



## QUARTERLY REPORT Quarter ended 31 December 2012

Australian Securities  
Exchange Code: **FEL**

**Ordinary Shares:**

115,521,575

**Unlisted Options:**

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

**Board of Directors:**

Tony Sage

*Non-Executive Chairman*

Mark Gwynne

*Executive Director*

Paul Kelly

*Non-Executive Director*

Eloise von Puttkammer

*Company Secretary*

**Key Projects & Interests:**

Mt Ida Iron Ore Project

Mt Elvire Iron Ore Project

Crossroads, Bardoc and Grafters  
Gold Projects

Kalgoorlie Regional Gold Project

Kalgoorlie Regional Nickel Project

**Fe Limited Contact:**

Mark Gwynne

*Executive Director*

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**Corporate Office:**

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

31 January 2013

### QUARTERLY REPORT - 31 December 2012

Please find attached the Quarterly Activities Report and Appendix 5B for  
the period ended 31 December 2012.

Yours faithfully  
Fe Limited

## 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 31 December 2012, \$2 million had been drawn down under the facility. The Company is currently in the process of renegotiating a deferral of its repayment obligation to 31 December 2013. In addition, the Company is seeking to secure an additional short-term facility with Cape Lambert capped at \$1,000,000, which will enable it to meet its obligations as and when they fall due.

### Notice of Annual General Meeting

The Annual General Meeting of the Shareholders of the Company will be held on 25 February 2013 at 9:30am (WST) at 32 Harrogate Street, West Leederville. The Company's Notice of Annual General Meeting and Annual Report are available to review or download from the Company's website [www.felimited.com.au](http://www.felimited.com.au).

## 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 Quarterly Report, Resource and Investment NL ("**RNI**") completed a first pass drilling program of 34 reverse circulation (RC) holes for 1,656m at the Jacques prospect, targeting two extensive gold geochemical anomalies associated with surface mineralized quartz veins.

At the time of reporting, only 3 composite assay results have been received with 2 significant gold intercepts reported (see RNI Quarterly Report).

A second phase of drilling is scheduled to commence in January 2012 at the Jacques prospect. This drilling will target extensions of the surface geochemical anomalies, including a number of deeper holes to test mineralization below the weathering zone.



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)**

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).

In its quarterly report, Alchemy reports delineation of two broad, linear zones of encouraging secondary copper anomalism from three lines of regional air core drilling targeting highly anomalous surface geochemistry and drill spill from historic drill holes in the *Neptune prospect* (E52/1772). Mineralization (>400ppm copper) extends over a strike length >2,000 meters.

An aircore drill hole (MGAC178) containing sulphide-rich black shales returned highly anomalous secondary copper (9 metres at 0.06% copper from 20 metres) and primary copper (15 metres of 0.08% copper from 88 metres to the end-of-hole) and pathfinder elements. The drill hole is close to where drill spoil from a shallow RAB drill hole returned 0.17% copper, and anomalous zinc, antimony, arsenic, manganese, cobalt, molybdenum and thallium. The copper-bearing sulphidic black shales are adjacent to the contact between the basal Narracoota volcano-sedimentary sequence and underlying Karalundi sedimentary sequence.

Strong pathfinder anomalism, including antimony, arsenic, cobalt, manganese, molybdenum, thallium and zinc, forms a broad zone along the basal part of the prospective Narracoota volcano-sedimentary sequence and upper part of the underlying Karalundi sedimentary sequence. This broad horizon is interpreted as in the analogous position to the DeGrussa copper-gold deposit and represents a priority zone for further targeted drill testing.

A second horizon, with strong barium anomalism, is positioned along the upper contact of the Narracoota sequence with the overlying Ravelstone sedimentary sequence. This horizon is interpreted to be in an analogous position to the mineralised sequence in the Horseshoe Lights area to the northwest.

For further information, please see Alchemy Resources quarterly report.

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

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

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

PepinNini has previously announced JORC compliant iron ore resources to the ASX (see Qtly Report).

No field work was carried out during the quarter.

#### **Northcote Gold Antimony Project (10-15%)**

As part of ongoing project review and rationalization, the Company has entered into a conditional sale agreement for the Northcote gold/antimony Project located in far north Queensland which was announced on 15 January to Territory Minerals Ltd. The sale is conditional upon Territory successfully listing on the Australian Securities Exchange (ASX).

The Company holds 10%-15% in two mining tenements which host gold/antimony mineralization with defined resources previously determined by Republic Gold Ltd (previous majority owner) and forms part of a larger project area. Territory intends seeking listing on the ASX in the near term.

Terms for the sale include:

- Issue of 1 million shares in Territory,
- Payment of \$74,999 upon successful listing, sale or divestment of all or some of the project to a third party,
- Territory maintain the tenements in good standing.

Territory anticipates listing on the Australian Securities Exchange in the near term via an Initial Public Offering and has accumulated leases in strategic locations in northern Queensland containing significant gold inventory. Territory also has granted leases in the Northern Territory proximal to rare earth and mineral sands discoveries.

Territory is headed by mining identity Ron Stanley and exploration manager, Trevor Jackson.

### **Gympie Eldorado Mine Site (Care and Maintenance)**

During September 2012, FEL received the initial 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, has been delayed due to the Christmas Holiday period and market difficulties, but 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.

Recent extreme rainfall in Gympie has slowed efforts to reduce water levels in Tailings Dam 3. However, work undertaken by site personnel ensured no overflow from the site.

Yours faithfully  
Fe Limited

Mark Gwynne  
**Executive Director**

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

Mark Gwynne  
Executive Director  
Fe Limited  
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Website: [www.felimited.com.au](http://www.felimited.com.au)

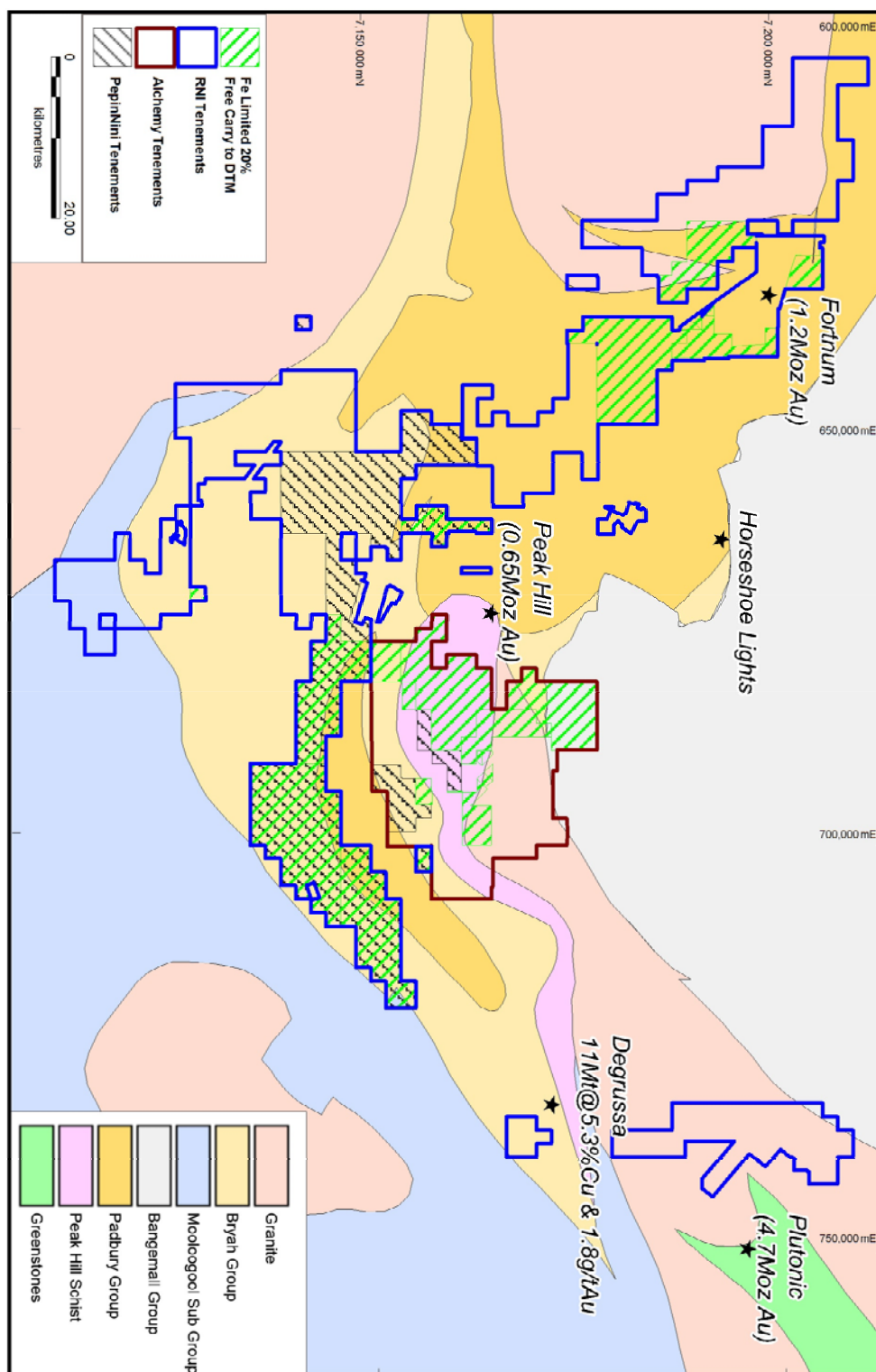
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### **Competent Person Statement**

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





Map 1

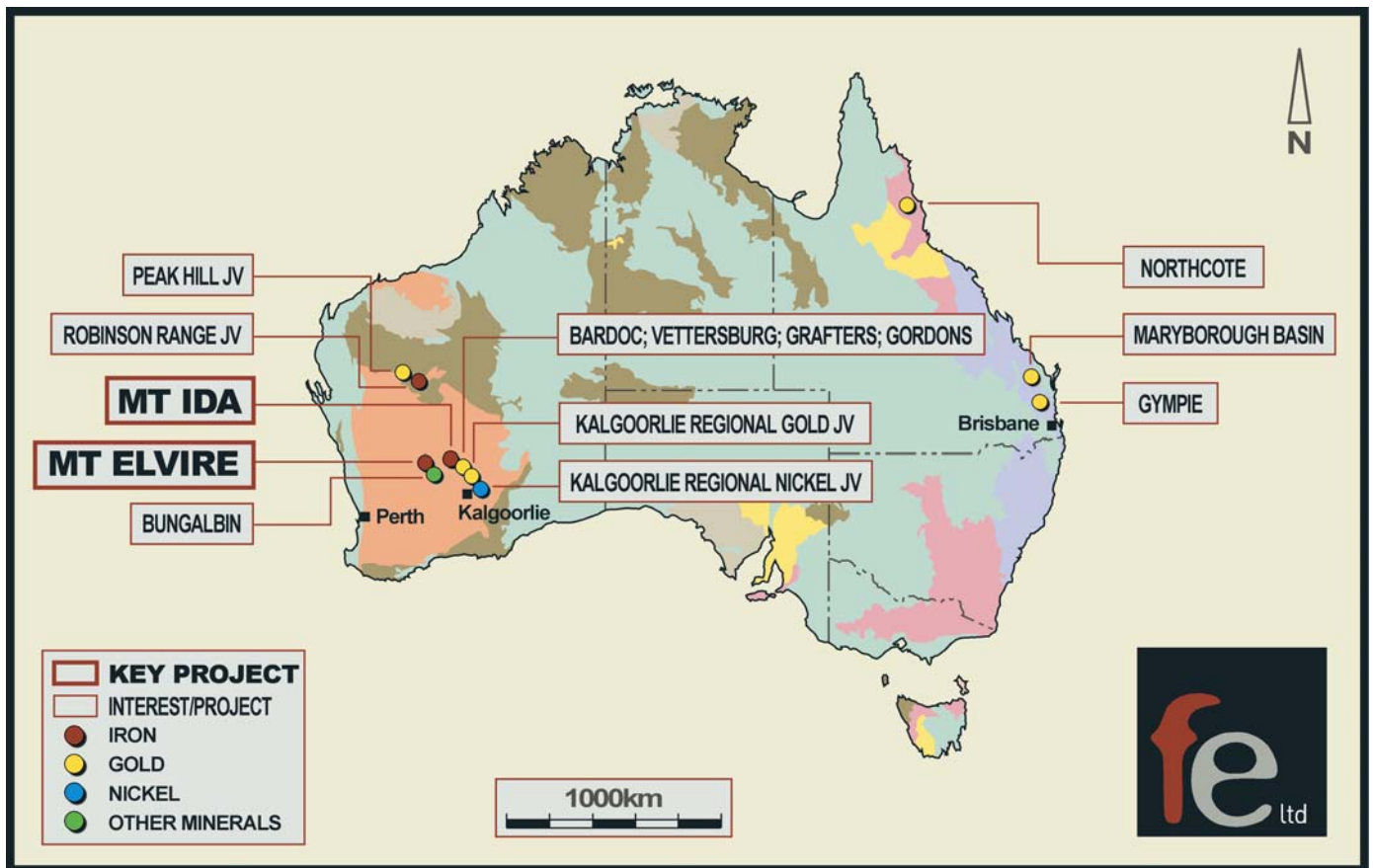


Figure 1: Project Locations

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

Fe Limited

ABN

34 112 731 638

Quarter ended ("current quarter")

31 December 2012

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (3 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(64)	(64)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(64)	(64)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	9	9
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other: Rehab at Gympie Eldorado Mine	(120)	(120)
	Other	4	4
	<b>Net Operating Cash Flows</b>	<b>(235)</b>	<b>(235)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Cash backing security provided for performance bonds	-	-
1.12	Other	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(235)</b>	<b>(235)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(235)	(235)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	175	175
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	175	175
	<b>Net increase (decrease) in cash held</b>	(60)	(60)
1.20	Cash at beginning of quarter/year to date	147	147
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	87	87

**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'ooo
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

Director fees paid to executive and non executive directors.

**Non-cash financing and investing activities**

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

N/A

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

N/A

+ See chapter 19 for defined terms.



## Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'ooo	Amount used \$A'ooo
3.1 Loan facilities *	1,000	2,000
3.2 Credit standby arrangements	N/A	N/A

\*A \$2 million standby loan facility agreement has been entered into with Cape Lambert Resources Limited (ASX: CFE). The Company is currently in the process of renegotiating a deferral of its repayment obligation of this loan to 31 December 2013. In addition, the Company is seeking to secure an additional short-term facility with Cape Lambert capped at \$1,000,000, which will enable it to meet its obligations as and when they fall due.

## Estimated cash outflows for next quarter

	\$A'ooo
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>300</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'ooo	Previous quarter \$A'ooo
5.1 Cash on hand and at bank	87	147
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter** (item 1.22)</b>	<b>87</b>	<b>147</b>

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

+ 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	-	-	-	-

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+ See chapter 19 for defined terms.

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

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

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

+ See chapter 19 for defined terms.

## Compliance statement

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

Sign here: ..... Date: 31 January 2013

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.