43
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter** (item 1.22)	147	43

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

+ 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	-	-	-	
6.2	Interests in mining tenements acquired or increased	E29/0847 E77/1754 E77/1881 P26/3875 E27/450 P27/2099 P27/2100 P27/2101 P27/2102 E27/465 P26/3875 P26/3876	Granted Granted Granted Granted Acquired Acquired Acquired Acquired Acquired Acquired Acquired Acquired Acquired	- - - - - - - - - - - - -	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 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>	18,500,000 375,000	- - -	<i>Exercise price</i> \$0.12 \$0.15	<i>Expiry date</i> 31/12/2012 23/03/2014
7.8 Issued during quarter	-	-	-	-
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 2012

Eloise von Puttkammer
Company Secretary

Print name:

Notes

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

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+ See chapter 19 for defined terms.