

ASX: **FEL**

# QUARTERLY REPORT

Quarter ended 30 September 2021

29 October 2021

## QUARTERLY REPORT – 30 September 2021

Please find attached the Quarterly Activities Report and Appendix 5B for the three month period ended 30 September 2021.

Yours faithfully  
Fe Limited

Tony Sage  
**Executive Chairman**



Fe Limited ABN: 31 112 731 638

32 Harrogate St, West Leederville, Western Australia 6007

Phone +61 8 6181 9793

Email [admin@felimited.com.au](mailto:admin@felimited.com.au)

[felimited.com.au](http://felimited.com.au)

Fe Limited (**ASX: FEL**) (**FEL** or **Company**) is an Australian emerging iron ore producer and mineral exploration company. Our strategy is focused on near-term, high grade premium product iron ore projects and maintaining exposure to strategic metals. The Company has interests in various projects and tenements prospective for iron ore, copper, gold and base metals located in Australia.

## PROJECTS

The Company holds, or has rights or interests in, various tenements prospective for iron ore, gold and base metals located in Western Australia and the Northern Territory. The Company's main focus is its iron ore assets with JWD commencing production and Yarram drilling preparation underway for initial deposit definition. The remaining projects are all subject to various joint venture agreements under which FEL does not have operational control. During the quarter the company entered a binding Heads of Agreement to acquire a controlling interest in a copper project in Tennant Creek in the Northern Territory, this acquisition is subject to shareholder approval at the Company's upcoming AGM.

### JWD Mining Rights (Western Australia)

Within the quarter the company achieved numerous key milestones for the JWD Project:

- Executed an offtake agreement which included a US\$7.5m prepayment to assist in providing liquidity during the ramp up phase;
- Exercised its option to acquire a further 9% interest in the JWD Project via the issue of shares, taking its interest from 51% to 60%.
- Mine development work was completed with all key infrastructure now in place including workshop, magazine, production water bores, site access road upgrade, run-of-mine (ROM) skyway, plant and the product yard.
- Key haulage and port access agreements were executed, allowing for crushing and screening operations to commence in early July, with haulage to port also commencing shortly afterward on 12 July.
- Loading of the first cargo of high-grade JWD lump product commenced on 30 September, with the vessel departing Geraldton Port on 2 October.

The iron ore market has seen extreme volatility during the quarter, with the 62% Index Price dropping from USD218/dmt on 30 June 2021 to a low of USD94/dmt during the quarter, before rebounding somewhat to the 30 September price of USD118. This occurred against a backdrop of increasing freight costs, which further reduces the FoB price achieved by the Company.

The Company entered collars for 150,000dmt across Q4, with minimum prices of USD160/dmt for October and November and USD140/dmt for December. The October and November positions have now been sold with a realized gain of USD3.68m, the funds for which were received after quarter end. A swap for 25,000dmt at USD130.5/t and 50,000dmt of lump premium at an average of 16c/dmtu remain in place for October and will settle at month end. November's shipment has been sold on a fixed price basis, hence the hedge is not required.

The Company has been working with its contractors across the value chain to reduce costs to try and ensure the viability of the JWD Project. In addition to these cost savings the Company is running down stock levels at the mine to assist in cashflow management.

### **Yarram Mining Rights (Northern Territory)**

The Company holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram project, located some 110km from Darwin Port.

The Company has planned its drilling program which is envisaged to infill, but primarily to step-out from previous drill holes to try and establish the extent of the mineralization. Approval of the plan has been received from the Dept of Industry, Tourism and Trade and a preferred drilling company has been identified.

The Company has not yet received the Aboriginal Areas Protection Authority (**AAPA**) sacred site clearance certificate for the drilling area. Discussions with AAPA indicate the certificate should be received in the next month, following which drilling will be scheduled.

Vegetation studies have been commissioned to further understand the area and identify any matters that will need to be addressed when progressing mining approvals.

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

On 17 June 2021, the Company announced the divestment of both the Pippingarra Gold and Marble Bar Lithium projects. Further information relating to the transactions is provided in the Corporate section of this report.

### **Bryah Basin Joint Venture Projects - FEL 20% rights**

FEL, via its wholly owned subsidiary Jackson Minerals Pty Limited (**Jackson Minerals**), has a 20% interest in tenements covering an area of 804 km<sup>2</sup> in the highly prospective Bryah Basin proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine.

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

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

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

The Morck Well project is located in the eastern part of the Bryah Basin and contains approximately 40km strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck Well is adjacent to SFR's DeGrussa-Doolgunna exploration tenements. FEL holds a 20% interest in all minerals in three exploration licences (E51/1033, E52/1613 and E52/1672) within AUR's Morck Well JV project. SFR has a farm-in and joint venture with FEL and AUR where SFR can earn an interest in the Morck Well Project tenements by completing a minimum spend of \$2.0m on exploration over 2 years which has been met. SFR can earn a 70% interest in the Morck Well Project tenements by continuing to sole fund exploration to a discovery of not less than 50,000 tonnes contained Cu (or metal equivalent) and completion of a feasibility study on such a discovery. If SFR makes a discovery and completes a feasibility study then the interests in the tenements will be 70% SFR, 24% AUR and 6% FEL. Refer to ASX: AUR announcement dated 27 February 2018.

Work completed by SFR during the quarter was restricted to Heritage Clearance Surveys for potential upcoming Air Core drilling. All outstanding results were also received from previous regional Air Core drilling completed within the Morck Well Project, comprising 146 holes (MWAC3248 – MWAC3259. MWAC3590 – MWAC3600, MWAC3626, MWAC4016 – MWAC4137). AUR has reported a single new significant result of

1m @ 0.11% Cu from 155m within MWAC4021. Refer to ASX: AUR announcements 15 October 2021 and 28 October 2021 for full details and drilling results.

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

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

ALY has entered into a formal joint venture with SFR (refer to ASX: ALY 23 September 2019 for relevant information and diagrams). SFR has earned a 70% interest in base metals rights, excluding iron ore rights, in relation to whole area of E52/1722 and parts of E52/1668, E52/1678 and E52/1730. FEL holds its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

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

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

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

Billabong has not completed any work on these tenements during the quarter.

**Mt Ida Iron Ore Project - Mt Ida Gold**

Mt Ida Iron Ore Project is approximately 80km northwest of the operational railway at Menzies, which offers access to existing port facilities at Esperance. The Project area covers part of the Mt Ida - Mt Bevan banded iron formation, which is currently being explored and evaluated by Juno Minerals Ltd and Legacy Iron Ore Limited.

The Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides FEL the rights to explore and mine for iron ore on exploration license E29/640 and mining leases M29/2, M29/165 and M29/422 held by Mt Ida Gold Pty Ltd, covering approximately 120km<sup>2</sup> in the emerging Yilgarn Iron Province. The rights give provision for FEL to retain revenue from any iron ore product it mines from the tenure. FEL has no registered interest in these tenements.

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

**CORPORATE**

**Tennant Creek Acquisition**

On 24 September 2021, the Company announced that it had entered into a binding agreement to acquire a 60% interest in copper / gold assets which have been the subject of historical mining at Tennant Creek in the Northern Territory from Gecko Mining Company Pty Ltd (**GMC**) (**Tennant Creek Acquisition**). Under the terms of the agreement, FEL will acquire the interest in the tenement package for \$5,000,000 cash (payable in three instalments) (**Cash Consideration**), 85,000,000 shares, and 75,000,000 unlisted options exercisable at \$0.10 expiring 3 years from date of issue. The issue of securities pursuant to the Tennant Creek Acquisition are subject to shareholder approval.

With effect from completion, FEL and GMC will form a joint venture in respect of the Tennant Creek Project tenements. The joint venture will be in the form of an unincorporated joint venture and FEL will be the manager of the joint venture. FEL will pay the first \$10,000,000 of joint venture expenditure incurred.

The initial instalment of \$1,000,000 of the Cash Consideration was paid during the quarter.

## Placement

On 24 September 2021, the Company announced that it had received commitments to raise \$5,000,000 through a placement of 100,000,000 ordinary shares (**Placement Shares**) to sophisticated investors at \$0.05 per share (**Placement**). Subject to receipt of shareholder approval, investors will also be issued one option (exercise price \$0.06, expiring 2 years from issue) for every two shares issued (**Placement Options**).

Funds raised will be used towards funding of the Tennant Creek Acquisition, expenditure on the Company's existing projects (Yarram and JWD), exploration expenditure on the Tennant Creek Project tenement package, and for general working capital.

The Placement Shares were issued on 1 October 2021, and accordingly the funds received by the Company pursuant to the Placement are reflected in the Company's available cash position from 1 October 2021.

## Sale of Pilbara Exploration Tenements

On 17 June 2021, the Company announced that it had entered two separate binding agreements with Global Lithium Ltd (ASX:GL1) (**Global Lithium**) and Mercury Resources Group Pty Ltd (**Mercury Resources**) to dispose of its Pilbara exploration tenure for a total cash consideration of \$550,000, with a trailing royalty on certain of the tenements (refer to ASX Announcement dated 17 June 2021 for a summary of key terms).

The transactions with Global Lithium and Mercury Resources were completed during the quarter.

## Extraordinary General Meeting

The Company held an extraordinary general meeting (**EGM**) on 12 July 2021. All resolutions put to shareholders were passed via a poll. For more information, refer the Notice of EGM available via the Company's website.

## Financial Position

Cash available at the end of the September 2021 quarter was \$5,497,419 (excluding the \$5,000,000 Placement funds which became available subsequent to quarter end).

## Payments to Related Parties and their Associates

In accordance with ASX Listing Rule 5.3.5, payments to related parties of the Company and their associates during the quarter totaled \$133,342. The Company advises that \$112,500 of this relates to Director fees. Refer to the Remuneration Report in the Annual Report for further details on director remuneration. An amount of \$150 was paid to Cyclone Metals Limited (a company of which Mr. Tony Sage is a director) for reimbursement of general corporate expenses attributable to FEL. An amount of \$1,942 was paid to European Lithium Limited (a company of which Mr. Tony Sage is a director) for reimbursement of general corporate expenses attributable to FEL. An amount of \$18,750 was paid to Okewood Pty Ltd (a company of which Mr. Tony Sage is a director) for office rent expense. These amounts are included at Item 6.1 of the Appendix 5B.

## Expenditure on mining exploration activities

In accordance with ASX Listing Rule 5.3.1, the Company advises its exploration and evaluation expenditure during the September 2021 quarter totaled \$95k. This amount is included at Item 1.2(a) of the Appendix 5B. Key expenditure this quarter included payments to geological and technical consultants, tenement rents and rates, and tenement management costs. Refer to Projects overview section above for details of exploration activities conducted during the quarter.

## Expenditure on mining production and development activities

In accordance with ASX Listing Rule 5.3.2, the Company advises its mining production and development expenditure during the September 2021 quarter totaled \$5,243k (FEL's net share) in respect of the JWD Project. This amount is included at Items 1.2(b) and 1.2(c) of the Appendix 5B. Key expenditure this quarter related to mining contractor costs and haulage costs in relation to the JWD project in the ramp up to first shipment of iron ore. Refer to Projects overview section above for details of development activities conducted during the quarter.

## Securities

Movements in shares during the September 2021 quarter were as follows:

- 6,000,000 shares were issued following exercise of unlisted options at \$0.03 expiring 31 August 2022;
- 7,000,000 shares were issued following exercise of unlisted options at \$0.025 expiring 31 March 2022;
- 4,807,692 shares were issued in settlement of the \$250,000 consideration component payable upon decision to mine in respect of the JWD Project (following receipt of shareholder approval at the Company's EGM); and
- 43,859,649 shares issued upon FEL's exercise of its option to acquire an additional 9% interest in the JWD Project (following receipt of shareholder approval at the Company's EGM).

Movements in unlisted options during the September 2021 quarter was as follows:

- 6,000,000 unlisted options at \$0.03 expiring 31 August 2022 were exercised raising a total of \$180,000;
- 7,000,000 unlisted options at \$0.025 expiring 31 March 2022 were exercised raising a total of \$210,000;
- 15,000,000 unlisted options at \$0.06 expiring 30 June 2023 (subject to vesting conditions) were issued to directors (following receipt of shareholder approval at the Company's EGM);
- 1,000,000 unlisted options at \$0.074 expiring 31 December 2021 were issued to an employee pursuant to the Company's Employee Securities Incentive Plan (**ESIP**);
- 3,000,000 unlisted options at \$0.04 expiring 31 August 2021 (subject to vesting conditions) were issued to an employee pursuant to the ESIP;
- 14,500,000 unlisted options at \$0.06 expiring 30 June 2023 (subject to vesting conditions) were issued to employees pursuant to the ESIP.

Announcement released with authority of the FEL board of directors.

For further information please contact:

Investor Relations

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+61 8 6181 9793



ir@felimited.com.au



@FeLimited



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### Important Notice

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

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

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

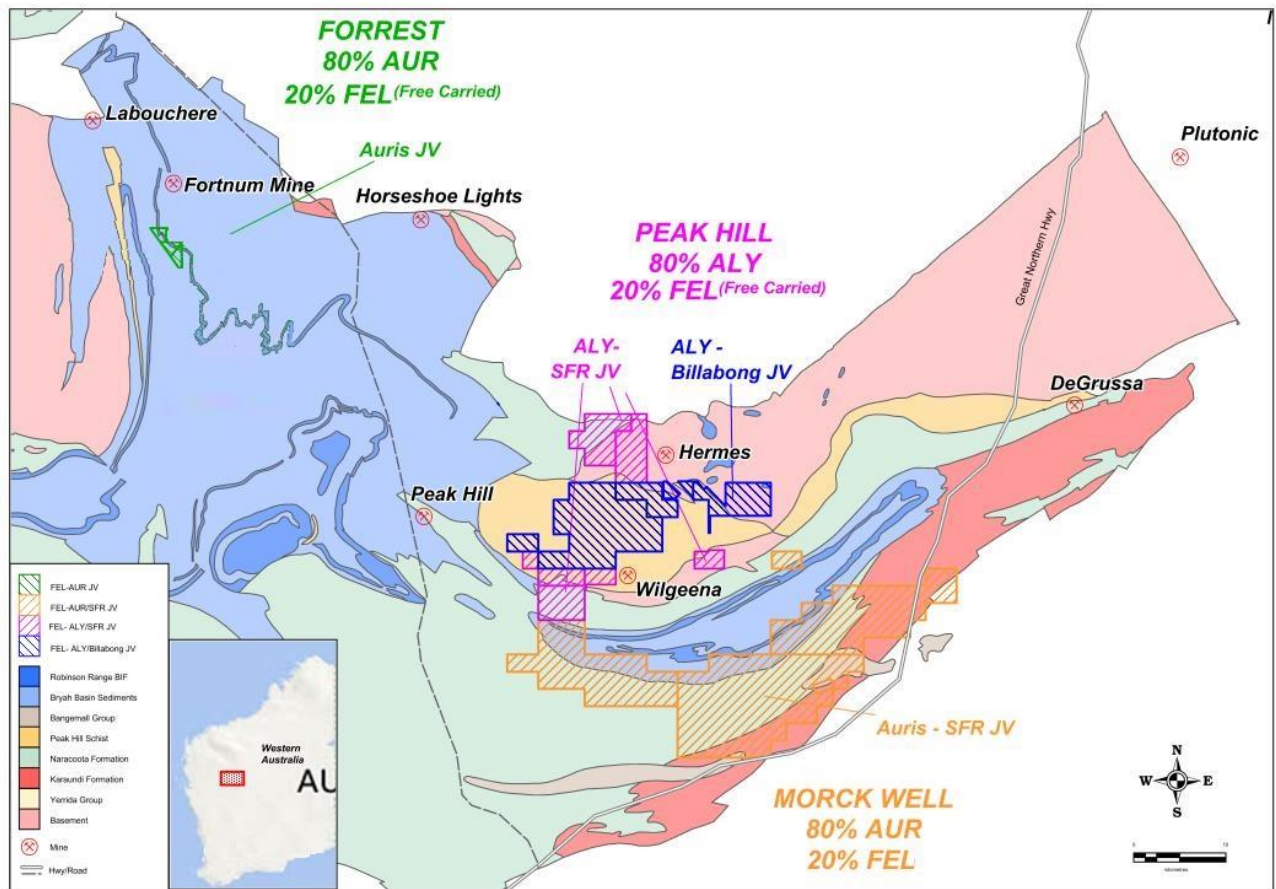
### Competent Person Statement

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



**Figure 1:** First Shipment commencing loading 30 September 2021





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

**Schedule of tenement interests of the Company and its subsidiary entities as at 30 September 2021  
(including details of tenements acquired and disposed of during the quarter)**

Tenement reference	Project & Location	Acquired interest during the quarter	Disposed interest during the quarter	Interest at end of quarter	Notes
E52/1668	Peak Hill - Western Australia	-	-	20%	2
E52/1678	Peak Hill - Western Australia	-	-	20%	2
E52/1722	Peak Hill - Western Australia	-	-	20%	3
E52/1730	Peak Hill - Western Australia	-	-	20%	2
P52/1538	Peak Hill - Western Australia	-	-	20%	2
P52/1539	Peak Hill - Western Australia	-	-	20%	2
P52/1494	Forrest (Milgun) - Western Australia	-	-	20%	1
P52/1495	Forrest (Milgun) - Western Australia	-	-	20%	1
P52/1496	Forrest (Milgun) - Western Australia	-	-	20%	1
E45/4759	Pippingarra – Western Australia	-	100%	-	7
E45/4691	Pippingarra – Western Australia	-	100%	-	7
E45/4690	Marble Bar – Western Australia	-	100%	-	7
E45/4746	Marble Bar – Western Australia	-	100%	-	7
M53/971-I	Wiluna West – Western Australia	-	-	51%	4
M53/972-I	Wiluna West – Western Australia	-	-	51%	4
M53/1018-I	Wiluna West – Western Australia	-	-	51%	4
M53/1078-I	Wiluna West – Western Australia	-	-	51%	4
L53/115	Wiluna West – Western Australia	-	-	51%	4
L53/146	Wiluna West – Western Australia	-	-	51%	4
MLN1163	Yarram – Northern Territory	-	-	50%	5
ELR125	Yarram – Northern Territory	-	-	50%	5
ELR146	Yarram – Northern Territory	-	-	50%	5
E29/640	Mt Ida – Western Australia	-	-	100%	6
M29/2	Mt Ida – Western Australia	-	-	100%	6
M29/165	Mt Ida – Western Australia	-	-	100%	6
M29/422	Mt Ida – Western Australia	-	-	100%	6

NOTES:	
1	Peak Hill Sale Agreement: Auris Exploration Pty Ltd (AUR - previously known as Grosvenor Gold Pty Ltd) 80% (Operator) and FEL (via Jackson Minerals) 20% in all minerals free carried to decision to mine.
2	ALY 80% reducing to 10% in all minerals or base metals only once SFR and Billabong (Operator) earn in under respective JV agreements with ALY. Billabong is earning 70% interest in all minerals in part of this tenement and SFR has earned 70% interest in base metals only (excluding Iron Ore) in the remaining tenement area. FEL (via Jackson Minerals) holds 20% in all minerals in the whole of the tenements free carried to decision to mine.
3	ALY 80% reduced to 10% in base metals only (excluding iron ore) as SFR (Operator) earns in under JV agreement with ALY. SFR has earned a 70% interest in base metals only (excluding iron ore) in the whole of the tenement area by sole funding exploration expenditure. FEL (via Jackson Minerals) holds 20% in all minerals free carried to decision to mine.
4	FEL (via Wiluna FE Pty Ltd) hold a 51% interest in the Mining Rights Agreement over the Wiluna West JWD deposit (iron ore rights).
5	FEL (via Yarram FE Pty Ltd) holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram Project.
6	FEL hold 100% interest in iron ore rights over the Mt Ida Project tenements via the Mt Ida Iron Ore Rights Sale Agreement.
7	FEL has sold 100% interests in all mineral rights held for E45/4690, 4691, 4746 and 4759 pursuant to a Binding Terms Sheet agreement with Mercury Resources Group Pty Ltd dated 16 June 2021 and this transaction was completed during the quarter. FEL will retain a 1% Net Smelter Royalty payable on any product sales from the tenement package in the future.

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

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

## Appendix 5B

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

Name of entity

Fe Limited

ABN

31 112 731 638

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(95)	(95)
	(b) development	(960) <sup>(a)</sup>	(960) <sup>(a)</sup>
	(c) production	(4,283) <sup>(a)</sup>	(4,283) <sup>(a)</sup>
	(d) staff costs	(277)	(277)
	(e) administration and corporate costs	(1,157)	(1,157)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	22	22
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(79)	(79)
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material):		
	- Funds transferred to security deposit	(180)	(180)
	- Funds transferred to restricted cash	(360)	(360)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(7,368)</b>	<b>(7,368)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	(1,000)	(1,000)
	(c) property, plant and equipment	(4)	(4)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	575	575
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material):		
	- Refund previous cash payment to acquire additional 9% interest in JWD Project (settled in shares)	1,000	1,000
	- Refund of previous cash consideration advanced on decision to mine (settled in shares)	250	250
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>821</b>	<b>821</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	354	354
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(323)	(323)
3.5	Proceeds from borrowings	6,117 <sup>(b)</sup>	6,117 <sup>(b)</sup>
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>6,148</b>	<b>6,148</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	5,831	5,831
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,368)	(7,368)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	821	821
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,148	6,148
4.5	Effect of movement in exchange rates on cash held	65	65
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,497</b>	<b>5,497</b>

Note: As detailed in the Company's 2021 Annual Report, the Wiluna Iron Joint Venture is accounted for as a joint operation and therefore, FEL Group has accounted for its share of assets, liabilities and expenses of the joint venture on a proportionate basis. Cashflows reported in this Appendix 5B are similarly reported on this proportionate basis.

(a) Amounts shown at items 1.2(b) and 1.2(c) reflects FEL's net cash outflow in respect of its 60% share of total JWD Project development and production expenditure. The amount shown in net of:

- (i) \$9,264,159 gross payments made by FEL (100% of JWD Project costs paid by FEL on behalf of the joint operation);
- (ii) \$10,053,146 received by FEL from the joint operation as reimbursement for costs (100% of JWD reimbursement amount); and
- (iii) Elimination of 60% of (a)(ii) representing FEL's interest, being \$6,031,887;

,being a net amount of \$5,242,900 (\$960k development and \$4,283k production).

(b) Amount shown at item 3.5 reflects FEL's 60% share of proceeds drawn down from the Glencore facility (60% of A\$10,195,260). Refer note 7.6 for further details.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	5,497	5,831
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,497</b>	<b>5,831</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	133
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	<b>Financing facilities</b> <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A’000</b>	<b>Amount drawn at quarter end \$A’000</b>
7.1	Loan facilities	6,364,054	6,364,054
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	6,364,054	6,364,054
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>As announced 27 July 2021, the Company, via its wholly owned subsidiary Wiluna FE Pty Ltd, has entered an exclusive offtake agreement with leading international trading house Glencore International AG (<b>Glencore</b>), for 100% of the JWD product (iron ore lumps and fines) over the life of FEL’s operations at the mine, subject to GWR Group Ltd’s existing right to elect to purchase up to 50,000 tonnes of fines product at the mine gate. Pursuant to the terms of the offtake agreement, Glencore provided a US\$7.5 million prepayment which will be repaid by FEL in five instalments of US\$1.5m plus interest (12% p.a.), from shipments, or within 6 months of the prepayment being received, whichever is the earlier. On 2 August 2021, the US\$7.5m (equivalent A\$10,195,260) was drawn down. At 30 September 2021, the gross amount owing is US\$7,648,225 (equivalent A\$10,606,757). The amount shown at item 7.1 reflects FEL’s 60% share of the liability (60% of A\$10,606,757).</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(7,368)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(7,368)
8.4	Cash and cash equivalents at quarter end (item 4.6)	5,497
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	5,497
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.7
	<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: No. During the September 2021 quarter, the Company incurred significant costs in the final ramp up phase to initial production at its JWD Project. The Company announced its first shipment of iron ore on 4 October 2021.</p>	

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

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. On 24 September 2021, the Company announced it had received commitments to raise \$5.0 million via a placement. Application funds received in respect of the placement are excluded from the cash balance shown at item 4.6 as these funds were restricted until such time as the shares were issued on 1 October 2021.

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

Answer: Yes. Refer to responses provided at 8.8.1 and 8.8.2.

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

## Compliance statement

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

Date: 29 October 2021

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

## Notes

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