Fe Limited
ABN: 31 112 731 638

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

The information in this report, given to ASX under Listing Rule 4.2A, should be read in conjunction with Fe Limited's most recent annual financial report.

Contents

Corporate Directory

Australian Business Number	31 112 731 638	
Country of Incorporation	Australia	
Board of Directors	Antony Sage Mark Hancock Nicholas Sage	Non-Executive Chairman Executive Director Non-Executive Director
Joint Company Secretary	Catherine Grant-Edwards Melissa Chapman	
Principal Administrative Office and Registered Office	32 Harrogate Street West Leederville WA 6007	
	Telephone: Facsimile:	+61 (0) 8 6181 9793 +61 (0) 8 9380 9666
	Contact: Website:	ir@felimited.com.au www.felimited.com.au
Share Registry	Link Market Services QV1 Building, Level 12 250 St Georges Terrace Perth WA 6000	
	Telephone:	1300 554 474 (in Australia) +61 (2) 8280 7761 (outside Australia)
	Website:	www.linkmarketservices.com.au
Auditors	Stantons International Level 2, 1 Walker Avenue West Perth, WA 6005	
Australian Stock Exchange Limited (ASX)	Fe Limited's fully paid ordinary shares are quoted on the Official List of ASX. The ASX code is FEL.	

Directors' Report

The directors of Fe Limited (**FEL**, the **Company** or the **Group**) submit their report for the half-year ended 31 December 2019.

DIRECTORS

The names of FEL's directors in office during the half-year and as at the date of this report are as follows:

Antony Sage (Non-Executive Chairman)
Mark Hancock (Executive Director) (Appointed 1 September 2019)
Nicholas Sage (Non-Executive Director)
Kenneth Keogh (Non-Executive Director) (Resigned 1 September 2019)

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

REVIEW AND RESULTS OF OPERATIONS

Fe Limited (ASX: FEL) (**FEL** or **Company**) is an Australian mineral exploration company with interests in various projects and tenements prospective for battery metals, copper, iron ore, gold and base metals located in Australia.

CORPORATE

Financial Results

The Group recorded a net gain after tax for the period of $583,572 (31 December 2018: net loss after tax $815,575).

Extraordinary General Meeting

The Company held an Extraordinary General Meeting on 8 August 2019 (**EGM**). All resolutions put to the meeting were passed on a show of hands.

Annual General Meeting

The Company's Annual General Meeting was held on 22 November 2019 (**AGM**). All resolutions put to the meeting were passed on a show of hands.

Board Restructure

On 1 September 2019, Mr Mark Hancock was appointed as Executive Director of the Company. Mr Kenneth Keogh resigned as a Director on 1 September 2019.

Placement

During the period, the Company received $75,000 in funding pursuant to a placement to sophisticated and professional investors at an issue price of $0.015 per share (**Placement**). Shareholder approval for the issue of 5,000,000 shares was obtained at the EGM.

Iron Ore Royalty

During the period, FEL received the following royalty payments in relation to mining conducted by Mineral Resources Ltd (ASX: MIN) at its Deception iron ore mine:

- $241,498 in relation to June 2019 quarter mining (included in FEL's statement of comprehensive income for the year ended 30 June 2019) (receipted during the period)
- $645,775 in relation to September 2019 quarter mining (receipted during the period)
- $730,733 in relation to December 2019 quarter mining (included within FEL's trade and other receivables at 31 December 2019)

FEL holds a 1.5% Dry Metric Tonne, FOB Royalty over two tenements (E77/1322 and M77/1259) within the Evanston Iron Ore Project located in the Southern Yilgarn Iron Province of Western Australia approximately 20kms north of the Windarling mine. M77/1259 forms part of Mineral Resources Ltd (MIN) Koolyanobbing Iron Ore Project.

Sale of Interest in E52/1671 and E52/1659

During December 2019, the Company entered into a sale and purchase agreement (**Agreement**) with Westgold Resources Limited (ASX: WGX) subsidiary Aragon Resources Pty Ltd (**Aragon**) to sell its 20% interest (held via FEL's wholly owned subsidiary Jackson Minerals Pty Ltd) in tenements E52/1671 and E52/1659 located in the Bryah Basin. Pursuant to the terms of the Agreement FEL received 200,000 fully paid ordinary shares in WGX upon completion of the transaction (market value of $0.46m at 31 December 2019).

Earn-In Macarthur Minerals Lithium and Gold Tenements

On 14 May 2019, the Company announced that it had entered into an exclusive option agreement (**Option Agreement**) with Macarthur Lithium Pty Ltd (**MLi**), a wholly owned subsidiary of Macarthur Minerals Limited (**Macarthur**) (**TSX-V:MMS**) to acquire an interest of up to 75% in a package of tenements (**Project**). The Project includes tenements highly prospective for gold, copper and lithium in proximity to numerous known hard rock lithium and gold deposits in the central and eastern Pilbara.

Under the terms of the Option Agreement, MLi granted FEL a 45 day option to enable FEL to conduct due diligence and secure the required funding to proceed with exercising the option. The Company paid a non-refundable option fee to MLi of $100,000 in cash (**Option Fee**).

On 27 June 2019 (being the **Exercise Date**), FEL formally elected to exercise the option to earn-in, and the parties agreed that the payment terms of the $400,000 payable to MLi (being the **Option Exercise Fee**) be extended to 31 August 2019.

On 28 August 2019, FEL and Macarthur executed a Revised Option Agreement. Pursuant to this, the Option Exercise Fee was equity settled on 29 August 2019 via the issue of 26,666,667 shares (**Macarthur Shares**). The terms of the Stage 1, Stage 2, and Stage 3 earn in were revised under the Revised Option Agreement, as set out below.

FEL holds the right to earn-in up to 75% interest in the Project, on the following terms:

1) Stage 1 - Initial 25% interest in the Project by:
   a. undertaking project expenditure on the Project tenements of no less than the minimum expenditure commitment; and
   b. payment to MLi of $500,000 in cash or ordinary FEL shares (based on the 5-day VWAP prior to the issue date) at FEL's election,
   within 1 year from the Exercise Date;

2) Stage 2 - Further 30% interest in the Project by:
   a. undertaking further project expenditure on the Project tenements of no less than the minimum expenditure commitment; and
   b. payment to MLi of $500,000 in cash or shares (based on 5 day VWAP prior to the issue date) at FEL's election,
   within 2 years from the Exercise Date;

3) Stage 3 - Further 20% interest in the Project by:
   a. undertaking further project expenditure on the Project tenements of no less than the minimum expenditure commitment; and
   b. payment to MLi of $750,000 in cash or shares (based on 5 day VWAP prior to the issue date) at FEL's election,
   within 3 years from the Exercise Date.

FEL can withdraw from the earn-in at any time and without penalty.

As detailed in the Projects summary below, tenements in the Macarthur package outside of those identified as focus tenements have been reviewed and either recommended for relinquishment or retention to allow a more cost effective and focused approach on areas considered to have higher exploration value. Accordingly, the parties have agreed that FEL will focus on the Hillside, Panorama and Strelley tenement packages leaving the remainder to be retained by Macarthur, refer figure 2 and Schedule 1.

Shares issued

During the period the Company issued the following shares:

- 5,000,000 ordinary shares (being the Placement shares); and
- 26,666,667 ordinary shares for settlement of the Macarthur Option Exercise Fee (being the Macarthur Shares).

Options issued

During the period the Company issued the following options:

- 33,976,749 unlisted options exercisable at $0.02 expiring 31 May 2021 (approved for issue at the EGM);
- 15,000,000 unlisted options exercisable at $0.025 expiring 31 May 2021 (being Consideration Options issued pursuant to the Mercury Acquisition as approved for issue at the EGM); and
- 2,500,000 unlisted options exercisable at $0.02 expiring 31 May 2021 (approved for issue at the AGM).

Securities Released from Escrow

On 23 November 2019 a total of 12,500,000 ordinary shares were released from escrow.

PROJECTS

Western Australia

The Company holds, or has rights or interests in various projects and tenements prospective for battery metals, copper, iron ore, gold and base metals located in Australia. The company is focused on the exploration of base metal and battery metal projects.

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

FEL acquired 100% beneficial interest in six tenements from Mercury in May 2019. The tenements acquired represent the Pippingarra Lithium Project and the Marble Bar Lithium Project (together the Projects) (refer Figure 1). The Company has commenced early exploration activities on its recently acquired tenure although no further work was conducted during the period.

Macarthur Minerals Lithium and Gold Tenements Project – FEL Right to Earn-In up to 75%

FEL had secured the right to earn up to 75% interest in eighteen tenements pursuant to the Option Agreement with MLi. The Macarthur Minerals Lithium and Gold Project tenements are highly prospective for gold, copper and lithium in proximity to numerous known hard rock lithium and gold deposits in the central and eastern Pilbara (refer Figure 2).

During the period, the Company focused its exploration efforts on the Hillside tenement group. An early reconnaissance visit resulted in the collection of 36 rock chip samples with 8 returning significant base and precious metal grades all from a mapped 14km long line identified by several outcropping mineralized gossanous exposures, refer figure 3.

The Company then planned, prepared and executed a preliminary phase of drilling intented to identify the extension and morphology of the mineralized zone beneath the surface. Drillholes were designed to intercept the anticipated below ground extension of the surface gossan with at least two intersections across strike and nominally 1km spacing along strike. A limited number of additional holes were included to test known gold bearing quartz reefs.

Drill hole locations and depths were adjusted in the field during the drilling program dependant on logged results from each drill hole. Sulphides were intercepted in several holes with some suggesting the presence of massive sulphides. No visible valuable oxide minerals were logged suspected to be due to intense leaching in the upper 30 – 50 metre profile.

A total of 1,798m were drilled from 36 holes and the program was completed on 20 November 2019. All samples were collected from the field approximately a week later and were freighted to Perth for arrival in the ALS lab in the first week of December. Refer to ASX announcement on 10 February 2020 for results of this drilling program.

All of the time in the field was dedicated to the drilling program which left no time for further exploration on the manganese prospect to the east. Additional manganese targets have been identified from aerial reviews of the area and will be followed up in future field visits.

Remaining tenements in the Macarthur package have been reviewed and either recommended for relinquishment or retention to allow a more cost effective and focused approach on areas considered to have higher exploration value.

Subsequently, the parties have agreed that FEL will focus on the Hillside, Panorama and Strelley tenement packages leaving the remainder to be retained by Macarthur, refer figure 2 and Schedule 1.

Picture 1 – Drilling operations at Hillside were conducted during the period.

Bryah Basin Joint Venture Projects - FEL 20% rights

FEL, via its wholly owned subsidiary Jackson Minerals Pty Ltd (**Jackson Minerals**), has a 20% interest in tenements covering an area of 804 km² 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 Westgold Resources Limited (ASX: **WGX**), Billabong Gold Pty Ltd (**Billabong**), Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**), Auris Minerals Ltd (ASX:**AUR**) and SFR, refer Figure 4.

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

Forrest Project - AUR/FEL - E52/1671 (Forrest), E52/1659 (Wodger & Bib Billy), P52/1494-1496

During the period, the Company entered into a sale and purchase agreement (**Agreement**) with Westgold Resources Limited (ASX: WGX) subsidiary Aragon Resources Pty Ltd (Aragon) to sell its 20% interest in tenements E52/1671 and E52/1659 located in the Bryah Basin. FEL no longer hold any interest in E52/1671 and E52/1659.

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

The Morck Well project is located in the eastern part of the Bryah Basin and contains approximately 40km strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck Well is adjacent to SFR's DeGrussa-Doolgunna exploration tenements. FEL holds a 20% interest in all minerals in three exploration licences (E51/1033, E52/1613 and E52/1672) within AUR's Morck Well project. SFR has a farm-in and joint venture with FEL and AUR where SFR can earn an interest in the Morck Well Project tenements by completing a minimum spend of $2.0m on exploration over 2 years. Refer to ASX:AUR announcement 27 February 2018 for details.

During the period SFR completed five exploration diamond drill holes (MWRC0023, MWRC0025 MWRC0031, MWRC0034 and MWRC0039) and six Reverse Circulation (RC) drill holes (MWRC0041 - MWRC0046) within the Morck Well JV for a total drill advance of 4,134.9m. Drilling was designed to test the stratigraphy in proximity to geophysical and geochemical anomalies to the west and southwest of the Frenchy's Prospect (E51/1033) and to test more regional electromagnetic (EM) targets on E52/1672. The drilling helped to further improve the geological interpretation of the area and track the potential host sedimentary horizon along strike. No significant assays were received. Refer to ASX:AUR announcement 24 October 2019 and 28 January 2020 for full details and drilling results.

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

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

ALY has entered into a formal joint venture with SFR (refer to ASX:ALY 23 September 2019 for relevant information and diagrams). SFR has earned a 70% interest in base metals rights, excluding iron ore rights, in relation to whole area of E52/1722 and parts of E52/1668, E52/1678 and E52/1730. FEL holds a 20% interest in all minerals in these tenements free carried to Decision to Mine.

SFR continued aircore drilling at the Neptune Prospect on E52/1722 and on the southern portion of E52/1730 during the period. The drilling targeted the Karalundi sediments that host the DeGrussa copper-gold deposit. ALY has announced that "Sandfire's aircore drilling program has been very productive and appears to be confirming the potential for significant copper and gold mineralisation at the Neptune prospect". Anomalous results have been returned from drill holes PHAC1212, 1216, and 1228 (E52/1722) and PHAC 1472 (E52/1730). Significant results include 5m at 2.0g/t Au from 65m in PHAC1212, 20m at 0.11% Cu from 85m in PHAC1216 and 5m at 0.6g/t Au from 55m in PHAC1472. Ground moving loop electromagnetic (MLEM) surveys to further improve targeting of the host volcanogenic massive sulphide (VMS) horizon have also been completed and interpretation is ongoing. Refer to ASX:ALY announcements 23 September 2019 and 30 January 2020 for full details and drilling results.

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

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

Mt Ida Iron Ore Project - Mt Ida Gold

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

The Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides FEL the rights to explore and mine for iron ore on exploration license E29/640 and mining leases M29/2, M29/165 and M29/422 held by Mt Ida Gold Pty Ltd, covering approximately 120km^2 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.

Evanston Iron Ore Royalty - Mineral Resources Ltd

FEL holds a 1.5% Dry Metric Tonne, FOB Royalty over two tenements (E77/1322 and M77/1259) within the Evanston Iron Ore Project located in the Southern Yilgarn Iron Province of Western Australia approximately 20kms north of the Windarling mine. M77/1259 forms part of Mineral Resources Ltd (MIN) Koolyanobbing Iron Ore Project.

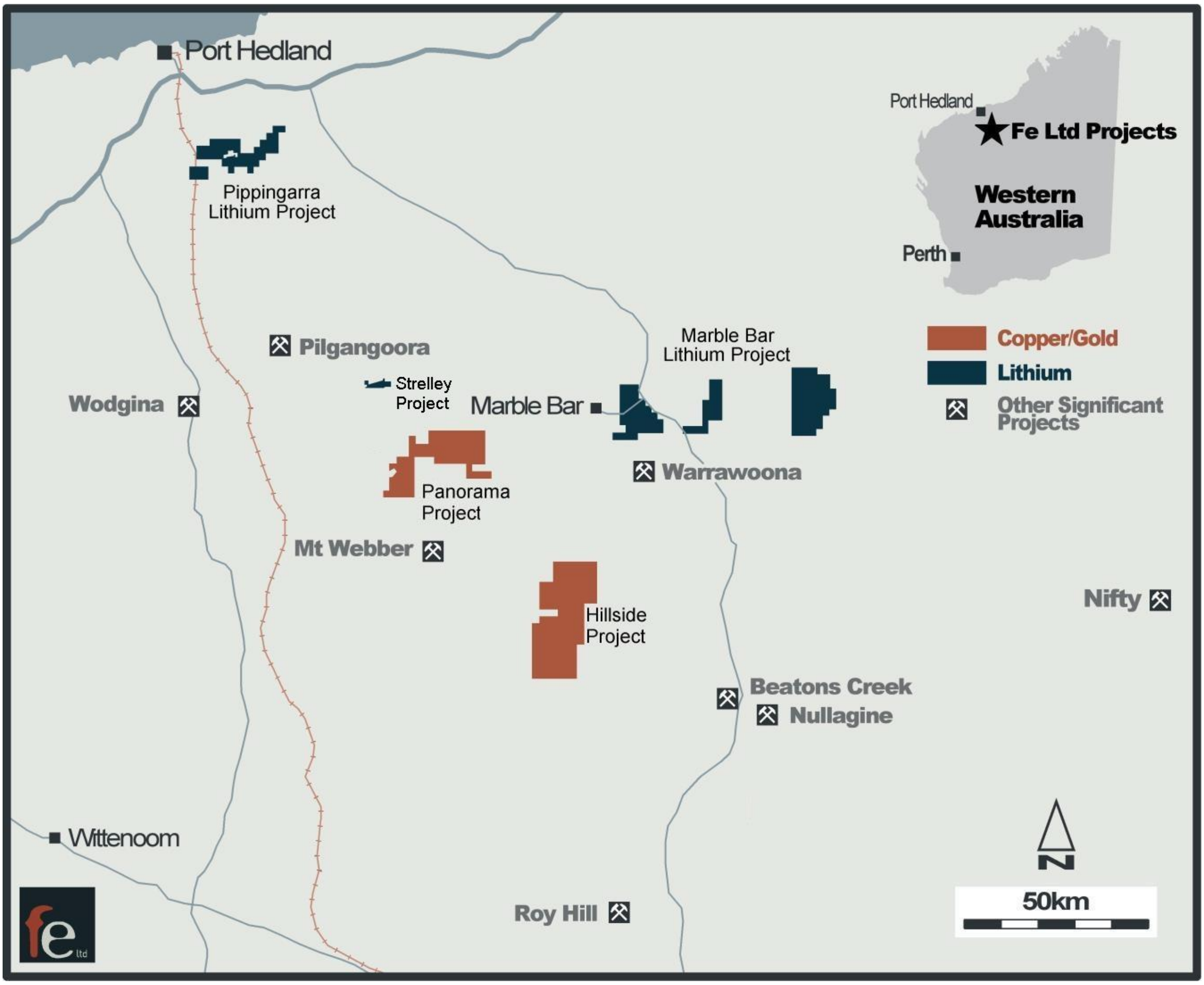

Figure 1: Pippingarra Lithium Project, Marble Bar Lithium Project and Macarthur Minerals Lithium and Gold Earn-In Project Tenements

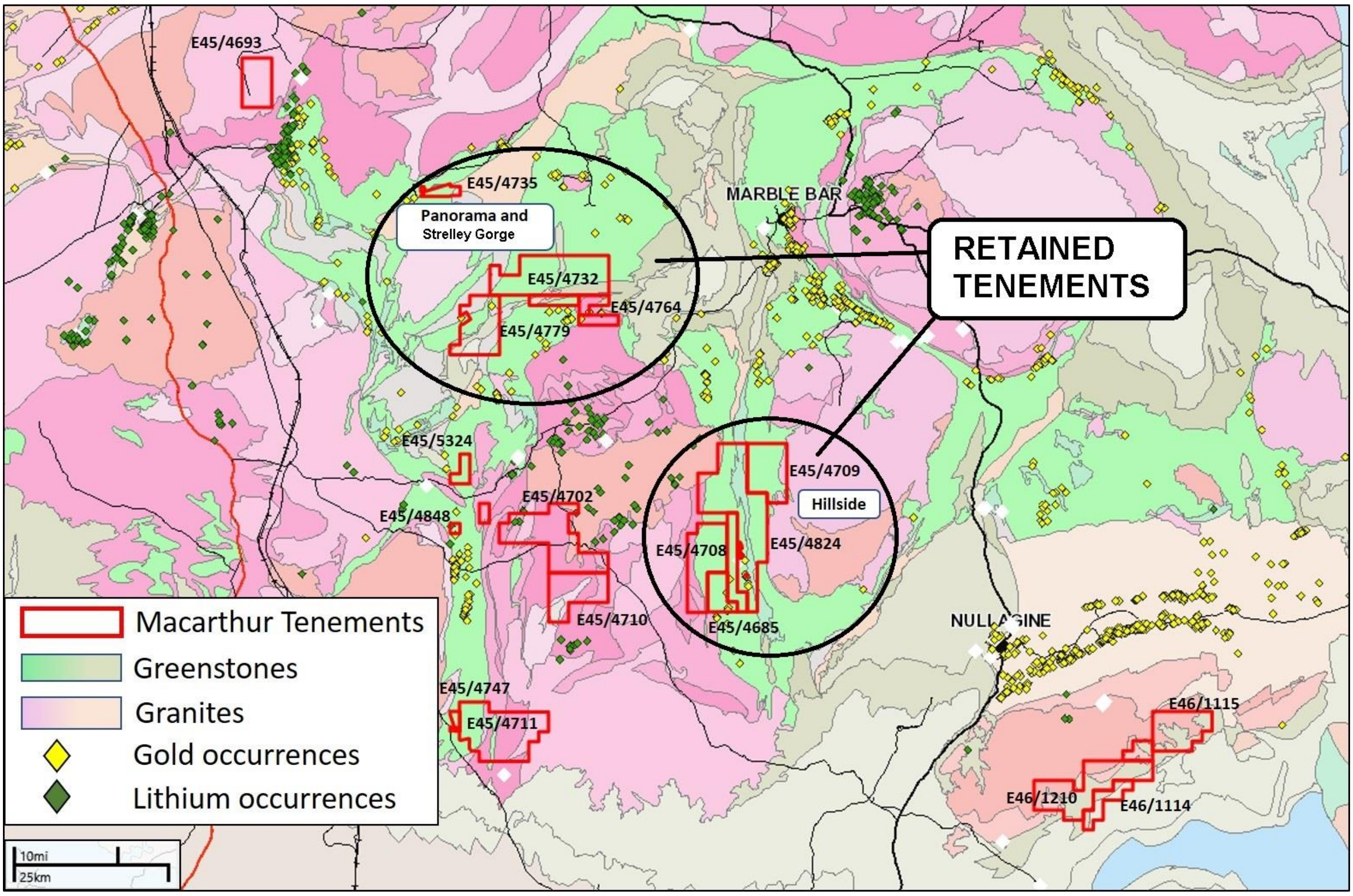

Figure 2: Macarthur Minerals Lithium and Gold Tenements Retained by FE Limited by agreement.

Schedule 1:

Tenement	Status	Jurisdiction	Project	Holder	Holder %	Current Area	Area Unit	Expiry Date
E45/4685	LIVE	WA	HILLSIDE	MACL	100	11	SB	11/01/2022
E45/4708	LIVE	WA	HILLSIDE	MACL	100	27	SB	20/11/2022
E45/4709	LIVE	WA	HILLSIDE	MACL	100	22	SB	20/11/2022
E45/4732	LIVE	WA	PANORAMA	MACL	100	43	SB	20/11/2022
E45/4735	LIVE	WA	STRELLEY GORGE	MACL	100	5	SB	20/11/2022
E45/4764	LIVE	WA	PANORAMA	MACL	100	4	SB	9/08/2022
E45/4779	LIVE	WA	PANORAMA	MACL	100	33	SB	15/01/2023
E45/4824	LIVE	WA	HILLSIDE	MACL	100	65	SB	4/12/2022

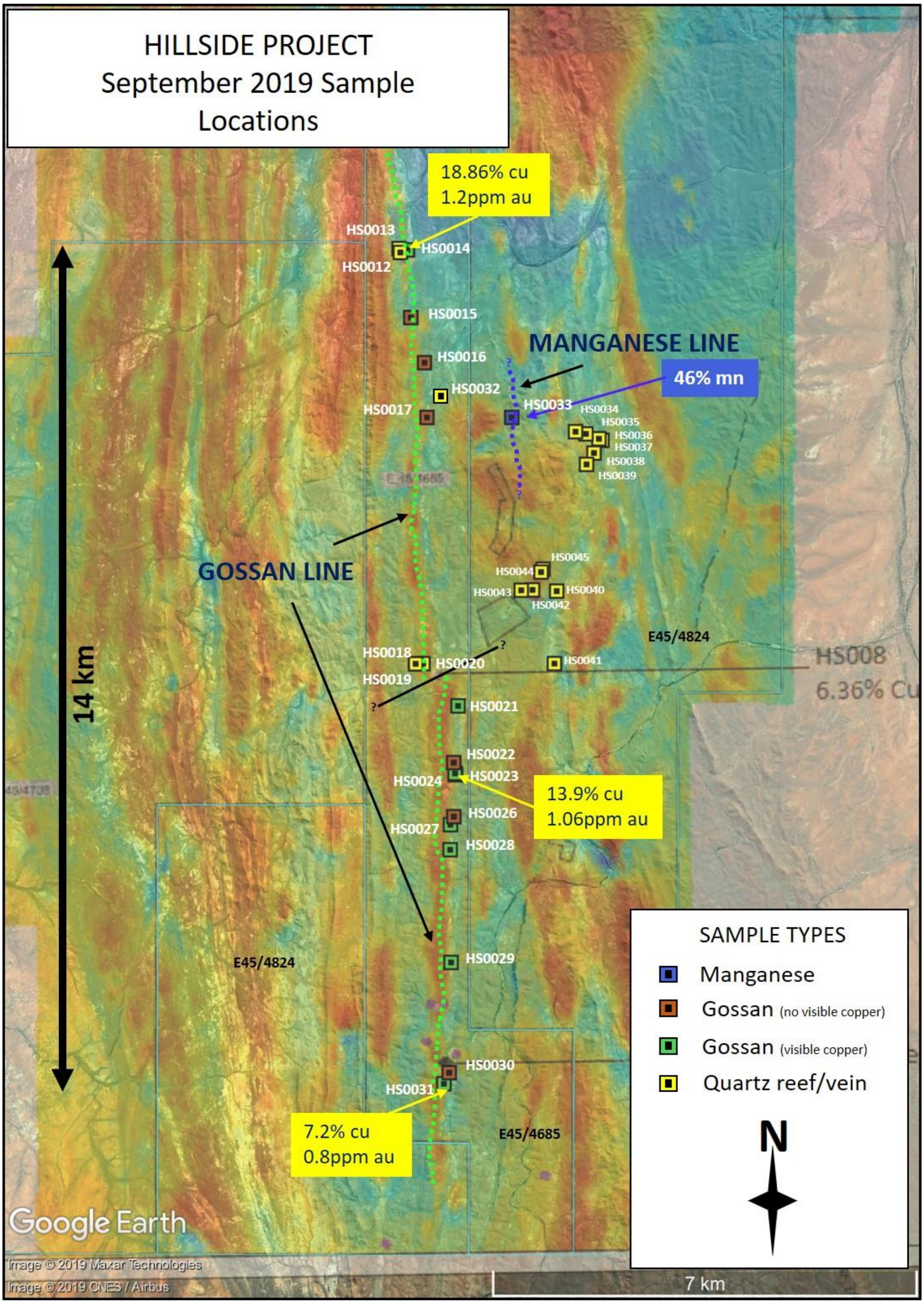

Figure 3: Hillside rock chip results

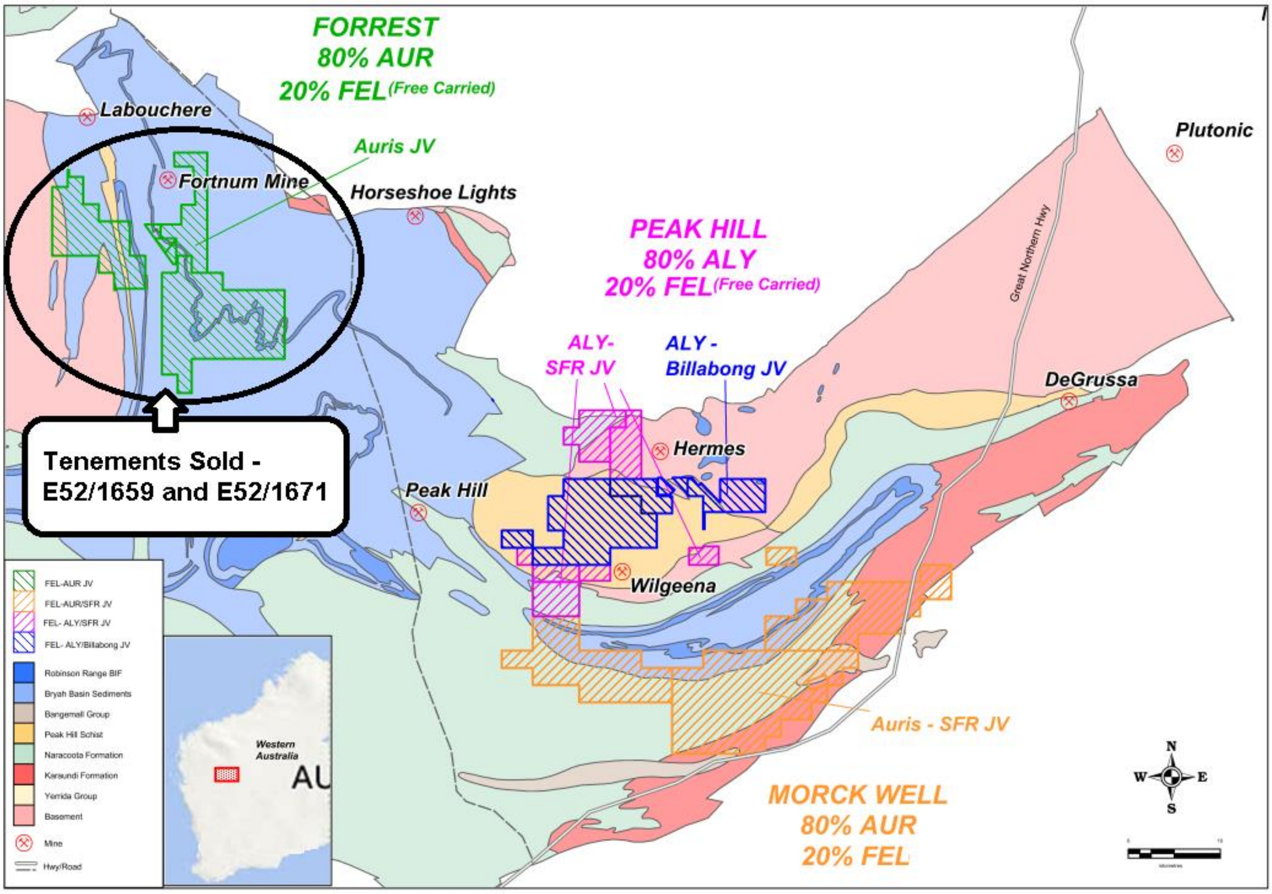

Figure 4: FEL exploration tenement portfolio in the Bryah Basin showing AUR, ALY, SFR and Billabong JV areas

Competent Person Statement

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

Events after the balance date

On 31 January 2020, the Company received a royalty payment of $730,733 for ore mined during the December 2019 quarter from Mineral Resources Ltd.

There are no other events subsequent to 31 December 2019 and up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires Fe Limited's auditors, Stantons International, to provide the directors with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration follows and forms part of the Directors report.

Signed in accordance with a resolution of the Directors

Antony Sage
Non-Executive Chairman
Perth

11 March 2020

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

11 March 2020

Board of Directors
Fe Limited
32 Harrogate Street
West Leederville, WA 6007

Dear Directors

RE: FE LIMITED

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

As Audit Director for the review of the financial statements of Fe Limited for the half year ended 31 December 2019 I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik

Martin Michalik
Director

Consolidated Statement of Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 $	31 December 2018 $
Interest income	3(a)	1,308	1,675
Other income	3(b)	1,834,508	-
		1,835,816	1,675
Exploration and evaluation expenditure		(738,196)	(362,367)
Employee benefits expense and director remuneration	3(c)	(100,000)	(96,000)
Legal costs		(1,029)	(203)
Share-based payments expense	10	(67,038)	(75,210)
Accounting and audit fees		(83,431)	(39,937)
Consultants costs		(48,000)	(37,000)
Compliance costs		(67,452)	(52,050)
Travel costs		(14,968)	(22,668)
Other expenses	3(d)	(132,130)	(131,815)
Profit / (loss) before income tax		583,572	(815,575)
Income tax expense	11	-	-
Profit / (loss) after income tax		583,572	(815,575)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income / (loss) for the period		-	-
Total comprehensive income / (loss) for the period		583,572	(815,575)
Profit / (loss) per share from attributable to the ordinary equity holders of the parent			
-basic earnings / (loss) for the period (cents per share)		0.12	(0.24)
-diluted earnings / (loss) for the period (cents per share)		0.12	(0.24)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2019

	Note	31 December 2019 $	30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	574,595	760,801
Trade and other receivables	5	730,733	256,530
Financial asset	6	458,000	-
Other assets		9,856	9,775
Assets classified as held for sale		475,670	-
Total Current Assets		2,248,854	1,027,106
Non-current Assets			
Exploration assets		500,000	975,670
Plant and equipment		3,293	3,946
Total Non-current Assets		503,293	979,616
TOTAL ASSETS		2,752,147	2,006,722
LIABILITIES			
Current Liabilities			
Trade and other payables	7	306,669	682,354
Total Current Liabilities		306,669	682,354
TOTAL LIABILITIES		306,669	682,354
NET ASSETS		2,445,478	1,324,368
EQUITY			
Contributed equity	8	41,236,293	40,770,054
Accumulated losses		(40,897,963)	(41,481,535)
Reserves	9	2,107,148	2,035,849
TOTAL EQUITY		2,445,478	1,324,368

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 $	31 December 2018 $
Cash flows from operating activities			
Receipt of royalty		887,273	-
Payments to suppliers and employees		(352,624)	(365,272)
Interest received		1,308	1,675
Payments for exploration and evaluation costs		(713,638)	(488,719)
Net cash flows used in operating activities		(177,681)	(852,316)
Cash flows from investing activities			
Purchase of exploration assets		(50,000)	-
Net cash flows used in investing activities		(50,000)	-
Cash flows from financing activities			
Proceeds from shares issued (net of costs)		41,475	-
Net cash flows from financing activities		41,475	-
Net (decrease) in cash and cash equivalents		(186,206)	(852,316)
Cash and cash equivalents at beginning of period		760,801	894,442
Cash and cash equivalents at end of period	4	574,595	42,126

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Contributed equity	Accumulated losses	Share based payments reserve	Total
	$	$	$	$
At 1 July 2019	40,770,054	(41,481,535)	2,035,849	1,324,368
Profit for the period	-	583,572	-	583,572
Other comprehensive income	-	-	-	-
	-	583,572	-	583,572
Transactions with owners in their capacity as owners				
Shares issued	466,239	-	-	466,239
Share-based payments	-	-	71,299	71,299
At 31 December 2019	41,236,293	(40,897,963)	2,107,148	2,445,478
At 1 July 2018	39,381,064	(39,813,377)	1,786,827	1,354,514
Loss for the period	-	(815,575)	-	(815,575)
Other comprehensive income	-	-	-	-
	-	(815,575)	-	(815,575)
Transactions with owners in their capacity as owners				
Share-based payments	38,500	-	36,710	75,210
At 31 December 2018	39,419,564	(40,628,952)	1,823,537	614,149

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information and basis of preparation

The half-year financial report for the period ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 11 March 2020.

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

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

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Fe Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

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

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

(b) Significant accounting policies

Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2019

In the half-year ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2019. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2019 including:

Interpretation 23 Uncertainty over Income Tax Treatments

The Group has adopted interpretation 23 with the date of initial application being 1 July 2019.

The Interpretation clarifies the application of the recognition and measurement criteria in AASB 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following:

- 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

At 1 July 2019 it was determined that the adoption of Interpretation 23 had no impact on the Group.

AASB 2018-1 Australian Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle

The Group has adopted AASB 2018-1 with the date of initial application being 1 January 2019.
The amendments clarify certain requirements in:

- AASB 3 Business Combinations and AASB 11 Joint Arrangements - previously held interest in a joint operation
- AASB 112 Income Taxes - income tax consequences of payments on financial instruments classified as equity
- AASB 123 Borrowing Costs - borrowing costs eligible for capitalisation.

At 1 July 2019 it was determined that the adoption of AASB 2018-1 had no impact on the Group.

AASB 16 - Leases

The Group has adopted AASB 16 with the date of initial application being 1 January 2019.

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.

At 1 July 2019 it was determined that the adoption of AASB 16 had no impact on the Group.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards with the exception of the following:

Leases

Right of use asset
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has elected not to recognise right of use assets and lease liabilities for short term leases and low value assets.

Significant accounting judgments and key estimates

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

In preparing this half-year financial report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

(c) Going concern

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

At balance date, the Group had cash and cash equivalents of $574,595 (30 June 2019: $760,801) and a net working capital surplus of $1,942,185 (30 June 2019: $344,752 surplus).

Additional funding will be necessary for the Group to continue its planned exploration activities associated with its projects in the next 12 months.

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

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

(d) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Group has the following financial assets:

Financial Assets at Fair Value through Profit or Loss

Shares held for trading have been classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. Assets in this category are classified as current assets if they are expected to be realised within 12 months otherwise they are classified as non-current assets.

(e) Assets classified as held for sale

Non-current assets are classified as held for sale and measure at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction instead of use. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

2 SEGMENT INFORMATION

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

3 REVENUE, INCOME AND EXPENSES

	31 December 2019 $	31 December 2018 $
(a) Revenue		
Bank interest	1,308	1,675
(b) Other income		
Royalty income (i)	1,376,508	-
Gain on sale of tenement interests (ii)	402,000	-
Fair value gain of financial assets through profit and loss (refer note 6)	56,000	-
	1,834,508	-

(i) Royalty income earned in relation to mining conducted by Mineral Resources Ltd (ASX: **MIN**) at its Deception iron ore mine. FEL holds a 1.5% Dry Metric Tonne, FOB Royalty in respect to M77/1259.

(ii) During December 2019, the Company entered into a sale and purchase agreement (**Agreement**) with Westgold Resources Limited (ASX: WGX) subsidiary Aragon Resources Pty Ltd (**Aragon**) to sell its 20% interest (held via FEL's wholly owned subsidiary Jackson Minerals Pty Ltd) in tenements E52/1671 and E52/1659 located in the Bryah Basin. Pursuant to the terms of the Agreement FEL received 200,000 fully paid ordinary shares in WGX upon completion of the transaction. The fair value of the WGX shares acquired upon date of completion of the transaction of $402,000 has been fully recognised in the statement of comprehensive income, as the tenements were previously carried at nil value.

	31 December 2019 $	31 December 2018 $
(c) Employment benefits and director remuneration		
Directors fees	(100,000)	(96,000)
(d) Other expenses		
Promotional and investor relations	(44,317)	(89,557)
Occupancy costs	(18,368)	(18,368)
Insurance costs	(14,211)	(10,496)
Other	(55,234)	(13,394)
	(132,130)	(131,815)

Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

4 CASH AND CASH EQUIVALENTS

	31 December 2019 $	30 June 2019 $
Cash and cash equivalents		
Cash at bank and on hand	574,595	760,801

5 TRADE AND OTHER RECEIVABLES

	31 December 2019 $	30 June 2019 $
Accrued royalty receivable (a)	730,733	241,498
Other receivables	-	15,032
	730,733	256,530

(a) This accrued receivable represents FEL's entitlement to a royalty payment in relation to mining conducted by MIN at its Deception iron ore mine during the December 2019 quarter. Refer note 3(b)(i) for further details.

6 FINANCIAL ASSET

	31 December 2019 $	30 June 2019 $
Fair value through profit or loss (**FVTPL**) – equity investment	458,000	-
Movements		
Balance at beginning of period	-	-
Equity investment acquired (refer note (3(b)(ii))	402,000	-
FVTPL (refer note 3(b))	56,000	-
Balance at end of period	458,000	-

7 TRADE AND OTHER PAYABLES

	31 December 2019 $	30 June 2019 $
Trade payables (a)	231,024	137,782
Payable to Mercury	-	50,000
Payable to Macarthur (b)	-	400,000
Other payables and accruals (c)	26,515	45,442
Kasombo Acquisition Pre-Settlement Exploration Expenditure	49,130	49,130
	306,669	682,354

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

(b) Equity settled via the issue of 26,666,667 shares.

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

8 CONTRIBUTED EQUITY

	31 December 2019 $	30 June 2019 $
Ordinary shares		
Issued and fully paid	41,236,293	40,770,054

	31 December 2019 Number of Shares	31 December 2019 $	30 June 2019 Number of Shares	30 June 2019 $
Movements				
Balance at beginning of period	457,034,953	40,770,054	370,877,963	39,381,064
Shares issued to director	-	-	2,750,000	38,500
Placement	-	-	20,000,000	400,000
Placement (a)	5,000,000	75,000	48,500,000	727,500
Settlement of invoices	-	-	2,406,990	36,105
Consideration shares to Mercury	-	-	12,500,000	225,000
Settlement of Macarthur earn-in agreement option fee (b)	26,666,667	400,000	-	-
Share issue costs	-	(8,761)	-	(38,115)
Balance at end of period	488,701,620	41,236,293	457,034,953	40,770,054

(a) As announced on 4 June 2019, the Company completed three placements to sophisticated and professional investors raising a total of $727,500 (**Placement B**) for the issue of Shares at an issue price of $0.015 per Share (**Placement B Shares**).

In addition to the above, at 30 June 2019, the Company had received firm commitment of $75,000 from investors to participate in the Placement B and proposed to issue 5,000,000 Placement B Shares (**Additional Placement B Shares**) to such investors at an issue price of $0.015 per Share, subject to shareholder approval. Shareholder approval for the issue of Additional Placement B Shares was received at the Company's general meeting held 8 August 2019.

Placement B investors received one free option for every four Placement B Shares with the options having an exercise price of $0.02 each expiring 31 May 2021 (**Placement B Options**).

(b) On 28 August 2019, the FEL and Macarthur executed a Revised Option Agreement. Pursuant to this, the Option Exercise Fee of $400,000 was equity settled on 29 August 2019 via the issue of 26,666,667 ordinary shares (at a deemed issue price of $0.015 each).

9 RESERVES

	31 December 2019 $	30 June 2019 $
Share based payments reserve	2,107,148	2,035,849
	2,163,148	2,035,849
Movements in reserve		
Balance at the beginning of the period	2,035,849	1,786,827
Share-based payment expense (refer note 10)	71,299	249,022
Balance at the end of the period	2,107,148	2,035,849

10 SHARE-BASED PAYMENTS

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

	31 December 2019 $	31 December 2018 $
(a) Share-based payments expensed through profit and loss:		
Shares	-	38,500
Options (i)	67,038	36,710
	67,038	75,210
(b) Share-based payments capitalised in exploration assets:		
Options (ii)	-	-
	-	-
(c) Share-based payments recognised through equity:		
Options (iii)	4,261	-
	4,261	-
Total share-based payments	71,299	75,210

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

- 10,000,000 unlisted options exercisable at $0.02 expiring 31 May 2021 issued to Director Mr Tony Sage (or nominee) (**Director A Options**);
- 5,000,000 unlisted options exercisable at $0.02 expiring 31 May 2021 issued to Director Mr Kenneth Keogh (or nominee) (**Director A Options**);
- 2,500,000 unlisted options exercisable at $0.02 expiring 31 May 2021 issued to Director Mr Nicholas Sage (or nominee) (**Director A Options**);
- 2,500,000 unlisted options exercisable at $0.02 expiring 31 May 2021 issued to Director Mr Mark Hancock (or nominee) (**Director B Options**); and
- 2,500,000 unlisted options exercisable at $0.02 expiring 31 May 2021 issued to a consultant (**Consultant Options**).

(ii) During the period, the Company issued the following options to Mercury, being Consideration Options pursuant to the asset acquisition disclosed in the Company's Annual Report for the year ended 30 June 2019:

- 15,000,000 unlisted options exercisable at $0.025 expiring 31 March 2022

The value in respect of these options was reflected in the financial statements as at 30 June 2019 (reflecting the period in which the options were granted).

(iii) During the period, the Company issued the following options in respect of brokerage services provided to the Company (expense recognised through equity as share issue costs):

- 601,748 unlisted options exercisable at $0.02 expiring 31 May 2021 (**Advisor Options**).

(d) Fair value of options issued

The fair value of unlisted options issued during the period has been determined using a Black-Scholes option pricing model. The following table lists the inputs to the model for Director A Options, Director B Options, Consultant Options, and Advisor Options:

	Director A Options	**Director B Options**	**Consultant Options**	**Advisor Options**
Expiry date	31 May 2021	31 May 2021	31 May 2021	31 May 2021
Valuation date	8 Aug 2019	22 Nov 2019	8 Aug 2019	19 Aug 2019
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%	100%
Risk free interest rate (%)	0.73%	0.79%	0.73%	0.73%
Exercise price ($)	$0.020	$0.020	$0.020	$0.020
Discount (%)	Nil	Nil	Nil	Nil
Expected life of options (years)	1.81	1.52	1.81	1.78
Share price at grant date ($)	$0.014	$0.014	$0.014	$0.016
Value per option ($)	$0.0058	$0.0052	$0.0058	$0.0071

11 INCOME TAX EXPENSE

As detailed in the 30 June 2019 Annual Report, the Group had tax losses arising in Australia of $10,077,095 that are available indefinitely for offsetting against future taxable profits for the companies in which the losses arose. These tax losses will be applied and utilised to the extent required to offset any the taxable profits in the current financial year. Accordingly, no income tax expense has been recognised in the statement of comprehensive income.

12 RELATED PARTY INFORMATION

Transactions with directors, director related entities and other related parties

During the period, an aggregate amount of $18,531 (31 December 2018: $80,788) was paid to Cape Lambert for rent and reimbursement of corporate costs. At 31 December 2019, $44,664 was payable to Cape Lambert (30 June 2019: $44,664). Mr Antony Sage is a director of Cape Lambert.

During the period, an aggregate amount of $11,583 (31 December 2018: nil) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel costs. At 31 December 2019, nil was payable to European Lithium (30 June 2019: $5,495). Mr Antony Sage is non-executive chairman of European Lithium.

Options issued to directors or director related entities

Following receipt of shareholder approval at the Company's EGM and AGM which were held respectively on 8 August 2019 and 22 November 2019, a total of 20,000,000 unlisted options were issued to directors (or their nominees) (being Director A Options and Director B Options).

Refer note 10(i) for further details.

Significant shareholders

At 31 December 2019, Cape Lambert held a significant interest of 29.84% of FEL (30 June 2019: 31.91%). Mr Antony Sage is a director of Cape Lambert.

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management activities

The risk management activities are consistent with those of the previous period unless otherwise stated.

Financial instruments

Financial instruments held by the Group include cash and cash equivalents, trade and other receivables, financial assets, trade and other payables, the balances of which at 31 December 2019 and 30 June 2019 are shown in the Statement of Financial Position. As at the balance date, their fair values are approximately the same as their carrying values.

14 COMMITMENTS AND CONTINGENCIES

Commitments

Office Rental Commitments

On 30 April 2018, the Consolidated Entity entered into a sub-lease with Cape Lambert Resources Ltd for office premises for a lease period terminating on 31 March 2020. The expenditure commitment with respect to rent payable under the sub-lease arrangement is as follows:

	31 December 2019 $	30 June 2019 $
Within one year	9,183	27,549
After one year but less than five years	-	-
More than five years	-	-
	9,183	27,549

Contingencies

Contingent Liability - Mercury Transaction Consideration in Shares

Pursuant to the Acquisition Agreement in relation to the Mercury Transaction, FEL has agreed to issue a further tranche of shares with a total value of $250,000 (using an issue price equal to the Shares' 5 day VWAP) upon the Company announcing a JORC Resource of 50,000,000 tonnes @ 1% Li_2O within 24 months from completion as part of the consideration for the project (to be issued subject to prior shareholder approval). This obligation is considered a contingent liability at 31 December 2019.

At 31 December 2019 there were no other contingent liabilities or contingent assets.

15 EVENTS AFTER THE BALANCE DATE

On 31 January 2020, the Company received a royalty payment of $730,733 for ore mined during the December 2019 quarter from Mineral Resources Ltd.

There are no other events subsequent to 31 December 2019 and up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

Directors' Declaration

In accordance with a resolution of the directors of Fe Limited, I state that in the opinion of the directors:

(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view the financial position as at 31 December 2019 and the performance for the half-year ended on that date; and

   (ii) complying with Accounting Standards *AASB 134 Interim Financial Reporting* and *Corporations Regulations 2001*; and

(b) subject to the matters described in note 1(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.

On behalf of the Board

Antony Sage
Non-Executive Chairman
Perth

11 March 2020

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Fe Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Fe Limited (the consolidated entity). The consolidated entity comprises of Fe Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Fe Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Fe Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of FE Limited on 11 March 2020.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
11 March 2020