Fe Limited

Annual Report

2020

CORPORATE DIRECTORY

Australian Business Number	31 112 731 638	
Country of Incorporation	Australia	
Board of Directors	Antony Sage Mark Hancock Nicholas Sage	Executive Chairman Executive Director Non-Executive Director
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
Share Registry	Link Market Services Level 12 QV1 Building 250 St Georges Terrace Perth WA 6000	
	Telephone:	+61 1300 554 474
	Website:	www.linkmarketservices.com.au
Auditors	Stantons International Level 2, 1 Walker Avenue West Perth, WA 6005	
ASX	Fe Limited’s fully paid ordinary shares are quoted on the Official List of ASX. The ASX code is FEL.	

CONTENTS

DIRECTORS' REPORT

The directors of Fe Limited (**FEL** or the **Company**) present their report and the financial statements comprising FEL and its controlled entities (together the **Group**) for the year ended 30 June 2020 (**year**).

DIRECTORS

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

***Antony Sage**, (B com, FCPA, CA, FTIA) Executive Chairman (transitioned from Non-Executive Chairman to Executive Chairman effective 17 September 2020)*

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

- Cape Lambert Resources Limited (December 2000 to Present);
- European Lithium Limited (September 2016 to Present);
- International Petroleum Limited (January 2006 to September 2019); and
- Cauldron Energy Limited (June 2009 to November 2018).

Interest in Shares & Options at date of this report:	6,423,010 fully paid ordinary shares (indirectly held) 2,750,000 fully paid ordinary shares 10,000,000 unlisted options at $0.02 expiring 31 May 2021

***Mark Hancock**, (B.Bus, CA, FFin) Executive Director (Appointed 1 September 2019)*

Mr Mark Hancock has over 30 years' experience in key financial, commercial and marketing roles across a variety of industries with a strong focus on natural resources. During his 13 years at Atlas Iron Ltd, Mr Hancock served in numerous roles including CCO, CFO, Executive Director and Company Secretary. Mr Mark Hancock is currently a director or has been a director of the following listed companies in the three years immediately before the end of the current financial year:

- Centaurus Metals Ltd (September 2011 to Present);
- Strandline Resources Ltd (August 2020 to Present); and
- Cape Lambert Resources Ltd (February 2020 to August 2020).

Interest in Shares & Options at date of this report:	2,500,000 unlisted options at $0.02 expiring 31 May 2021

***Nicholas Sage**, Non-Executive Director*

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

- International Goldfields Limited (January 2018 to Present); and
- Cauldron Energy Limited (June 2015 to February 2019).

Interest in Shares & Options at date of this report:	2,500,000 unlisted options at $0.02 expiring 31 May 2021

***Kenneth Keogh**, Non-Executive Director (Resigned 1 September 2019)*

Mr Keogh is a finance professional with experience in both financing and developing projects in the mining, oil & gas and renewables industries. Mr Keogh is based in Western Australia where he consults to various private companies and holds a key management position at UON Pty Ltd. Mr Keogh runs his own successful investment firm which holds interest in exploration and mining companies, mining services and hospitality businesses. Mr Keogh holds a Bachelor of Art (Accounting and Finance) from Dublin Business School and holds an MBA from the Australian Institute of Business. Mr Kenneth Keogh is currently a director or has been a director of the following listed companies in the three years immediately before the end of the current financial year:

- International Goldfields Limited (January 2018 to Present).

Interest in Shares & Options at date of resignation:	766,300 fully paid ordinary shares (indirectly held) 5,000,000 unlisted options at $0.02 expiring 31 May 2021

JOINT COMPANY SECRETARY

Catherine Grant-Edwards

Ms Grant-Edwards has a Bachelor of Commerce degree from the University of Western Australia, majoring in Accounting and Finance. She commenced her career at Ernst & Young, where she qualified as an Accountant with the Chartered Accountants Australia & New Zealand (CAANZ) in 2007. Ms Grant-Edwards has over 15 years experience in accounting and finance and currently provides accounting and company secretarial services to several listed resource companies.

Melissa Chapman

Ms Chapman is a certified practising accountant with over 15 years of experience in the mining industry. She has worked extensively in Australia and the United Kingdom. Ms Chapman has a Bachelor of Accounting from Murdoch University and has been a member of CPA Australia since 2000. Melissa has completed a Graduate Diploma of Corporate Governance with the Governance Institute of Australia, and the company directors course with the Australian Institute of Company Directors.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES STATE OF AFFAIRS

The 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.

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

DIVIDENDS AND DISTRIBUTIONS

No dividends or distributions were paid to members during the year and none were recommended or declared for payment (30 June 2019: nil).

REVIEW OF OPERATIONS

CORPORATE

Operating Results

The consolidated profit after income tax for the year ended 30 June 2020 amounted to $5,908,179 (30 June 2019: $1,668,158 loss after income tax).

Board Changes

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.

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.

Extraordinary General Meetings

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

The Company held an Extraordinary General Meeting on 22 May 2020 (**May 2020 EGM**). All resolutions put to the meeting were passed and decided by way of a poll.

Placement

During the year, 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 August 2019 EGM.

Completion of Sale of Iron Ore Royalty

On 3 June 2020, FEL completed its sale of the Evanston Iron Ore Royalty to TRR Services Australia Pty Ltd, a wholly owned subsidiary of Trident Resources PLC (LSX: TRR) (**Trident**) (**Royalty Asset Sale**). The total sale price of the Royalty Asset Sale was $6.65 million (to be received in two instalments), as set out below.

Upon completion, FEL received the first instalment of the sale price. This instalment was for $3.46 million, being the $4 million first instalment payable under the contract less the March 2020 quarter royalty previously received by FEL of $0.54 million (received in the June 2020 quarter), which is attributable to the purchaser given the effective date of the transaction of 1 January 2020.

A second instalment (originally $3 million) was due to FEL on 4 June 2021 (being 12 months after completion date), with the instalment secured over the royalty. As announced 22 September 2020, FEL and Trident reached agreement to advance settlement of the second tranche sale proceeds and in return for Trident accelerating the payment, FEL has agreed to discount the amount owing to $2.65m. The second tranche payment was received by FEL on 24 September 2020.

Iron Ore Royalty

During the year, 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 year)
- $20,666 in relation to adjustments to prior period ore mined (receipted during the year)
- $657,359 in relation to September 2019 quarter mining (receipted during the year)
- $763,132 in relation to December 2019 quarter mining (receipted during the year)
- $539,310 in relation to March 2020 quarter mining (receipted during the year and deducted from the first tranche instalment of the Royalty Asset Sale)

Prior to the Royalty Asset Sale, FEL held 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 (valued at $402,000) upon completion of the transaction.

Earn-In Macarthur Minerals Lithium and Gold Tenements

As disclosed in the 2019 annual report, 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 FEL 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. For the purposes of determining the Stage 1, Stage 2, and Stage 3 earn in periods (detailed below), the parties had acknowledged the formal exercise date to be 29 August 2019 but this was subsequently extended to September 2020 (**Exercise Date**).

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 agreed that FEL would focus on the Hillside, Panorama and Strelley tenement packages during the year period, leaving the remainder to be retained by Macarthur, refer figure 2 and Schedule 1.

As detailed in subsequent events, the Company announced on 17 September 2020 that it had elected to withdraw from the joint venture with Macarthur, and accordingly did not earn-in on Stage 1.

Mercury Transaction

As disclosed in the 2019 annual report, on 21 February 2019, the Company entered into an agreement (as varied on 8 March 2019, 20 May 2019 and 14 June 2019) (**Acquisition Agreement**) to acquire the Pippingarra Lithium Project and the Marble Bar Lithium Project (together the **Projects**) (refer Figure 1) from Mercury Resources Group Pty Ltd (an unrelated private exploration and mining group) (**Mercury**) (**Mercury Transaction**). Pursuant to the Acquisition Agreement, consideration comprises:

(a) 12,500,000 shares subject to six months escrow from date of issue (**Consideration Shares**);

(b) 15,000,000 unlisted options with an exercise price of 2.5 cents each expiring on 31 March 2022 (**Consideration Options**);

(c) a 1% net smelter royalty;

(d) up to $100,000 in cash, payable in instalments as follows:

   a. $50,000 paid 23 May 2019; and

   b. $50,000 payable at formal completion (paid during year ended 30 June 2020);

(e) 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% Li2O within 24 months from completion (to be issued subject to prior shareholder approval).

The Consideration Shares were issued on 23 May 2019.

The Company deems the Mercury Transaction to have been substantially completed on 23 May 2019. At 30 June 2019, the only condition to formal completion remained the issue of the Consideration Options. Shareholder approval for the issue of the Consideration Options was obtained at the Company's August 2019 EGM.

Shares issued

During the year 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 year the Company issued the following options:
- 33,976,749 unlisted options exercisable at $0.02 expiring 31 May 2021 (approved for issue at the August 2019 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 August 2019 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.

Pippingarra Lithium Project and the Marble Bar Lithium Project

FEL acquired 100% beneficial interest in six tenements from Mercury Resources Group Pty Ltd (an unrelated private exploration and mining group) (**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 undertook early exploration activities including desk top reviews, field reconnaissance and exploration planning during the year.

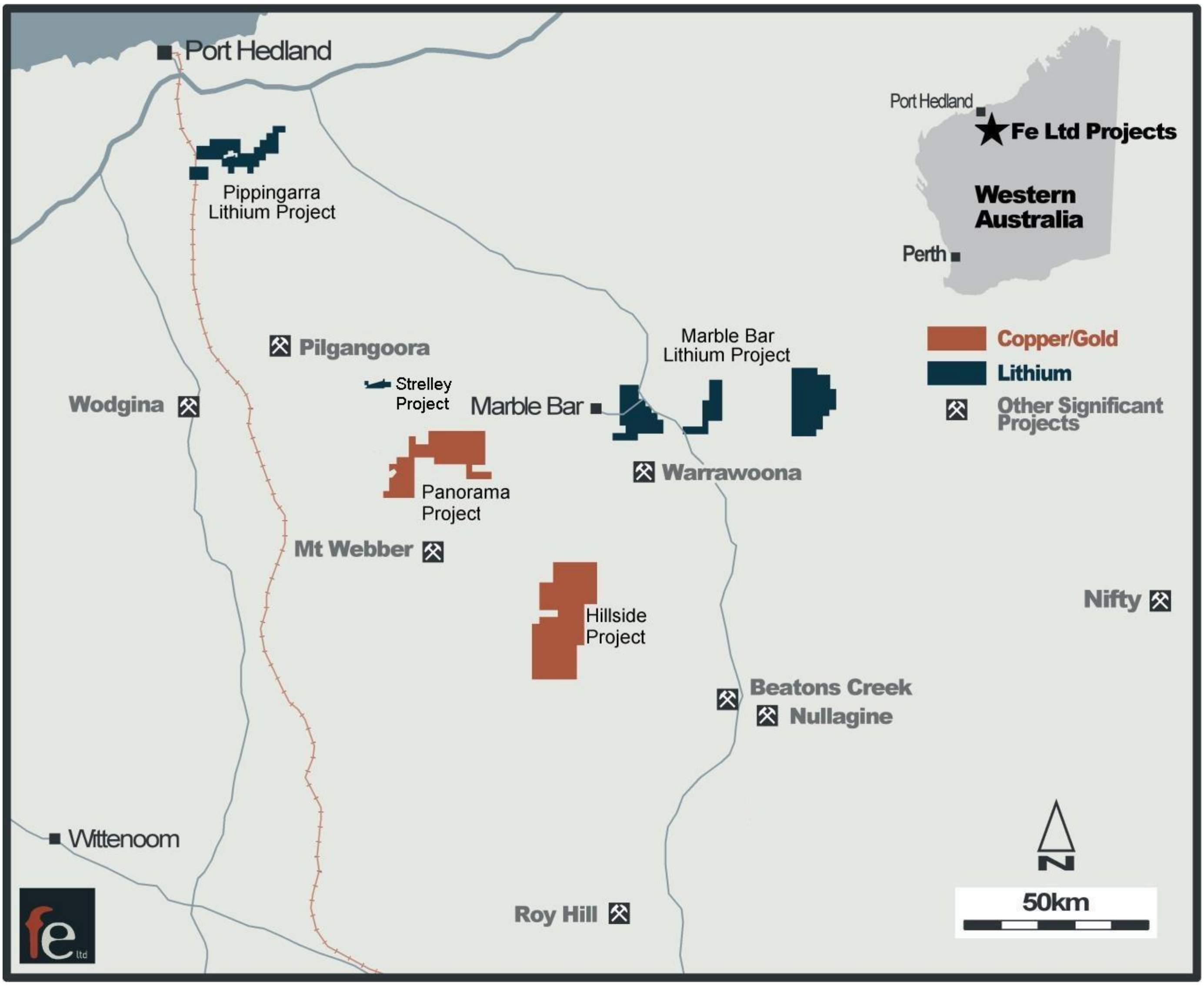

Figure 1: Pippingarra Lithium Project, Marble Bar Lithium Project and Macarthur Minerals Lithium and Gold Earn-In Project Tenements

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 an option agreement with Macarthur Lithium Pty Ltd (**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.

The parties had 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.

As detailed in subsequent events, the Company announced on 17 September 2020 that it had elected to withdraw from the joint venture with Macarthur, and accordingly did not earn-in on Stage 1.

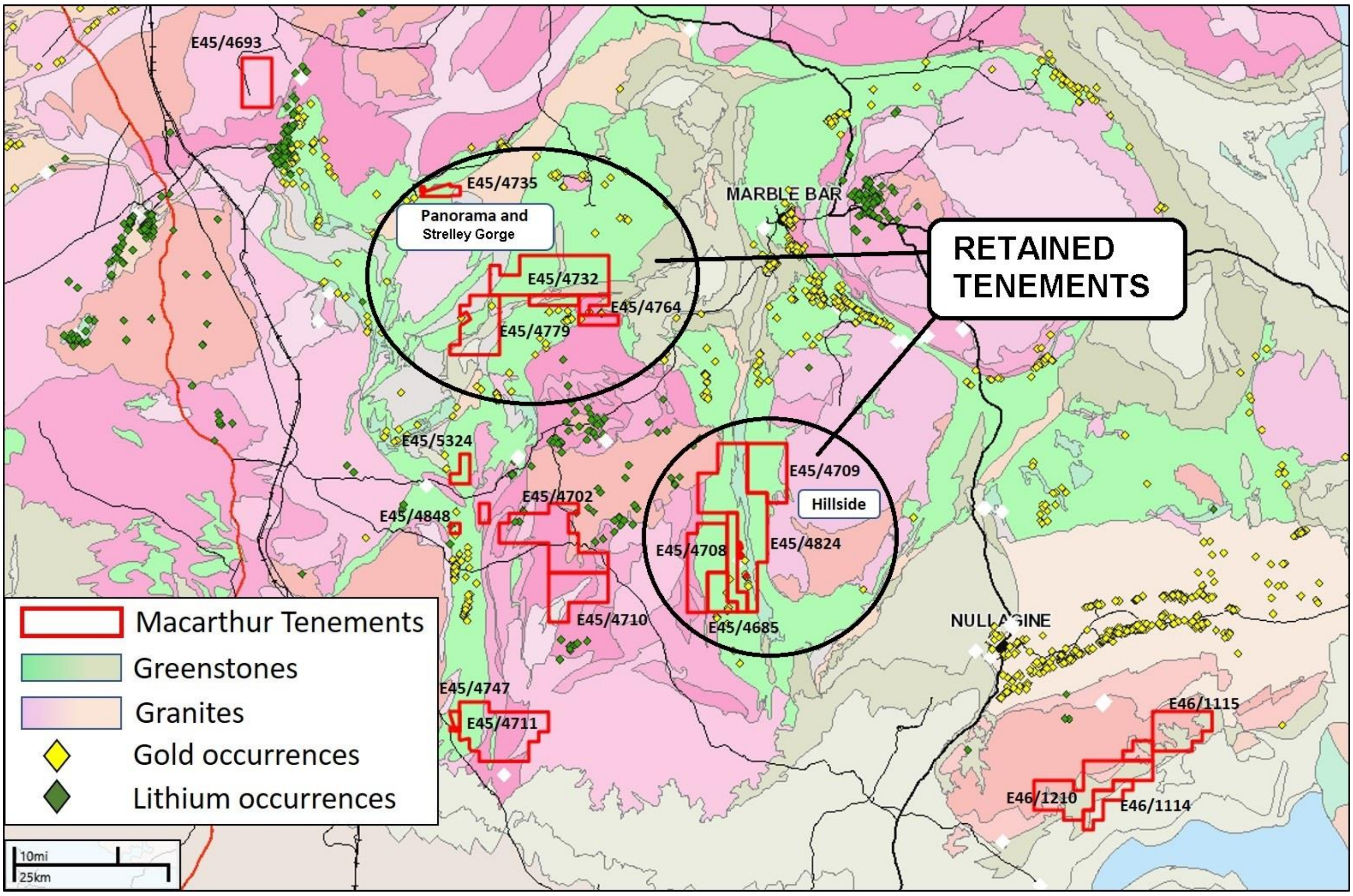

Figure 2: Macarthur Minerals Lithium and Gold Tenements Retained by FE Limited by agreement.

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

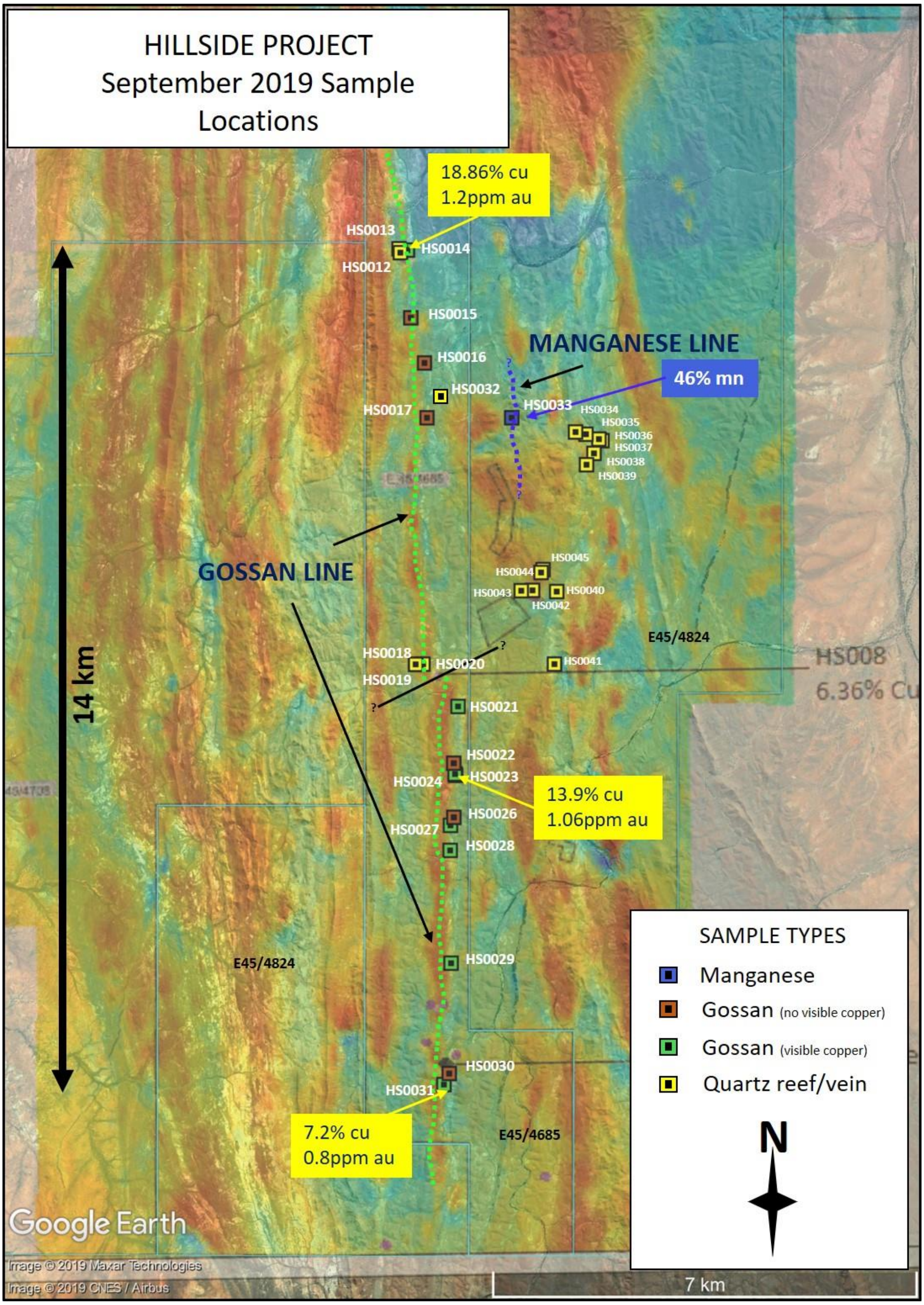

Figure 3: Hillside rock chip results

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 approximately 600 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.

SFR continued regional Air Core (AC) drilling, with a total of 628 holes for 57,246 metres, (MWAC2352 – MWAC2872 & MWAC2901 – MWAC3106) completed during the period. Highly significant gold mineralisation, including the maximum result of **5m @ 4.76g/t Au from 70m** (MWAC2682), was intersected within 100m x 1,600m spaced air core drilling in the western extremity of the project within tenement E52/1613. Single metre sampling completed on significant air core drilling returned a maximum result of **7m @ 6.09g/t Au from 48m**

including 3m @ 10.6g/t Au from 49m. Infill air core drilling is planned to follow up this significant drilling. Refer to ASX:AUR announcements 17 July 2020 for full details and drilling results.

SFR also completed five exploration diamond drill holes and six Reverse Circulation (RC) drill holes for a total drill advance of 4,134. 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 year. 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.

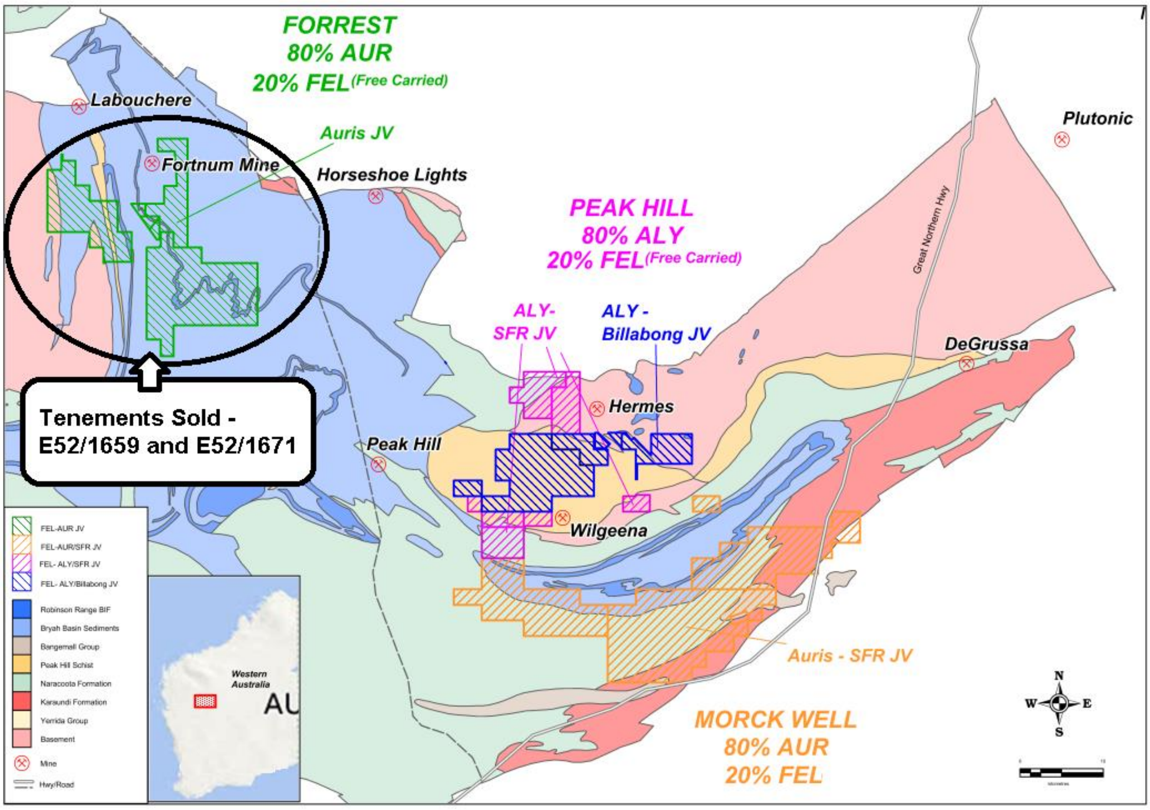

Figure 4: FEL exploration tenement portfolio in the Bryah Basin showing AUR, ALY, SFR and Billabong JV areas

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.

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.

SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

As announced 21 August 2020, FEL entered into a binding conditional Heads of Agreement to acquire a 50% interest in the Yarram Iron Ore Project located in Northern Territory (**Yarram**). Consideration includes A$1.5 m in cash and shares, with further contingent consideration of A$0.5m in cash and A$1.0m in cash and/or shares (at FEL's election) payable on achieving a JORC indicated resource milestone. FEL is to cover certain historical and future costs (refer ASX Announcement dated 21 August 2020 for a summary of the key terms of the acquisition). Completion remains subject to conditions precedent, which are envisaged to be satisfied prior to the long stop date of 90 days from signing the Heads of Agreement (being 16 November 2020).

On 20 August 2020, the Board resolved, subject to receipt of shareholder approval, to issue a total of 25,000,000 unlisted options with an exercise price of $0.03 expiring 31 August 2022 (**Options**). Recipients of the Options includes Non-Executive Director Tony Sage or his nominee (7,500,000 Options), Executive Director Mark Hancock or his nominee (7,500,000 Options), Non-Executive Director Nicholas Sage or his nominee (2,500,000 Options), and various unrelated third party consultants to the Company (7,500,000 Options).

As announced 17 September 2020, FEL announced it had entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GV**) over the Wiluna West JWD deposit (**Wiluna West JWD Mining Rights**) wholly owned by GWR Group Limited (**GWR**) (**JWD Mining Rights Acquisition**). Consideration of A$500,000 in cash and 12.5 million shares is payable upon settlement with a further commitment to fund a A$125,000 instalment due to GWR Group on 30 September 2020 and to provide a working capital facility to the JV of A$3million following decision to mine. A further $250,000 is payable in cash or shares (at FEL's election) upon a decision to mine. Additional payments to satisfy the Mining Rights Agreement will be met by the JV. FEL will operate the Joint Venture with its 51% interest and look to commence operations as soon as practically possible to meet the obligations under the Mining Rights Agreement that a minimum of 300,000 tonnes is mined and trucked with 21 months from the PMP approval date. Settlement of this acquisition occurred on 29 September 2020.

On 17 September 2020 the Company announced that it had elected to withdraw from the joint venture with Macarthur. The board decided to prioritise the remaining earn-in payments and expenditure required on the Macarthur tenure for its brownfields projects (such as Yarram and Wiluna West JWD Mining Rights) which the Company considers presents a higher earnings potential for it over a shorter time frame and with a lower risk profile.

To ensure the company is well resourced to progress the Yarram and Wiluna West JWD Mining Rights projects Non-Executive Chairman Mr Tony Sage has agreed to assume the role of Executive Chairman and Executive Director Mr Mark Hancock has agreed to increase his time commitment to the company, effective from 17 September 2020. Mr Sage and Mr Hancock's monthly remuneration has increased to $15,000 and $10,000 respectively to reflect this additional time commitment.

On 22 September 2020, the Company announced that FEL and Trident had reached agreement to advance settlement of the second tranche sale proceeds in respect of the Royalty Asset Sale. In return for Trident accelerating the payment, FEL agreed to discount the amount owing to $2.65m. The second tranche payment was received by FEL on 24 September 2020.

The following securities were issued subsequent to the reporting date up until the date of release of this report:

- 500,000 shares were issued on 17 September 2020 following the exercise of 500,000 unlisted options at $0.02 expiring 31 May 2021; and
- 12,500,000 shares were issued to GV on 24 September 2020 pursuant to the JWD Mining Rights Acquisition.

On 28 September 2020, the Company announced the appointment of experienced iron ore executive Mr Jeremy Sinclair as Projects Director.

There have been no other events subsequent to 30 June 2020 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.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

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

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

INDEMNIFICATION OF AUDITORS

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

LIKELY DEVELOPMENTS AND FUTURE RESULTS

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

DIRECTORS' MEETINGS

There were no formal board meetings held during the year. All matters were resolved via written circular resolutions.

REMUNERATION REPORT (AUDITED)

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

Details of Key Management Personnel

Directors

A Sage	Director (transitioned from role as Non-Executive Chairman to Executive Chairman 17 September 2020)
M Hancock (Appointed 1 September 2019)	Director (Executive)
N Sage	Director (Non-Executive)
K Keogh (Resigned 1 September 2019)	Director (Non-Executive)

Remuneration Philosophy

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

The following principles are embodied in the remuneration framework:
- provide competitive rewards to attract and retain high calibre executives, directors and employees; and
- link executive rewards to shareholder value.

Remuneration Policy

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

Considering the nature of the Company's operations, the remuneration of executive and non-executive directors is not dependent on the satisfaction of any specific performance conditions of the Company. Remuneration and share based payments are issued to align directors' interests with that of shareholders.

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

Remuneration report at 2019 AGM

The 2019 remuneration report received positive shareholder support at the 2019 AGM whereby of the proxies received 99.88% voted in favour of the adoption of the remuneration report.

Performance and Shareholder Wealth

Below is a table summarising key performance a statistics for the Group and the Company's share price over the last five financial years. Comparative statistics have not been adjusted for the impact of the new accounting standards.

Financial year	Profit / (Loss) after tax '000s	Profit / (Loss) per share (Cents)	Share Price (Cents)
30 June 2016	(655)	(0.29)	3.60
30 June 2017	(296)	(0.11)	2.40
30 June 2018	(1,082)	(0.32)	2.40
30 June 2019	(1,668)	(0.44)	1.70
30 June 2020	5,908	1.22	1.30

Non-Executive Chairman's Remuneration

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

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

The consulting contract for Mr Antony Sage's services are provided through Okewood Pty Ltd (**Okewood**), pursuant to which Okewood is entitled to receive $120,000 per annum.

Non-Executive Director Remuneration

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

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

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

As approved previously by shareholders, the maximum aggregate amount of remuneration payable to non-executive directors is $1,000,000. Summary details of remuneration for non-executive directors are given in the table below.

Executive Directors' Remuneration

On 1 September 2019, the Company entered into a consulting agreement with Haven Resources Pty Ltd (**Haven Resources**), a company controlled by Mr Mark Hancock, for the provision of executive director services. Under the agreement, Mr Mark Hancock is entitled to receive $48,000 per annum.

Compensation of Key Management Personnel

Consolidated Year ended 30 June 2020	Short-Term Salary & Fees $	Post-Employment Superannuation $	Share-based Payment Share Options (v) $	Total $	% Performance Based	% Comprising Options
Directors						
A Sage (i)	120,000	-	22,622	142,622	-	16%
M Hancock (ii)	40,000	-	12,988	52,988	-	25%
N Sage (iii)	36,000	-	5,655	41,655	-	14%
K Keogh (iv)	6,000	-	11,311	17,311	-	65%
Total	202,000	-	52,576	254,576	-	21%

For the year ended 30 June 2020:

(i) $120,000 was paid or payable to Okewood Pty Ltd a company that Mr Antony Sage is a director of.
(ii) $40,000 was paid or payable to Haven Resources Pty Ltd a company that Mr Mark Hancock is a director of.
(iii) $36,000 was paid or payable to Pembury Nominees Pty Ltd a company that Mr Nicholas Sage is a director of.
(iv) $6,000 was paid or payable to EK Holdings Group Pty Ltd a company that Mr Keogh is a director of.
(v) This amount refers to the share based payment expense recorded in the statement of comprehensive income in the period in respect of options issued. The recorded values of options will only be realised by the KMPs in the event the Company's share price exceeds the option exercise price.

Consolidated Year ended 30 June 2019	Short-Term Salary & Fees $	Post-Employment Superannuation $	Share-based Payment Share Options (iv) $	Total $	% Performance Based	% Comprising Options
Directors						
A Sage (i)	120,000	-	74,181	194,181	-	38%
N Sage (ii)	36,000	-	8,912	44,912	-	20%
K Keogh (iii)	41,000	-	17,929	58,929	-	30%
Total	197,000	-	101,022	298,022	-	34%

For the year ended 30 June 2019:

(i) $120,000 was paid or payable to Okewood Pty Ltd a company that Mr Antony Sage is a director of.
(ii) $36,000 was paid or payable to Pembury Nominees Pty Ltd a company that Mr Nicholas Sage is a director of.
(iii) $41,000 was paid or payable to EK Holdings Group Pty Ltd a company that Mr Keogh is a director of.
(iv) This amount refers to the share based payment expense recorded in the statement of comprehensive income in the period in respect of options issued, and options to be issued (subject to shareholder approval). The recorded values of options will only be realised by the KMPs in the event the Company's share price exceeds the option exercise price.

Shareholdings of Key Management Personnel

30 June 2020	Balance at 1 July 2019	Granted as remuneration	Net change other	Balance at 30 June 2020
Directors				
A Sage (i)	9,173,010	-	-	9,173,010
M Hancock	-	-	-	-
N Sage	-	-	-	-
K Keogh (i)(ii)	766,300	-	(766,300)	-
	9,939,310	-	(766,300)	9,173,010

(i) Indirectly held.
(ii) At the date of his resignation as a Director, Mr K Keogh held 766,300 shares.

30 June 2019	Balance at 1 July 2018	Granted as remuneration	Net change other	Balance at 30 June 2019
Directors				
A Sage (i)(ii)	3,923,010	2,750,000	2,500,000	9,173,010
N Sage	-	-	-	-
K Keogh (i)	766,300	-	-	766,300
	4,689,310	2,750,000	2,500,000	9,939,310

(i) Indirectly held.
(ii) Mr A Sage acquired 2,500,000 shares for $50,000 consideration during the year via off market transfers.

Option and right holdings of Key Management Personnel

30 June 2020	Balance at 1 July 2019	Acquired /granted during year (i)	Lapsed during Year	Net change other	Balance at 30 June 2020	Exercisable	Not Exercisable
Directors							
A Sage	16,500,000	-	(6,500,000)	-	10,000,000	10,000,000	-
M Hancock	-	2,500,000	-	-	2,500,000	2,500,000	-
N Sage	4,000,000	-	(1,500,000)	-	2,500,000	2,500,000	-
K Keogh (ii)	9,500,000	-	-	(9,500,000)	-	-	-
	30,000,000	2,500,000	(8,000,000)	(9,500,000)	15,000,000	15,000,000	-

(i) Refers to 2,500,000 unlisted options with no vesting conditions granted to a director at an exercise price of $0.02 each and an expiry date of 31 May 2021, which were issued on 6 December 2019 following receipt of shareholder approval at Company’s AGM (the Director B Options as defined below). These options were granted as remuneration for services performed to motivate and reward the performance of the holder in his role as a Director in a manner that aligns the holders’ interests with the Company and minimises cash spend.
(ii) At the date of his resignation as a Director, Mr K Keogh held 9,500,000 options (including 4,500,000 unlisted options which expired on 31 May 2020 subsequent to his resignation).

30 June 2019	Balance at 1 July 2018	Acquired /granted during year (i)	Lapsed during Year	Net change other	Balance at 30 June 2019	Exercisable	Not Exercisable
Directors							
A Sage	6,500,000	10,000,000	-	-	16,500,000	6,500,000	10,000,000
N Sage	1,500,000	2,500,000	-	-	4,000,000	1,500,000	2,500,000
K Keogh	4,500,000	5,000,000	-	-	9,500,000	4,500,000	5,000,000
	12,500,000	17,500,000	-	-	30,000,000	12,500,000	17,500,000

(i) Refers to 17,500,000 unlisted options with no vesting conditions granted to directors at an exercise price of $0.02 each and an expiry date of 31 May 2021, which were subject to receipt of shareholder approval at 30 June 2019 (the Director A Options). The options vested immediately on receipt of shareholder approval on 8 August 2019. These options were granted to directors as remuneration for services performed to motivate and reward the performance of the holders in their respective role as Directors in a manner that aligns the holders’ interests with the Company and minimises cash spend.

Options awarded, vested and lapsed during the year

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

On 31 May 2019, the Directors agreed to issue a total of 17,500,000 unlisted options with no vesting conditions to directors at an exercise price of $0.02 each and an expiry date of 31 May 2021, subject to receipt of shareholder approval (**Director A Options**). Shareholder approval for the issue of the Director A Options was received at the Company’s general meeting held 8 August 2019 and the securities were issued on 19 August 2019. The options vested immediately. The grant date fair value presented in the 30 June 2019 financial statements was provisional, estimated by reference to the period end share price. This provisional amount has been revised and adjusted for in the current year.

Details of the Director A Options awarded to directors during the year ended 30 June 2019 are summarised as follows:

	Number of Options	Exercise price per option	Expiry date	Estimated fair value of options at grant date[1]	Revised fair value of options at grant date[2]
A Sage	10,000,000	$0.02	31 May 2021	$0.0081	$0.0058
N Sage	2,500,000	$0.02	31 May 2021	$0.0081	$0.0058
K Keogh	5,000,000	$0.02	31 May 2021	$0.0081	$0.0058

[1] Reflected in 30 June 2019 annual report
[2] Reflected in this 30 June 2020 annual report

The Board agreed to issue a total of 2,500,000 unlisted options with no vesting conditions to Mr Hancock upon his appointment as a director, at an exercise price of $0.02 each and an expiry date of 31 May 2021, subject to receipt of shareholder approval (**Director B Options**). Shareholder approval for the issue of the Director B Options was received at the Company's AGM and the securities were issued on 6 December 2019. The options vested immediately.

Details of the Director B Options awarded are summarised as follows:

	Number of Options	Exercise price per option	Expiry date	Fair value of options at grant date
M Hancock	2,500,000	$0.02	31 May 2021	$0.0052

Transactions with directors, director related entities and other related parties

During the year ended 30 June 2020, an aggregate amount of $27,957 (30 June 2019: $139,439) was paid or payable to Cape Lambert Resources Ltd (**Cape Lambert**) for reimbursement of rent and other corporate costs. At 30 June 2020, $44,664 was payable to Cape Lambert (30 June 2019: $44,664).

During the year ended 30 June 2020, an aggregate amount of $16,986 (30 June 2019: $34,488) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs. At 30 June 2020, nil was payable to European Lithium (30 June 2019: $5,495).

During the year ended 30 June 2020, an aggregate amount of $59,148 (30 June 2019: nil) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent and corporate box sponsorship. At 30 June 2020, $9,148 was payable to Okewood (30 June 2019: nil). Mr Antony Sage is a director of Okewood.

End of Remuneration Report

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 (Cth) requires the Company's auditor, Stantons International, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration for the year is set out on page 21 and forms part of this Directors' Report. The Directors are satisfied with the independence of the auditor.

NON-AUDIT SERVICES

No non-audit services were provided to the Group by the auditor, Stantons International, during the year.

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

Mr Antony Sage
Executive Chairman

30 September 2020

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

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30 September 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 audit of the financial statements of Fe Limited for the year ended 30 June 2020, 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 audit; and

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

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik

Martin Michalik
Director

CORPORATE GOVERNANCE STATEMENT

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

The Company's Corporate Governance Statement for the year ended 30 June 2020 (which reports against these ASX Principles) may be accessed from the Company's website at www.felimited.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated	
		Year ended 30 June 2020	**Year ended 30 June 2019**
		$	**$**
Interest revenue	3(a)	1,662	2,979
Other income	3(b)	8,526,379	452,846
		8,528,041	455,825
Employee benefits expense and director remuneration	3(c)	(202,000)	(192,000)
Exploration and evaluation expenditure		(976,888)	(490,792)
Legal costs		(22,818)	(7,863)
Share-based payment expense	16(a)	(67,038)	(136,852)
Accounting and audit fees		(122,622)	(86,862)
Consultants costs		(96,000)	(96,167)
Compliance costs		(91,958)	(88,487)
Travel costs		(19,610)	(39,721)
Write off of exploration assets	9, 10	(725,670)	(735,000)
Other expenses	3(d)	(216,362)	(250,239)
Profit/(loss) before income tax		5,987,075	(1,668,158)
Income tax expense	4	(78,896)	-
Profit/(loss) after income tax		5,908,179	(1,668,158)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
-		-	-
Other comprehensive income/(loss) for the year		-	-
Total comprehensive profit/(loss) for the year		5,908,179	(1,668,158)
Earnings/(loss) per share attributable to ordinary equity holders of the parent			
- basic earnings/(loss) for the year (cents per share)	5	1.22	(0.44)
- diluted earnings/(loss) for the year (cents per share)	5	1.22	(0.44)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	Consolidated	
		30 June 2020	**30 June 2019**
		$	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	6	5,144,592	760,801
Trade and other receivables	7	2,650,000	256,530
Financial asset	8	42,140	-
Held for sale assets	9	-	-
Other assets		38,044	9,775
Total Current Assets		7,874,776	1,027,106
Non-Current Assets			
Exploration and evaluation expenditure	10	250,000	975,670
Plant and equipment	11	2,635	3,946
Total Non-Current Assets		252,635	979,616
TOTAL ASSETS		8,127,411	2,006,722
LIABILITIES			
Current Liabilities			
Trade and other payables	12	278,430	682,354
Income tax payable	4	78,896	-
Total Current Liabilities		357,326	682,354
TOTAL LIABILITIES		357,326	682,354
NET ASSETS		7,770,085	1,324,368
EQUITY			
Contributed equity	13	41,236,293	40,770,054
Accumulated losses	14	(35,573,356)	(41,481,535)
Reserves	15	2,107,148	2,035,849
TOTAL EQUITY		7,770,085	1,324,368

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

Consolidated	Contributed equity $	Accumulated losses $	Share based payments reserve $	Total $
Balance at 1 July 2019	40,770,054	(41,481,535)	2,035,849	1,324,368
Profit/(loss) for the year ended 30 June 2020	-	5,908,179	-	5,908,179
Other comprehensive income	-	-	-	-
	-	5,908,179	-	5,908,179
Transactions with owners in their capacity as owners:				
Shares issued during the year (net of share issue costs)	466,239	-	4,261	470,500
Share based payments	-	-	67,038	67,038
Balance at 30 June 2020	41,236,293	(35,573,356)	2,107,148	7,770,085

Consolidated	Contributed equity $	Accumulated losses $	Share based payments reserve $	Total $
Balance at 1 July 2018	39,381,064	(39,813,377)	1,786,827	1,354,514
Loss for the year ended 30 June 2019	-	(1,668,158)	-	(1,668,158)
Other comprehensive income	-	-	-	-
	-	(1,668,158)	-	(1,668,158)
Transactions with owners in their capacity as owners:				
Shares issued during the year (net of share issue costs)	1,350,490	-	-	1,350,490
Share based payments	38,500	-	249,022	287,522
Balance at 30 June 2019	40,770,054	(41,481,535)	2,035,849	1,324,368

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated	
		Year ended 30 June 2020 $	Year ended 30 June 2019 $
Cash flows from operating activities			
Receipt of royalty		2,221,965	215,538
Interest received		1,662	2,979
Payments to suppliers and employees		(683,008)	(752,010)
Payments for exploration and evaluation costs		(1,001,969)	(574,616)
Net cash flows from/(used in) operating activities	6(a)	538,650	(1,108,109)
Cash flows from investing activities			
Purchase of plant and equipment		-	(3,842)
Proceeds on sale of investment		450,525	-
Purchase of investment	8	(57,549)	-
Payments for exploration assets	10	(50,000)	(150,000)
Proceeds from sale of royalty asset	3(b)(i)	3,460,690	-
Loan to related party		-	-
Repayment of loan to related party		-	-
Net cash flows from/(used in) investing activities		3,803,666	(153,842)
Cash flows from financing activities			
Proceeds from shares issued (net of costs)		41,475	1,128,310
Net cash flows from financing activities		41,475	1,128,310
Net increase/(decrease) in cash and cash equivalents		4,383,791	(133,641)
Cash and cash equivalents at beginning of year		760,801	894,442
Cash and cash equivalents at end of year	6	5,144,592	760,801

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The financial report of Fe Limited (**FEL** or the **Company**) and the financial statements comprising FEL and its controlled entities (together the **Group**) for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 30 September 2020.

FEL is a for profit company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Company are mineral exploration and project development which is further described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

(b) Statement of compliance

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

(c) Going concern

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

At balance date, the Group had cash and cash equivalents of $5,144,592 (30 June 2019: 760,801) and a net working capital surplus of $7,517,449 (30 June 2019: $344,752 surplus).

Additional funding may be necessary for the Group to continue its planned exploration activities associated with its projects in the next 12 months, including expenditure and commitments associated with the Yaram Project (acquisition announced 21 August 2020) and JWD Mining Rights (acquisition announced 17 September 2020).

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, and from receipt of the second instalment payment from the Royalty Asset Sale of $2,650,000 (received in September 2020).

(d) New standards, interpretations and amendments adopted by the Group

New accounting standards adopted in the current period

In the year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the year end reporting period beginning on or after 1 July 2019.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore no material change is necessary to Group accounting policies, other than the following:

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 112 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 July 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 AASB 117. 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.

The Group has elected to apply the modified retrospective approach available under the AASB 16 when transitioning to the new standard, whereby the Company has recorded a right of use asset at the date of initial application of leases previously classified as an operating lease applying AASB 117, and measured that right of use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

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

Refer note 2(w) for the lease accounting policy applicable from 1 July 2019.

New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The potential effect of these Standards is yet to be fully determined.

Reference	Title	Summary	Application date of standard	Application date for the Group
Not yet issued by the AASB	Conceptual Framework for Financial Reporting and relevant amending standards	The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows: • Chapter 1 – The objective of financial reporting • Chapter 2 – Qualitative characteristics of useful financial information • Chapter 3 – Financial statements and the reporting entity • Chapter 4 – The elements of financial statements • Chapter 5 – Recognition and derecognition • Chapter 6 – Measurement • Chapter 7 – Presentation and disclosure • Chapter 8 – Concepts of capital and capital maintenance *Amendments to References to the Conceptual Framework in IFRS Standards* has also been issued, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying IFRS 3 and developing accounting policies for regulatory account balances using IAS 8, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the 2010 Conceptual Framework, and not the definitions in the revised Conceptual Framework.	1 January 2020	1 July 2020
AASB 2018-7	Definition of Material (Amendments to AASB 101 and AASB 108)	This Standard amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 January 2020	1 July 2020

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Fe Limited and its subsidiaries as at and for the year ended 30 June 2020.

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

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

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

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

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

(f) Cash and cash equivalents

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

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

(g) Trade and other receivables

Trade receivables are measured initially at the transaction price determined under AASB 15. Other receivables are initially recognised at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principle and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Following initial recognition, the amortised cost is calculated using the effective interest method.

The Group assesses on a forward-looking basis the expected credit loss associated with its trade and short term receivables carried at amortised cost. The expected credit loss is calculated based on the lifetime expected credit loss. In determining the expected credit loss the Group assesses the profile of the debtors and compares with historical recoverability trends, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current and forecast conditions as a reporting date.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery and not subject to enforcement activity.

(h) Exploration and evaluation

Exploration and evaluation expenditure in relation to the Company's mineral tenements, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral tenements are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

(i) Property, plant and equipment

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

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

Plant and equipment – 3 to 5 years

(j) Impairment of non-financial assets

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

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

(k) 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.

(l) 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.

(m) Trade and other payables

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

(n) Provisions

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

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

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

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

(o) Contributed equity

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

(p) Interest revenue and other income

Interest

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

Royalty income

Revenue from royalties is recognised in the period of production of the underlying iron ore being produced. Royalty agreements that are based on production, sales, and other measures are recognised by reference to the underlying arrangements

(q) Income tax and other taxes

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Other taxes

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

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

- receivables and payables are stated with the amount of GST included.

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

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

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

(r) Earnings per share

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

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

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;
- Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

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

(s) Operating segments

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

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

(t) Investment in joint arrangements

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

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

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

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

(u) Share based payments

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

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

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

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

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

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

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

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

(v) Intangible assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

(w) 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.

(x) Significant accounting estimates and assumptions

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

Capitalised Exploration and evaluation expenditure

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

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.
To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an appropriate valuation model, using the assumptions as discussed in note 16.

Taxes

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

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

Classification of royalty interests as intangible assets

The Group held royalty interests 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. The royalties, although entitling the Group to cash upon the commencement of production, are not considered to be financial assets. The Group considers that they do not have an unconditional right to receive cash as the Group cannot force the operator to produce and, furthermore, the counterparty can avoid the payment of cash by deciding not to produce. The royalties received are derived from the rights attached to the underlying mineral resources. The royalty rights have therefore been accounted for as intangible assets which are carried at cost. On initial recognition no value was assigned to the royalty as probability of production was considered remote.

3 REVENUE, INCOME AND EXPENSES

	2020 $	2019 $
(a) Revenue		
Interest	1,662	2,979
(b) Other income		
Gain on Royalty Asset Sale (i)	6,650,000	-
Royalty income (ii)	1,441,157	452,846
Gain on sale of tenement interests (iii)	402,000	-
Gain on sale of financial asset (refer note 8)	48,525	-
Fair value gain/(loss) on financial asset through profit and loss (refer note 8)	(15,409)	-
Recovery of receivable	106	-
	8,526,379	452,846

(i) On 3 June 2020, FEL completed its sale of the Evanston Iron Ore Royalty to TRR Services Australia Pty Ltd, a wholly owned subsidiary of Trident Resources PLC (LSX: TRR) (**Trident**) (**Royalty Asset Sale**). The total sale price of the Royalty Asset Sale was $6.65 million (to be received in two instalments), as set out below.
Upon completion, FEL received the first instalment of the sale price. This instalment was for $3.46 million, being the $4 million first instalment payable under the contract less the March 2020 quarter royalty previously received by FEL of $0.54 million (received in the June 2020 quarter), which is attributable to the purchaser given the effective date of the transaction of 1 January 2020.

A second instalment (originally $3 million) was due to FEL on 4 June 2021 (being 12 months after completion date), with the instalment secured over the royalty. As announced 22 September 2020, FEL and Trident reached agreement to advance settlement of the second tranche sale proceeds and in return for Trident accelerating the payment, FEL has agreed to discount the amount owing to $2.65m. The second tranche payment was received by FEL on 24 September 2020.

(ii) Royalty income earned in relation to mining conducted by Mineral Resources Ltd (ASX: **MIN**) at its Deception iron ore mine. FEL held a 1.5% Dry Metric Tonne, FOB Royalty in respect to M77/1259 until completion of the Royalty Asset Sale referred to at note 3(i)).

(iii) 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.

	2020 $	2019 $
(c) Employment benefits expense		
Directors fees	(202,000)	(192,000)
	$	$
(d) Other expenses		
Occupancy rental expenses	(36,700)	(36,736)
Insurance	(31,700)	(21,929)
Corporate advisory and marketing expenses	(44,317)	(163,064)
Depreciation expense	(1,311)	(70)
Other	(102,334)	(28,440)
	(216,362)	(250,239)

4 INCOME TAX

	2020 $	2019 $
(a) Income tax expense		
The major components of income tax expense are:		
Current tax	78,896	-
Deferred tax	-	-
Income tax expense reported in the statement of comprehensive income	78,896	-

	2020 $	2019 $
(b) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory tax rate		
Accounting profit/(loss) before tax	5,987,075	(1,668,158)
Tax at the statutory income tax rate of 27.5%	1,646,446	(458,743)
Tax effect on impairment losses	199,559	202,125
Tax effect on non-temporary differences	33,176	147,983
Unrecognised tax losses and temporary differences	(1,789)	108,635
Utilised tax losses	(1,798,496)	-
Income tax expense reported in statement of comprehensive income	78,896	-

	2020 $	2019 $
(c) Deferred tax liabilities		
Accrued income	-	-
	-	-
Less offset by deferred tax asset	-	-
Deferred tax liabilities	-	-
(d) Deferred tax assets		
Accrued expenditure	3,988	5,775
Loss on financial assets	4,238	-
Tax losses	1,004,358	2,771,201
Unrealised capital tax losses	359,736	359,736
	1,372,318	3,136,712
Less offset against deferred tax liabilities	-	-
Deferred tax assets not recognised	1,372,318	3,136,712

The Group has not formed a tax consolidated group.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Group has tax losses which arose in Australia of $3,652,209 (2019: $10,134,929) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in companies that have been loss-making for some time, and there is no other evidence of recoverability in the near future.

5 EARNINGS/(LOSS) PER SHARE

	2020 Cents	2019 Cents
Basic earnings/(loss) per share		
Continuing operations	1.22	(0.44)
	1.22	(0.44)
Diluted earnings/(loss) per share		
Continuing operations	1.22	(0.44)
	1.22	(0.44)

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

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

In the year ended 30 June 2020 the diluted earnings per share is equal to the basic earnings per share as the options on issue as at 30 June 2020 are anti-dilutive.

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

	2020 $	2019 $
Profit/(loss) used in calculation of basic and diluted earnings/(loss) per share		
Continuing operations	5,908,179	(1,668,158)
	5,908,179	(1,668,158)

	2020 No.	2019 No.
Weighted average number of ordinary shares for basic earnings/(loss) per share	483,719,885	383,041,786
Effect of dilution:		
Unlisted options	-	-
Adjusted weighted average number of ordinary shares for diluted earnings/(loss) per share	483,719,885	383,041,786

The unlisted options outstanding at 30 June 2020 and 30 June 2019 were found to have an anti-dilutive effect on the calculation. Therefore, at 30 June 2020 and 30 June 2019, the basic earnings/(loss) per share is equal to the diluted earnings/(loss) per share.

6 CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash and cash equivalents		
Cash at bank and on hand	5,144,592	760,801

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

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

	2020 $	2019 $
Net profit/(loss) for the year	5,908,179	(1,668,158)
Adjustments for:		
Depreciation	1,311	70
Gain on Royalty Asset Sale	(6,650,000)	-
Share-based payment expense	67,038	136,852
Gain on sale of exploration assets	(402,000)	-
Corporate advisor fees in the current year settled via issue of shares	-	26,205
Impairment of exploration assets	725,670	735,000
Gain on sale of financial asset	(48,525)	-
Fair value gain/loss on financial asset through profit and loss	15,409	-
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	795,840	(243,044)
Decrease/(increase) in prepayments	(32,769)	(1,134)
(Decrease)/increase in trade and other payables	79,601	(93,900)
(Decrease)/increase in tax payable	78,896	-
Net cash flow from/(used in) operating activities	538,650	(1,108,109)

(b) Non-cash investing and financing activities

During the year ended 30 June 2020, FEL issued 26,666,667 ordinary shares pursuant to the Revised Option Agreement in respect of the transaction with Macarthur, representing a non-cash payment of $400,000. Refer note 10(b) for further details.
During the year ended 30 June 2020, the Company sold its 20% interest (held via FEL's wholly owned subsidiary Jackson Minerals Pty Ltd) in tenements E52/1671 and E52/1659. The tenement interests, which were previously carried at nil value, were sold for $402,000 worth of shares in Westgold Resources Limited (ASX: WGX) resulting in a gain recognised in the statement of comprehensive income and constituting a non-cash transaction. Refer to note note 3(iii) for further details.

7 TRADE AND OTHER RECEIVABLES

	2020 $	2019 $
Current		
Royalty Asset Sale receivable (a)	2,650,000	-
Accrued royalty receivable (b)	-	241,498
Other receivables (c)	-	15,032
	2,650,000	256,530

(a) As detailed at note 3(i), this amount refers to the second instalment of $2.65 million. The carrying value is assumed to approximate the fair value. The maximum exposure to credit risk is the fair value of receivable. FEL's recoverability of the instalment is secured by the royalty. FEL received payment of this receivable on 24 September 2020.

(b) 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 June 2019 quarter.

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

Due to the short term nature of these receivables (being those noted at note 7(b) and note 7(c)), their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. It is not the Group's policy to transfer (on-sell) receivables to special purpose entities.

8 FINANCIAL ASSET

	2020 $	2019 $
Fair value through profit or loss (**FVTPL**) – equity investment	42,140	-
Movements		
Balance at beginning of year	-	-
Equity investment acquired (refer note 3(iii))	402,000	-
Sale of equity investment (a)	(402,000)	-
Purchase of equity investment	57,549	-
FVTPL	(15,409)	-
Balance at end of the year	42,140	-

(a) During the year end ended 30 June 2020, the Company sold its holding of 200,000 WGX shares. Total proceeds received upon sale of the shares was $450,525, resulting in a $48,525 gain on sale of financial assets being recorded in the statement of comprehensive income.

9 HELD FOR SALE ASSETS

	2020 $	2019 $
Exploration assets	-	-
Movements:		
Balance at beginning of year	-	-
Exploration assets reclassified as held for sale (refer note 10(a))	475,670	-
Write off (refer note 10(a))	(225,670)	
Transferred back to exploration assets (refer note 10(a))	(250,000)	
Balance at end of year	-	

10 EXPLORATION ASSETS

	2020 $	2019 $
Acquisition Cost – Mercury Transaction (a)	250,000	475,670
Acquisition Cost – Macarthur Minerals Transaction (b)	-	500,000
	250,000	975,670
Movements in exploration assets		
Carrying value at beginning of period	975,670	735,000
Consideration in shares (refer note 16(b))	-	225,000
Consideration in options (refer note 16(b))	-	150,670
Cash consideration	-	100,000
Cash Option Fee	-	100,000
Option Exercise Fee payable (settled in shares)	-	400,000
Write off	(500,000)	(735,000)
Transferred to assets classified as held for sale (a)	(475,670)	-
Transferred from assets classified as held for sale (a)	250,000	-
Closing value at end of year	250,000	975,670

a) *30 June 2019:*

On 21 February 2019, the Company entered into an agreement (as varied on 8 March 2019, 20 May 2019 and 14 June 2019) (**Acquisition Agreement**) to acquire the Pippingarra Lithium Project and the Marble Bar Lithium Project (together the **Projects**) from Mercury Resources Group Pty Ltd (an unrelated private exploration and mining group) (**Mercury**) (**Mercury Transaction**). Pursuant to the Acquisition Agreement, consideration comprises:

1) 12,500,000 shares subject to six months escrow from date of issue (**Consideration Shares**);

2) 15,000,000 unlisted options with an exercise price of 2.5 cents each expiring on 31 March 2022 (**Consideration Options**);

3) a 1% net smelter royalty;

4) $100,000 in cash, payable in instalments as follows:

    (i) $50,000 paid 23 May 2019;

    (ii) $50,000 payable at formal completion (paid during year ended 30 June 2020);

5) 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 (to be issued subject to prior shareholder approval).

The Mercury Transaction was substantially completed on 23 May 2019 and the acquisition costs included in the statement of financial position at 30 June 2019.

The Consideration Shares were issued on 23 May 2019. The fair value of the Consideration Shares paid of $225,000, based on the Company's share price on 23 May 2019 of $0.018 per share, has been used to record the value of exploration and evaluation assets on initial recognition in accordance with the Group's accounting policies.

The Consideration Options were issued 19 August 2019, following receipt of shareholder approval at the Company's general meeting held 8 August 2019 (**General Meeting**). The fair value of the Consideration Options of $150,670 has been determined in reference to the share price on 23 May 2019. Refer note 16(ii) for further details regarding this share based payment.

30 June 2020:

The exploration asset carrying value of $476,670 was transferred to assets classified as held for sale at 31 December 2019. During the period in which the exploration asset was held for sale, the Company negotiated a sale of the assets for $250,000; this sale however did not eventuate. The Board determined it appropriate to write down the carrying value of the Mercury Project to $250,000, and accordingly recognised an impairment write off of $225,670 during the year ended 30 June 2020 (refer note 9).

At 30 June 2020, the Board determined that rather than seeking to realise value on the Mercury Project via divestment, it would continue with exploration activities. Accordingly, the residual exploration asset carrying value of $250,000 was transferred from held for sale assets (refer note 9) back to exploration assets.

b) *30 June 2019:*

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 19 tenements (**Project**). The 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.

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, FEL elected to exercise the option to earn-in, and the parties have 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, the parties entered into a revised agreement to replace the existing Option Agreement (**Revised Option Agreement**). Pursuant to the Revised Option Agreement, the Option Exercise Fee 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). For the purposes of determining the Stage 1, Stage 2, and Stage 3 earn in periods (detailed below), the parties had acknowledged the formal Exercise Date to be 29 August 2019 but this was subsequently extended to September 2020.

Pursuant to the Revised Option Agreement, 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 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 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 the 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 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.

Subsequent to year end, FEL announced it had elected to withdraw from the joint venture with Macarthur, and accordingly did not earn-in on Stage 1. The Company has recognised an impairment write off for the full carrying value of $500,000 in the year ended 30 June 2020.

11 PLANT AND EQUIPMENT

	2020 $	2019 $
Gross carrying value at cost	4,562	4,562
Accumulated depreciation	(1,927)	(616)
	2,635	3,946

	2020 $	2019 $
Movements in plant and equipment		
Carrying value at beginning of year	3,946	174
Additions	-	3,842
Depreciation charge for the period	(1,311)	(70)
Carrying value at end of year	2,635	3,946

12 TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables (a)	105,673	137,782
Payable to Mercury	-	50,000
Payable to Macarthur	-	400,000
Other payables and accruals (b)	123,627	45,442
Kasombo Acquisition Pre-Settlement Exploration Expenditure (c)	49,130	49,130
	278,430	682,354

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

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

(c) As detailed in the 30 June 2019 Annual report, pursuant to the Kasombo Acquisition agreement, FEL is required to reimburse Cape Lambert for expenditure incurred by Cape Lambert since acquisition of its interest in the Kasombo Project (**Pre-Settlement Expenditure**) up to maximum amount of $125,000 (subject to ASX's confirmation that it is reimbursement of expenditure incurred in the development of the asset). FEL has received a final invoice for Pre-Settlement Expenditure from Cape Lambert for $99,130, which has been recorded in exploration and evaluation expenditure in the statement of comprehensive income. FEL had initially advanced Cape Lambert $50,000 as a contribution towards the Pre-Settlement Expenditure, such that the outstanding balance of the invoiced amount at balance date is $49,130. Payment of this amount was subsequently settled on 30 July 2020.

13 CONTRIBUTED EQUITY

	2020 $	2019 $
Ordinary shares		
Issued and fully paid	41,236,293	40,770,054

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

	2020 No. of shares	2020 $	2019 No. of shares	2019 $
Movements in ordinary shares on issue				
Balance at beginning of year	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
Settlement of invoices	-	-	2,406,990	36,105
Consideration Shares to Mercury	-	-	12,500,000	225,000
Placement (a)	5,000,000	75,000	48,500,000	727,500
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 year	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 for the issue of Shares at an issue price of $0.015 per Share (**Placement**).

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 and proposed to issue 5,000,000 Placement Shares (**Additional Placement 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 Shares was received at the Company's general meeting held 8 August 2019.

Placement investors received one free option for every four Placement Shares with the options having an exercise price of $0.02 each expiring 31 May 2021 (**Placement Options**). Accordingly, a total of 13,375,001 Placement Options were issued during the year.

(b) On 28 August 2019, 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) (refer to note 10(b)).

	2020 No.	2019 No.
Options over ordinary shares		
Unlisted options	61,746,749	62,500,000

Movements in unlisted options on issue	Balance at 1 July 2019 No.	Granted No.	Expired/ lapsed No.	Balance at 30 June 2020 No.
Share based payments (refer note 16):				
Unlisted options at $0.045 expiring 31/05/2020	20,000,000	-	(20,000,000)	-
Unlisted options at $0.020 expiring 31/05/2021	17,500,000[1]	-	-	17,500,000
Unlisted options at $0.025 expiring 31/05/2021	15,000,000[1]	-	-	15,000,000
Unlisted options at $0.020 expiring 31/05/2021	-	2,500,000	-	2,500,000
Unlisted options at $0.020 expiring 31/05/2021	-	2,500,000	-	2,500,000
Unlisted options at $0.020 expiring 31/05/2021	-	601,748	-	601,748
	52,500,000	5,601,748	(20,000,000)	38,101,748
Free-attaching options (refer note 17):				
Unlisted options at $0.030 expiring 13/03/2021	5,625,000	-	-	5,625,000
Unlisted options at $0.030 expiring 12/04/2021	3,125,000	-	-	3,125,000
Unlisted options at $0.030 expiring 08/05/2021	1,250,000	-	-	1,250,000
Unlisted options at $0.020 expiring 31/05/2021	-	13,375,001	-	13,375,001
	10,000,000	13,375,001	-	23,375,001
TOTAL	62,500,000	18,976,749	(20,000,000)	61,476,749

[1]Being options granted in year ended 30 June 2020 which were issued in 30 June 2020.

14 ACCUMULATED LOSSES

	2020 $	2019 $
Accumulated losses	(35,573,356)	(41,481,535)
Movements in accumulated losses		
Balance at beginning of year	(41,481,535)	(39,813,377)
Net profit/(loss) for the year	5,908,179	(1,668,158)
Balance at end of year	(35,573,356)	(41,481,535)

15 RESERVES

	2020 $	2019 $
Share based payments reserve	2,107,148	2,035,849
Movements in reserve		
Balance at beginning of year	2,035,849	1,786,827
Share-based payments made during the year (refer note 16)	71,299	249,022
Balance at end of year	2,107,148	2,035,849

Nature and purpose of reserve

This reserve is used to record the value of share based payments made to directors, consultants, and as consideration to acquire assets (in the form of unlisted options).

16 SHARE-BASED PAYMENTS

Share based payment transactions recognised during the year were as follows:

	2020 $	2019 $
(a) Share-based payments expensed through profit and loss:		
Shares	-	38,500
Options (i)	67,038	98,352
	67,038	136,852
(b) Share-based payments capitalised in exploration assets:		
Shares (refer note 10)	-	225,000
Options (refer note 10) (ii)	-	150,670
	-	375,670
(c) Share-based payments expensed through equity:		
Options (iii)	4,261	-
	4,261	-
Total share-based payments	71,299	512,522

(i) During the year, 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 year, 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 year, 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[1]	**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

[1]As detailed in the Company's 2019 Annual Report, a provisional estimate of the fair value of the Director A Options was determined by reference to the 30 June 2019 share price of the Company. Based on the provisional estimate, a share-based payment expense of $61,642 was recorded in the year ended 30 June 2019 (based on a provisional valuation of $0.0081 per option). Shareholder approval for the issue of the Director A Options was received at the Company's general meeting held 8 August 2019 and the Director A Options were issued on 19 August 2019. The table above reflects the final valuation of the Director A Options.

(e) Summary of options granted

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

	2020 No.	**2020 WAEP**	**2019 No.**	**2019 WAEP**
Outstanding at the beginning of the year	52,500,000	$0.031	12,500,000	$0.045
Options granted	5,601,748	$0.020	40,000,000	$0.027
Options expired	(20,000,000)	$0.045	-	-
Outstanding at the end of the year	38,101,748	$0.022	52,500,000	$0.045
Exercisable at the end of the year	38,101,748	$0.022	20,000,000	$0.045
Not exercisable at the end of the year	-	-	32,500,000	$0.022

(f) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2020 is 1.31 years (2019: 1.83 years).

(g) Fair value

The fair value of options granted during the year ended 30 June 2020 was $0.0057 (30 June 2019: $0.0082).

(h) Option expired

During the year ended 30 June 2020, 20,000,000 options expired (2019: nil).

17 OTHER UNLISTED OPTIONS

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

(a) Options granted during the year

There were a total of 13,375,001 unlisted options exercisable at $0.02 expiring 31 May 2021 issued during the year (2019: 10,000,000), being the Placement Options.

(b) Options exercised during the year

During the year, there was nil received in proceeds from the exercise of unlisted options (2019: nil).

(c) Options expired during the year

There were no unlisted options that expired during the year (2019: nil).

(d) Options on issue

The following unlisted options were on issue at 30 June 2020:

- 5,625,000 unlisted options at $0.03 expiring 13 March 2021
- 3,125,000 unlisted options at $0.03 expiring 12 April 2021
- 1,250,000 unlisted options at $0.03 expiring 8 May 2021
- 13,375,001 unlisted options at $0.02 expiring 31 May 2021

18 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. The financial results from the segment are equivalent to the financial statement of the Company as a whole. The accounting policies used by the Consolidated Group in reporting segment internally are the same as those contained in note 2 to the accounts. The Consolidated Group's non-current assets are located in Australia.

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Capital risk management

The Group's capital base comprises its ordinary shareholders equity, which was $7,770,085 at 30 June 2020 (30 June 2019: $1,324,368). The Group manages its capital to ensure that the entities in the group will be able to continue to meet its working capital requirements and operate as a going concern while seeking to maximise the return to stakeholders.

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

The Group is not subject to any externally imposed capital requirements.

Financial instrument risk exposure and management

The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables. The main risks arising from the Group's financial instruments are interest rate and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

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

Interest rate risk

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

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

	Note	2020 $	2019 $
Financial assets			
Cash and cash equivalents	6	5,144,592	760,801
		5,144,592	760,801

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

	Post Tax Loss (Higher)/Lower		Equity Higher/(Lower)	
	2020	**2019**	**2020**	**2019**
Consolidated	**$**	**$**	**$**	**$**
+1% (100 basis points)	51,446	7,608	-	-
-0.5% (50 basis points)	(25,723)	(3,804)	-	-

A sensitivity analysis is derived from a review of historical movements and management's judgment of future trends. The analysis was performed on the same basis as 2019.

Credit risk

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

The Group trades only with recognised and creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Other than the cash balance with a AA credited bank and the instalment receivable in respect of the Royalty Asset Sale royalty which is secured, there are no other significant concentrations of credit risk within the Group.

Liquidity risk

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

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

Consolidated	Less than 6 months $	6 months to 1 year $	1 year to 5 years $	Total $
30 June 2020				
Trade and other payables	357,326	-	-	357,326
	357,326	-	-	357,326
30 June 2019				
Trade and other payables	682,354	-	-	682,354
	682,354	-	-	682,354

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

Fair value estimation

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

20 COMMITMENTS AND CONTINGENCIES

Commitments

Office Rental Commitments

The Group entered into a sub-lease with Cape Lambert Resources Ltd for office premises for a lease period which terminated on 31 March 2020. The expenditure commitments with respect to rent payable under this sub-lease arrangement is as follows:

	2020 $	2019 $
Within one year	-	27,549
After one year but less than five years	-	-
More than five years	-	-
	-	27,549

Exploration Expenditure Commitments

In order to maintain rights to tenure to tenements, the Group is required to fulfil various minimum expenditure requirements up until expiry of licenses. The expected expenditure commitments with respect to the exploration grounds in Western Australia are as follows:

	2020 $	2019 $
Within one year	35,930	-
After one year but less than five years	-	-
More than five years	-	-
	35,930	-

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). In addition, FEL has agreed to provide Mercury with a 1% net smelter royalty in respect of the Mercury tenements. These obligations are considered contingent liabilities at 30 June 2020.

At 30 June 2020 there were no other contingent liabilities or contingent assets.

Commitments and contingencies arising subsequent to 30 June 2020

As announced 21 August 2020, FEL entered into a binding conditional Heads of Agreement to acquire a 50% interest in the Yarram Iron Ore Project located in Northern Territory (**Yarram**). Consideration includes A$1.5 m in cash and shares, with further contingent consideration of A$0.5m in cash and A$1.0m in cash and/or shares (at FEL's election) payable on achieving a JORC indicated resource milestone. FEL is to cover certain historical and future costs (refer ASX Announcement dated 21 August 2020 for a summary of the key terms of the acquisition).

As announced 17 September 2020, FEL announced it had entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GV**) over the Wiluna West JWD deposit (**Wiluna West JWD Mining Rights**) wholly owned by GWR Group Limited (**GWR**) (**JWD Mining Rights Acquisition**). Consideration of A$500,000 in cash and 12.5 million shares is payable upon settlement with a further commitment to fund a A$125,000 instalment due to GWR Group on 30 September 2020 and to provide a working capital facility to the JV of A$3 million following decision to mine. A further $250,000 is payable in cash or shares (at FEL's election) upon a decision to mine. Additional payments to satisfy the Mining Rights Agreement will be met by the JV.

21 CONTROLLED ENTITIES

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

Subsidiary	**Country of Incorporation**	**Equity interest %** **2020**	**2019**
Jackson Minerals Pty Ltd	Australia	100	100
Mooloogool Pty Ltd	Australia	100	100
Bulk Ventures Ltd	Australia	100	100
Bulk Ventures (Bermuda) Limited	Bermuda	100	100

22 PARENT ENTITY FINANCIAL INFORMATION

	2020 $	**2019 $**
Current Assets	7,874,775	1,027,106
Non-Current assets	252,635	979,616
Total Assets	8,127,410	2,006,722
Current Liabilities	278,430	682,354
Non-current liabilities	-	-
Total Liabilities	278,430	682,354
Net assets	7,848,980	1,324,368
Issued Capital	41,236,293	40,770,054
Accumulated losses	(35,494,461)	(41,481,535)
Share Based Payment reserve	2,107,148	2,035,849
Total Shareholder's Equity	7,848,980	1,324,368

	2020	**2019**
Profit/(loss) for the period	5,987,074	(1,668,158)
Total comprehensive profit/(loss) for the period	5,987,074	(1,668,158)

There were no guarantees entered into by the parent entity in relation to the debts of its subsidiaries (30 June 2019: nil).

Commitments, contingent liabilities and contingent assets of the parent entity are the same as those of the Group as detailed at note 20.

23 AUDITORS' REMUNERATION

	2020	2019
	$	$
Amounts received or due and receivable by Stantons International for:		
An audit or review of the financial report of the entity and any other entity in the Group:		
Amounts paid or payable relating to current year audit and half year review	25,905	-
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the entity and any other entity in the Group:		
Amounts paid or payable relating to current year audit and half year review	3,286	32,258
Total	29,191	32,258

24 RELATED PARTY DISCLOSURES

Note 21 provides the information about the Group's structure including the details of the subsidiaries and the holding company.

Transactions with directors, director related entities and other related parties

During the year ended 30 June 2020, an aggregate amount of $27,957 (30 June 2019: $139,439) was paid or payable to Cape Lambert Resources Ltd (**Cape Lambert**) for reimbursement of rent and other corporate costs. At 30 June 2020, $44,664 was payable to Cape Lambert (30 June 2019: $44,664). Mr Mark Hancock was a director of Cape Lambert during the period of 11 February 2020 to 4 August 2020. Mr Antony Sage is a director of Cape Lambert.

During the year ended 30 June 2020, an aggregate amount of $16,986 (30 June 2019: $34,488) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs. At 30 June 2020, nil was payable to European Lithium (30 June 2019: $5,495). Mr Antony Sage is a director of European Lithium.

During the year ended 30 June 2020, an aggregate amount of $59,148 (30 June 2019: nil) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent and corporate box sponsorship. At 30 June 2020, $9,148 was payable to Okewood (30 June 2019: nil). Mr Antony Sage is a director of Okewood.

Significant shareholders

As at 30 June 2020, Cape Lambert held a 29.84% interest in the issued capital of FEL (30 June 2019: 31.91%).

Terms and conditions of transactions with related parties other than KMP

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

Transactions with key management personnel

Compensation of key management personnel

	2020 $	2019 $
Short term employee benefits	202,000	197,000
Share based payments	52,576	101,022
	254,576	298,022

Interests held by Key Management Personnel

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

30 June 2020	**Balance at 1 July 2019**	**Acquired /granted during year** (i)	**Lapsed during Year**	**Balance at 30 June 2020 (or resignation date)**	**Exer-cisable**	**Not Exer-cisable**	**Ex. Price**	**Exp. Date**
Directors								
A Sage	6,500,000	-	(6,500,000)	-	-	-	$0.045	31 May 2020
	10,000,000	-	-	10,000,000	10,000,000	-	$0.020	31 May 2021
M Hancock	-	2,500,000	-	2,500,000	2,500,000	-	$0.02	31 May 2021
N Sage	1,500,000	-	(1,500,000)	-	-	-	$0.045	31 May 2020
	2,500,000	-	-	2,500,000	2,500,000	-	$0.020	31 May 2021
K Keogh (ii)	4,500,000	-	(4,500,000)	-	-	-	$0.045	31 May 2020
	5,000,000	-	-	5,000,000	5,000,000	-	$0.020	31 May 2021
	30,000,000	2,500,000	(12,500,000)	20,000,000	20,000,000	-		

(i) Refers to Director B Options as detailed at note 16.
(ii) At the date of his resignation as a Director, Mr K Keogh held 9,500,000 options (including 4,500,000 unlisted options which expired on 31 May 2020, subsequent to his resignation).

30 June 2019	**Balance at 1 July 2018**	**Acquired /granted during year** (i)	**Lapsed during Year**	**Balance at 30 June 2019**	**Exer-cisable**	**Not Exer-cisable**	**Ex. Price**	**Exp. Date**
Directors								
A Sage	6,500,000	-	-	6,500,000	6,500,000	-	$0.045	31 May 2020
	-	10,000,000		10,000,000	-	10,000,000	$0.020	31 May 2021
N Sage	1,500,000	-	-	1,500,000	1,500,000	-	$0.045	31 May 2020
	-	2,500,000		2,500,000	-	2,500,000	$0.020	31 May 2021
K Keogh	4,500,000	-	-	4,500,000	4,500,000	-	$0.045	31 May 2020
	-	5,000,000	-	5,000,000	-	5,000,000	$0.020	31 May 2021
	12,500,000	17,500,000	-	30,000,000	12,500,000	17,500,000		

(i) Refers to Director A Options as detailed at note 16.

Shares issued to directors or director related entities

There were nil shares issued to directors during the year ended 30 June 2020 in relation to remuneration (2019: 2,750,000 shares).

25 EVENTS AFTER THE REPORTING DATE

As announced 21 August 2020, FEL entered into a binding conditional Heads of Agreement to acquire a 50% interest in the Yarram Iron Ore Project located in Northern Territory (**Yarram**). Consideration includes A$1.5 m in cash and shares, with further contingent consideration of A$0.5m in cash and A$1.0m in cash and/or shares (at FEL's election) payable on achieving a JORC indicated resource milestone. FEL is to cover certain historical and future costs (refer ASX Announcement dated 21 August 2020 for a summary of the key terms of the acquisition). Completion remains subject to conditions precedent, which are envisaged to be satisfied prior to the long stop date of 90 days from signing the Heads of Agreement (being 16 November 2020).

On 20 August 2020, the Board resolved, subject to receipt of shareholder approval, to issue a total of 25,000,000 unlisted options with an exercise price of $0.03 expiring 31 August 2022 (**Options**). Recipients of the Options includes Non-Executive Director Tony Sage or his nominee (7,500,000 Options), Executive Director Mark Hancock or his nominee (7,500,000 Options), Non-Executive Director Nicholas Sage or his nominee (2,500,000 Options), and various unrelated third party consultants to the Company (7,500,000 Options).

As announced 17 September 2020, FEL announced it had entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GV**) over the Wiluna West JWD deposit (**Wiluna West JWD Mining Rights**) wholly owned by GWR Group Limited (**GWR**) (**JWD Mining Rights Acquisition**). Consideration of A$500,000 in cash and 12.5 million shares is payable upon settlement with a further commitment to fund a A$125,000 instalment due to GWR Group on 30 September 2020 and to provide a working capital facility to the JV of A$3million following decision to mine. A further $250,000 is payable in cash or shares (at FEL's election) upon a decision to mine. Additional payments to satisfy the Mining Rights Agreement will be met by the JV. FEL will operate the Joint Venture with its 51% interest and look to commence operations as soon as practically possible to meet the obligations under the Mining Rights Agreement that a minimum of 300,000 tonnes is mined and trucked with 21 months from the PMP approval date. Settlement of this acquisition occurred on 29 September 2020.

On 17 September 2020 the Company announced that it had elected to withdraw from the joint venture with Macarthur. The board decided to prioritise the remaining earn-in payments and expenditure required on the Macarthur tenure for its brownfields projects (such as Yarram and Wiluna West JWD Mining Rights) which the Company considers presents a higher earnings potential for it over a shorter time frame and with a lower risk profile.

To ensure the company is well resourced to progress the Yarram and Wiluna West JWD Mining Rights projects Non-Executive Chairman Mr Tony Sage has agreed to assume the role of Executive Chairman and Executive Director Mr Mark Hancock has agreed to increase his time commitment to the company, effective from 17 September 2020. Mr Sage and Mr Hancock's monthly remuneration has increased to $15,000 and $10,000 respectively to reflect this additional time commitment.

On 22 September 2020, the Company announced that FEL and Trident had reached agreement to advance settlement of the second tranche sale proceeds in respect of the Royalty Asset Sale. In return for Trident accelerating the payment, FEL agreed to discount the amount owing to $2.65m. The second tranche payment was received by FEL on 24 September 2020.

The following securities were issued subsequent to the reporting date up until the date of release of this report:

- 500,000 shares were issued on 17 September 2020 following the exercise of 500,000 unlisted options at $0.02 expiring 31 May 2021;
- 12,500,000 shares were issued to GV on 24 September 2020 pursuant to the JWD Mining Rights Acquisition.

On 28 September 2020, the Company announced the appointment of experienced iron ore executive Mr Jeremy Sinclair as Projects Director.

There have been no other events subsequent to 30 June 2020 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:

1. In the opinion of the directors:

   a) the financial statements and notes of Fe Limited for the year ended 30 June 2020 are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the year ended on that date; and

      (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);

   c) subject to the matters described in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2020.

On behalf of the Board

Mr Antony Sage
Executive Chairman

30 September 2020

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fe Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

We have not determined any key audit matters to be communicated in our report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Fe Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

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
30 September 2020

SCHEDULE OF TENEMENTS

As at 25 September 2020:

Tenement	Project & Location	Interest	Notes
P52/1494	Forrest (Milgun) – Western Australia	20%	1
P52/1495	Forrest (Milgun) – Western Australia	20%	1
P52/1496	Forrest (Milgun) – Western Australia	20%	1
E51/1033-I	Morcks Well	20%	1, 2, 3
E52/1613-I	Morcks Well	20%	1, 2, 3
E52/1672-I	Morcks Well	20%	1, 2, 3
E52/1668	Peak Hill – Western Australia	20%	4
E52/1678	Peak Hill – Western Australia	20%	4
E52/1722	Peak Hill – Western Australia	20%	5
E52/1730	Peak Hill – Western Australia	20%	4
P52/1538	Peak Hill – Western Australia	20%	4
P52/1539	Peak Hill – Western Australia	20%	4
E45/4759	Pippingarra	100%	6
E45/4691	Pippingarra	100%	6
E45/4669	Marble Bar	100%	6
E45/4690	Marble Bar	100%	6
E45/4724	Marble Bar	100%	6
E45/4746	Marble Bar	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	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, refer to ASX:ASX announcement dated 27 February 2018 for full details of agreement.
4	ALY 80% reducing to 10% in all minerals once SFR and Billabong (Operator) earn in under respective JV agreements with ALY. Billabong earning 70% interest in all minerals in part of this tenement and SFR earning 70% 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.
5	Alchemy 80% reducing to 10% in all minerals once SFR (Operator) earns in under JV agreement with ALY. SFR earning 70% 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.
6	Mercury Transaction: The acquisition of these tenements under the Mercury Transaction was substantially completed 23 May 2019.

ADDITIONAL SHAREHOLDER INFORMATION

As at 25 September 2020:

Shares

The total number of Shares on issue as at 25 September 2020 was 501,701,620, held by 953 registered Shareholders. 463 shareholders hold less than a marketable parcel, based on the market price of a share as at 25 September 2020.

Each Share carries one vote per Share without restriction.

Escrowed Shares

The Company does not have any Escrowed Shares on issue.

Twenty Largest Shareholders

As at 25 September 2020, the twenty largest Shareholders were as shown in the following table and held 74.77% of the Shares.

	Legal Holder	Holding	%
1	DEMPSEY RESOURCES PTY LTD	120,848,635	24.09
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	40,009,234	7.97
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,965,831	7.17
4	CAULDRON ENERGY LIMITED	28,153,112	5.61
5	MACARTHUR MINERALS LIMITED	26,666,667	5.32
6	DEMPSEY RESOURCES PTY LTD	25,000,000	4.98
7	WHITEY TIGER PTY LTD <THE WTL A/C>	14,895,018	2.97
8	MR JOHN CHARLES CHERRY	12,500,000	2.49
8	GOLD VALLEY IRON ORE PTY LTD	12,500,000	2.49
9	MR ALEXANDER JOHN PEDEN & MRS MARY LOUISA PEDEN	9,892,443	1.97
10	H & K SUPER MANAGEMENT PTY LTD <H & K SUPER FUND A/C>	6,600,000	1.32
11	CITICORP NOMINEES PTY LIMITED	6,457,064	1.29
12	ANTONY WILLIAM PAUL SAGE & LUCY FERNANDES SAGE <EGAS SUPERANNUATION FUND	6,423,010	1.28
13	LSG RESOURCES PTY LTD	4,400,000	0.88
14	MR RITCHIE JAY CAMPBELL	4,371,340	0.87
15	MR ANTHONY ROBERT RAMAGE	4,200,000	0.84
16	SUBURBAN HOLDINGS PTY LIMITED <SUBURBAN SUPER FUND A/C>	4,103,546	0.82
17	MR ANTHONY ROBERT RAMAGE	3,400,000	0.68
18	MR ROBERT MICHAEL AVERY & MRS CHERYL MAY AVERY <ARAMA RETIREMENT FUND A/C>	3,050,000	0.61
19	FRED PARRISH INVESTMENTS PTY LTD <PARRISH FAMILY A/C>	2,845,449	0.57
20	ACN 139 886 025 PTY LTD	2,820,000	0.56
	Total	**375,101,349**	**74.77**

Distribution Schedule

A distribution schedule of the number of Shareholders, by size of holding, as at 25 September 2020 is below:

Size of holdings	Number of Shares	%	Number of Shareholders
1 – 1000	484,447,088	96.56%	235
1,001 – 5,000	15,717,647	3.13%	356
5,001 – 10,000	1,022,902	0.20%	129
10,001 – 100,000	487,727	0.10%	161
100,001 and over	26,256	0.01%	72
Total	**501,701,620**	**100.00%**	**953**

Quoted Options

The Company does not have any quoted Options on issue.

Unquoted Options

At 25 September 2020 the Company has on issue 60,976,749 Unquoted Options on issue. The names of security holders holding more than 20% of an unlisted class of security are listed below.

Holder	Unlisted Options $0.03 13/03/2021	Unlisted Options $0.03 12/04/2021	Unlisted Options $0.03 08/05/2021	Unlisted Options $0.02 31/05/2021	Unlisted Options $0.025 31/03/2022
Mr Anthony Robert Ramage	1,250,000	-	-	-	-
S&A Consulting D.O.O	-	3,125,000	1,250,000	-	-
Okewood Pty Ltd	-	-	-	10,000,000	-
Mercury Resources Group Pty Limited	-	-	-	-	15,000,000
Holders individually less than 20%	4,375,000	-	-	25,976,749	-
Total	5,625,000	3,125,000	1,250,000	35,976,749	15,000,000

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