



Fe Limited

Annual Report

2017



CORPORATE DIRECTORY

Australian Business Number	31 112 731 638	
Country of Incorporation	Australia	
Board of Directors	Antony Sage Nicholas Sage Kenneth Keogh	Non-Executive Chairman Non-Executive Director Non-Executive Director
Company Secretary	Eloise von Puttkammer	
Principal Administrative Office and Registered Office	32 Harrogate Street West Leederville, WA 6007	
	Telephone:	+61 (0)8 6181 9793
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Share Registry	Link Market Services Level 12 QV1 Building 250 St Georges Terrace Perth WA 6000	
	Telephone:	+61 1300 554 474
	Website:	www.linkmarketservices.com.au
Auditors	Ernst & Young 11 Mounts Bay Road Perth, WA 6000	
ASX	Fe Limited's fully paid ordinary shares are quoted on the Official List of ASX. The ASX code is FEL.	



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**DIRECTORS' REPORT**

The directors of Fe Limited (**FEL** or the **Company**) present their report and the financial statements comprising FEL and its controlled entities (together the **Consolidated Entity**) for the year ended 30 June 2017 (**year**).

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report are as follows. All directors were in office for the entire period unless stated otherwise.

Antony Sage, *(B com, FCPA, CA, FTIA) Non-Executive Chairman*

Mr Antony Sage has in excess of 30 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Antony Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for the last 20 years. Mr Antony Sage has operated in Argentina, Brazil, Peru, Romania, Russia, Sierra Leone, Guinea, Cote d'Ivoire, Congo, South Africa, Indonesia, China and Australia. Mr Antony Sage is currently chairman of ASX-listed companies, Cape Lambert Resources Ltd (which was AIM Company of the year in 2008), Cauldron Energy Ltd, European Lithium Limited and Fe Ltd. Mr Antony Sage is also a Non-Executive Director of National Stock Exchange of Australia ("NSX") listed International Petroleum Ltd. Mr Antony Sage is also the sole owner of A League football club Perth Glory that plays in the National competition in Australia. Mr Antony Sage currently is, or has been a director of the following listed entities in the three years immediately before the end of the current financial year:

- Cape Lambert Resources Limited (December 2000 to Present);
 - International Petroleum Limited* (January 2006 to Present);
 - Cauldron Energy Limited (June 2009 to Present);
 - European Lithium Limited (September 2016 to Present);
 - Kupang Resources Limited** (September 2010 to August 2015);
 - Caeneus Limited (December 2010 to January 2016); and
 - Global Strategic Metals Limited*** (June 2012 to August 2014).
- * Listed on National Stock Exchange of Australia
** Company was delisted August 2015 and is currently in voluntary administration
*** Company was delisted August 2014

Interest in Shares & Options: 3,923,010 fully paid ordinary shares (indirectly held)

Nicholas Sage, *Non-Executive Director (Appointed 18 October 2016)*

Mr Nicholas Sage was appointed as a Non-Executive Director effective 18 October 2016. Mr Nicholas Sage is an experienced marketing and communications professional with in excess of 25 years in various management and consulting roles. Mr Nicholas Sage is based in Western Australia and currently consults to various companies and has held various managements roles with Tourism Western Australia. He also runs his management consulting business. Mr Nicholas Sage is currently a director or has been a director of the following listed companies in the three years immediately before the end of the current financial year:

- Cauldron Energy Limited (June 2015 to Present).

Interest in Shares & Options: None

Kenneth Keogh, *Non-Executive Director (Appointed 6 February 2017)*

Mr Kenneth Keogh was appointed as a Non-Executive Director effective 6 February 2017. Mr Keogh is a finance professional with experience in both financing and developing projects in the mining, oil & gas and renewables industries. Mr Keogh is based in Western Australia where he consults to various private companies and holds a key management position at UON Pty Ltd. Mr Keogh runs his own successful investment firm which holds interest in exploration and mining companies, mining services and hospitality businesses. Mr Keogh holds a Bachelor of Art (Accounting and Finance) from Dublin Business School and holds an MBA from the Australian Institute of Business. Mr Keogh is not currently a director or has been a director of any other listed companies in the three years immediately before the end of the current financial year.

Interest in Shares & Options: 766,300 fully paid ordinary shares

Mark Gwynne, *Executive Director (Resigned 6 February 2017)*

Mr Gwynne resigned as an Executive Director effective 6 February 2016. Mr Gwynne has been involved in gold exploration and mining for over 20 years', predominantly in Western Australia. Mr Gwynne has held management positions on mine sites and in the private sector of the mining industry, including general manager



of an exploration consultancy company. Mr Gwynne is currently a director or has been a director of the following listed companies in the three years immediately before the end of the current financial year:

- Pacific Bauxite Limited (previously Iron Mountain Mining Limited) (May 2014 to Present); and
- Cauldron Energy Limited (June 2015 to February 2017).

Interest in Shares & Options at
date of resignation: None

Paul Kelly, Non-Executive Director (Resigned 18 October 2016)

Mr Kelly resigned as a Non-Executive Director effective 18 October 2016. Mr Kelly has more than 20 years of experience in the fields of finance, investment, banking and property development. Mr Kelly was previously National Manager of Advertising and Sponsorship for Members Equity Bank and has held a number of senior roles with the bank over a 15 year period. Mr Kelly is experienced in generating business in Asia, notably Malaysia, Singapore and Hong Kong. Mr Kelly is not currently a director or has been a director of any other listed companies in the three years immediately before the end of the current financial year.

Interest in Shares & Options at
date of resignation: None

COMPANY SECRETARY

Eloise von Puttkammer

Ms von Puttkammer has many years of experience in the finance and investment industry. Over the past 13 years' she has held administration, compliance, and company secretarial roles within both private and public companies. She has also had experience in the provision of governance and secretarial advice to ASX and AIM listed companies.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES STATE OF AFFAIRS

The Company is involved in the mineral exploration industry on its retained tenements and interests. It is also investigating projects for future acquisition. The principal activity of the Consolidated Entity during the year is the management of interests in a portfolio of mineral resource projects at exploration stage located in Australia that are prospective for iron ore, precious and base metals.

There have been no changes in the state of affairs of the Consolidated Entity other than those disclosed in the review of corporate activities and review of operations.

DIVIDENDS AND DISTRIBUTIONS

No dividends or distributions were paid to members during the year and none were recommended or declared for payment (30 June 2016: nil).

REVIEW OF OPERATIONS

Operating Results

The consolidated loss after income tax for the year ended 30 June 2017 amounted to \$295,971 (30 June 2016: \$655,260).

Board Changes

During the year ended 30 June 2017, the Company made the following changes to the board of directors:

- Mr Nicholas Sage was appointed as a Non-Executive Director on 18 October 2016;
- Mr Paul Kelly resigned as a Non-Executive Director on 18 October 2016;
- Mr Kenneth Keogh was appointed as a Non-Executive Director on 6 February 2017; and
- Mr Mark Gwynne resigned as an Executive Director on 6 February 2017.

Annual General Meeting

The Company's annual general meeting was held on 29 November 2016 (**AGM**). All resolutions put to the meeting were passed on a show of hands.



Termination of Transaction to Acquire Cardinal House Group Pty Ltd

As previously advised, the Company was in the process of acquiring 100% of Cardinal House Group Pty Ltd (**Cardinal House**) (**Cardinal House Transaction**). On 12 November 2015, the Company signed a binding share sale agreement, which was subsequently amended (**SSA**) with Cardinal House that was conditional on a number of items including the finalisation of a capital raising and approval to be reinstated to quotation on the Australian Securities Exchange (**ASX**).

On 1 September 2016, the Company exercised its right to terminate the SSA on the basis that there were reasonable grounds to believe the conditions precedent to the SSA could not be met.

All application funds previously received by the Company under the capital raising per the Company's Prospectus dated 23 March 2016 as supplemented by the Supplementary Prospectus dated 22 June 2016 in respect of the Cardinal House Transaction totalling \$968,131 were refunded to the applicants during the year ended 30 June 2017.

Following termination of the SSA, the Company negotiated to recover \$100,000 in costs associated with the Cardinal House Transaction from Cardinal House.

Placement

During the year ended 30 June 2017, the Company entered into a series of placement agreements (**Placement Agreements**) with a number of sophisticated investors to issue a total of 37,500,000 shares (**Placement Shares**) at an issue price of \$0.02 per share to raise \$750,000 (**Placement**). The Placement Shares were issued as follows:

- On 19 October 2016, the Company issued 35,000,000 of the Placement Shares. Shareholders ratified the issue of this tranche of Placement Shares at the Company's AGM; and
- On 1 December 2016, following receipt of shareholder approval at the Company's AGM, the Company issued the final 2,500,000 Placement Shares to Dempsey Resources Pty Ltd, a wholly owned subsidiary of Cape Lambert Resources Limited (**Cape Lambert**).

Investors that participated in the Placement were entitled to receive one option for every four Placement Shares exercisable at \$0.03 each expiring 30 November 2018 (**Placement Options**).

Reinstatement to Official Quotation

On 15 December 2016, the Company lodged a cleansing prospectus (**Cleansing Prospectus**) pursuant to Section 708A(11) of the Corporations Act 2001, for the offer of up to 100 fully paid ordinary shares, and for the offer of up to 9,375,000 unlisted options exercisable at \$0.03 each expiring 30 November 2018 (being the Placement Options). The offers were closed on 23 December 2016.

On 15 December 2016, suspension of trading of the Company's securities on the ASX was lifted, and the Company was reinstated to Official Quotation.

Kasombo Project Acquisition

Refer to subsequent event note for details regarding the Company's agreement to acquire rights and obligations to the Kasombo Copper-Cobalt Project (**Kasombo Project**), as announced 13 July 2017.

Shares issued

During the year, the Company issued 37,500,000 fully paid ordinary shares (being the Placement Shares).

Options issued

During the year, the Company issued 9,375,000 unlisted options exercisable at \$0.03 each expiring 30 November 2018 (being the Placement Options). Each option entitles the holder to subscribe for one fully paid ordinary share in the Company upon exercise of the Placement Option. There were a total of 9,375,000 unlisted options outstanding and exercisable at 30 June 2017.

Options lapsed

A total of 3,850,000 unlisted options exercisable at \$0.04 expired on 30 November 2016.



REVIEW OF PROJECTS

The Company has interests in several highly prospective projects in the Bryah Basin region of Western Australia with joint venture partners Auris Minerals Ltd (formerly RNI NL), Alchemy Resources Ltd, Independence Group NL, Westgold Resources Limited and Billabong Gold Pty Ltd, which are free-carried with no contributing responsibilities, until Decision to Mine.

Bryah Basin Joint Venture Projects (Bryah Basin) (20% rights, free carried to decision to mine)

FEL, via its wholly owned subsidiary, Jackson Minerals Pty Ltd (**Jackson Minerals**), has a 20% free carried interest to Decision to Mine in twelve tenements covering an area of 802km² in the highly prospective Bryah Basin, including tenements proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine and several gold and copper prospects.

The Bryah Basin Project tenements are subject to joint ventures and farm ins with Westgold Resources Limited (ASX: **WGX**), Independence Group Ltd (ASX: **IGO**), Billabong Gold Pty Ltd, Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**) and Auris Minerals Ltd (formerly RNI NL) (ASX: **AUR**).

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

Auris Projects - Auris Minerals Ltd (AUR) 80% in all minerals (except gold for E52/1659 and E52/1671) and FEL 20% in all minerals free carried to Decision to Mine

FEL, via its subsidiary, Jackson Minerals, holds a 20% free carried interest to Decision to Mine in five exploration licences and three prospecting licences (E52/1659 and E52/1671 and P52/1484-1486 within AUR's "Forrest Project" and E51/1033, E52/1613, E52/1672 at AUR's "Morcks Well Project") covering a total of 607km². The AUR 80% interests were previously registered in the name of Grosvenor Gold Pty Limited (**Grosvenor**). Grosvenor, via RNI NL (ASX: **RNI**) changed its name to Auris Minerals Ltd (**AUR**), effective 17 March 2017 (see ASX: RNI 17 February 2017 and 16 March 2017).

Metals X Ltd (ASX: **MLX**) acquired AUR's interest in the gold assets with regard to E52/1659 and E52/1671 (within the AUR Forrest Project) (for further details, please refer to AUR announcements) from AUR in July 2015. MLX transferred their 80% gold rights interest in these tenements to Westgold Resources Limited (ASX: **WGX**) via a Demerger by MLX (see MLX ASX announcements 16 November 2016, 24 November 2016 and 1 December 2016) and FEL's 20% interest in E52/1659 and E52/1671 is now free carried until Decision to Mine by WGX (pursuant to a Deed of Novation completed in December 2016). FEL has not received any reports of work completed on the tenements by WGX during the year.

Forrest Project: Forrest (E52/1671), Wodger (E52/1659), Big Billy Prospects (E52/1659)

The "Forrest", "Wodger" and "Big Billy" Prospects are located along a 12km mineralized Cu+-Au trend which hosts multiple targets for volcanic-hosted massive sulfide ("VHMS") style mineralization.

The Wodger prospect is confirmed as the priority prospect in AUR's Bryah Basin exploration portfolio.

On 9 March 2017 AUR (then RNI) released an ASX announcement confirming that a further 50 aircore holes for a total of 4,970 metres were completed to extend the VMS mineralized horizon at the Wodger prospect to 1.4km in length (see ASX: AUR 9 March 2017). AUR is now planning a 400m diamond drill hole to test the down-dip extension of the mineralization (see ASX: AUR 15 March 2017). Geochemical Services Pty Ltd has completed a full analysis of the previous air core drilling at Wodger "with the resultant model suggesting that there are two distinct mineralized zones (>0.1% Cu) within the VMS horizon. Both mineralized zones (lodes) are approximately 500m in length, open along strike and depth and contain significant copper values of 4m @ 4.73% (within a broader halo of 25m @ 1.1%) and 9m @ 1.30%" (refer ASX: AUR 15 March 2017). On 2 May 2017 AUR announced "confirmation of visible, extensive, fresh copper sulphides (Bornite and Chalcopyrite) from the first diamond hole at the company's high priority Wodger Prospect" (refer to ASX: AUR 2 May 2017). On 9 May 2017 AUR announced the successful placement to raise \$2.5 million to fund Wodger drilling and advance other key projects (see ASX: AUR 9 May 2017).

On 6 June 2017 AUR announced that the first phase of diamond drilling has been completed at the Wodger Prospect (two diamond holes WRDD001 and WRDD002 for a total of 821.60m). "The observations from WRDD001 are extremely encouraging and included a zone of disseminated bornite with lesser chalcopyrite, positioned below an interpreted volcanic massive sulphide (VMS) horizon that included blebby sulphides, and a 20cm wide zone of sulphide material with 30% copper values from spot portable XRF readings" (refer to ASX: AUR 6 June 2017 and 10 July 2017).



AUR interpreted the results from WRDD001 to suggest that a single VMS horizon has been overturned in an antiformal fold at the top of the Narracoota Formation volcanics, subsequently generating western and eastern lodes associated with limbs of the antiform (refer to ASX: AUR 12 July 2017). On 31 July 2017, AUR announced the first assay results from the company's RC drill program at Wodger to test the down-plunge extent of both lodes along strike towards the southern EM plate. First assay results from Wodger RC drilling program in WDRC005 returned major intersections of copper-gold-silver mineralisation which included: 50 metres @ 1.55% (copper) Cu from 175metres; 41 metres @ 0.47g/t Gold (Au) from 177 metres; and 59 metres @ 5.05g/t Silver (Ag) from 168 metres. Refer to ASX:AUR 31 July 2017 for full details on the assay outcomes. Follow up drilling with potential Down-Hole Electromagnetic (DHEM) surveys is now being planned to test for a potential fresh massive sulphide source.

On 21 August 2017 AUR announced further "broad, high-grade zones of copper-gold-silver mineralization intersected from the Wodger prospect", Refer to ASX:AUR 21 August 2017 for assay highlights and AUR statement that "Results from WDRC001, WDRC003 and the previously reported high-grade Cu mineralization in WDRC005 define a 150 metre strike length zone of mineralization". Further exploration at this prospect is being planned by Auris at the time of this report.

AUR also confirmed a stratigraphic offset and intersection of anomalous pathfinder geochemistry at the Forrest Prospect (see ASX: AUR 21 February 2017 Investor Presentation for more details).

Morck's Well Project: (E51/1033, E52/1613, E52/1672)

The Morck's Well Prospect is located in the eastern part of the Bryah Basin and contains approximately 40km of strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck's Well is adjacent to Sandfire Resources NL's DeGrussa-Doolgunna exploration tenements.

On 10 July 2017 AUR announced via their June 2017 Quarterly Report that the company had commenced a 13,500 metre air core drill program over five prospects identified in the Cashman and Morck's Well Project areas (refer to ASX: AUR 6 June 2017 and 10 July 2017).

Alchemy Projects - ALY 80% in all minerals (see below for details of other companies farming-into this interest) and FEL 20% (in all minerals) free carried to Decision to Mine

FEL, via its wholly owned subsidiary Jackson Minerals, holds a 20% interest in all minerals free carried to Decision to Mine in four exploration licenses (E52/1668 ("Reefer" and "Flamel" prospects), E52/1678 ("Troy" prospect), E52/1722 ("Neptune" prospect), E52/1730 ("Henry" prospect) jointly known as the **Jackson Tenements**. Additionally, Jackson Minerals has 20% beneficial interest in all minerals in part of E52/1852 previously held under P52/1167 and P52/1168, held in trust for Jackson Minerals by ALY/Billabong - Jackson Minerals/FEL has no registered interest in E52/1852.

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

Base Metals Rights - ALY/IGO/JAK E52/1668, E52/1678, E52/1722 and E52/1730

Alchemy has entered into a farm-in and joint venture with Independence Group NL (base metals, refer to ASX: ALY 5 November 2014). Diversified mining company, IGO is earning up to 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 (in regard to the Jackson Tenements).

All Mineral Rights - ALY/Billabong/JAK E52/1668, E52/1678, and E52/1730

Leading Australian gold producer Northern Star Resources Ltd (ASX: **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 and E52/1730 (excluding those parts being farmed into by IGO) and also to earn an 80% interest in the whole of E52/1852 (within which ALY holds a 20% interest in the area previously held under P52/1167-68 for Jackson Minerals). NST assigned its interest in these tenements and the Farm-in and Joint Venture to Billabong Gold Pty Ltd (**Billabong**) via a Deed of Consent, Assignment and Assumption dated 11 October 2016, pursuant to "Sale and Purchase Agreement Plutonic Gold Operations" between NST and Billabong dated 12 August 2016 (refer to ASX: NST 15 August 2016 and 12 October 2016). FEL retains its 20% free carried interests in all minerals all of the aforementioned tenements, via wholly owned subsidiary Jackson Minerals.

Billabong has not completed any ground work on the tenements during the year.



Refer to ALY Quarterly Report to 30 June 2017 released to ASX on 31 July 2017 for details of work on these projects.

Mt Ida Gold - FEL, Mt Ida Iron Ore Project

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

The Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides FEL the rights to explore and mine for iron ore on two exploration licenses (E29/640 and E29/641) and 3 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.

The Mt Ida 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.

Mt Elvire Project – FEL 100%

FEL's 100% interest in two exploration licences, E77/1842 and E77/1843 at its Mt Elvire Project, covering 5.9km² expired on 24 May 2017, when the soil results reported to the ASX 29 March 2017 were deemed insufficient for the Department of Mines to extend the term of the licences.

Evanston Iron Ore Royalty (Cliffs Asia Pacific Iron Ore Pty Ltd, a subsidiary of Cliffs Natural Resources Inc (**Cliffs**))

FEL holds a 1.5% Dry Metric Tonne, FOB Royalty over two tenements (E77/1322 and M37/1259) within the Evanston Project, registered to Black Oak Minerals Limited (ASX: **BOK**). Cliffs Asia Pacific Iron Ore Pty Ltd (**Cliffs**) previously held these tenements but sold them to BOK, assigning the obligation to pay the associated to FEL royalty from Cliffs to BOK. The tenements are approximately 20kms north of the Windarling mine. The Evanston Iron Ore Project is located in the Southern Yilgarn Iron Province of Western Australia and covers an area of 167km², of which E77/1322 and M77/1259 cover a combined area of 76.92km². No production has occurred during the reporting year.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Kasombo Project Acquisition

Overview

On 13 July 2017, the Company announced that it had executed a binding term sheet (**Terms Sheet**) with Cape Lambert Resources Limited (**Cape Lambert**) to acquire 100% of Cape Lambert's rights and obligations to the Kasombo Copper-Cobalt Project (**Kasombo Project**) (**Kasombo Transaction**) in the Democratic Republic of Congo (**DRC**) (refer FEL ASX announcement dated 13 July 2017). Cape Lambert's rights to the Kasombo Project were established in a 50/50 joint venture agreement it recently struck with Congolese entity Paragon Mining SARL (**Paragon**) (**JV Agreement**) (refer Cape Lambert ASX announcement dated 17 May 2017).

Should the Kasombo Transaction complete, the Company will be assigned 100% of Cape Lambert's rights and obligations to the Kasombo Project, located 25km from the DRC's second largest city, Lubumbashi, in the Katanga Copper Belt of the DRC. The Kasombo Project comprises three mineralized areas of approximately 600 hectares, Kasombo 5, 6 and 7, located within two granted mining licenses PE 481 and PE 4886 (**Licences**). The Licences are held by La Generale Des Carrieres Et Des Mines S.A. (**Gecamines**). On 24 March 2017, Paragon executed a contract with Gecamines for the undertaking of exploration and research work at the Kasombo Project.

During a recent site visit by Cape Lambert's technical consultants, handheld XRF sampling of artisanal open workings and exposed cobalt mineralization at the Kasombo 6 area showed results were consistent with and confirmed the previously reported mined copper and cobalt grades by Gecamines and Forrest International Group (refer Cape Lambert ASX announcement dated 1 March 2017).

Summary Assignment Terms

Pursuant to Cape Lambert's obligations under the JV Agreement, the objectives of the Company will be to:

- undertake the exploration activities at the Kasombo Project;
- complete a Feasibility Study on the Kasombo Project within 18 months; and
- to commence mining activities at the Kasombo Project within 24 months.



The Company will be responsible for: (i) funding 100% of the costs to complete the exploration and feasibility study to commence mining, and upgrade the Kipushi Processing Plant as required to effectively process the ore from the Kasombo Project. Any funding in excess of US\$7.5 Million will be advanced to the Kasombo Project as a loan, repayable from future project revenues; (ii) providing all necessary technical resources to enable the exploration and mining activities to be conducted to acceptable industry standards and in accordance with an agreed budget; and (iii) securing on behalf of the Kasombo Project 100% of the funds to commence mining, upgrade the Kipushi Processing Plant, and to also conclude any joint venture obligations with Gécamines.

Consideration

In consideration for Cape Lambert assigning its rights in the Kasombo Project to the Company, the Company agrees to:

- issue 25,000,000 fully paid ordinary shares in FEL at a deemed issue price of \$0.0256 (determined as the volume weighted average closing price of FEL shares as quoted on ASX over the last five trading days immediately preceding the execution of the Terms Sheet) to Cape Lambert (**Consideration Shares**); and
- payment of \$50,000 on execution of the Terms Sheet and payment of \$75,000 on the date which is three months after the settlement date of the Kasombo Transaction (together, the **Cash Reimbursement**); and
- issue 10,000,000 fully paid ordinary shares in FEL at a deemed issue price of \$0.0256 to the facilitator of the Kasombo Transaction (**Facilitator Shares**).

Conditions of the Assignment

Settlement of the Kasombo Transaction is conditional upon:

- FEL receiving shareholder approval in relation to the Kasombo Transaction including approval to issue:
 - the Consideration Shares to Cape Lambert (in accordance with Item 7 of Section 611 of the Corporations Act if required); and
 - the Facilitator Shares;
- completion of the Kasombo transfer to the JV Company in accordance with the terms of the JV Agreement;
- execution by the relevant parties of a formal agreement to more fully document the Kasombo Transaction; and
- receipt of consent from all relevant parties in respect of the Kasombo Transaction,

with each of the above conditions to be completed on or before 30 September 2017 unless otherwise waived or extended by the Company and Cape Lambert.

During the period to settlement of the Kasombo Transaction, Cape Lambert will continue with its obligations under the JV Agreement for conducting the exploration works at the Kasombo Project, with all expenses incurred reimbursed to Cape Lambert within 7 days of Settlement via FEL's payment of the Cash Reimbursement (subject to adjustment to reflect actual reimbursable expenses).

There have been no other events subsequent to 30 June 2017 up to the date of this report that would materially affect the operations of the consolidated entity or its state of affairs which have not otherwise been disclosed in this financial report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity continues to meet all environmental obligations across its tenements. No reportable incidents occurred during the year. Environmental regulations applicable to the Consolidated Entity include the Environmental Protection Act 1994.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into a Deed of Access, Insurance and Indemnity with each of the directors. Under the terms of these Deeds, the Company has undertaken, subject to restrictions in the Corporations Act, to:

- indemnify each director in certain circumstances;
- advance money to a director for the payment of any legal costs incurred by a director in defending legal proceedings before the outcome of those proceedings is known (subject to an obligation by the director to repay any money advanced if a court determines that the director was not entitled to it);
- maintain directors' and officers' insurance cover in favour of each director whilst they remain a director of Fe Limited and for a run out year after ceasing to be such a director; and



- provide each director with access to Board papers and other documents provided or available to the director as an officer of Fe Limited.

During the year, the Company had in place and paid premiums for insurance policies indemnifying directors and officers of the Company against certain liabilities incurred in the conduct of business or in the discharge of their duties as directors or officers. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premium paid, the nature of the liability covered by the policies, the limit of liability and the name of the insurer.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Company remains focused on its activities within the mineral exploration industry on its retained tenements and interests and is also investigating projects for future acquisition.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings held during the year and the number of meetings attended by each director (while they were a director).

Director	Eligible to Attend	Attended
Antony Sage	2	2
Nicholas Sage	2	2
Kenneth Keogh	1	-
Mark Gwynne	1	-
Paul Kelly	-	-

REMUNERATION REPORT (AUDITED)

This Report outlines the remuneration arrangements in place for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning and directing the major activities of the Company and the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the executives in the parent and the subsidiary companies.

Details of Key Management Personnel

Directors

A Sage	Director (Non-Executive Chairman)
N Sage	Director (Non-Executive) (Appointed 18 October 2016)
K Keogh	Director (Non-Executive) (Appointed 6 February 2017)
M Gwynne	Director (Executive) (Resigned 6 February 2017)
P Kelly	Director (Non-Executive) (Resigned 18 October 2016)

Executives

E von Puttkammer	Company Secretary
C Grant-Edwards	Chief Financial Officer

Remuneration Philosophy

The performance of the Consolidated Entity depends on the quality of its directors, executives and employees. Consequently, the Consolidated Entity must attract, motivate and retain appropriately qualified industry personnel.

The following principles are embodied in the remuneration framework:

- provide competitive rewards to attract and retain high calibre executives, directors and employees; and
- link executive rewards to shareholder value.



Remuneration Policy

During the year, the Company did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive directors and the Chairman. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from retention of a high quality board. The directors are given the opportunity to receive their base emolument in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of executive and non-executive directors is not dependent on the satisfaction of performance conditions. Remuneration and share based payments are issued to align directors' interests with that of shareholders.

The Consolidated Entity has a policy which restricts executives and directors entering into contracts to hedge their exposure to options granted as part of their remuneration package.

Remuneration report at 2016 AGM

The 2016 remuneration report received positive shareholder support at the 2016 Annual General Meeting whereby of the proxies received 97.7% voted in favour of the adoption of the remuneration report.

Performance and Shareholder Wealth

Below is a table summarising key performance and shareholder wealth statistics for the Consolidated Entity over the last five financial years.

Financial year	Profit / (Loss) after tax '000s	Profit / (Loss) per share (Cents)	Share Price (Cents)
30 September 2013	(2,368)	(2.05)	2.40
30 June 2014 (Nine months ended)	941	0.57	4.50
30 June 2015	(1,276)	(0.58)	1.30
30 June 2016	(655)	(0.29)	3.60
30 June 2017	(296)	(0.11)	2.40

Non-Executive Chairman's Remuneration

The Company aims to reward the Chairman with a level and mix of remuneration commensurate with his position and responsibilities within the Company to:

- align the interests of the Chairman with those of shareholders; and
- ensure that total remuneration is competitive by market standards.

Mr Antony Sage is entitled to receive \$120,000 per annum. On 22 March 2016 the Company entered into a consulting agreement with Okewood Pty Ltd (**Okewood**), a company controlled by Mr Antony Sage, for the provision of non-executive director services. With effect from 1 April 2016, Mr Antony Sage's entitlement to payment in respect of services provided was reduced to \$60,000, and currently remains in place.

Non-Executive Director Remuneration

The Board seeks to set remuneration of non-executive directors at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

On 18 October 2016, the Company entered into a consulting agreement with Pembury Nominees Pty Ltd (**Pembury**), a company controlled by Mr Nicholas Sage, for the provision of non-executive director services. Under the agreement, Mr Nicholas Sage is entitled to receive \$36,000 per annum.

On 6 February 2017, the Company entered into a consulting agreement with EK Holdings Group Pty Ltd (**EK Holdings**), a company controlled by Mr Kenneth Keogh, for the provision of non-executive director services. Under the agreement, Mr Kenneth Keogh is entitled to receive \$36,000 per annum.



With effect from 1 May 2016, Mr Paul Kelly's entitlement to payment in respect of non-executive services provided ceased (previously \$36,000 per annum). As such, Mr Paul Kelly did not receive any fees during the year up until his resignation on 18 October 2016. During his appointment, there was no employment contract between the Company and Mr Kelly.

As approved previously by shareholders, the maximum aggregate amount of remuneration payable to non-executive directors is \$1,000,000.

Summary details of remuneration for non-executive directors are given in the table below.

Executive Directors' Remuneration

The Board seeks to set remuneration of the executive directors at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

For the period 1 July 2015 to 30 November 2015, Executive Director Mr Gwynne was entitled to receive \$175,000 per annum. With effect from 1 December 2015, Mr Gwynne was entitled to receive \$60,000 per annum. With effect from 1 July 2016, Mr Mark Gwynne's entitlement to payment in respect of executive services provided ceased. As such, Mr Mark Gwynne did not receive any fees during the year up until his resignation on 6 February 2017. During his appointment, there was no employment contract between the Company and Mr Gwynne. He was entitled to reimbursement of reasonable expenses for attendance at meetings.

Details of remuneration paid to executive directors are provided in the table below.

Compensation of Key Management Personnel

Consolidated Year ended 30 June 2017	Short- Term Salary & Fees \$	Post- Employment Superannuation \$	Share- based Payment Share Options \$	Total \$	% Performance Based	% Comprising Options
Directors						
A Sage (i)	60,000	-	-	60,000	-	-
N Sage (ii)	25,381	-	-	25,381	-	-
K Keogh (iii)	14,357	-	-	14,357	-	-
M Gwynne (iv)	-	-	-	-	-	-
P Kelly (v)	-	-	-	-	-	-
	99,738	-	-	99,738	-	-
Executives						
E von Puttkammer (vi)	35,000	-	930	35,930	-	2.6%
C Grant-Edwards (vii)	-	-	413	413	-	100.0%
	35,000	-	1,343	36,343	-	3.7%
Total	134,738	-	1,343	136,081	-	1.0%

For the year ended 30 June 2017:

- (i) \$60,000 was paid or payable to Okewood Pty Ltd a company that Mr Antony Sage is a director of.
- (ii) \$25,381 was paid or payable to Pembury Nominees Pty Ltd a company that Mr Nicholas Sage is a director of.
- (iii) \$14,357 was paid or payable to EK Holdings Group Pty Ltd a company that Mr Keogh is a director of.
- (iv) Nil was paid or payable to Silverwest Corporation Pty Ltd a company that Mr Gwynne is a director of.
- (v) Nil was paid or payable to Led4Me Pty Ltd a company that Mr Kelly is a director of.
- (vi) \$35,000 was paid or payable to EVP Investments Pty Ltd a company that Ms von Puttkammer is a director of.
- (vii) C Grant-Edwards is an employee of Cauldron Energy Ltd (**Cauldron**). Mr Antony Sage and Mr Nicholas Sage are directors of Cauldron, as was Mr Gwynne at the date of his resignation. During the year nil was paid or payable to Cauldron for consulting fees.



Consolidated Year ended 30 June 2016	Short- Term Salary & Fees \$	Post- Employment Superannuation \$	Share- based Payment Share Options \$	Total \$	% Performance Based	% Comprising Options
Directors						
A Sage (i)	105,000	-	-	105,000	-	-
M Gwynne (ii)	107,915	-	-	107,915	-	-
P Kelly (iii)	36,000	-	-	36,000	-	-
	248,915	-	-	248,915	-	-
Executives						
E von Puttkammer (iv)	32,000	-	2,226	34,226	-	7%
C Grant-Edwards (v)	-	-	989	989	-	100%
	32,000	-	3,215	35,215	-	9%
Total	280,915	-	3,215	284,130	-	1%

For the year ended 30 June 2016:

- (i) \$105,000 was paid or payable to Okewood Pty Ltd a company that Mr Antony Sage is a director of.
- (ii) \$107,915 was paid or payable to Silverwest Corporation Pty Ltd a company that Mr Gwynne is a director of.
- (iii) \$36,000 was paid or payable to Led4Me Pty Ltd a company that Mr Kelly is a director of.
- (iv) \$32,000 was paid or payable to EVP Investments Pty Ltd a company that Ms von Puttkammer is a director of.
- (v) C Grant-Edwards is an employee of Cauldron Energy Ltd (**Cauldron**). Mr Antony Sage and Mr Nicholas Sage are directors of Cauldron, as was Mr Gwynne at the date of his resignation. During the year nil was paid or payable to Cauldron for consulting fees.

Shareholdings of Key Management Personnel

30 June 2017	Balance at 1 July 2016	Granted as remuneration	Net change other	Balance at 30 June 2017
<i>Directors</i>				
A Sage (i)	2,071,699	-	-	2,071,699
N Sage (ii)	-	-	-	-
K Keogh (iii)	-	-	766,300	766,300
M Gwynne (iv)	-	-	-	-
P Kelly (iv)	-	-	-	-
<i>Executives</i>				
E Von Puttkammer	83,333	-	-	83,333
C Grant-Edwards	-	-	-	-
	2,155,032	-	766,300	2,921,332

- (i) Indirect interest
- (ii) On the date of his appointment Mr N Sage held nil shares
- (iii) On the date of his appointment Mr K Keogh held 766,300 shares
- (iv) On the date of their respective resignations Messrs M Gwynne and P Kelly held nil shares

30 June 2016	Balance at 1 July 2015	Granted as remuneration	Net change other	Balance at 30 June 2016
<i>Directors</i>				
A Sage (i)	2,071,699	-	-	2,071,699
M Gwynne	-	-	-	-
P Kelly	-	-	-	-
<i>Executives</i>				
E Von Puttkammer	83,333	-	-	83,333
C Grant-Edwards	-	-	-	-
	2,155,032	-	-	2,155,032

- (i) Indirect interest

Option holdings of Key Management Personnel

	Balance at 1 July 2016	Acquired /granted during year	Lapsed during Year	Balance at 30 June 2017	Exercisable	Not Exercisable
30 June 2017						
<i>Directors</i>						
A Sage	-	-	-	-	-	-
N Sage (i)	-	-	-	-	-	-
K Keogh (i)	-	-	-	-	-	-
M Gwynne (ii)	-	-	-	-	-	-
P Kelly (ii)	-	-	-	-	-	-
<i>Executives</i>						
E Von Puttkammer	1,800,000	-	(1,800,000)	-	-	-
C Grant-Edwards	800,000	-	(800,000)	-	-	-
	<u>2,600,000</u>	-	<u>(2,600,000)</u>	-	-	-

(i) On the date of their respective appointments Messrs N Sage and K Keogh held nil options

(ii) On the date of their respective resignations Messrs M Gwynne and P Kelly held nil options

	Balance at 1 July 2015	Acquired /granted during year	Lapsed during Year	Balance at 30 June 2016	Exercisable	Not Exercisable
30 June 2016						
<i>Directors</i>						
A Sage	-	-	-	-	-	-
M Gwynne	-	-	-	-	-	-
P Kelly	-	-	-	-	-	-
<i>Executives</i>						
E Von Puttkammer	1,800,000	-	-	1,800,000	-	1,800,000
C Grant-Edwards	800,000	-	-	800,000	-	800,000
	<u>2,600,000</u>	-	-	<u>2,600,000</u>	-	<u>2,600,000</u>

Options Granted as Part of Remuneration

Options are granted to certain executives, employees and consultants of the Consolidated Entity in the form of share-based payments. Options on issue by the Company during the year were not issued under a formal employee share plan. There were nil options granted during the current year. The purpose of the grant of options to selected employees and consultants in a prior year was to:

- recognise the ongoing ability of the employees of the Consolidated Entity and their expected efforts and contribution in the long term to the performance and success of the Company; and
- provide an incentive to the employees of the Consolidated Entity to remain in their employment in the long term.

Options awarded, vested and lapsed during the year

Share options do not carry any voting rights and can be exercised once the vesting conditions have been met until their expiry date.

There were no options granted during the current year.

Details of options awarded to key management personnel during a prior period are summarised as follows:

	Award Date	Number of Options	Exercise price per option	Vesting and expiry date	Fair Value of options at grant date \$
E Von Puttkammer	20 January 2015	1,800,000	\$0.04	30 November 2016	0.0023
C Grant-Edwards	20 January 2015	800,000	\$0.04	30 November 2016	0.0023

These Options were subject to a vesting condition of the Company's market capitalisation reaching and/or exceeding \$11 million for a period of at least 10 consecutive trading days of the Company's shares as quoted on



ASX and the consultant remaining with the Consolidated Entity until expiry date.

On 30 November 2016, these Options lapsed unvested.

Transactions with directors, director related entities and other related parties

During the year ended 30 June 2017, an aggregate amount of \$60,891 (30 June 2016: \$40,631) was paid to Cape Lambert Resources Ltd (**Cape Lambert**) for reimbursement of rent and other costs. At 30 June 2017, \$1,102 was payable to Cape Lambert (30 June 2016: \$11,605).

During the year ended 30 June 2017, nil (30 June 2016: \$2,500) was received from Cape Lambert for reimbursement of IT costs. At 30 June 2017, nil was receivable from Cape Lambert (30 June 2016: nil). Mr Antony Sage is a director of Cape Lambert.

During the year ended 30 June 2017, an aggregate amount of \$2,087 (30 June 2016: nil) was paid to Cauldron Energy Ltd (**Cauldron**) for reimbursement of consultant costs. At 30 June 2017, nil was payable to Cauldron (30 June 2016: nil).

During the year ended 30 June 2017, nil (30 June 2016: \$2,500) was received from Cauldron for reimbursement of costs. At 30 June 2017 nil was receivable from Cauldron (30 June 2016: nil). Mr Antony Sage and Mr Nicholas Sage are directors of Cauldron, as was Mr Mark Gwynne at the date of his resignation.

During the year ended 30 June 2017, an aggregate amount of \$60,000 (30 June 2016: \$105,000) was paid or payable to Okewood Pty Ltd (**Okewood**) for director fees. During the year ended 30 June 2017, nil (30 June 2016: \$27,950) was paid or payable to Okewood for sponsorship of the Perth Glory Football Club. Mr Antony Sage is a director of Okewood. At 30 June 2017, nil was payable to Okewood (30 June 2016: \$5,500).

During the year ended 30 June 2017, \$25,381 (30 June 2016: nil) was paid or payable to Pembury Nominees Pty Ltd (**Pembury**) for director fees. Mr Nicholas Sage is a director of Pembury. At 30 June 2017, \$3,000 was accrued in respect of Pembury (30 June 2016: nil).

During the year ended 30 June 2017, \$14,357 (30 June 2016: nil) was paid or payable to EK Holdings Group Pty Ltd (**EK Holdings**) for director fees. Mr Kenneth Keogh is a director of EK Holdings. At 30 June 2017, \$3,300 was payable to EK Holdings (30 June 2016: nil).

During the year ended 30 June 2017, nil (30 June 2016: \$107,915) was paid or payable to Silverwest Corporation Pty Ltd (**Silverwest**) for director fees. Mr Gwynne is a director of Silverwest. At 30 June 2017, nil was payable to Silverwest (30 June 2016: \$10,000).

During the year ended 30 June 2017, nil was paid or payable to Led4Me Pty Ltd (**Led4Me**) for director fees (30 June 2016: \$36,000). Mr Kelly is a director of Led4Me. At 30 June 2017, nil was payable to PAFK or Led4Me (30 June 2016: nil).

End of Remuneration Report



AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 (Cth) requires the Company's auditor, Ernst & Young, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration for the year is set out on page 16 and forms part of this Directors' Report. The Directors are satisfied with the independence of the auditor.

NON-AUDIT SERVICES

No non-audit services were provided to the Consolidated Entity by the auditor, Ernst & Young, during the year.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'A Sage', is positioned above the printed name of Mr Antony Sage.

Mr Antony Sage
Non-Executive Chairman

25 August 2017

Auditor's Independence Declaration to the Directors of Fe Limited

As lead auditor for the audit of Fe Limited for the year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Fe Limited and the entities it controlled during the financial period.



Ernst & Young



V L Hoang
Partner
Perth
25 August 2017



CORPORATE GOVERNANCE STATEMENT

In March 2014, the ASX Corporate Governance Council released a third edition of the ASX Corporate Governance Council's Principles and Recommendations (**ASX Principles**).

The Company's Corporate Governance Statement for the year ended 30 June 2017 (which reports against these ASX Principles) may be accessed from the Company's website at www.felimited.com.au.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated	
		Year ended 30 June 2017	Year ended 30 June 2016
		\$	\$
Interest revenue	3(a)	4,597	3,774
Other income	3(b)	104,880	50,000
		<u>109,477</u>	<u>53,774</u>
Employee benefits expense and directors remuneration	3(c)	(99,738)	(248,915)
Legal costs		(51,073)	-
Pre-acquisition transaction costs	3(d)	-	(216,206)
Brokerage fees on converting loans		-	(28,888)
Share-based payment expense	23	(1,998)	(4,761)
Impairment of exploration assets	9(a)	(40,360)	(47,703)
Loss on disposal of plant and equipment		(3,458)	-
Accounting and audit fees		(41,575)	(28,700)
Consultants costs		(35,000)	(32,000)
Compliance costs		(47,929)	(38,208)
Travel costs		(21,158)	(3,354)
Other expenses	3(e)	(63,159)	(60,299)
Loss before income tax		<u>(295,971)</u>	<u>(655,260)</u>
Income tax expense	4	-	-
Loss after income tax		<u>(295,971)</u>	<u>(655,260)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain on available-for-sale financial assets		-	1,750
Transfer loss on available-for-sale financial assets to profit and loss		(1,750)	-
Other comprehensive income/(loss) for the year		<u>(1,750)</u>	<u>1,750</u>
Total comprehensive loss for the year		<u>(297,721)</u>	<u>(653,510)</u>
Loss per share attributable to ordinary equity holders of the parent			
- basic loss for the year (cents per share)	5	(0.11)	(0.29)
- diluted loss for the year (cents per share)	5	(0.11)	(0.29)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Notes	Consolidated	
		30 June 2017	30 June 2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	6	422,649	90,137
Restricted cash and cash equivalents	6	-	968,131
Trade and other receivables	7	5,067	55,702
Other assets		3,864	2,625
Total Current Assets		<u>431,580</u>	<u>1,116,595</u>
Non-Current Assets			
Exploration and evaluation expenditure	9	-	-
Plant and equipment	10	248	4,274
Available-for-sale financial assets	11	-	2,500
Total Non-Current Assets		<u>248</u>	<u>6,774</u>
TOTAL ASSETS		<u>431,828</u>	<u>1,123,369</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	12	39,375	179,562
Application funds	13	-	968,131
Total Current Liabilities		<u>39,375</u>	<u>1,147,693</u>
TOTAL LIABILITIES		<u>39,375</u>	<u>1,147,693</u>
NET ASSETS / (LIABILITIES)		<u>392,453</u>	<u>(24,324)</u>
EQUITY			
Contributed equity	14	37,395,564	36,683,064
Accumulated losses	15	(38,731,102)	(38,435,131)
Reserves	16	1,727,991	1,727,743
TOTAL EQUITY / (NET DEFICIENCY)		<u>392,453</u>	<u>(24,324)</u>



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

	Contributed equity	Accumulated losses	Share based payments reserve	Available for sale asset reserve	Total
Consolidated	\$	\$	\$		\$
Balance at 1 July 2016	36,683,064	(38,435,131)	1,725,993	1,750	(24,324)
Loss for the year ended 30 June 2017	-	(295,971)	-	-	(295,971)
Other comprehensive income	-	-	-	(1,750)	(1,750)
	-	(295,971)	-	(1,750)	(297,721)
Transactions with owners in their capacity as owners:					
Shares issued during the year	712,500	-	-	-	712,500
Share based payments	-	-	1,998	-	1,998
Balance at 30 June 2017	37,395,564	(38,731,102)	1,727,991	-	392,453
Balance at 1 July 2015	36,251,604	(37,779,871)	1,721,232	-	192,965
Loss for the year ended 30 June 2016	-	(655,260)	-	-	(655,260)
Other comprehensive income	-	-	-	1,750	1,750
	-	(655,260)	-	1,750	(653,510)
Transactions with owners in their capacity as owners:					
Shares issued during the year	431,460	-	-	-	431,460
Share based payments	-	-	4,761	-	4,761
Balance at 30 June 2016	36,683,064	(38,435,131)	1,725,993	1,750	(24,324)



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017**

	Notes	Consolidated	
		Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(395,725)	(596,065)
Costs recovered from Cardinal House	3(b)	100,000	-
Interest received	3(a)	4,597	3,774
Net cash flows used in operating activities	6(a)	<u>(291,128)</u>	<u>(592,291)</u>
Cash flows from investing activities			
Payments for exploration and evaluation costs	9	(40,360)	(47,703)
Proceeds on sale of investment		1,500	-
Proceeds from sale of tenements	3(b)	-	50,000
Net cash flows from/(used in) investing activities		<u>(38,860)</u>	<u>2,297</u>
Cash flows from financing activities			
Proceeds from shares issued (net of costs)		662,500	-
Proceeds from converting loans (net of costs)		-	452,572
Repayment of converting loan funds		-	(50,000)
Application funds received		-	1,189,109
Application funds refunded		(968,131)	(220,978)
Proceeds from loan from related party		32,727	-
Repayment of loan from related party		(32,727)	-
Net cash flows from/(used in) financing activities		<u>(305,631)</u>	<u>1,370,703</u>
Net (decrease)/increase in cash and cash equivalents and restricted cash and cash equivalents		(635,619)	780,709
Cash and cash equivalents and restricted cash and cash equivalents at beginning of year		1,058,268	277,559
Cash and cash equivalents and restricted cash and cash equivalents at end of year	6	<u>422,649</u>	<u>1,058,268</u>

NOTES TO THE FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The financial report of Fe Limited (**FEL** or the **Company**) and the financial statements comprising FEL and its controlled entities (together the **Consolidated Entity**) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 24 August 2017.

FEL is a for profit company limited by shares incorporated and domiciled in Australia. As detailed in last year's annual report, FEL's shares were previously suspended from quotation on the Australian Stock Exchange. On 15 December 2016, FEL's shares were reinstated to official quotation.

Cape Lambert Resources Limited (**Cape Lambert**) is the ultimate parent entity of FEL. At 30 June 2017, Cape Lambert held an interest of 44.69% in FEL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for available-for-sale financial assets which are carried at fair value. The financial report is presented in Australian dollars unless otherwise stated.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(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 Consolidated Entity had cash and cash equivalents of \$422,649 (30 June 2016: \$90,137) and a net working capital surplus of \$392,205 (30 June 2016: \$31,098 deficit).

Additional funding will be necessary for the Consolidated Entity to fulfil its proposed activities (including the activities associated with the Kasombo Project should the Kasombo Transaction complete) in the next 12 months.

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

Should the Consolidated Entity not achieve the matters set out above, there is uncertainty whether the Consolidated Entity 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 Consolidated Entity not be able to continue as a going concern.

(d) Adoption of new and revised standards
Changes in accounting policies on initial application of Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. From 1 July 2016, the Consolidated Entity has adopted all the standards and interpretations mandatory for annual periods beginning on or after 1 July 2016. Adoption of these standards and interpretations did not have any effect on the statements of financial position or performance of the Consolidated Entity. The Consolidated Entity has not elected to early adopt any new standards or amendments.

The following standards and interpretations would have been applied for the first time for entities with year ending 30 June 2017:

Reference	Title
AASB 2014-3	<p><i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations</i></p> <p>The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in AASB 3 <i>Business Combinations</i> and other Australian Accounting Standards that do not conflict with the requirements of AASB 11 <i>Joint Arrangements</i>.</p>
AASB 2014-4	<p><i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i></p> <p>The amendments clarify the principle in AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.</p>
AASB 2014-9	<p><i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i></p> <p>The amendments to AASB 127 <i>Separate Financial Statements</i> allow an entity to use the equity method as described in AASB 128 to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements.</p>
AASB 2015-1	<p><i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle</i></p> <p>The amendments clarify certain requirements in:</p> <ul style="list-style-type: none"> ▶ AASB 5 Non-current Assets Held for Sale and Discontinued Operations – Changes in methods of disposal ▶ AASB 7 Financial Instruments: Disclosures - servicing contracts; applicability of the amendments to AASB 7 to condensed interim financial statements ▶ AASB 119 Employee Benefits - regional market issue regarding discount rate ▶ AASB 134 Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i></p> <p>This Standard amends AASB 101 <i>Presentation of Financial Statements</i> to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures.</p>
AASB 2015-5	<p><i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i></p> <p>This Standard amends AASB 10 <i>Consolidated Financial Statements</i>, AASB 12 <i>Disclosure in Interests in Other Entities</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> to clarify how investment entities and their subsidiaries apply the consolidation exception.</p>

New accounting standards and interpretations issued but not yet effective

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 30 June 2017.

Reference	Title	Summary	Application date of standard*	Application date for FEL*
AASB 2016-1	<i>Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses</i>	This Standard makes amendments to AASB 112 <i>Income Taxes</i> to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.	1 January 2017	1 July 2017
AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	The amendments to AASB 107 <i>Statement of Cash Flows</i> are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).	1 January 2017	1 July 2017
AASB 2017-2	<i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle</i>	This Standard clarifies the scope of AASB 12 <i>Disclosure of Interests in Other Entities</i> by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> .	1 January 2017	1 July 2017
AASB 9, and relevant amending standards	<i>Financial Instruments</i>	<p>AASB 9 replaces AASB 139 <i>Financial Instruments: Recognition and Measurement</i>.</p> <p>Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.</p> <p>Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.</p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p>	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard*	Application date for FEL*
		<p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p>		
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	<p>The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in AASB 3 <i>Business Combinations</i>. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors’ interests in the associate or joint venture.</p> <p>AASB 2015-10 defers the mandatory effective date (application date) of AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018**** instead of 1 January 2016.</p>	1 January 2018	1 July 2018
AASB 2016-5	<i>Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions</i>	<p>This Standard amends AASB 2 <i>Share-based Payment</i>, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> ▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ▶ Share-based payment transactions with a net settlement feature for withholding tax obligations ▶ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. 	1 January 2018	1 July 2018
Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>	<p>The Interpretation clarifies the application of the recognition and measurement criteria in AASB 12 <i>Income Taxes</i> when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:</p> <ul style="list-style-type: none"> ▶ Whether an entity considers uncertain tax treatments separately ▶ The assumptions an entity makes about the examination of tax treatments by taxation authorities ▶ How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ▶ How an entity considers changes in facts and circumstances. 	1 January 2019	1 July 2019

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

The Consolidated Entity is in the process of determining the impact of the above on its financial statements. The Consolidated Entity has not elected to early adopt any new Standards or Interpretations.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Fe Limited and its subsidiaries as at and for the year ended 30 June 2017.

Subsidiaries are all those entities over which Fe Limited has control. Control is achieved when the Consolidated Entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Consolidated Entity controls an investee if and only if the Consolidated Entity has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The financial statements of the Company's subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the date of acquisition. Any difference between the fair value of the consideration and the fair values of the identifiable net assets acquired is recognised as goodwill or a gain on bargain purchase.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

(f) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables, which generally have 14-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment allowance is recognised when there is objective evidence that the Consolidated Entity will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate.

(h) Exploration and evaluation

Exploration and evaluation expenditure incurred by or on behalf of the Consolidated Entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- a) such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- b) exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Accumulated costs in respect of areas of interest are written off in the statement of comprehensive income when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

(i) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is measured at cost.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

Plant and equipment – 3 to 5 years

(j) Impairment of assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

An assets recoverable amount is the greater of the assets fair value less costs to sell and its value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(k) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of loans and borrowings.

Borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period

they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(m) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Consolidated Entity expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

(p) Income tax and other taxes

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(q) Available-for-sale financial assets

All available-for-sale investments are initially recognised at fair value plus directly attributable transaction costs.

Available-for-sale investments are those non-derivative financial assets, principally equity securities that are designated as available-for-sale. Investments are designated as available for sale if they do not have fixed maturities and fixed and determinable payments and management intends to hold them for the medium to long term.

After initial recognition, available-for-sale investments are measured at fair value. Gains or losses are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

(r) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the Company, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and

- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;
Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Where a loss has been reported the dilutive effects of options are not adjusted for, in accordance with AASB 133 *Earnings per share*.

(s) Rehabilitation

Rehabilitation costs are provided for when exploration and evaluation activities give rise to the need for rehabilitation. The estimate of the rehabilitation obligations are based on anticipated technology and legal requirements and future costs. Any changes in the estimates are adjusted on a prospective basis. In determining the rehabilitation obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to rehabilitation of such mines in the future.

If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(t) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the board of directors.

(u) Investment in joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control. Joint Control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Consolidated Entity with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Consolidated Entity recognises its:

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

To the extent the joint arrangement provides the Consolidated Entity with rights to the net assets of the arrangement, the investment is classified as a joint venture and accounted for using the equity method. Under the equity method, the cost of the investment is adjusted by the post-acquisition changes in the Consolidated Entity's share of the net assets of the venture.

(v) Share based payments

The Consolidated Entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Consolidated Entities best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Consolidated Entity, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Consolidated Entity, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

(w) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Capitalised Exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Consolidated Entity decides to exploit the related lease itself or, if not whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

*Share-based payment transactions*

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an appropriate valuation model, using the assumptions as discussed in note 23. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities in the next annual reporting period but may impact expenses and equity.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Consolidated Entity has tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Consolidated Entity. The subsidiaries neither have any taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

3 REVENUE, INCOME AND EXPENSES

	2017	2016
	\$	\$
(a) Revenue		
Interest	4,597	3,774
(b) Other income		
Negotiated recovery of costs associated with terminated reverse takeover Cardinal House Transaction (i)	100,000	-
Gain on sale of tenement interests	-	50,000
Gain on sale of investment	750	-
Other	4,130	-
	<u>104,880</u>	<u>50,000</u>
(c) Employment benefits expense		
Directors fees	(99,738)	(248,915)
(d) Pre-acquisition transaction costs		
Pre-acquisition Cardinal House Transaction costs (i)	-	(216,206)

- (i) As previously advised, the Company was in the process of acquiring 100% of Cardinal House Group Pty Ltd (**Cardinal House**) (**Cardinal House Transaction**). On 12 November 2015, the Company signed a binding share sale agreement, which was subsequently amended (**SSA**) with Cardinal House that was conditional on a number of items including the finalisation of a capital raising and approval to be reinstated to quotation on the Australian Securities Exchange (**ASX**).

On 1 September 2016, the Company exercised its right to terminate the SSA on the basis that there were reasonable grounds to believe the conditions precedent to the SSA could not be met. Following termination of the SSA, the Company negotiated to recover \$100,000 in costs associated with the Cardinal House Transaction from Cardinal House.

During the year ended 30 June 2016, the Company recorded an expense of \$216,206 in relation to legal, valuation and other advisory fees associated with the now terminated reverse takeover of Cardinal House.



	2017	2016
	\$	\$
(e) Other expenses		
Occupancy rental expenses	(36,836)	(37,095)
Insurance	(17,473)	(15,420)
Media and printing expenses	(8,962)	(4,680)
Depreciation expense	(568)	(1,832)
Other	680	(1,272)
	<u>(63,159)</u>	<u>(60,299)</u>

4 INCOME TAX

	2017	2016
	\$	\$
(a) Income tax expense		
The major components of income tax expense are:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

(b) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory tax rate

Accounting loss before tax	(295,971)	(655,260)
Tax at the statutory income tax rate of 30%	(88,791)	(196,578)
Unrecognised temporary differences	12,707	24,182
Unrecognised tax losses and temporary differences	76,084	172,396
Income tax expense reported in statement of comprehensive income	<u>-</u>	<u>-</u>

(c) Deferred tax liabilities

Exploration expenditure	-	-
Accrued income	-	-
Less offset by deferred tax asset	-	-
Deferred tax liabilities	<u>-</u>	<u>-</u>

(d) Deferred tax assets

Accrued expenditure	9,225	43,256
Loss on financial assets	-	11,625
Tax losses	2,193,967	2,100,022
Unrealised capital tax losses	392,439	392,439
	<u>2,595,631</u>	<u>2,547,342</u>
Less offset against deferred tax liabilities	-	-
Deferred tax assets not recognised	<u>2,595,631</u>	<u>2,547,342</u>

The Consolidated Entity has not formed a tax consolidated group.

The Consolidated Entity offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Consolidated Entity has tax losses which arose in Australia of \$7,313,223 (2016: \$7,000,074) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Consolidated Entity, they have arisen in companies that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Consolidated Entity were able to recognise all unrecognised deferred tax assets, the loss recorded in the current period would decrease by \$2,595,631.

**5 LOSS PER SHARE**

	2017 Cents	2016 Cents
<i>Basic loss per share</i>		
Continuing operations	(0.11)	(0.29)
	<u>(0.11)</u>	<u>(0.29)</u>

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of shares on issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of shares on issue during the period (adjusted for the effects of dilutive options). Where a loss has been reported the dilutive effects of options are not adjusted for, in accordance with AASB 133 *Earnings per share*.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	2017 \$	2016 \$
<i>Loss used in calculation of basic loss per share</i>		
Continuing operations	(295,971)	(655,260)
	<u>(295,971)</u>	<u>(655,260)</u>

	2017 No.	2016 No.
Weighted average number of ordinary shares for basic loss per share	281,541,882	226,708,616
Effect of dilution:		
Unlisted options	-	-
Adjusted weighted average number of ordinary shares for diluted loss per share	<u>281,541,882</u>	<u>226,708,616</u>

The unlisted options outstanding at balance date were found to have an anti-dilutive effect on the calculation. Therefore, at 30 June 2017 and 30 June 2016, the basic loss per share is equal to the diluted earnings per share.

6 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
<i>Cash and cash equivalents</i>		
Cash at bank and on hand	422,649	90,137
<i>Restricted cash and cash equivalents</i>		
Application funds (refer note 8)	-	968,131
Total cash and cash equivalents and restricted cash and cash equivalents	<u>422,649</u>	<u>1,058,268</u>

Cash at bank and on hand earns interest at the floating rates based on daily bank deposit rates.



(a) Reconciliation of net loss after tax to net cash flows from operations

	2017	2016
	\$	\$
Net loss for the period	(295,971)	(655,260)
<i>Adjustments for:</i>		
Other income	-	-
Brokerage fee	-	28,888
Depreciation	568	1,832
Impairment of exploration assets	40,360	47,703
Share-based payment expense	1,998	4,761
Gain on sale of tenements	-	(50,000)
Loss on disposal of plant and equipment	3,458	-
Gain on sale of investment	(750)	-
<i>Changes in assets and liabilities</i>		
Decrease/(increase) in trade and other receivables	50,635	(42,620)
Decrease/(increase) in prepayments	(1,238)	(76)
(Decrease)/increase in trade and other payables	(90,188)	72,481
Net cash used in operating activities	<u>(291,128)</u>	<u>(592,291)</u>

7 TRADE AND OTHER RECEIVABLES

	2017	2016
	\$	\$
<i>Current</i>		
Other receivables	<u>5,067</u>	<u>55,702</u>

Other receivables are amounts which generally arise from transactions outside the usual operating activities of the Consolidated Entity and are non-interest bearing with no fixed terms. Other receivables do not contain impaired assets, are not past due date and are expected to be received in full.

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. It is not the Consolidated Entity's policy to transfer (on-sell) receivables to special purpose entities.

8 APPLICATION FUNDS

At 30 June 2016, the Company had received applications for \$968,131 (**Applications**) applying for shares under the minimum capital raising offer of \$2,000,000 (up to a maximum of \$2,200,000) (**Offer**) per the Company's Prospectus dated 23 March 2016 as supplemented by the Supplementary Prospectus dated 22 June 2016, associated with the Cardinal House Transaction. On 30 June 2016, FEL were issued a final order in respect of its Prospectus from ASIC. Application funds received as at 30 June 2016 were included in the statement of financial position at balance date as restricted cash (refer note 6). A contra liability was included in the statement of financial position at 30 June 2016 (refer note 13). During the year ended 30 June 2017, all Application funds were returned to applicants.

**9 EXPLORATION AND EVALUATION EXPENDITURE**

	2017	2016
	\$	\$
Exploration and evaluation expenditure		
<i>Movements in exploration and evaluation expenditure</i>		
Carrying value at the beginning of the year	-	-
Exploration expenditure incurred	40,360	47,703
Impairment (a)	(40,360)	(47,703)
Carrying value at end of year	-	-

Exploration and evaluation expenditures are carried forward in accordance with the policy set out in note 2(h). The ultimate recoupment of the capitalised exploration and evaluation costs relating to areas of interest in the exploration and evaluation phase is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest and the Consolidated Entity's ability to continue to meet its financial obligations to maintain the area of interest.

- a) The Consolidated Entity has assessed the carrying amount of the exploration and evaluation expenditure in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. In assessing the carrying value of all of the Consolidated Entity's projects, expenditure on exploration and evaluation of mineral resources has not led to the discovery of commercially viable quantities of mineral resources and therefore the Consolidated Entity has recognised an impairment expense of \$40,360 during the year (30 June 2016: \$47,703) to write down the carrying value of exploration and evaluation expenditure to nil, which represents the Group's estimated fair value of these tenements under the current market conditions (Level 3 fair value). The impairment expense is shown as a separate line item in the Statement of Comprehensive Income.

10 PLANT AND EQUIPMENT

	2017	2016
	\$	\$
At cost	720	25,055
Accumulated depreciation	(472)	(20,781)
	248	4,274
<i>Movements in plant and equipment</i>		
Carrying value at beginning of period	4,274	6,106
Additions	-	-
Disposals	(3,458)	-
Depreciation charge for the period	(568)	(1,832)
Carrying value at end of period	248	4,274

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	\$	\$
Shares – Australian listed	-	2,500
<i>Movements in available-for-sale financial assets</i>		
Carrying value at beginning of year	2,500	750
Fair value gain/(loss) recognised through equity reserve	(1,750)	1,750
Sale of financial asset	(750)	-
Carrying value at end of year	-	2,500

**12 TRADE AND OTHER PAYABLES**

	2017	2016
	\$	\$
Trade payables (a)	4,950	35,374
Other payables (b)	34,425	144,188
	<u>39,375</u>	<u>179,562</u>

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

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

13 APPLICATION FUNDS (LIABILITY)

	2017	2016
	\$	\$
Application funds (refer note 8)	-	<u>968,131</u>

14 CONTRIBUTED EQUITY

	2017	2016
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid (a)	<u>37,395,564</u>	<u>36,683,064</u>

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	2017	2017	2016	2016
	No. of	\$	No. of	\$
	shares		shares	
<i>Movements in ordinary shares on issue</i>				
Balance at beginning of year	255,669,629	36,683,064	219,714,630	36,251,604
Issued shares (a)	37,500,000	750,000	-	-
Issued shares (b)	-	-	35,954,999	431,460
Share issue costs	-	(37,500)	-	-
Balance at end of year	<u>293,169,629</u>	<u>37,395,564</u>	<u>255,669,629</u>	<u>36,683,064</u>

(a) The Company issue a total of 37,500,000 share (**Placement Shares**) to a number of sophisticated investors at an issue price of \$0.02 per share, for a total of \$750,000 under a series of placement agreements (**Placement Agreements**) (**Placement**). The Placement shares were issued as follows:

- On 19 October 2016, the Company issued 35,000,000 of the Placement Shares. Shareholders ratified the issue of this tranche of Placement Shares at the Company's annual general meeting held 29 November 2016 (**AGM**).
- On 1 December 2016, following receipt of shareholder approval at the Company's AGM, the Company issued the final 2,500,000 Placement Shares to Dempsey Resources Pty Ltd, a wholly owned subsidiary of Cape Lambert (refer note 22).

(b) On 20 April 2016, the Company issued 35,954,999 shares (**Converting Loan Shares**) to a number of lenders for the conversion of converting loans at a deemed issue price of \$0.012 per share, totalling \$431,460, pursuant to converting loan agreements (**Converting Loan Agreements**). The Converting Loan Shares were issued following receipt of shareholder approval at the Company's general meeting held 9 April 2016.

**15 ACCUMULATED LOSSES**

	2017	2016
	\$	\$
Accumulated losses	<u>(38,731,102)</u>	<u>(38,435,131)</u>
<i>Movements in accumulated losses</i>		
Balance at beginning of year	(38,435,131)	(37,779,871)
Net profit/(loss) for the year	(295,971)	(655,260)
Balance at end of year	<u>(38,731,102)</u>	<u>(38,435,131)</u>

16 RESERVES

	2017	2016
	\$	\$
Share based payments reserve (a)	1,727,991	1,725,993
Available-for-sale asset reserve (b)	-	1,750
	<u>1,727,991</u>	<u>1,727,743</u>

(a) Share based payments reserve

Movements in reserve

Balance at beginning of year	1,725,993	1,721,232
Share-based payments made during the year (refer note 23)	1,998	4,761
Balance at end of year	<u>1,727,991</u>	<u>1,725,993</u>

Nature and purpose of reserve

This reserve is used to record the value of share based payments made to directors, consultants and employees, and to record the issue, exercise and lapsing of options.

(b) Available-for-sale asset reserve

Movements in reserve

Balance at beginning of year	1,750	-
Fair value gain recognised through equity	(1,750)	1,750
Balance at end of year	<u>-</u>	<u>1,750</u>

Nature and purpose of reserve

This reserve is used to record the fair value gains or losses in respect of available-for-sale investments.

17 SEGMENT INFORMATION

The Consolidated Entity 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 Consolidated Entity has only one operating segment, being mineral exploration and all of these activities are conducted in Australia.

**18 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Consolidated Entity's objective with regard to financial risk management is to ensure the effective management of business risks crucial to the financial integrity of the business without affecting the ability of the Consolidated Entity to operate efficiently or execute its business plans and strategies.

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective management of all significant financial risks to the business. The Board may delegate specific responsibilities as appropriate.

Capital risk management

The Consolidated Entity's capital base comprises its ordinary shareholders equity, which was a surplus of \$392,453 at 30 June 2017 (30 June 2016: \$24,324 deficit). The Consolidated Entity manages its capital to ensure that the entities in the group will be able to continue to meet its working capital requirements and operate as a going concern while seeking to maximise the return to stakeholders.

In making its decisions to adjust its capital structure, either through new share issues or consideration of debt, the Consolidated Entity considers not only its short-term working capital needs but also its long-term operational and strategic objectives. The Board continually monitors the capital requirements of the Consolidated Entity.

The Consolidated Entity is not subject to any externally imposed capital requirements.

Financial instrument risk exposure and management

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits, receivables and payables (restricted cash asset and contra application funds liability referred to at notes 8 and 13 respectively have been excluded). The main risks arising from the Consolidated Entity's financial instruments are interest rate and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Interest rate risk

The Consolidated Entity's exposure to changes in market interest rates relates primarily to the Consolidated Entity's cash and short-term deposits with a floating interest rate.

At the reporting date, the Consolidated Entity had the following financial assets exposed to variable interest rate risk:

	Note	2017 \$	2016 \$
<i>Financial assets</i>			
Cash and cash equivalents	6	422,649	90,137
		<u>422,649</u>	<u>90,137</u>

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date and based on judgements of reasonably possible movements:

Consolidated	Post Tax Loss (Higher)/Lower		Equity Higher/(Lower)	
	2017	2016	2017	2016
	\$	\$	\$	\$
+1% (100 basis points)	4,226	901	-	-
-0.5% (50 basis points)	(2,113)	(451)	-	-

A sensitivity analysis is derived from a review of historical movements and management's judgment of future trends. The analysis was performed on the same basis as 2016.

Credit risk

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Consolidated Entity trades only with recognised and creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Consolidated Entity.

Liquidity risk

Liquidity risk arises from the Consolidated Entity's management of working capital. It is the risk that the Consolidated Entity will encounter difficulty in meeting its financial obligations as they fall due. The Consolidated Entity's objective is to ensure that it will always have sufficient liquidity to meet its liabilities through ensuring it has sufficient cash reserves to meet its ongoing working capital and long-term operational and strategic objectives. The Consolidated Entity manages liquidity risk by maintaining adequate borrowing facilities and monitoring forecast and actual cash flows on an ongoing basis.

The following table summarises the maturity profile of the Consolidated Entity's liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

Consolidated	Less than 6 months \$	6 months to 1 year \$	1 year to 5 years \$	Total \$
30 June 2017				
Trade and other payables	39,375	-	-	39,375
	<u>39,375</u>	<u>-</u>	<u>-</u>	<u>39,375</u>
30 June 2016				
Trade and other payables	179,562	-	-	179,562
	<u>179,562</u>	<u>-</u>	<u>-</u>	<u>179,562</u>

The Consolidated Entity has determined that the carrying value of financial liabilities is approximately equal to its fair value.

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values as the carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 - quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).



	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2017				
Financial assets				
Available-for-sale financial assets	-	-	-	-
30 June 2016				
Financial assets				
Available-for-sale financial assets	2,500	-	-	2,500

19 COMMITMENTS AND CONTINGENCIES

Office Rental Commitments

During 2012, the Consolidated Entity entered into a sub-lease with Cape Lambert Resources Ltd for office premises for a period of 5 years, terminating on 31 March 2017. From 1 April 2017, FEL has continued to lease the office premises, however has not entered into a committed lease term arrangement. At 30 June 2017, there is no expenditure commitment with respect to rent payable under the sub-lease arrangement (2016: \$26,666):

	2017	2016
	\$	\$
Within one year	-	26,666
After one year but less than five years	-	-
More than five years	-	-
	-	26,666

Contingencies

At 30 June 2017 there were no known contingent liabilities or contingent assets (30 June 2016: nil).

20 CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Fe Limited and the subsidiaries listed in the following table.

Subsidiary	Country of Incorporation	Equity interest	
		2017	2016
		%	
Jackson Minerals Pty Ltd	Australia	100	100
Mooloogool Pty Ltd	Australia	100	100
Bulk Ventures Ltd	Australia	100	100
Bulk Ventures (Bermuda) Limited	Bermuda	100	100

21 AUDITORS' REMUNERATION

	2017	2016
	\$	\$
Amounts received or due and receivable by Ernst & Young Australia for: An audit or review of the financial report of the entity and any other entity in the consolidated entity:		
Amounts paid or payable relating to current year audit and half year review	25,300	27,800
	25,300	27,800



22 RELATED PARTY DISCLOSURES

Note 20 provides the information about the Consolidated Entity's structure including the details of the subsidiaries and the holding company.

Transactions with directors, director related entities and other related parties

During the year ended 30 June 2017, an aggregate amount of \$60,891 (30 June 2016: \$40,631) was paid to Cape Lambert for reimbursement of rent and other costs. At 30 June 2017, \$1,102 was payable to Cape Lambert (30 June 2016: \$11,605).

During the year ended 30 June 2017, nil (30 June 2016: \$2,500) was received from Cape Lambert for reimbursement of IT costs. At 30 June 2017, nil was receivable from Cape Lambert (30 June 2016: nil). Mr Antony Sage is a director of Cape Lambert.

During the year ended 30 June 2017, an aggregate amount of \$2,087 (30 June 2016: nil) was paid to Cauldron Energy Ltd (**Cauldron**) for reimbursement of consultant costs. At 30 June 2017, nil was payable to Cauldron (30 June 2016: nil).

During the year ended 30 June 2017, nil (30 June 2016: \$2,500) was received from Cauldron for reimbursement of costs. At 30 June 2017 nil was receivable from Cauldron (30 June 2016: nil). Mr Antony Sage and Mr Nicholas Sage are directors of Cauldron, as was Mr Mark Gwynne at the date of his resignation.

During the year ended 30 June 2017, an aggregate amount of \$60,000 (30 June 2016: \$105,000) was paid or payable to Okewood Pty Ltd (**Okewood**) for director fees. During the year ended 30 June 2017, nil (30 June 2016: \$27,950) was paid or payable to Okewood for sponsorship of the Perth Glory Football Club. Mr Antony Sage is a director of Okewood. At 30 June 2017, nil was payable to Okewood (30 June 2016: \$5,500).

During the year ended 30 June 2017, \$22,381 (30 June 2016: nil) was paid or payable to Pembury Nominees Pty Ltd (**Pembury**) for director fees. Mr Nicholas Sage is a director of Pembury. At 30 June 2017, \$3,000 was accrued in respect of Pembury (30 June 2016: nil).

During the year ended 30 June 2017, \$14,357 (30 June 2016: nil) was paid or payable to EK Holdings Group Pty Ltd (**EK Holdings**) for director fees. Mr Kenneth Keogh is a director of EK Holdings. At 30 June 2017, \$3,300 was payable to EK Holdings (30 June 2016: nil).

During the year ended 30 June 2017, nil (30 June 2016: \$107,915) was paid or payable to Silverwest Corporation Pty Ltd (**Silverwest**) for director fees. Mr Gwynne is a director of Silverwest. At 30 June 2017, nil was payable to Silverwest (30 June 2016: \$10,000).

During the year ended 30 June 2017, nil was paid or payable to Led4Me Pty Ltd (**Led4Me**) for director fees (30 June 2016: \$36,000). Mr Kelly is a director of Led4Me. At 30 June 2017, nil was payable to PAFK or Led4Me (30 June 2016: nil).

Related party loan

On 28 September 2016, the Company entered into a short-term loan facility arrangement with Cape Lambert for \$32,727 (principal loan amount) to be used towards FEL's working capital requirements. The loan was interest-bearing at a rate of 10% per annum. The loan (including accrued interest) was repaid on 19 October 2016.

Significant shareholders

Cape Lambert is the ultimate parent entity of FEL. At 30 June 2017, Cape Lambert held a 44.69% interest in FEL (30 June 2016: 49.62%). During the year, Cape Lambert participated in the Placement, acquiring 2,500,000 shares (and 625,000 Placement Options as detailed in note 22) in FEL for \$50,000 consideration. Liabilities owing from FEL to Cape Lambert of \$50,000 for rent (included in the \$60,891 figure detailed above) were settled in lieu of Cape Lambert's cash consideration of \$50,000 to acquire Placement shares in FEL (non-cash settled). Mr Antony Sage is a director of Cape Lambert.

At 30 June 2017, Cauldron held a significant interest of 8.81% in the issued capital of FEL (30 June 2016: 9.05%). During the year, Cauldron participated in the Placement, acquiring 2,500,000 shares (and 625,000



Placement Options as detailed in note 22) in FEL for \$50,000 consideration. Mr Antony Sage and Mr Nicholas Sage are directors of Cauldron, as was Mr Mark Gwynne at the date of his resignation.

Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Transactions with key management personnel

Compensation of key management personnel

	2017 \$	2016 \$
Short term employee benefits	134,738	280,915
Share based payments	1,343	3,215
	136,081	284,130

Interests held by Key Management Personnel

Movements in share options are held by key management personnel to purchase ordinary shares is summarised as follows:

	Balance at 1 July 2016	Acquired /granted during year	Lapsed during Year	Balance at 30 June 2017	Exer- cisab le	Not Exer- cisable	Exercise Price	Expiry Date
30 June 2017								
<i>Directors</i>								
A Sage	-	-	-	-	-	-	-	-
N Sage	-	-	-	-	-	-	-	-
K Keogh	-	-	-	-	-	-	-	-
M Gwynne	-	-	-	-	-	-	-	-
P Kelly	-	-	-	-	-	-	-	-
<i>Executives</i>								
E Von Puttkammer	1,800,000	-	(1,800,000)	-	-	-	-	-
C Grant-Edwards	800,000	-	(800,000)	-	-	-	-	-
	2,600,000	-	(2,600,000)	-	-	-	-	-

	Balance at 1 July 2015	Acquired /granted during year	Lapsed during Year	Balance at 30 June 2016	Exer- cisab le	Not Exer- cisable	Exercise Price	Expiry Date
30 June 2016								
<i>Directors</i>								
A Sage	-	-	-	-	-	-	-	-
M Gwynne	-	-	-	-	-	-	-	-
P Kelly	-	-	-	-	-	-	-	-
<i>Executives</i>								
E Von Puttkammer	1,800,000	-	-	1,800,000	-	1,800,000	\$0.04	30-Nov-16
C Grant-Edwards	800,000	-	-	800,000	-	800,000	\$0.04	30-Nov-16
	2,600,000	-	-	2,600,000	-	2,600,000	-	-

**23 SHARE-BASED PAYMENTS**

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

	2017	2016
	\$	\$
Expense arising from equity-settled consultant share-based payment transactions (i)	1,998	4,761
	<u>1,998</u>	<u>4,761</u>

- (i) On 20 January 2015, the Consolidated Entity granted 4,000,000 unlisted options (subject to vesting conditions) with an exercise price of \$0.04 and an expiry date on or before 30 November 2016 (**Options**). The Options were issued in consideration for services performed by consultants of the Company. These Options were to vest upon the Company's market capitalisation reaching and/or exceeding \$11 million for a period of at least 10 consecutive trading days of the Company's shares as quoted on ASX and the consultant remaining with the Consolidated Entity until expiry date.

Options are granted to consultants of the Consolidated Entity in the form of share-based payments. There is currently no formal employee share plan. The purpose of the grant of options to selected employees was to:

- recognise the ongoing ability of the consultants of the Consolidated Entity and their expected efforts and contribution in the long term to the performance and success of the Consolidated Entity; and
- provide an incentive to the consultants of the Consolidated Entity to remain in their engagement in the long term.

(a) Summary of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, options during the year:

	2017	2017	2016	2016
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	3,850,000	0.04	3,850,000	0.04
Options expired	(3,850,000)	0.04	-	-
Outstanding at the end of the year	-	-	3,850,000	0.04
Exercisable at the end of the year	-	-	-	-

There were no options granted during the current year.

(b) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2017 is nil (30 June 2016: 0.42).

(c) Fair value

There were no options granted during the year ended 30 June 2017 or 30 June 2016.

(d) Option expired

During the year ended 30 June 2017, 3,850,000 consultant Options exercisable at \$0.04 on or before 30 November 2016 expired (2016: nil).

**24 OTHER UNLISTED OPTIONS**

The following refers to unlisted options issued by the Company which do not constitute a share based payment.

(a) Options granted during the year

Investors that participated in the Placement were entitled to receive one option for every four Placement Shares exercisable at \$0.03 each expiring 30 November 2018 (not subject to vesting conditions) (**Placement Options**).

On 23 December 2016, the Company issue 9,375,000 Placement Options under a cleansing prospectus dated 15 December 2016. Shareholder approval to issue the Placement Options was received at the Company's AGM.

(b) Options expired during the year

There were no Placement Options that expired during the year ended 30 June 2017.

(c) Options on issue at 30 June 2017

The outstanding balance of options at 30 June 2017 (other than those granted as a share based payment) is represented by:

- 9,375,000 unlisted options exercisable at \$0.03 expiring 30 November 2018

25 PARENT ENTITY FINANCIAL INFORMATION

	2017	2016
	\$	\$
Current Assets	431,580	1,116,595
Non-Current assets	248	6,774
Total Assets	<u>431,828</u>	<u>1,123,369</u>
Current Liabilities	39,375	1,147,693
Non-current liabilities	-	-
Total Liabilities	<u>39,375</u>	<u>1,147,693</u>
Net assets/(liabilities)	<u>392,453</u>	<u>(24,324)</u>
Issued Capital	37,395,564	36,683,064
Accumulated losses	(38,731,102)	(38,435,131)
Share Based Payment reserve	1,727,991	1,727,743
Total Shareholder's Equity/(Deficiency)	<u>392,453</u>	<u>(24,324)</u>
	2017	2016
Loss for the period	(295,971)	(655,260)
Total comprehensive loss for the period	<u>(297,721)</u>	<u>(653,510)</u>

There were no guarantees entered into by the parent entity in relation to the debts of its subsidiaries (30 June 2016: nil).

There were no contingent liabilities in the parent entity (30 June 2016: nil).

The parent entity previously entered into a sub-lease agreement for office space, which terminated 31 March 2017. The Commitment under this arrangement is nil (30 June 2016: \$26,666).

26 EVENTS AFTER THE REPORTING DATE

Kasombo Project Acquisition

Overview

On 13 July 2017, the Company announced that it had executed a binding term sheet (**Terms Sheet**) with Cape Lambert Resources Limited (**Cape Lambert**) to acquire 100% of Cape Lambert's rights and obligations to the Kasombo Copper-Cobalt Project (**Kasombo Project**) (**Kasombo Transaction**) in the Democratic Republic of Congo (**DRC**) (refer FEL ASX announcement dated 13 July 2017). Cape Lambert's rights to the Kasombo Project were established in a 50/50 joint venture agreement it recently struck with Congolese entity Paragon Mining SARL (**Paragon**) (**JV Agreement**) (refer Cape Lambert ASX announcement dated 17 May 2017).

Should the Kasombo Transaction complete, the Company will be assigned 100% of Cape Lambert's rights and obligations to the Kasombo Project, located 25km from the DRC's second largest city, Lubumbashi, in the Katanga Copper Belt of the DRC. The Kasombo Project comprises three mineralized areas of approximately 600 hectares, Kasombo 5, 6 and 7, located within two granted mining licenses PE 481 and PE 4886 (**Licences**). The Licences are held by La Generale Des Carrieres Et Des Mines S.A. (**Gecamines**). On 24 March 2017, Paragon executed a contract with Gecamines for the undertaking of exploration and research work at the Kasombo Project.

During a recent site visit by Cape Lambert's technical consultants, handheld XRF sampling of artisanal open workings and exposed cobalt mineralization at the Kasombo 6 area showed results were consistent with and confirmed the previously reported mined copper and cobalt grades by Gecamines and Forrest International Group (refer Cape Lambert ASX announcement dated 1 March 2017).

Summary Assignment Terms

Pursuant to Cape Lambert's obligations under the JV Agreement, the objectives of the Company will be to:

- undertake the exploration activities at the Kasombo Project;
- complete a Feasibility Study on the Kasombo Project within 18 months; and
- to commence mining activities at the Kasombo Project within 24 months.

The Company will be responsible for: (i) funding 100% of the costs to complete the exploration and feasibility study to commence mining, and upgrade the Kipushi Processing Plant as required to effectively process the ore from the Kasombo Project. Any funding in excess of US\$7.5 Million will be advanced to the Kasombo Project as a loan, repayable from future project revenues; (ii) providing all necessary technical resources to enable the exploration and mining activities to be conducted to acceptable industry standards and in accordance with an agreed budget; and (iii) securing on behalf of the Kasombo Project 100% of the funds to commence mining, upgrade the Kipushi Processing Plant, and to also conclude any joint venture obligations with Gecamines.

Consideration

In consideration for Cape Lambert assigning its rights in the Kasombo Project to the Company, the Company agrees to:

- issue 25,000,000 fully paid ordinary shares in FEL at a deemed issue price of \$0.0256 (determined as the volume weighted average closing price of FEL shares as quoted on ASX over the last five trading days immediately preceding the execution of the Terms Sheet) to Cape Lambert (**Consideration Shares**); and
- payment of \$50,000 on execution of the Terms Sheet and payment of \$75,000 on the date which is three months after the settlement date of the Kasombo Transaction (together, the **Cash Reimbursement**); and
- issue 10,000,000 fully paid ordinary shares in FEL at a deemed issue price of \$0.0256 to the facilitator of the Kasombo Transaction (**Facilitator Shares**).



Conditions of the Assignment

Settlement of the Kasombo Transaction is conditional upon:

- FEL receiving shareholder approval in relation to the Kasombo Transaction including approval to issue:
 - the Consideration Shares to Cape Lambert (in accordance with Item 7 of Section 611 of the Corporations Act if required); and
 - the Facilitator Shares;
- completion of the Kasombo transfer to the JV Company in accordance with the terms of the JV Agreement;
- execution by the relevant parties of a formal agreement to more fully document the Kasombo Transaction; and
- receipt of consent from all relevant parties in respect of the Kasombo Transaction,

with each of the above conditions to be completed on or before 30 September 2017 unless otherwise waived or extended by the Company and Cape Lambert.

During the period to settlement of the Kasombo Transaction, Cape Lambert will continue with its obligations under the JV Agreement for conducting the exploration works at the Kasombo Project, with all expenses incurred reimbursed to Cape Lambert within 7 days of Settlement via FEL's payment of the Cash Reimbursement (subject to adjustment to reflect actual reimbursable expenses).

There have been no other events subsequent to 30 June 2017 up to the date of this report that would materially affect the operations of the consolidated entity 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:

1. In the opinion of the directors:
 - a) the financial statements and notes of Fe Limited for the year ended 30 June 2017 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);
 - c) subject to the matters described in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2017.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'A Sage', written over a horizontal line.

Mr Antony Sage
Non-Executive Chairman

25 August 2017

Independent auditor's report to the members of Fe Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Fe Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality uncertainty related to going concern

We draw attention to Note 2(c) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. Except for the matter described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Fe Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



V L Hoang
Partner
Perth
25 August 2017

SCHEDULE OF TENEMENTS

As at 3 August 2017:

Tenement reference	Project & Location	Interest	Notes
E51/1033-I	Heines Find - Western Australia	20%	1, 2
E52/1613-I	Heines Find - Western Australia	20%	1, 2
E52/1659	Milgun - Western Australia	20%	1, 3, 4
E52/1668	Peak Hill - Western Australia	20%	5
E52/1671	Milgun - Western Australia	20%	1, 3, 4
E52/1672-I	Heines Find - Western Australia	20%	1, 2
E52/1678	Peak Hill - Western Australia	20%	5
E52/1722	Peak Hill - Western Australia	20%	6
E52/1730	Peak Hill - Western Australia	20%	5
P52/1494	Peak Hill - Western Australia	20%	1
P52/1495	Peak Hill - Western Australia	20%	1
P52/1496	Peak Hill - Western Australia	20%	1

- 1 Peak Hill Sale Agreement: Auris Minerals Ltd (Auris - previously known as Grosvenor Gold Pty Ltd) 80% (Operator) and Jackson Minerals Pty Ltd 20% in all minerals free carried to decision to mine.
- 2 Jackson Iron Ore Royalty: Auris Minerals 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. PRR 40% registered holder interest was transferred to Grosvenor on 28 July 2016. Jackson Minerals Pty Ltd holds 20% in all minerals free carried to decision to mine.
- 3 Westgold Resources Limited owns 80% gold rights, Auris Minerals Ltd (Auris)(previously known as Grosvenor Gold Pty Ltd) (Operator) holds 80% interest in all minerals other than gold and Jackson Minerals Pty Ltd holds 20% in all minerals free carried to decision to mine.
- 4 Westgold Resources Limited has first right of refusal over disposal of RNI/Auris 80% interest.
- 5 Alchemy 80% reducing to 10% in all minerals once Independence Group NL (IGO) and Billabong Gold Pty Ltd (Billabong) (Operator) earn in under respective JV agreements with Alchemy Resources Ltd (ALY). Billabong earning 70% interest in all minerals in part of this tenement and IGO earning 70% in base metals only (excluding Iron Ore) in the remaining tenement area. Jackson Minerals holds 20% in all minerals in the whole of the tenements free carried to decision to mine.
- 6 Alchemy 80% reducing to 10% in all minerals once IGO (Operator) earn in under JV agreement with ALY. IGO earning 70% in base metals only (excluding iron ore) in the whole of tenement area by sole funding exploration expenditure. Jackson Minerals holds 20% in all minerals free carried to decision to mine.

**ADDITIONAL SHAREHOLDER INFORMATION****Shares**

The total number of Shares on issue as at 3 August 2017 was 293,169,629, held by 727 registered Shareholders. 408 shareholders hold less than a marketable parcel, based on the market price of a share as at 3 August 2017.

Each Share carries one vote per Share without restriction.

Quoted Options

The Company does not have any quoted Options on issue.

Unquoted Options

As at the date of this report the Company had 9,375,000 unlisted options on issue.

No voting rights are attached to unquoted Options.

Twenty Largest Shareholders

As at 3 August 2017, the twenty largest Shareholders were as shown in the following table and held 81.29% of the Shares.

	Legal Holder	Holding	%
1	DEMPSEY RESOURCES PTY LTD	121,323,635	41.38
2	CAULDRON ENERGY LIMITED	27,028,112	9.22
3	WHITEY TIGER PTY LTD <THE WTL A/C>	14,404,469	4.91
4	MRS SARAH LOUISE SMART	12,500,000	4.26
5	J P MORGAN NOMINEES AUSTRALIA LIMITED	10,173,590	3.47
6	MOMENTUM NORTH PTY LTD <HALLILEY S/F A/C>	7,924,065	2.70
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,008,268	2.39
8	PERSHING AUSTRALIA NOMINEES PTY LTD <DJ CARMICHAEL ACCOUNT>	5,000,000	1.71
9	FRED PARRISH INVESTMENTS PTY LTD <PARRISH FAMILY A/C>	3,345,449	1.14
10	SUBURBAN HOLDINGS PTY LIMITED <SUBURBAN SUPER FUND A/C>	3,220,000	1.10
11	MR ANTHONY ROBERT RAMAGE	3,200,000	1.09
12	ANTONY WILLIAM PAUL SAGE & LUCY FERNANDES SAGE <EGAS SUPERANNUATION FUND>	3,071,699	1.05
13	MOLTONI SUPER PTY LTD <MOLTONI SUPER FUND>	3,000,000	1.02
14	AUSTRALIAN TRADE ACCESS PTY LTD	2,500,000	0.85
14	AFRICA COAL PTY LTD	2,500,000	0.85
15	MRS LILIANA TEOFILOVA	2,327,890	0.79
16	PERSHING AUSTRALIA NOMINEES PTY LTD <ACCUM A/C>	2,102,000	0.72
17	MRS CAROL MAREE BERZINS	2,083,333	0.71
18	PEARL BLISS PTY LTD <PEARL BLISS A/C>	2,000,000	0.68
19	AUSTRALIAN TRADE ACCESS PTY LTD <ATA SUPERANNUATION FUND A/C>	1,966,667	0.67
20	BNP PARIBAS NOMINEES PTY LTD <JARVIS A/C NON TREATY DRP>	1,663,334	0.56
	Total	238,312,511	81.29

Distribution Schedule

A distribution schedule of the number of Shareholders, by size of holding, as at 3 August 2017 is below:

Size of holdings	Number of Shareholders
1 - 1000	60
1,001 - 5,000	172
5,001 - 10,000	130
10,001 - 100,000	243
100,001 and over	122
Total	727



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