FE Limited
ABN 31 112 731 638

AND CONTROLLED ENTITIES

ANNUAL REPORT 2021

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	Unit 3, 32 Harrogate Street West Leederville, WA 6007	
	Telephone:	+61 (08) 6181 9793
Share Registry	Link Market Services Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000	
	Telephone:	1300 554 474 (within Australia) +61 (2) 8280 7761 (overseas)
	Website:	www.linkmarketservices.com.au
Auditors	Stantons 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 2021.

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 more than 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 Cyclone Metals Ltd (previously Cape Lambert Resources Limited) (which was AIM Company of the year in 2008), and is the chairman of ASX-listed company, European Lithium Limited. 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:

- Cyclone Metals Limited (previously Cape Lambert Resources Ltd) (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:	21,673,010 fully paid ordinary shares 7,500,000 unlisted options at $0.03 expiring 31 August 2022 7,500,000 unlisted options at $0.06 expiring 30 June 2023

***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
- Cyclone Metals Limited (previously Cape Lambert Resources Ltd) (February 2020 to August 2020).

Interest in shares & options at date of this report:	2,500,000 fully paid ordinary shares 7,500,000 unlisted options at $0.03 expiring 31 August 2022 7,500,000 unlisted options at $0.06 expiring 30 June 2023

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

Mr Nicholas Sage is a marketing and communications professional with more than 25 years' experience in various management and consulting roles. Mr Nicholas Sage is based in Western Australia and currently consults to various companies and has held various management 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:	None

JOINT COMPANY SECRETARY

Catherine Grant-Edwards and Melissa Chapman

Ms Catherine Grant-Edwards (Chartered Accountant (CA)) and Ms Melissa Chapman (Certified Practicing Accountant (CPA), AGIA/ACIS, GAICD) are appointed as Joint Company Secretary. Ms Chapman and Ms Grant-Edwards are directors of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to several ASX listed companies. Between them, Ms Grant-Edwards and Ms Chapman and have over 30 years' experience in the provision of accounting, finance and company secretarial services to public listed resource and private companies in Australia and the UK, and in the field of public practice external audit.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES STATE OF AFFAIRS

The Company is an Australian mineral exploration and development company with interests in various projects and tenements prospective for iron ore, copper and gold 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 2020: nil).

REVIEW OF OPERATIONS

CORPORATE

Operating Results

The consolidated loss after income tax for the year ended 30 June 2021 amounted to $2,510,540 (30 June 2020: $5,908,179 profit after income tax).

Board Change

On 17 September 2020 Mr Tony Sage assumed the role of Executive Chairman (transitioned from Non-Executive Chairman).

Corporate Appointment

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

Annual General Meeting

The Company's annual general meeting (**AGM**) was held on 25 November 2020. All resolutions put to the meeting were passed and decided by way of a poll.

Constitution Amended

On 25 November 2020, the Company adopted an amended Constitution, as approved by special resolution of shareholders at the Company's AGM.

Placement

On 18 February 2021, the Company announced it had successfully completed a placement to sophisticated and professional investors at an issue price of $0.045 raising $5.5 million (before capital raising costs) (**Placement**). On 24 February 2021, the Company issued 123,381,655 Placement shares. Funds raised under the Placement were planned to be expended to fully fund development of the low capex, direct shipping JWD Project and drilling and approvals work at the Yarram Iron Ore Project.

Wiluna Iron JV Transaction

As announced 17 September 2020, FEL entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by Gold Valley Iron Ore Pty Ltd (**GVIO**) over the Wiluna West JWD deposit (**JWD Mining**

Rights or **JWD Iron Ore Project**) (**Wiluna Transaction**). Consideration included $500,000 in cash and 12,500,000 shares at a deemed issue price of $0.020 upon settlement with a further commitment to fund a $125,000 instalment due to GWR Group on 30 September 2020, to prepay the first 50% instalment royalty ($225,000), and to provide a working capital facility to the Wiluna Iron Project JV (**Wiluna Iron JV**) of $3.0m following decision to mine. A further $250,000 is payable in cash or shares (at FEL's election) upon a decision to mine (refer Significant Events Subsequent to Reporting Date). Additional payments to satisfy the Mining Rights Agreement will be met by the JV. Settlement of this acquisition occurred on 29 September 2020.

Pursuant to the underlying JWD Mining Rights Agreement, the first 300,000 tonnes were to be mined and trucked off the tenements with 21 months from the PMP approval date of 16 January 2020. As announced on 14 May 2021, the Company and GWR Group Ltd (**GWR**) have agreed a number of amendments to the JWD Mining Rights Agreement. One of the key elements of the changes has been to adjust the methodology by which royalty and rehabilitation obligations are funded, thereby assisting FEL's working capital during ramp up. FEL has agreed to guarantee its subsidiary company's obligations to GWR as part of these changes. The other key change is to extend the timeframe by which FEL has to extract the first 300,000 tonnes of ore (from October 2021 to January 2022), providing additional operational flexibility to FEL. Consideration payable to GWR for agreeing to the changes included a payment of $125,000 in cash, an increase in the royalty it pays by A$1 per tonne when the headline iron ore price is above US$145, and granting GWR an option to purchase up to 50,000 tonnes of JWD fines material from the mine gate at estimated cost plus A$10 per tonne. To extend its right to extract for a further 2.7MT from JWD, FEL is required to pay $4.25m to GWR prior to expiry of the right extension deadline in January 2022.

As announced on 25 May 2021, FEL paid a A$1m refundable deposit to its joint venture partner to secure an option to increase its interest in JWD from 51% to 60% for consideration of A$2.5m. This option was exercised subsequent to year end (refer Significant Events Subsequent to Reporting Date).

Yarram Iron JV Transaction

On 22 December 2020, the Company advised it had completed the transaction (initially announced to ASX on 21 August 2020) to acquire a 50% interest in the Yarram iron ore project (**Yarram Iron JV**) in the Northern Territory (**Yarram Transaction**). Completion of the transaction was effected on 22 December 2020, via FEL purchasing a 50% share in Gold Valley Iron and Manganese Pty Ltd (**GVIM**), being the entity which owns the Yarram Iron Ore Rights.

Consideration included:

- $1.0m in cash (adjusted for $55k liabilities assumed);
- 31,250,000 shares valued at $0.5m based on a deemed issue price of $0.016 (issued on 22 December 2020);
- $1.9m subscription amount payable to GVIM in relation to 500,000 GVIM shares acquired by FEL's wholly owned subsidiary Yarram FE Pty Ltd, being:
  - a minimum payment of $1,500,000[A]; and
  - up to an additional $400,000 as directed by the Board of GVIM (to cover certain historical costs);

  at a date to be determined by the Board of GVIM.

[A] Note, if the minimum payment amount is unpaid at payment date, shares to be cancelled proportionally to the unpaid amount.

Further contingent consideration of $0.5m in cash and $1.0m in cash and/or shares (at FEL's election) is payable on achieving a JORC indicated resource milestone.

Receipt of Proceeds from Sale of Iron Ore Royalty

On 22 September 2020, the Company announced that FEL and TRR Services Australia Pty Ltd, a wholly owned subsidiary of Trident Resources PLC (LSX: TRR) (**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.

Sale of Pilbara Exploration Tenements

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

The transactions with Global Lithium and Mercury Resources were completed subsequent to year end.

Withdrawal from Joint Venture with Macarthur

On 17 September 2020 the Company announced that it had elected to withdraw from the joint venture with Macarthur.

Shares issued

During the year the Company issued the following shares:
- 123,381,655 shares were issued pursuant to the Placement
- 12,500,000 ordinary shares, being consideration shares in relation to the Wiluna Transaction
- 31,250,000 ordinary shares, being consideration shares in relation to the Yarram Transaction
- 36,476,749 ordinary shares upon exercise of unlisted options at $0.02 expiring 31 May 2021 (including 2,355,415 shares issued pursuant to the underwriting arrangement) raising $729,535
- 2,125,000 shares were issued following exercise of unlisted options at $0.03 expiring 13 March 2021 raising $63,750
- 5,000,000 shares were issued following exercise of unlisted options at $0.025 expiring 31 March 2022 raising $125,000
- 10,000 shares were issued to the underwriter pursuant to the options underwriting arrangement

Option movements

During the year the following unlisted options were issued:
- 30,000,000 unlisted options exercisable at $0.03 expiring 31 August 2022
- 5,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 (subject to vesting conditions)
- 5,000,000 unlisted options exercisable at $0.035 expiring 12 October 2023
- 5,000,000 unlisted options exercisable at $0.045 expiring 12 April 2024
- 5,000,000 unlisted options exercisable at $0.06 expiring 12 October 2024

During the year the following unlisted options were exercised:
- 5,000,000 unlisted options at $0.025 expiring 31 March 2022
- 36,476,749 unlisted options at $0.02 expiring 31 May 2021
- 2,125,000 unlisted options at $0.03 expiring 13 March 2021

During the year the following unlisted options expired:
- 3,500,000 unlisted options at $0.03 expired on 13 March 2021
- 3,125,000 unlisted options at $0.03 expired on 12 April 2021
- 1,250,000 unlisted options at $0.03 expired on 8 May 2021

PROJECTS

Western Australia

The Company holds or has rights or interests in various projects and tenements prospective for iron ore, gold and copper located in Australia.

The Company has divested its tenure in the East Pilbara and Pippingarra areas. No further exploration is being conducted on these projects.

The Company's focus in Western Australia remains in iron ore, through its JWD Iron Ore Project, recently brought into production. FEL also retains minor interests in the Bryah Basin, Peak Hill, Mount Ida and Morck Well projects, none of which are within the Company's operation control.

JWD Iron Ore Project - Wiluna Iron JV (51%) (Western Australia)

As previously announced, on 29 September 2020 FEL completed its acquisition of a 51% interest in the Mining Rights Agreement held by the GVIO over the Wiluna West JWD deposit (being the **Wiluna Transaction**).

On 15 December 2020, the Company advised it lodged its Works Approval application for the JWD Iron Ore Project (**JWD**) with the WA Department of Water and Environmental Regulation (**DWER**). The Works Approval was subsequent granted in March of this year.

During the year, the Company engaged key contractors for mining and crush and screen and executed an agreement providing accommodation for the mine via an existing nearby accommodation village at the nearby Lake Way Project (Salt Lake Potash Ltd). Preliminary site works were commenced in April with the full mining fleet mobilised to site by the end of June to allow development of the open pit to commence in early June.

Yarram Project – Yarram Iron JV (50%) (Northern Territory)

The Company holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram project, located some 110km from Darwin Port. Iron ore rights are held within a joint venture area that partially contains a central mining licence with current exploration licences either side.

Activities during the year were focussed around obtaining the necessary approvals to progress the project. A Mining Management Plan (MMP) for an initial round of deposit definition drilling within the granted mining licence was submitted and subsequently approved by the Northern Territory mines department. An application for a sacred site clearance certificate through the Aboriginal Areas Protection Authority (AAPA) has since been submitted with approval anticipated during Q3 2021. Drilling is expected to be completed prior to the 2021 wet season and will provide information to aid in estimation of a JORC compliant resource as well as for feasibility studies including environmental, metallurgical and mining studies.

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

On 17 June 2021, the Company announced the divestment of both the Pippingarra Gold and Marble Bar Lithium projects.

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

On 17 September 2020, the Company announced that it had elected to withdraw from the joint venture with Macarthur Minerals.

Bryah Basin Joint Venture Projects - FEL 20% rights

FEL, via its wholly owned subsidiary Jackson Minerals Pty Ltd (**Jackson Minerals**), has a 20% interest in tenements covering an area of 804 km² in the highly prospective Bryah Basin proximal to Sandfire Resources NL (ASX:SFR) Doolgunna Project and DeGrussa copper gold mine.

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

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

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

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

Air core drilling continued at the Morck Well JV Project during the year with over 1,100 holes for over 87,500 metres of drilling completed by the AUR/SFR Joint Venture. AUR have announced significant gold and copper results returned from the regional first pass and 800 x 100m space infill air core drilling. Significant results returned include 10m at 2.05g/t Au from 65m including 5m at 3.01g/t Au from 65m in MWAC3574, 15m at 1.03g/t Au from 100m including 10m at 1.27g/t Au from 100m in MWAC3749, 5m at 1.44g/t Au from 45m in MWAC3883B, 5m at 0.89g/t Au from 50m in MWAC3545, 5m at 1.60 g/t Au from 55m in MWAC3036, 10m at 0.88 g/t Au from 110m including 5m at 1.13g/t from 110m in MWAC2691 and 10m at 0.42% Cu from 40m including 5m at 0.64% Cu from 40m in MWAC2870. Results show areas remain open along strike to the east and west of significant results. Refer to ASX:AUR announcements dated 23 October 2020, 20 April 2021 and 22 July 2021 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, via wholly owned subsidiary Jackson Minerals.

Peak Hill Project All Mineral Rights - ALY/SFR/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.

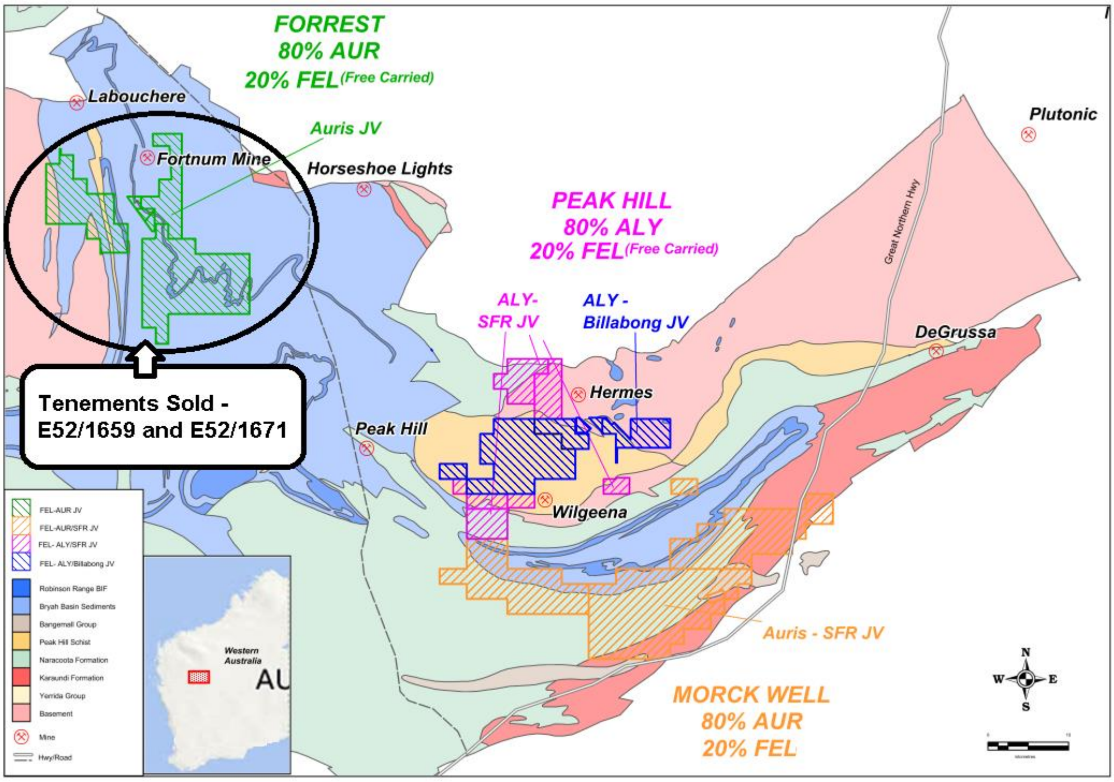

Figure 1: FEL exploration tenement portfolio in the Bryah Basin showing AUR, ALY, SFR and Billabong JV areas

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

Extraordinary General Meeting

The Company held an Extraordinary General Meeting on 12 July 2021 (**July 2021 EGM**). All resolutions put to the meeting were passed and decided by way of a poll.

Further Milestones Achieved at JWD Project

Subsequent to year end, export capacity and a path to market was secured with the execution of key agreements with Mt Gibson Iron Limited and the Mid West Port Authority and a long term haulage contract with Campbells Transport.

Crushing and screening commenced in early July 2021 with first ore leaving site via road trains on the 11 July 2021. The Company continues to focus on the ramp up of haulage from the mine, with key development work for the mine now complete.

As announced on 27 July 2021, the Company, via its wholly owned subsidiary Wiluna FE Pty Ltd, has entered an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**), for 100% of the JWD product (iron ore lumps and fines) over the life of FEL's operations at the mine, subject to GWR Group Ltd's existing right to elect to purchase up to 50,000 tonnes of fines product at the mine gate. Pursuant to the terms of the offtake agreement, Glencore has provided a US$7.5 million prepayment, which will be repaid by FEL in five instalments of US$1.5m plus applicable interest, from shipments 2 to 6, or within 6 months of the prepayment being received, whichever is the earlier.

Increase of JWD Interest to 60%

As announced on 25 May 2021, FEL paid a A$1m refundable deposit to its joint venture partner to secure an option to increase its interest in JWD from 51% to 60% for consideration of A$2.5m.

Following receipt of shareholder approval at the Company's EGM held 12 July 2021 to issue equity to complete this transaction, FEL has exercised its option and elected to settle payment of the consideration amount via the issue of 43,859,649 shares. Subsequent to year end, the $1m refundable deposit has been repaid to FEL and on 28 July 2021 the shares have been issued.

Commencement of hedging program

As announced on 10 August 2021, the Company commenced hedging a portion of its production. The aim of the hedging program is to provide downside protection for the iron ore price, while maintaining some upside exposure to high iron ore prices in strong markets and doing so in a way that minimises the upfront cash cost of entering the hedge.

Volatility of Iron Ore Prices

The market price of iron ore has been volatile and has seen a decline in the period subsequent to 30 June 2021. The Company is continuing to advance its iron ore projects (including its JWD Project operations), has commenced a hedging program (as detailed above), is taking steps to mitigate cash outflow, and will continue to monitor the market price of iron ore prices and the impact this may have on planned activities.

The Company makes note of the contingent liability disclosed in relation to the Wiluna Iron JV (in which FEL has a 60% interest at the date of release of this report). Should the Wiluna Iron JV elect to exercise its option to extract a further 2.7Mt from the JWD deposit, an amount of $4,250,000 will be payable to GWR Group, as required to satisfy the underlying Mining Rights Agreement. Unless otherwise negotiated with GWR Group, this payment will be due in January 2022.

Sale of Pilbara Exploration Tenements

On 17 June 2021, the Company announced that it had entered two separate binding agreements with Global Lithium and Mercury Resources to dispose of its Pilbara exploration tenure for a total cash consideration of $550,000, with a trailing royalty on certain of the tenements. The transactions completed subsequent to year end.

FEL Acquires 60% Interest in Mature Copper / Gold Project at Tennant Creek

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

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

Placement for $5 Million

On 24 September 2021, the Company announced that it had received commitments to raise $5,000,000 through a placement of 100,000,000 ordinary shares (**Placement Shares**) to sophisticated investors at $0.05 per share. Investors will also be issued one option (exercise price $0.06, expiring 2 years from issue) for every two shares issued (**Placement Options**). Funds raised will be used towards funding of the Tennant Creek Acquisition, expenditure on the Company's existing projects (Yarram and JWD), exploration expenditure on the Tennant Creek Project tenement package, and for general working capital.

Lead Manager for the Placement, Evolution Capital Advisors are entitled to fees of 6% of the amount raised and 20,000,000 options (**Lead Manager Options**) on the same terms as the Placement Options.

The Placement Shares will be issued without shareholder approval relying on the Company's capacity under Listing Rule 7.1. The Placement Options and Lead Manager Options will be issued subject to receipt of shareholder approval, and the Company will seek to have the options quoted.

Shares Issued

The following shares were issued subsequent to year end:

- 4,807,692 shares issued in settlement of the $250,000 consideration component payable upon decision to mine in respect of the JWD Project
- 43,859,649 shares issued upon FEL's exercise of its option to acquire an additional 9% interest in the JWD Project
- 6,000,000 shares issued upon exercise of unlisted options exercisable at $0.03 expiring 31 August 2022, raising $180,000
- 7,000,000 shares issued upon exercise of unlisted options exercisable at $0.025 expiring 31 March 2022, raising $175,000

Options Issued

The following unlisted options were issued subsequent to year end:

- 15,000,000 unlisted options exercisable at $0.06 expiring 30 June 2023 with vesting conditions issued to directors (or their nominees) following receipt of shareholder approval at the July 2021 EGM
- 1,000,000 unlisted options exercisable at $0.074 expiring 31 December 2022 issued pursuant to the Company's Employee Securities Incentive Plan (**ESIP**) (ESIP approved by shareholders at the July 2021 EGM)
- 3,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 with vesting conditions issued pursuant to the Company's ESIP
- 14,500,000 unlisted options exercisable at $0.06 expiring 30 June 2023 with vesting conditions issued pursuant to the Company's ESIP

There have been no other events subsequent to 30 June 2021 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 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 2001*, 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

The following table sets out the number of directors' meetings held during the year and the number of meetings attended by each director.

Director	Eligible	Attended
T Sage	3	3
M Hancock	3	3
N Sage	3	3

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	Director (Executive)
N Sage	Director (Non-Executive)

Other Key Management Personnel

J Sinclair	Project Director

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 2021 AGM

The 2020 remuneration report received positive shareholder support at the 2020 AGM whereby of the proxies received 99.56% voted in favour of the adoption of the remuneration report.

Performance and Shareholder Wealth

Below is a table summarising key performance statistics for the **Group** as well as 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 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
30 June 2021	(2,511)	(0.44)	5.10

Executive Chairman's Remuneration – Mr Antony Sage

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 arrangement 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 for the period between 1 July 2020 to 16 September 2020 (in role of Non-Executive Chairman); and
- $180,000 per annum for the period between 17 September 2020 to 30 June 2021 (in role of Executive Chairman).

Executive Director Remuneration – Mr Mark Hancock

The Company has 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. Mr Hancock was entitled to receive remuneration of:

- $48,000 per annum for the period between 1 July 2020 to 16 September 2020; and
- $120,000 per annum for the period between 17 September 2020 to 30 June 2021.

Non-Executive Director Remuneration – Mr Nicholas Sage

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.

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

The Company has 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. Mr Nicholas Sage was entitled to receive remuneration of:

- $36,000 per annum for the period between 1 July 2020 to 16 September 2020; and
- $60,000 per annum for the period between 17 September 2020 to 30 June 2021.

Other Key Management Personnel Remuneration – Mr Jeremy Sinclair

The Company has entered into a consulting agreement with Verbain Nominees Pty Ltd trading as ValMax (**ValMax**) in respect of services provided by Mr Jeremy Sinclair in the role of Projects Director effective from 1 October 2021 (**Commencement Date**). Consulting fees payable under the agreement were as follows:

- $280,000 per annum for the period between 1 October 2020 to 30 April 2021; and
- $320,000 per annum for the period between 1 May 2021 to 30 June 2021.

Pursuant to the terms of the consulting agreement, a total of 10,000,000 unlisted options were granted (refer below for details).

The Company has agreed to the following performance incentive payments (**Performance Incentive Payments**) as part of Mr Jeremy Sinclair's remuneration package:

- $100,000 milestone payment upon first ore ship from JWD Project within 10 months from Commencement Date, the payment amount reducing by 1/3 per month after that, with no payment made if takes more than 13 months;
- $100,000 milestone payment for completion of 300kt (+/-10%) of shipments from JWD Project and completion of Phase 2 feasibility assessment within 14 months, from Commencement Date, amount reducing by 1/2 per month after that, with no payment made if takes more than 16 months;
- $50,000 milestone payment on achieving decision to mine at Yarram within 16 months from Commencement Date.

No Performance Incentive Payments have been made in the year ended 30 June 2021.

Compensation of Key Management Personnel

Consolidated Year ended 30 June 2021	Short-Term Salary & Fees $	Post-Employment Superannuation $	Share-based Payment Share Options (i) $	Total $	% Performance Based	% Comprising Options
Directors						
A Sage	167,500	-	117,080	284,580	-	41%
M Hancock	105,000	-	117,080	222,080	-	53%
N Sage	55,000	-	33,342	88,342	-	38%
Other KMP						
J Sinclair	216,667	-	66,357	283,024	-	23%
Total	544,167	-	333,859	878,026	-	38%

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

(i) 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.

Shareholdings of Key Management Personnel

30 June 2021	Balance at 1 July 2020	Granted as remuneration	Exercise of options	Net change other	Balance at 30 June 2021
Directors					
A Sage(i)	9,173,010	-	12,500,000	-	21,673,010
M Hancock	-	-	2,500,000	-	2,500,000
N Sage	-	-	-	-	-
Other KMP					
J Sinclair	-	-	230,000	-	230,000
	9,173,010	-	15,230,000	-	24,403,010

(i) Indirectly held.

30 June 2020	Balance at 1 July 2019	Granted as remuneration	Exercise of options	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.

Option and right holdings of Key Management Personnel

30 June 2021	Balance at 1 July 2020	Acquired /granted during year[i]	Exercised	Net change other	Balance at 30 June 2021	Exercis-able	Not Exercis-able
Directors							
A Sage	10,000,000	15,000,000	(12,500,000)	2,500,000[ii]	15,000,000	7,500,000	7,500,000
M Hancock	2,500,000	15,000,000	(2,500,000)	-	15,000,000	7,500,000	7,500,000
N Sage	2,500,000	2,500,000	-	(2,500,000)[iii]	2,500,000	2,500,000	-
Other KMP							
J Sinclair	-	10,000,000	(230,000)	230,000	10,000,000	5,000,000	5,000,000
	15,000,000	42,500,000	(15,230,000)	230,000	42,500,000	22,500,000	20,000,000

(i) Includes 7,500,000 unlisted options with vesting conditions granted to each of Mr Tony Sage (or nominee) and Mr Mark Hancock (or nominee) (total of 15,000,000 options) at an exercise price of $0.06 each and an expiry date of 30 June 2023, which were formally issued on 4 August 2021 following receipt of shareholder approval at the Company's July 2021 EGM. 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) On 5 January 2021, Mr Antony Sage sold 2,500,000 unlisted options at an exercise price of $0.02 expiring 31 May 2021 via an off market transfer for $20,000. On 29 January 2021, Mr Antony Sage purchased 5,000,000 unlisted options at an exercise price of $0.025 expiring 31 March 2022 for $100,000.

(iii) On 4 December 2020, Mr Nicholas Sage sold 2,500,000 unlisted options at an exercise price of $0.02 expiring 31 May 2021 via an off market transfer for $2,500.

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.

(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).

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.

Options awarded to Directors

Following receipt of shareholder approval at the AGM held 25 November 2020, the Company issued a total of 17,500,000 unlisted options exercisable at $0.03 expiring 31 August 2022 to Directors Mr Tony Sage (7,500,000 options), Mr Mark Hancock (7,500,000 options) and Mr Nicholas Sage (2,500,000 options) (or their nominees) (**Director A Options**).

Details of the Director A Options awarded to directors during the year ended 30 June 2021 are summarised as follows:

	Number of Options	Exercise price per option	Expiry date	Fair value of options at grant date
A Sage	7,500,000	$0.03	31 August 2022	$0.0133
M Hancock	7,500,000	$0.03	31 August 2022	$0.0133
N Sage	2,500,000	$0.03	31 August 2022	$0.0133

As announced on 26 April 2021, the Directors agreed to issue a total of 15,000,000 unlisted options with vesting conditions to directors at an exercise price of $0.06 each and an expiry date of 30 June 2023, subject to receipt of shareholder approval (**Director B Options**). Shareholder approval for the issue of the Director Options was received at the Company's general meeting held 12 July 2021 and the securities were formally issued on 4 August 2021. The grant date fair value presented in the 30 June 2021 financial statements is provisional, estimated by reference to the period end share price. This provisional amount will be revised and adjusted for in the next financial year.

Vesting conditions in respect of the Director B Options are as follows:

- 40% vest upon successful earn-in to JWD by meeting Stage 1 earn-in milestone by exporting 300,000 tonnes by 31 January 2022;
- 26.67% vest and become exercisable upon export of 1MT from JWD by 31 December 2022; and
- 33.33% vest and become exercisable upon export of 0.25MT from Yarram by 31 December 2022.

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

	Number of Options	Exercise price per option	Expiry date	Estimated fair value of options at grant date
T Sage	7,500,000	$0.06	30 June 2023	$0.0246
M Hancock	7,500,000	$0.06	30 June 2023	$0.0246

Options awarded to Other KMP

Pursuant to the terms of the Projects Director consulting agreement with Mr Jeremy Sinclair, the Company agreed to issue:

- 5,000,000 unlisted options exercisable at $0.03 expiring 31 August 2022 with no vesting conditions (**Projects Director A Options**); and
- 5,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 with vesting conditions (**Projects Director B Options**).

The Projects Director B Options shall vest upon achieving first ore on ship from the Yarram project.

Details of the Projects Director A Options awarded are summarised as follows:

	Number of Options	Exercise price per option	Expiry date	Fair value of options at grant date
J Sinclair	5,000,000	$0.03	31 August 2022	$0.0103

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

	Number of Options	Exercise price per option	Expiry date	Fair value of options at grant date
J Sinclair	5,000,000	$0.04	31 August 2023	$0.0114

No unlisted options awarded to Directors of other KMP lapsed during the year ended 30 June 2021.

Transactions with directors, director related entities and other related parties

During the year ended 30 June 2021, an aggregate amount of $750 (30 June 2020: $27,957) was paid or payable to Cyclone Metals Ltd (**Cyclone**) for reimbursement of rent and other corporate costs. At 30 June 2021, nil was payable to Cyclone (30 June 2020: $44,664). During the year ended 30 June 2021, an aggregate amount of $754 was received or receivable from Cyclone for reimbursement of travel costs. At 30 June 2021, $754 was receivable from Cyclone (30 June 2020: nil).

During the year ended 30 June 2021, an aggregate amount of $15,313 (30 June 2020: $16,986) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs. At 30 June 2021, $538 was payable to European Lithium (30 June 2020: nil).

During the year ended 30 June 2021, an aggregate amount of $52,300 (30 June 2020: $59,148) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent and corporate box sponsorship. At 30 June 2021, nil was payable to Okewood (30 June 2020: $9,148). 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 17 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

29 September 2021

Stantons

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29 September 2021

Board of Directors
Fe Limited
32 Harrogate Street
West Leederville, WA 6017

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 2021, 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
(An Authorised Audit Company)

Martin Michalik
Director

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2021 (which reports against the ASX Corporate Governance Council's Principles and Recommendations) may be accessed from the Company's website at www.felimited.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated	
		Year ended 30 June 2021	**Year ended 30 June 2020**
		$	**$**
Interest revenue	3(a)	58,551	1,662
Other income	3(b)	62,986	8,526,379
		121,537	8,528,041
Employee benefits expense and director remuneration	3(c)	(364,677)	(202,000)
Exploration and evaluation expenditure		(551,914)	(976,888)
Legal costs		(35,788)	(22,818)
Share-based payment expense	21(a)	(754,554)	(67,038)
Accounting and audit fees		(179,847)	(122,622)
Consultancy fees		(143,236)	(96,000)
Compliance costs		(136,887)	(91,958)
Travel costs		(9,779)	(19,610)
Exploration assets write offs	11, 12	-	(725,670)
Share of net losses of joint venture accounted for using the equity method		(78,770)	-
Other expenses	3(d)	(376,625)	(216,362)
(Loss)/profit before income tax		(2,510,540)	5,987,075
Income tax expense	4	-	(78,896)
(Loss)/profit after income tax		(2,510,540)	5,908,179
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain / (loss) on available-for-sale financial assets		-	-
Transfer loss on available-for-sale financial assets to profit and loss		-	-
Other comprehensive (loss)/income for the year		-	-
Total comprehensive (loss)/income for the year		(2,510,540)	5,908,179
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
- basic (loss)/earnings for the year (cents per share)	5	(0.44)	1.22
- diluted (loss)/earnings for the year (cents per share)	5	(0.44)	1.22

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Notes	Consolidated	
		30 June 2021	**30 June 2020**
		$	**$**
ASSETS			
Current Assets			
Cash and cash equivalents	6	5,830,848	5,144,592
Restricted cash	7	109,242	-
Trade and other receivables	8	1,664,064	2,650,000
Other assets	9	1,412,479	38,044
Financial asset	10	77,562	42,140
Held for sale assets	11	250,000	-
Total Current Assets		9,344,195	7,874,776
Non-Current Assets			
Exploration and evaluation expenditure	12	-	250,000
Mine properties and development costs	13	2,892,656	-
Plant and equipment	14	26,242	2,635
Investments accounted for using the equity method	15	3,266,230	-
Total Non-Current Assets		6,185,128	252,635
TOTAL ASSETS		15,529,323	8,127,411
LIABILITIES			
Current Liabilities			
Trade and other payables	16	2,340,293	278,430
Income tax payable		78,896	78,896
Total Current Liabilities		2,419,189	357,326
Non-Current Liabilities			
Provision for rehabilitation	17	160,140	-
Total Non-Current Liabilities		160,140	-
TOTAL LIABILITIES		2,579,329	357,326
NET ASSETS		12,949,994	7,770,085
EQUITY			
Contributed equity	18	48,172,188	41,236,293
Accumulated losses	19	(38,083,896)	(35,573,356)
Reserves	20	2,861,702	2,107,148
TOTAL EQUITY		12,949,994	7,770,085

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

Consolidated	Contributed equity $	Accumulated losses $	Share-based payments reserve $	Total $
Balance at 1 July 2020	41,236,293	(35,573,356)	2,107,148	7,770,085
(Loss) for the year ended 30 June 2021	-	(2,510,540)	-	(2,510,540)
Other comprehensive income	-		-	-
	-	(2,510,540)	-	(2,510,540)
Transactions with owners in their capacity as owners:				
Shares issued during the year (net of share issue costs)	6,935,895	-	-	6,935,895
Share-based payments	-	-	754,554	754,554
Balance at 30 June 2021	48,172,188	(38,083,896)	2,861,702	12,949,994

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 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

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Consolidated	
		Year ended 30 June 2021 $	**Year ended 30 June 2020 $**
Cash flows from operating activities			
Receipt of royalty		-	2,221,965
Interest received		58,551	1,662
Payments to suppliers and employees		(1,408,226)	(683,008)
Payments for exploration and evaluation costs		(693,488)	(1,001,969)
Transfer of funds to restricted cash		(109,242)	-
Net cash flows (used in)/from operating activities	6(a)	(2,152,405)	538,650
Cash flows from investing activities			
Purchase of plant and equipment		(26,463)	-
Proceeds on sale of investment		-	450,525
Purchase of investment	10	(30,000)	(57,549)
Payments for exploration assets		(1,080,000)	(50,000)
Advance payment (additional 9% interest JWD Project)		(1,000,000)	-
Payments for capitalised mine development		(2,226,671)	-
Proceeds from sale of royalty asset	3(b)(i)	2,650,000	3,460,690
Investment in joint venture		(1,634,100)	-
Net cash flows (used in)/from investing activities		(3,347,234)	3,803,666
Cash flows from financing activities			
Proceeds from shares issued (net of costs)		5,267,625	41,475
Proceeds on exercise of options		918,270	-
Loan advance to unrelated party		(500,000)	-
Repayment of loan from unrelated party		500,000	-
Net cash flows from financing activities		6,185,895	41,475
Net increase in cash and cash equivalents		686,256	4,383,791
Cash and cash equivalents at beginning of year		5,144,592	760,801
Cash and cash equivalents at end of year	6	5,830,848	5,144,592

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 2021 was authorised for issue in accordance with a resolution of the directors on 29 September 2021.

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 $5,830,848 (30 June 2020: $5,144,592) and a net working capital surplus of $6,815,764 (excluding restricted cash) (30 June 2020: $7,517,450 surplus).

Subsequent to 30 June 2021 the Company announced the following:

- Receipt of $355,000 in funds from exercise of unlisted options;
- Receipt of refundable deposit of $1,000,000 (in connection with the option to increase interest in JWD from 51% to 60%; FEL electing to settle payment of the $2,500,000 consideration for the additional interest in equity);
- That it has, via its wholly owned subsidiary Wiluna FE Pty Ltd, entered an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**), for 100% of the JWD product (iron ore lumps and fines) over the life of FEL's operations at the mine, subject to GWR Group Ltd's existing right to elect to purchase up to 50,000 tonnes of fines product at the mine gate. Pursuant to the terms of the offtake agreement, Glencore has provided a US$7.5 million prepayment (received 2 August 2021), which will be repaid by FEL in five instalments of US$1.5m plus applicable interest, from shipments 2 to 6, or within 6 months of the prepayment being received, whichever is the earlier;
- Commenced a hedging program to provide downside protection for the iron ore price;
- That is entered into a binding agreement to acquire a 60% interest in the exploration assets the Tennant Creek Project (located in the Nothern Territory) from Gecko Mining Company Pty Ltd (**GMC**) (**Tennant Creek Acquisition**). Consideration for the Tennant Creek Acquisition includes $5,000,000 (payable in three instalments). Under the agreement, FEL will pay the first $10,000,000 of joint venture expenditure incurred (timing of which is not defined); and
- That it had received commitments to raise $5,000,000 (before costs) via a placement to sophisticated investors (**Placement**).

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 Company's existing projects (Yarram Project and JWD Project), payment of Tennant Creek Project Acquisition cash consideration, and expenditure on the Tennant Creek Project tenement package.

The ability of the Group to continue as a going concern is dependent on it being able to either generate sufficient cashflow from operations or successfully raise additional funding in the next 12 months, to pursue its current strategy. 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, funding from the exercise of unlisted options, funding pursuant to the offtake arrangement with Glencore, and through realisation of value upon sale of product from the JWD Project.

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

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

In the year ended 30 June 2021, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the year end reporting period beginning on or after 1 July 2020.

As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2020 including:

Conceptual Framework for Financial Reporting and relevant amending standards

The Group has adopted the conceptual framework for financial reporting and relevant amending standards with the date of initial application being 1 July 2020.

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.

At 1 July 2020 it was determined that the adoption of the conceptual framework for financial reporting and relevant amending standards had no impact on the Group.

AASB 2018-7 Definition of Material (Amendments to AASB 101 and AASB 108)

The Group has adopted AASB 2018-7 with the date of initial application being 1 July 2020.

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.

At 1 July 2020 it was determined that the adoption of AASB 2018-7 had no impact on the Group.

(e) New accounting standards and interpretations not yet effective

The Australian Accounting Standards Board (**AASB**) has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments	AASB 2020-3 amends AASB 1 First-time Adoption of Australian Accounting Standards, AASB 3 Business Combinations, AASB 9 Financial Instruments, AASB 116 Property, Plant and Equipment, AASB 137 Provisions, Contingent Liabilities and Contingent Assets and AASB 141 Agriculture. The main amendments relate to: (a) AASB 1 – simplifies the application by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences; (b) AASB 3 – updates references to the Conceptual Framework for Financial Reporting; (c) AASB 9 – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 – requires an entity to recognise the sales proceeds from selling items produced while preparing PP&E for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 – specifies the costs that an entity includes when assessing whether a contract will be loss making; and (f) AASB 141 – removes the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards. The likely impact of this accounting standard on the financial statements of the Group has not been determined	1 January 2022	1 July 2022
AASB 2014-10	Amendments to Australian Accounting Standards – Sale	AASB 2014-10 amends AASB 10: *Consolidated Financial Statements* and AASB 128: *Investments in Associates and Joint Ventures* to clarify the accounting for the sale or contribution of assets	1 January 2022	1 July 2022

Reference	Title	Summary	Application date of standard	Application date for Group
	or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	between an investor and its associate or joint venture by requiring: (a) a full gain or loss to be recognised when a transaction involves a business, whether it is housed in a subsidiary or not; and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. This accounting standard is not expected to have a material impact on the financial statements of the Group.		
AASB 2020-1 and AASB 2020-6	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	AASB 2020-1 amends AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It requires a liability to be classified as current when entities do not have a substantive right to defer settlement at the end of the reporting period. AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022. They will first be applied by the Group in the financial year commencing 1 July 2023. The likely impact of this accounting standard on the financial statements of the Group has not been determined.	1 January 2023	1 July 2023
AASB 2021-2	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	AASB 2020-1 amends AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 134 Interim Financial Reporting and AASB Practice Statement 2 Making Materiality Judgements. The main amendments relate to: (a) AASB 7 – clarifies that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101 – requires entities to disclose their material accounting policy information rather than their significant accounting policies; (c) AASB 108 – clarifies how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134 – to identify material accounting policy information as a component of a	1 January 2023	1 July 2023

Reference	Title	Summary	Application date of standard	Application date for Group
		complete set of financial statements; and (e) AASB Practice Statement 2 – to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The likely impact of this accounting standard on the financial statements of the Group has not been determined.		

(f) 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 2021.

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.

(g) 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.

(h) 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.

(i) 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.

(j) Mine property and development costs

Recognition and measurement

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised on a straight line basis over the expected life of the operation. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Amortisation

The Group applies the life of mine method of amortisation to its mine properties and development costs.

Impairment

The Group assess each asset or cash generating unit (**CGU**) at the end of each reporting period to determine whether an indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable mount is made, which is considered to be the higher of value in use (**VIU**) (being net present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell (**FVLCS**). The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The Group regularly reviews the carrying values of its mine development assets in the context of independent expert valuations, internal and external consensus forecasts for commodity prices and foreign exchange rates, with the application of appropriate discount rates for the assets concerned.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which this determination is made. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below.

(k) 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

(l) 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.

(m) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVTPL, are subsequently measured at fair value. All other financial liabilities recognised by the group are subsequently measured at amortised cost.

The Group's financial liabilities include trade and other payables.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.*

(u) 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.

(v) 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.

The Group undertakes a number of activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

The Group's joint arrangements are in the form of a joint operation (with respect to the Wiluna Iron JV) and a joint venture (with respect to the Yarram Iron JV).

(i) Joint operation

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities in relation to the arrangement.

The Group recognises in relation to its joint operations:

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

These amounts have been incorporated in the financial statements under the appropriate classifications.

The Wiluna Iron JV is accounted for as a joint operation.

(ii) Joint venture

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

The joint venture is accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognized in profit or loss and the share of the movements in equity is recognized in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognized separately and is included in the amount recognized as investment.

The carrying amount of the investment in joint venture is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in those entities. Where unreleased losses are eliminated, the underlying asset is also tested for impairment.

The Yarram Iron JV is accounted for as a joint venture.

(w) 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.

(x) 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.

(y) 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.

(z) 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 21.

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.

3 REVENUE, INCOME AND EXPENSES

	2021 $	2020 $
(a) Revenue		
Interest	8,551	1,662
Other interest earned	50,000	-
	58,551	1,662
(b) Other income		
Management fee income	29,400	-
Rental recharges income	28,164	-
Gain on Royalty Asset Sale (i)	-	6,650,000
Royalty income (ii)	-	1,441,157
Gain on sale of tenement interests (iii)	-	402,000
Gain on sale of financial asset (refer note 10)	-	48,525
Fair value gain/(loss) on financial asset through profit and loss (refer note 10)	5,422	(15,409)
Recovery of receivable	-	106
	62,986	8,526,379

(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.

	2021 $	2020 $
(c) Employment benefits expense		
Directors' fees	(327,500)	(202,000)
Employee salaries & wages	(20,400)	-
Payroll Tax	(16,777)	-
	(364,677)	(202,000)
(d) Other expenses		
Occupancy rental expenses	(61,129)	(36,700)
Insurance	(57,937)	(31,700)
Corporate advisory and marketing expenses	-	(44,317)
Depreciation expense	(2,856)	(1,311)
Stamp Duty	(210,228)	-
Other	(44,475)	(102,334)
	(376,625)	(216,362)

4 INCOME TAX

	2021 $	2020 $
(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

	2021 $	2020 $
(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	(2,510,540)	5,987,075
Tax at the statutory income tax rate of 26% (2020: 27.5%)	(652,740)	1,646,446
Tax effect on impairment losses	-	199,559
Tax effect on non-temporary differences	197,691	33,176
Unrecognised tax losses and temporary differences	455,049	54,127
Utilised tax losses	-	(31,654)
Utilised capital losses	-	(1,822,758)
Income tax expense reported in statement of comprehensive income	-	78,896

	2021 $	2020 $
(c) Deferred tax liabilities		
Accrued income	7	-
		-
Less: offset by deferred tax asset	(7)	-
Deferred tax liabilities	-	-
(d) Deferred tax assets		
Accrued expenditure	5,980	3,988
Provision for rehabilitation	41,636	-
Employee leave provision	5,022	-
Loss on financial assets	2,597	4,238
Tax losses	3,238,129	2,951,283
	3,653,100	2,959,509
Less: offset against deferred tax liabilities	(7)	-
Deferred tax assets not recognised	3,653,093	2,959,509

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 $3,238,129 (tax effected) (2020: $2,951,283) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. In addition, the Group has capital losses of $7,656,081 tax effected (2020: $8,097,778) which are not shown in the above table.

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

	2021 Cents	2020 Cents
Basic earnings/(loss) per share		
Continuing operations	(0.44)	1.22
	(0.44)	1.22
Diluted earnings/(loss) per share		
Continuing operations	(0.44)	1.22
	(0.44)	1.22

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 2021 the diluted earnings per share is equal to the basic earnings per share as the options on issue as at 30 June 2021 are anti-dilutive.

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

	2021 $	2020 $
Profit/(loss) used in calculation of basic and diluted earnings/(loss) per share		
Continuing operations	(2,510,540)	5,908,179
	(2,510,540)	5,908,179

	2021 No.	2020 No.
Weighted average number of ordinary shares for basic earnings/(loss) per share	574,508,178	483,719,885
Effect of dilution:		
Unlisted options	-	-
Adjusted weighted average number of ordinary shares for diluted earnings/(loss) per share	574,508,178	483,719,885

The unlisted options outstanding at 30 June 2021 and 30 June 2020 were found to have an anti-dilutive effect on the calculation. Therefore, at 30 June 2021 and 30 June 2020, the basic earnings/(loss) per share is equal to the diluted earnings/(loss) per share.

6 CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash and cash equivalents		
Cash at bank and on hand	5,830,848	5,144,592

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

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

	2021 $	2020 $
Net (loss) / profit for the year	(2,510,540)	5,908,179
Adjustments for:		
Depreciation	2,856	1,311
Gain on royalty asset sale	-	(6,650,000)
Share-based payment expense	754,554	67,038
Share of net losses of joint venture accounted for using equity method	78,770	-
Gain on sale of exploration assets	-	(402,000)
Impairment of exploration assets	-	725,670
Gain on sale of financial asset	-	(48,525)
Fair value gain/loss on financial asset through profit and loss	(5,422)	15,409
	830,758	(6,291,097)
Changes in assets and liabilities		
(Increase) / decrease in restricted cash	(109,242)	-
(Increase) / decrease in trade and other receivables	(396,438)	795,840
(Increase) in prepayments	(374,435)	(32,769)
Increase in trade and other payables	407,492	79,601
(Decrease) / increase in tax payable	-	78,896
	(472,623)	921,568
Net cash flow (used in) / from operating activities	(2,152,405)	538,650

(b) Non-cash investing and financing activities

During the year ended 30 June 2021, FEL issued 12,500,000 ordinary shares as part consideration for the Wiluna Transaction, representing a non-cash payment of $250,000. Refer note 13(a) for further details.

During the year ended 30 June 2021, FEL issued 31,250,000 ordinary shares pursuant to the Yarram Transaction, representing a non-cash payment of $500,000 being part of the initial cost of investment accounted for using the equity method. Refer to note 15(b) for further details.

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 18(f) 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 3(b)(iii) for further details.

7 RESTRICTED CASH

	2021 $	2020 $
Restricted cash	109,242	-

8 TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Current		
Trade receivables	1,888	-
Net GST receivable	252,580	-
Royalty asset sale receivable (a)	-	2,650,000
Accrued interest receivable	27	-
Other receivable (b)	1,409,569	-
	1,664,064	2,650,000

(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) Relates to amounts receivables in respect of the Wiluna Iron Joint Operation, including advances of $1,380,169 and management fees receivable of $29,400.

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, 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.

9 OTHER ASSETS

	2021 $	2020 $
Advance payment (additional 9% interest JWD Project) (a)	1,000,000	-
Prepaid production royalty (JWD Project)	114,750	-
Prepaid expenses	297,729	38,044
	1,412,479	38,044

(a) As announced on 25 May 2021, FEL paid a $1,000,000 refundable deposit to its joint venture partner to secure an option to increase its interest in JWD from 51% to 60% for consideration of $2,500,000. This option was exercised subsequent to 30 June 2021. The $1,000,000 refundable deposit has been repaid on 27 July 2021.

10 FINANCIAL ASSET

	2021 $	2020 $
Fair value through profit or loss (**FVTPL**) – equity investment	77,562	42,140
Movements		
Balance at beginning of year	42,140	-
Equity investment acquired (refer note 3(iii))	-	402,000
Sale of equity investment (a)	-	(402,000)
Purchase of equity investment	30,000	57,549
FVTPL	5,422	(15,409)
Balance at end of the year	77,562	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.

11 HELD FOR SALE ASSETS

	2021 $	2020 $
Exploration assets - Pilbara exploration assets	250,000	-
Movements:		
Balance at beginning of year	-	-
Exploration assets reclassified as held for sale (refer note 12(a))	250,000	475,670
Write-off (refer note 12(a))	-	(225,670)
Transferred back to exploration assets (refer note 12(a))	-	(250,000)
Balance at end of year	250,000	-

12 EXPLORATION ASSETS

	2021 $	2020 $
Acquisition Cost – Pilbara exploration assets	-	250,000
	-	250,000
Movements in exploration assets		
Carrying value at beginning of period	250,000	975,670
Consideration in shares (Wiluna Iron Joint Operation) (note 13(a)	250,000	-
Cash consideration and payments pursuant to transaction agreement (Wiluna Iron Joint Operation) (note 13(a))	850,000	-
Transferred to Mine Properties and Development Costs (Wiluna Iron Joint Venture) (note 13(a))	(1,100,000)	-
Write-off	-	(500,000)
Transferred to assets classified as held for sale (a)	(250,000)	(475,670)
Transferred from assets classified as held for sale (a)	-	250,000
Closing value at end of year	-	250,000

a) *30 June 2021*

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

The carrying value of the Pilbara exploration tenements have been reclassified as held for sale at 30 June 2021 (refer note 11).

30 June 2020

The exploration asset carrying value of $475,670 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 11).

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 11) back to exploration assets.

13 MINE PROPERTIES AND DEVELOPMENT COSTS

	2021 $	2020 $
Acquisition Costs – Wiluna Iron JV	1,330,000	-
Expenditure Capitalised – Wiluna Iron JV	1,562,656	-
	2,892,656	-
Movements		
Carrying value at beginning of period	-	-
Transferred from Exploration Assets (Wiluna Iron JV) (a)	1,100,000	-
Milestone consideration paid in cash (decision to mine) (b)	230,000	-
Expenditure incurred (c)	1,562,656	-
Amortisation (d)	-	-
Closing value at end of year	2,892,656	-

(a) As announced 17 September 2020, FEL entered a binding agreement to acquire a 51% interest in the Mining Rights Agreement held by the Gold Valley Iron Ore Pty Ltd (**GVIO**) over the Wiluna West JWD deposit (**JWD Mining Rights** or **JWD Iron Ore Project**) (**Wiluna Transaction**). Consideration included $500,000 in cash and 12,500,000 shares (deemed value of $250,000) upon settlement with a further commitment to fund a $125,000 instalment due to GWR Group on 30 September 2020, and to prepay an amount of $225,000 representing the first 50% instalment of a royalty.

The initial $1,100,000 cost of acquisition of the Wiluna Transaction was transferred from exploration assets to mine properties and development costs on 1 January 2021.

(b) In April 2021, the Company made a payment of $230,000 in cash to GVIO, representing an advance payment of the additional consideration payable (as agreed to be varied from $250,000) pursuant to the Wiluna Transaction upon a decision to mine.

Subsequent to 30 June 2021, the cash advance was refunded to FEL (plus interest of $20,000), and 4,807,692 shares were issued in settlement of the $250,000 consideration component payable upon decision to mine in respect of the JWD Project.

(c) Development activities were carried out over the period from 1 January 2021 to 30 June 2021. Costs incurred in respect of the development of the JWD Iron Ore Project have been capitalised from 1 January 2021.

(d) Production of the JWD Iron Ore Project commenced subsequent to year end. Accordingly, amortisation of mine property and development costs will commence from 1 July 2021.

14 PLANT AND EQUIPMENT

	2021 $	2020 $
Gross carrying value at cost	31,025	4,562
Accumulated depreciation	(4,783)	(1,927)
	26,242	2,635
Movements in plant and equipment		
Carrying value at beginning of year	2,635	3,946
Additions	26,463	-
Depreciation charge for the period	(2,856)	(1,311)
Carrying value at end of year	26,242	2,635

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Reconciliation of carrying amount of investments accounted for using the equity method

	2021 $	2020 $
Yarram Iron JV		
Initial cost of investment (b)	3,345,000	-
Share of profit/(loss) of joint venture	(78,770)	-
Share of reserves	-	-
	3,266,230	-

(b) On 22 December 2020, the Company advised it had completed the transaction (initially announced to ASX on 21 August 2020) to acquire a 50% interest in the Yarram iron ore project (**Yarram Iron JV**) in the Northern Territory (**Yarram Transaction**). Completion of the transaction was effected on 22 December 2020, via FEL (via its wholly owned subsidiary Yarram FE Pty Ltd (**Yarram FE**)) purchasing a 50% share in Gold Valley Iron and Manganese Pty Ltd (**GVIM**), being the entity which owns the Yarram Iron Ore Rights.

The initial cost of investment summarised as follows:

	Cost of investment $
Cash[1]	945,000
Shares[2]	500,000
Subscription amount payable to GVIM[3]	1,900,000
	3,345,000

[1] Cash consideration pursuant to agreement of $1,000,000 less $55,000 liabilities assumed.

[2] Being 31,250,000 shares valued at $500,000 based on deemed issue price of $0.016 per share (refer to note 18).

[3] Refers to subscription funds payable in relation to 500,000 shares in GVIM, being:

(i) a minimum payment of $1,500,000; and

(ii) up to an additional $400,000 as directed by the Board of GVIM;

at a date to be determined by the Board of GVIM.

Note, if the minimum payment amount is unpaid at payment date, shares to be cancelled proportionally to the unpaid amount.

(c) Summarised financial information for the Yarram Iron JV

The tables below provide summarised consolidated financial information for the Yarram Iron JV company (GVIM) and its wholly owned subsidiary (Yarram Iron Pty Ltd). The information disclosed reflects the amounts presented in the financial statements of the joint venture and not FEL's share of those amounts.

Summarised balance sheet:	2021 $	2020 $
ASSETS		
Current Assets		
Trade and other receivables	1,211,345	-
Other assets	99,596	-
Total Current Assets	1,310,941	-
TOTAL ASSETS	1,310,941	-
LIABILITIES		
Current Liabilities		
Trade and other payables	546	-
Total Current Liabilities	546	-
TOTAL LIABILITIES	546	-
NET ASSETS	1,310,395	-
Reconciliation of carrying amounts:		
Opening net assets	-	-
Loss for the period	(157,540)	-
Closing net assets/(liabilities)	(157,540)	-
Group's 50% share:		
Group's share in JV's net assets/(liabilities)	(78,770)	-
Cost of investment	3,345,000	-
Carrying amount	3,266,230	-

16 TRADE AND OTHER PAYABLES

	2021 $	2020 $
Trade payables (a)	404,292	105,673
Employee related liabilities	104,865	-
Subscription funds payable (b)	1,210,900	-
Other payables and accruals (c)	620,236	123,627
Kasombo Acquisition Pre-Settlement Exploration Expenditure	-	49,130
	2,340,293	278,430

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

(b) Relates to the initial subscription funds payable for shares in GVIM of $1,900,000 (refer to note 15(b)), adjusted for $689,100 in payments made by FEL for and on behalf of the Yarram Iron JV.

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

17 PROVISION FOR REHABILITATION

	2021 $	2020 $
Provision for rehabilitation – JWD Project (a)	160,140	-

(a) The provision for rehabilitation of $160,140 recorded in the statement of financial position at 30 June 2021 reflects the Group's 51% share of the total $314,000 provision for rehabilitation of Wiluna Iron JV (accounted for as a joint operation in accordance with the accounting policy set at note 2(v)). The provision for rehabilitation of $314,000 of Wiluna Iron JV has been calculated using the Rehabilitation Estimate Calculation pursuant to the *Mining Rehabilitation Fund Regulations 2013* based on an estimate of area of disturbance (calculated at $414,000), less $100,000 which has been prepaid pursuant to an agreement.

18 CONTRIBUTED EQUITY

	2021 $	2020 $
Ordinary shares		
Issued and fully paid	48,172,188	41,236,293

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

	2021 No. of shares	2021 $	2020 No. of shares	2020 $
Movements in ordinary shares on issue				
Balance at beginning of year	488,701,620	41,236,293	457,034,953	40,770,054
Shares issued – completion shares (Wiluna JWD acquisition) (a)	12,500,000	250,000	-	-
Shares issued – completion shares (Yarram JV acquisition) (b)	31,250,000	500,000	-	-
Shares issued – placement at $0.045 per share (c)	123,381,655	5,552,174	-	-
Shares issued – exercise of options (d)	43,601,749	918,285	-	-
Shares issued – placement at $0.015 per share (e)	-	-	5,000,000	75,000
Shares issued - Settlement of Macarthur earn-in agreement option fee (f)	-	-	26,666,667	400,000
Shares issue costs – shares issued to option underwriter	10,000	460	-	-
Share issue costs	-	(285,024)	-	(8,761)
Balance at end of year	699,445,024	48,172,188	488,701,620	41,236,293

(a) Refer to note 12.

(b) Refer to note 15.

(c) On 18 February 2021, the Company announced it had successfully completed a placement to sophisticated and professional investors at an issue price of $0.045 raising $5.5 million (before capital raising costs) (**Placement**). On 24 February 2021, the Company issued 123,381,655 Placement shares.

(d) During the year ended 30 June 2021, the Company raised a total of $918,285 from the exercise of the following unlisted options:
- 5,000,000 unlisted options at $0.025 expiring 31 March 2022
- 36,476,749 unlisted options at $0.02 expiring 31 May 2021
- 2,125,000 unlisted options at $0.03 expiring 13 March 2021

(e) 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 (**2019 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 2019 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.

2019 Placement investors received one free option for every four 2019 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 ended 30 June 2020.

(f) On 28 August 2019, FEL and Macarthur Minerals Limited 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).

	2021 No.	2020 No.
Options over ordinary shares		
Unlisted options	79,000,000	61,746,749

Movements in unlisted options on issue	Balance at 1 July 2020 No.	Granted No.	Exercised No.	Expired/ lapsed No.	Balance at 30 June 2021 No.
Share-based payments (refer note 21):					
Unlisted options at $0.020 expiring 31/05/2021	17,500,000	-	(17,500,000)	-	-
Unlisted options at $0.025 expiring 31/03/2022	15,000,000	-	(5,000,000)	-	10,000,000
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)	-	-
Unlisted options at $0.030 expiring 31/08/2022	-	5,000,000	-	-	5,000,000
Unlisted options at $0.040 expiring 31/08/2023	-	5,000,000	-	-	5,000,000
Unlisted options at $0.030 expiring 31/08/2022	-	17,500,000	-	-	17,500,000
Unlisted options at $0.030 expiring 31/08/2022	-	2,500,000	-	-	2,500,000
Unlisted options at $0.030 expiring 31/08/2022	-	5,000,000	-	-	5,000,000
Unlisted options at $0.035 expiring 12/10/2023	-	5,000,000	-	-	5,000,000
Unlisted options at $0.045 expiring 12/04/2024	-	5,000,000	-	-	5,000,000
Unlisted options at $0.060 expiring 12/10/2024	-	5,000,000	-	-	5,000,000
Unlisted options at $0.060 expiring 30/06/2023	-	15,000,000[1]	-	-	15,000,000
Unlisted options at $0.074 expiring 31/12/2022	-	1,000,000[1]	-	-	1,000,000
Unlisted options at $0.04 expiring 31/08/2023	-	3,000,000[1]	-	-	3,000,000
	38,101,748	69,000,000	(28,101,748)	-	79,000,000

Movements in unlisted options on issue	**Balance at 1 July 2020**	**Granted**	**Exercised**	**Expired/ lapsed**	**Balance at 30 June 2021**
	No.	**No.**	**No.**	**No.**	**No.**
Free-attaching options (refer note 22):					
Unlisted options at $0.030 expiring 13/03/2021	5,625,000	-	(2,125,000)	(3,500,000)	-
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)	-	-
	23,375,001	-	(15,500,001)	(7,875,000)	-
TOTAL	61,476,749	69,000,000	(43,601,749)	(7,875,000)	79,000,000

[1]Being options granted in year ended 30 June 2021 which were issued in August 2021.

19 ACCUMULATED LOSSES

	2021	**2020**
	$	**$**
Accumulated losses	(38,083,896)	(35,573,356)
Movements in accumulated losses		
Balance at beginning of year	(35,573,356)	(41,481,535)
Net (loss)/profit for the year	(2,510,540)	5,908,179
Balance at end of year	(38,083,896)	(35,573,356)

20 RESERVES

	2021	**2020**
	$	**$**
Share-based payments reserve	2,861,702	2,107,148
Movements in reserve		
Balance at beginning of year	2,107,148	2,035,849
Share-based payments made during the year (refer note 21)	754,554	71,299
Balance at end of year	2,861,702	2,107,148

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).

21 SHARE-BASED PAYMENTS

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

	2021 $	2020 $
(a) Share-based payments expensed through profit and loss:		
Shares	-	-
Options[(i)]	754,554	67,038
	754,554	67,038
(b) Share-based payments included in statement of financial position:		
Shares (exploration assets)	250,000	-
Shares (investment accounted for using equity method)	500,000	-
	750,000	-
(c) Share-based payments expensed through equity:		
Options	-	4,261
	-	4,261
Total share-based payments	1,504,554	71,299

(i) During the year, the Company issued or granted the following options:

- 17,500,000 unlisted options exercisable at $0.03 expiring 31 August 2022 issued to Directors Mr Tony Sage (7,500,000 options), Mr Mark Hancock (7,500,000 options) and Mr Nicholas Sage (2,500,000 options) (or their nominees) (**Director Options A**);
- 2,500,000 unlisted options exercisable at $0.03 expiring 31 August 2022 issued to consultants for provision of accounting and company secretarial services (**Consultant Options**);
- 5,000,000 unlisted options exercisable at $0.03 expiring 31 August 2022 issued to the Project Director (or nominee) (**Project Director Options A**);
- 5,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 with vesting conditions issued to the Project Director (or nominee) (**Project Director Options B**);
- 5,000,000 unlisted options exercisable at $0.035 expiring 12 October 2023 granted to corporate advisors (**Advisor Options A**);
- 5,000,000 unlisted options exercisable at $0.045 expiring 12 April 2024 granted to corporate advisors (**Advisor Options B**);
- 5,000,000 unlisted options exercisable at $0.06 expiring 12 October 2024 granted to corporate advisors (**Advisor Options C**);
- 5,000,000 unlisted options exercisable at $0.03 expiring 31 August 2022 issued to consultants and employees for the provision of services (**Employee and Consultant Options**);
- 15,000,000 unlisted option exercisable at $0.06 expiring 30 June 2023 with vesting conditions granted to Directors Mr Tony Sage (7,500,000 options) and Mr Mark Hancock (7,500,000 options) (or their nominees) (**Director Options B**), subject to receipt of shareholder approval;
- 1,000,000 unlisted options exercisable at $0.074 expiring 31 December 2022 granted to an employee (**Employee Options A**); and
- 3,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 with vesting conditions granted to an employee (**Employee Options B**).

(d) Fair value of options issued

The fair value of unlisted options issued and granted during the year has been determined using a Black-Scholes option pricing model. The following table lists the inputs to the model for each class of options:

	Director Options A	Consultant Options	Project Director Options A	Project Director Options B
Expiry date	31 Aug 2022	31 Aug 2022	31 Aug 2022	31 Aug 2023
Valuation date	25 Nov 2020	25 Nov 2020	27 Sep 2020	27 Sep 2020
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%	100%
Risk free interest rate (%)	0.09%	0.09%	0.26%	0.27%
Exercise price ($)	$0.030	$0.030	$0.030	$0.040
Discount (%)	Nil	Nil	Nil	Nil
Expected life of options (years)	1.76	1.76	1.93	2.93
Share price at grant date ($)	$0.028	$0.028	$0.023	$0.023
Value per option ($)	$0.0133	$0.0133	$0.0103	$0.0114

	Advisor Options A	Advisor Options B	Advisor Options C	Employee and Consultant Options
Expiry date	12 Oct 2023	12 Apr 2024	12 Oct 2024	31 Aug 2022
Valuation date	8 Dec 2020	8 Dec 2020	8 Dec 2020	21 Feb 2021
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%	100%
Risk free interest rate (%)	0.11%	0.11%	0.20%	0.10%
Exercise price ($)	$0.035	$0.045	$0.060	$0.03
Discount (%)	Nil	Nil	Nil	Nil
Expected life of options (years)	2.84	3.35	3.85	1.52
Share price at grant date ($)	$0.028	$0.028	$0.028	$0.0500
Value per option ($)	$0.0156	$0.0154	$0.0152	$0.0299

	Director Options B[1]	Employee Options A[2]	Employee Options B[2]
Expiry date	30 Jun 2023	31 Dec 2022	31 Aug 2023
Valuation date	30 Jun 2021	3 May 2021	22 Mar 2021
Dividend yield (%)	Nil	Nil	Nil
Expected volatility (%)	100%	100%	100%
Risk free interest rate (%)	0.04%	0.07%	0.09%
Exercise price ($)	$0.060	$0.074	$0.040
Discount (%)	Nil	Nil	Nil
Expected life of options (years)	2.00	1.66	2.44
Share price at grant date ($)	$0.051	$0.057	$0.045
Value per option ($)	$0.0246	$0.0236	$0.0266

[1] During the year ended 30 June 2021, the Directors agreed to issue a total of 15,000,000 unlisted options with vesting conditions to directors at an exercise price of $0.06 each and an expiry date of 30 June 2023, subject to receipt of shareholder approval (being the Director Options B). Shareholder approval for the issue of the Director Options B was received at the Company's general meeting held 12 July 2021 and the securities were issued on 4 August 2021. The grant date is therefore after the period in which services have begun to be rendered. Therefore, the grant date fair value presented in the 30 June 2021 financial statements is provisional, estimated by reference to the period end share price. This provisional amount will be revised in the next financial period.

[2] Relates to unlisted options granted to employees during the year ended 30 June 2021, which were

formally issued on 4 August 2021 under the Company's employee securities incentive plan which was approved by shareholders at the Company's general meeting held 12 July 2021.

(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:

	2021 No.	**2021 WAEP**	**2020 No.**	**2020 WAEP**
Outstanding at the beginning of the year	38,101,748	$0.022	52,500,000	$0.031
Options granted	69,000,000	$0.042	5,601,748	$0.020
Options exercised	(28,101,748)	$0.021	-	-
Options expired	-	-	(20,000,000)	$0.045
Outstanding at the end of the year	79,000,000	$0.040	38,101,748	$0.022
Exercisable at the end of the year	50,000,000	$0.031	38,101,748	$0.022
Not exercisable at the end of the year	29,000,000	$0.055	-	-

(f) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2021 is 1.71 years (2020: 1.31 years).

(g) Fair value

The fair value of options granted during the year ended 30 June 2021 was $0.0178 (30 June 2020: $0.0057).

(h) Option expired

During the year ended 30 June 2021, nil options expired (2020: 20,000,000).

22 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 nil unlisted options issued during the year (2020: 13,375,001).

(b) Options exercised during the year

During the year, there was $331,250 received in proceeds from the exercise of unlisted options (2020: nil).

(c) Options expired during the year

The following unlisted options expired during the year (2020: nil):
- 3,500,000 unlisted options at $0.03 expired 13 March 2021
- 3,125,000 unlisted options at $0.03 expired 12 April 2021
- 1,250,000 unlisted options at $0.03 expired 8 May 2021

(d) Options on issue

There were no unlisted options on issue at 30 June 2021 (2020: 23,375,001).

23 SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and in determining the allocation of resources. The Group has only one operating segment, being mineral exploration and development. The financial results from the segment are equivalent to the financial statement of the Company as a whole. The accounting policies used by the Group in reporting segment internally are the same as those contained in note 2 to the accounts. The Group's non-current assets are located in Australia.

24 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective regarding 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 $12,949,994 at 30 June 2021 (30 June 2020: $7,770,085). 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.

The Group's financial assets and financial liabilities are as follows:

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	6	5,830,848	5,144,592
Restricted cash		109,242	-
		5,940,090	5,144,592
Financial liabilities			
Trade and other payables	16	2,340,293	278,430
Income tax payable		78,896	78,896
Provision for rehabilitation	17	160,140	-
		2,579,329	357,326

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. At 30 June 2021, the Group was exposed to interest rate risk.

Beyond 30 June 2021, the nature of the transactions undertaken by and entered into by the Group in respect of the JWD Project is such that the Group's exposure to market risk will include commodity price fluctuation (iron ore) and USD foreign currency fluctuation (cash, sales, Glencore loan facility).

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	**2021**	**2020**
		$	**$**
Financial assets			
Cash and cash equivalents	6	5,830,848	5,144,592
Restricted cash	7	109,242	-
		5,940,090	5,144,592

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)**	
	2021	**2020**	**2021**	**2020**
Consolidated	**$**	**$**	**$**	**$**
+1% (100 basis points)	59,401	59,401	-	-
-0.5% (50 basis points)	(29,700)	(29,700)	-	-

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 2020.

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, 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 expected date of settlement.

Consolidated	Less than 6 months $	6 months to 1 year $	1 year to 5 years $	Total $
30 June 2021				
Trade and other payables	1,110,079	-	-	1,110,079
Subscription funds payable	-	-	1,210,900	1,210,900
Employee leave provisions	-	19,314	-	19,314
Income tax payable	78,896	-	-	78,896
	1,188,975	19,314	1,210,900	2,419,189
30 June 2020				
Trade and other payables	357,326	-	-	357,326
	357,326	-	-	357,326

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.

25 COMMITMENTS AND CONTINGENCIES

Commitments

Office Rental Commitments

The Group has entered into a 12-month lease with Okewood for office premises for a lease term expiring 31 March 2022. The expenditure commitments with respect to rent payable under lease arrangement is as follows:

	2021 $	2020 $
Within one year	56,250	-
After one year but less than five years	-	-
More than five years	-	-
	56,250	-

Exploration Expenditure Commitments

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 Australia are as follows:

	2021 $	2020 $
Within one year	159,750	35,930
After one year but less than five years	-	-
More than five years	-	-
	159,750	35,930

Contingencies

Contingent Liabilities of FEL in respect to the Wiluna Transaction

FEL has agreed to provide a working capital facility of $3m to the Wiluna Iron JV following decision to mine (**$3m Facility**) (repayable against sale proceeds).

The Company previously disclosed a contingent liability being the further consideration of $250,000 payable to GVIO in cash or shares (at FEL's election) upon a decision to mine. This has been satisfied in the year ended 30 June 2021.

The Company previously disclosed a contingent liability being payment of $225,000 upon decision to mine, being the final prepaid 50% instalment royalty obligation associated with the project. This has been satisfied in the year ended 30 June 2021.

As announced on 25 May 2021, FEL paid a A$1m refundable deposit to its joint venture partner to secure an option to increase its interest in JWD from 51% to 60% for consideration of A$2.5m. This option constitutes a contingent asset at 30 June 2021. The option was exercised subsequent to year end (refer Significant Events Subsequent to Reporting Date).

Contingent Liabilities of Wiluna Iron JV (in which FEL has a 51% interest at 30 June 2021)

Additional payments will be required by the JV to satisfy the underlying Mining Rights Agreement, as follows:

- Should the Wiluna Iron JV elect to exercise its option to extract a further 2.7Mt from the JWD deposit, an amount of $4,250,000 will be payable;
- Royalties are payable to GWR Group on the basis of iron ore price and to a third party; and
- $3.50 per tonne for each tonne sold in excess of 3Mt.

On 30 June 2021, FEL entered into an agreement with a third party to relocate its operations from Shed 4 at Geraldton to secondary facility (to be built) (**Relocation Agreement**), which would in turn facilitate FEL entering into a subsequent arrangement with Mt Gibson Iron (**MGI**) to utilise Shed 4 for its JWD project operations. Pursuant to the Relocation Agreement, FEL agreed to provide a $300,000 as security to cover the capital required to prepare and make available the secondary facility to the third party. Obligation to make the security payment remained subject to certain conditions precedent at 30 June 2021 and therefore represents a contingent liability at balance date. The security amount was paid in July 2021.

Contingent Liabilities of FEL in respect to the Yarram Transaction

A milestone payment will be payable by FEL to Gold Valley Brown Stone Pty Ltd if the Company discovers a JORC indicated resource of greater than 3MT with greater than 60% Fe, as follows:

- $1,500,000 cash; or at FEL's election; and
- $500,000 in cash and $1,000,000 in FEL shares (calculated as 10-day VWAP upon announcement of Milestone Resource).

At 30 June 2021 there were no other contingent liabilities or contingent assets.

26 CONTROLLED ENTITIES AND ASSOCIATED ENTITIES

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

	Country of Incorporation	Equity interest %	
		2021	2020
Subsidiaries:			
Wiluna FE Pty Ltd	Australia	100	-
Yarram FE Pty Ltd	Australia	100	-
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
Associates:			
Gold Valley Iron and Manganese Pty Ltd	Australia	50	-
Yarram Iron Pty Ltd	Australia	50	-

27 PARENT ENTITY FINANCIAL INFORMATION

	2021 $	2020 $
Current assets	6,819,876	7,874,775
Non-current assets	6,909,940	252,635
Total assets	13,729,816	8,127,410
Current liabilities	(779,822)	(278,430)
Non-current liabilities		-
Total liabilities	(779,822)	(278,430)
Net assets	12,949,994	7,848,980
Issued capital	48,172,188	41,236,293
Accumulated losses	(38,083,896)	(35,494,461)
Share-based payment reserve	2,861,702	2,107,148
Total shareholders' equity	12,949,994	7,848,980
Profit/(loss) for the period	(2,589,435)	5,987,074
Total comprehensive profit/(loss) for the period	(2,589,435)	5,987,074

The parent entity, on behalf of its subsidiary Wiluna FE Pty Ltd, has provided a guarantee to GWR Group Limited (**GWR**) in respect of amounts payable or owing under or in connection with the Minerals Rights Agreement (being the agreement between GWR and GVIO pursuant to which the JWD Mining Rights are held) (30 June 2020: nil).

Commitments, contingent liabilities and contingent assets of the parent entity are the same as those of the Group as detailed at note 25.

28 AUDITORS' REMUNERATION

	2021 $	2020 $
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	44,904	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
Total	44,904	29,191

29 RELATED PARTY DISCLOSURES

Note 26 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 2021, an aggregate amount of $750 (30 June 2020: $27,957) was paid or payable to Cyclone Metals Ltd (**Cyclone**) for reimbursement of rent and other corporate costs. At 30 June 2021, nil was payable to Cyclone (30 June 2020: $44,664). During the year ended 30 June 2021, an aggregate amount of $754 was received or receivable from Cyclone for reimbursement of travel costs. At 30 June 2021, $754 was receivable from Cyclone (30 June 2020: nil). Mr Antony Sage is a director of Cyclone.

During the year ended 30 June 2021, an aggregate amount of $15,313 (30 June 2020: $16,986) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs. At 30 June 2021, $538 was payable to European Lithium (30 June 2020: nil). Mr Antony Sage is a director of European Lithium.

During the year ended 30 June 2021, an aggregate amount of $52,300 (30 June 2020: $59,148) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent and corporate box sponsorship. At 30 June 2021, nil was payable to Okewood (30 June 2020: $9,148). Mr Antony Sage is a director of Okewood.

Significant shareholders

As at 30 June 2021, Cyclone held a 20.89% interest in the issued capital of FEL (30 June 2020: 29.84%).

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

	2021 $	2020 $
Short-term employee benefits	544,167	202,000
Share-based payments	333,859	52,576
	878,026	254,576

Interests held by Key Management Personnel

Movements in shares held by key management personnel is as follows:

30 June 2021	Balance at 1 July 2020	Granted as remuneration	Exercise of options	Net change other	Balance at 30 June 2021
Directors					
A Sage[(i)]	9,173,010	-	12,500,000	-	21,673,010
M Hancock	-	-	2,500,000	-	2,500,000
N Sage	-	-	-	-	-
Other KMP					
J Sinclair	-	-	230,000	-	230,000
	9,173,010	-	15,230,000	-	24,403,010

(i) Indirectly held.

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

30 June 2021	Note	Balance at 1 July 2020	Acquired /granted during year	Exercised	Other change	Lapsed during Year	Balance at 30 June 2021	Exer-cisable	Not Exer-cisable	Ex. Price	Exp. Date
Directors											
A Sage	(i)	10,000,000	-	(7,500,000)	(2,500,000)	-	-	-	-	$0.02	31 May 2021
	(ii)	-	-	(5,000,000)	5,000,000	-	-	-	-	$0.025	31 Aug 2022
		-	7,500,000	-	-	-	7,500,000	7,500,000	-	$0.03	31 Aug 2022
	(iii)	-	7,500,000	-	-	-	7,500,000	-	7,500,000	$0.06	30 Jun 2023
M Hancock		2,500,000	-	(2,500,000)	-	-	-	-	-	$0.02	31 May 2021
		-	7,500,000	-	-	-	7,500,000	7,500,000	-	$0.03	31 Aug 2022
	(iii)	-	7,500,000	-	-	-	7,500,000	-	7,500,000	$0.06	30 Jun 2023
N Sage	(iv)	2,500,000	-	-	(2,500,000)	-	-	-	-	$0.02	31 May 2021
		-	2,500,000	-	-	-	2,500,000	2,500,000	-	$0.03	31 Aug 2022
Other KMP											
J Sinclair		-	5,000,000	-	-	-	5,000,000	5,000,000	-	$0.03	31 Aug 2022
		-	5,000,000	-	-	-	5,000,000	-	5,000,000	$0.04	31 Aug 2023
	(v)	-	-	(230,000)	230,000	-	-	-	-	$0.02	31 May 2021
		15,000,000	42,500,000	(15,230,000)	230,000	-	42,500,000	22,500,000	20,000,000		

(i) Other change includes the sale of 2,500,000 unlisted options exercisable at $0.02 expiring 31 May 2021 for $20,000 consideration.
(ii) Acquired includes the purchase of 5,000,000 unlisted options exercisable at $0.025 expiring 31 August 2022 for $100,000 consideration.
(iii) Includes 7,500,000 unlisted options with vesting conditions granted to each of Mr Tony Sage (or nominee) and Mr Mark Hancock (or nominee) (total of 15,000,000 options) at an exercise price of $0.06 each and an expiry date of 30 June 2023, which were formally issued on 4 August 2021 following receipt of shareholder approval at the Company's July 2021 EGM (being the Director Options B).
(iv) Other change includes the sale of 2,500,000 unlisted options exercisable at $0.02 expiring 31 May 2021 for $2,500 consideration.
(v) Relates to participation in exercise of 230,000 unlisted options exercisable at $0.02 expiring 31 May 2021 pursuant to an underwritten options arrangement.

Shares issued to directors or director related entities

There were nil shares issued to directors during the year ended 30 June 2021 in relation to remuneration (2020: nil).

30 EVENTS AFTER THE REPORTING DATE

Extraordinary General Meeting

The Company held an Extraordinary General Meeting on 12 July 2021 (**July 2021 EGM**). All resolutions put to the meeting were passed and decided by way of a poll.

Further Milestones Achieved at JWD Project

Subsequent to year end, export capacity and a path to market was secured with the execution of key agreements with Mt Gibson Iron Limited and the Mid West Port Authority and a long term haulage contract with Campbells Transport.

Crushing and screening commenced in early July 2021 with first ore leaving site via road trains on the 11 July 2021. The Company continues to focus on the ramp up of haulage from the mine, with key development work for the mine now complete.

As announced on 27 July 2021, the Company, via its wholly owned subsidiary Wiluna FE Pty Ltd, has entered an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**), for 100% of the JWD product (iron ore lumps and fines) over the life of FEL's operations at the mine, subject to GWR Group Ltd's existing right to elect to purchase up to 50,000 tonnes of fines product at the mine gate. Pursuant to the terms of the offtake agreement, Glencore has provided a US$7.5 million prepayment, which will be repaid by FEL in five instalments of US$1.5m plus applicable interest, from shipments 2 to 6, or within 6 months of the prepayment being received, whichever is the earlier.

Increase of JWD Interest to 60%

As announced on 25 May 2021, FEL paid a A$1m refundable deposit to its joint venture partner to secure an option to increase its interest in JWD from 51% to 60% for consideration of A$2.5m.

Following receipt of shareholder approval at the Company's EGM held 12 July 2021 to issue equity to complete this transaction, FEL has exercised its option and elected to settle payment of the consideration amount via the issue of 43,859,649 shares. Subsequent to year end, the $1m refundable deposit has been repaid to FEL and on 28 July 2021 the shares have been issued.

Commencement of hedging program

As announced on 10 August 2021, the Company commenced hedging a portion of its production. The aim of the hedging program is to provide downside protection for the iron ore price, while maintaining some upside exposure to high iron ore prices in strong markets and doing so in a way that minimises the upfront cash cost of entering the hedge.

Volatility of Iron Ore Prices

The market price of iron ore has been volatile and has seen a decline in the period subsequent to 30 June 2021. The Company is continuing to advance its iron ore projects (including its JWD Project operations), has commenced a hedging program (as detailed above), is taking steps to mitigate cash outflow, and will continue to monitor the market price of iron ore prices and the impact this may have on planned activities.

The Company makes note of the contingent liability disclosed in relation to the Wiluna Iron JV (in which FEL has a 60% interest at the date of release of this report). Should the Wiluna Iron JV elect to exercise its option to extract a further 2.7Mt from the JWD deposit, an amount of $4,250,000 will be payable to GWR Group, as required to satisfy the underlying Mining Rights Agreement. Unless otherwise negotiated with GWR Group, this payment will be due in January 2022.

Sale of Pilbara Exploration Tenements

On 17 June 2021, the Company announced that it had entered two separate binding agreements with Global Lithium and Mercury Resources to dispose of its Pilbara exploration tenure for a total cash consideration of $550,000, with a trailing royalty on certain of the tenements. The transactions completed subsequent to year end.

FEL Acquires 60% Interest in Mature Copper / Gold Project at Tennant Creek

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

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

Placement for $5 Million

On 24 September 2021, the Company announced that it had received commitments to raise $5,000,000 through a placement of 100,000,000 ordinary shares (**Placement Shares**) to sophisticated investors at $0.05 per share. Investors will also be issued one option (exercise price $0.06, expiring 2 years from issue) for every two shares issued (**Placement Options**). Funds raised will be used towards funding of the Tennant Creek Acquisition, expenditure on the Company's existing projects (Yarram and JWD), exploration expenditure on the Tennant Creek Project tenement package, and for general working capital.

Lead Manager for the Placement, Evolution Capital Advisors are entitled to fees of 6% of the amount raised and 20,000,000 options (**Lead Manager Options**) on the same terms as the Placement Options.

The Placement Shares will be issued without shareholder approval relying on the Company's capacity under Listing Rule 7.1. The Placement Options and Lead Manager Options will be issued subject to receipt of shareholder approval, and the Company will seek to have the options quoted.

Shares Issued
The following shares were issued subsequent to year end:

- 4,807,692 shares issued in settlement of the $250,000 consideration component payable upon decision to mine in respect of the JWD Project
- 43,859,649 shares issued upon FEL's exercise of its option to acquire an additional 9% interest in the JWD Project
- 6,000,000 shares issued upon exercise of unlisted options exercisable at $0.03 expiring 31 August 2022, raising $180,000
- 7,000,000 shares issued upon exercise of unlisted options exercisable at $0.025 expiring 31 March 2022, raising $175,000

Options Issued

The following unlisted options were issued subsequent to year end:

- 15,000,000 unlisted options exercisable at $0.06 expiring 30 June 2023 with vesting conditions issued to directors (or their nominees) following receipt of shareholder approval at the July 2021 EGM
- 1,000,000 unlisted options exercisable at $0.074 expiring 31 December 2022 issued pursuant to the Company's Employee Securities Incentive Plan (**ESIP**) (ESIP approved by shareholders at the July 2021 EGM)
- 3,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 with vesting conditions issued pursuant to the Company's ESIP
- 14,500,000 unlisted options exercisable at $0.06 expiring 30 June 2023 with vesting conditions issued pursuant to the Company's ESIP

There have been no other events subsequent to 30 June 2021 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 2021 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 2021 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 2021.

On behalf of the Board

Mr Antony Sage
Executive Chairman

29 September 2021

Stantons

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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 2021, 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 2021 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.

Material Uncertainty Relating to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(c) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2021, the Group had cash and cash equivalents of $5,830,848, a net working capital surplus of $6,815,764 (excluding restricted cash) and incurred a loss after income tax of $2,510,540.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further working capital or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the following matters to be Key Audit Matters to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Accounting for Joint Operations	
The Group has a joint arrangement with Gold Valley Iron Ore Pty Ltd. Under the arrangement, the Group owns 51% of the Wiluna Iron JV. Under *AASB 11 - Joint Arrangements* ("AASB 11"), if a party has the right to the assets and the obligations for the liabilities of a joint arrangement, the arrangement is considered to be a "joint operation" and those assets and liabilities should be recognised by the parties to the joint arrangement. Management have determined that the arrangement constitutes a joint operation and therefore, the Group has the rights to the assets, and obligations for the liabilities of the joint arrangement. On consolidation, the Group accounts for its proportionate shares of the assets, liabilities, revenues and expenses of the project. Accounting for the Wiluna Iron JV is a key audit matter due to: • The significance of the total assets and liabilities of the joint operation; and • The nature and complexities involved in accounting as well as the judgement in determination of whether the Group has an interest in the net assets or the rights to the assets and obligations for liabilities and therefore, the accounting treatment in accordance with the relevant accounting standards.	Inter alia, our audit procedures included the following: i. Reviewing the management's assessment and judgement of concluding that the arrangement is a joint operation and the accounting treatment relative to the relevant account standards and ensuring the correct treatment is adopted. ii. Reviewing the consolidation worksheets to ensure that the Wiluna Iron JV has been accounted for as a joint operation and therefore, the Group has accounted for their share of the assets, liabilities and expenses (proportionate basis) of the joint operation. iii. Examining the directors' assessment of the carrying value of the Mine properties and development costs recorded by the joint operation, ensuring the veracity of the data presented and that the management has considered the effect of potential impairment indicators in accordance with the relevant standards. iv. Performing substantive audit procedures over the joint operation in relation to the assets, liabilities and expenses of the joint operation; and v. Assessing the adequacy of the disclosures included in the financial statements.

Stantons

Joint venture accounted for under the equity method

During the period the Group entered into a joint arrangement with Gold Valley Brown Stone Pty Ltd. Under the arrangement, the Group owns 50% interest in the Yarram Iron JV through its subsidiary Yarram Fe Pty Ltd.

The management have determined that the arrangement constitutes a joint venture as per *AASB 11 Joint Arrangements* ("AASB 11") due to the following reasons:

- The Group has joint control over the Yarram Iron JV together with the other shareholders; and

- The Group has the rights to its respective share of the net assets of the Yarram Iron JV.

In accordance with *AASB 128 - Investments in Associates and Joint Ventures* ("AASB 128"), the Group has initially recognised the investment in the JV at cost and then applied the equity method, decreasing the carrying amount to recognise the investor's share of the loss.

The Group accounted for 50% of the loss incurred by the JV in the period totalling $78,770 and recognised an investment in the JV as at 30 June 2021 amounting to $3,266,230

Accounting for the Yarram Iron JV is a key audit matter due to:

- The significance of the investment of the joint venture; and

- The nature and complexities involved in accounting as well as the judgement in determination of whether the Group has an interest in the net assets or the rights to the assets and obligations for liabilities and therefore, the accounting treatment in accordance with the relevant accounting standards.

Inter alia, our audit procedures included the following:

i. Reviewing the management's assessment and judgement in concluding that the arrangement is a joint venture.

ii. Ensuring that the management correctly applied the Equity method as per AASB 128 - Investments in Associates and Joint Ventures, reviewing management's workings to ensure initial recognition of the investment at costs and subsequent recognition of the share of the loss recorded in the period post-acquisition by the JV.

iii. Performing substantive audit procedures over the joint venture's accounts in relation to the assets, liabilities and expenses of the joint venture.

iv. Understanding management's process for identifying the existence of impairment indicators in respect of its interest in the joint venture and evaluating the effectiveness of such process.

v. Assessing the adequacy of the disclosures included in the financial statements.

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 2021 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.

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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 10 to 15 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Fe Limited for the year ended 30 June 2021 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
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
29 September 2021

SCHEDULE OF TENEMENTS

As at 31 August 2021:

Schedule of tenement interests of the Company and its subsidiary entities:

Tenement reference	Project & Location	Interest	Notes
E52/1668	Peak Hill - Western Australia	20%	2
E52/1678	Peak Hill - Western Australia	20%	2
E52/1722	Peak Hill - Western Australia	20%	3
E52/1730	Peak Hill - Western Australia	20%	2
P52/1538	Peak Hill - Western Australia	20%	2
P52/1539	Peak Hill - Western Australia	20%	2
P52/1494	Forrest (Milgun) - Western Australia	20%	1
P52/1495	Forrest (Milgun) - Western Australia	20%	1
P52/1496	Forrest (Milgun) - Western Australia	20%	1
E45/4759	Pippingarra – Western Australia	100%	7
E45/4691	Pippingarra – Western Australia	100%	7
E45/4690	Marble Bar – Western Australia	100%	7
E45/4746	Marble Bar – Western Australia	100%	7
M53/971-I	Wiluna West – Western Australia	60%	4
M53/972-I	Wiluna West – Western Australia	60%	4
M53/1018-I	Wiluna West – Western Australia	60%	4
M53/1078-I	Wiluna West – Western Australia	60%	4
L53/115	Wiluna West – Western Australia	60%	4
L53/146	Wiluna West – Western Australia	60%	4
MLN1163	Yarram – Northern Territory	50%	5
ELR125	Yarram – Northern Territory	50%	5
ELR146	Yarram – Northern Territory	50%	5
E29/640	Mt Ida – Western Australia	100%	6
M29/2	Mt Ida – Western Australia	100%	6
M29/165	Mt Ida – Western Australia	100%	6
M29/422	Mt Ida – Western Australia	100%	6

NOTES:

1	Peak Hill Sale Agreement: Auris Exploration Pty Ltd (AUR - previously known as Grosvenor Gold Pty Ltd) 80% (Operator) and FEL (via Jackson Minerals) 20% in all minerals free carried to decision to mine.
2	ALY 80% reducing to 10% in all minerals or base metals only once SFR and Billabong (Operator) earn in under respective JV agreements with ALY. Billabong is earning 70% interest in all minerals in part of this tenement and SFR has earnt 70% interest in base metals only (excluding Iron Ore) in the remaining tenement area. FEL (via Jackson Minerals) holds 20% in all minerals in the whole of the tenements free carried to decision to mine.
3	ALY 80% reduced to 10% in base metals only (excluding iron ore) as SFR (Operator) earns in under JV agreement with ALY. SFR has earnt a 70% interest in base metals only (excluding iron ore) in the whole of the tenement area by sole funding exploration expenditure. FEL (via Jackson Minerals) holds 20% in all minerals free carried to decision to mine.
4	FEL (via Wiluna FE Pty Ltd) hold a 60% interest in the Mining Rights Agreement over the Wiluna West JWD deposit (iron ore rights).
5	FEL (via Yarram FE Pty Ltd) holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram Project.
6	FEL hold 100% interest in iron ore rights over the Mt Ida Project tenements via the Mt Ida Iron Ore Rights Sale Agreement.
7	Subject to settlement FEL has sold 100% interests in all mineral rights held for E45/4690, 4691, 4746 and 4759 pursuant to a Binding Terms Sheet agreement with Mercury Resources Group Pty Ltd dated 16 June 2021. FEL will retain a 1% Net Smelter Royalty payable on any product sales from the tenement package in the future.

The mining tenements with beneficial interest held in farm-in/farm-out agreements

Farm-in/out Agreement and Tenement reference	Project & Location	Interest	Notes
E51/1033-I	Morck Well – Western Australia	20%	1, 2, 3
E52/1613-I	Morck Well – Western Australia	20%	1, 2, 3
E52/1672-I	Morck Well – Western Australia	20%	1, 2, 3

NOTES:	
1	Peak Hill Sale Agreement: Auris Exploration Pty Ltd (Auris - previously known as Grosvenor Gold Pty Ltd) 80% (Operator) and Jackson Minerals Pty Ltd 20% in all minerals.
2	Jackson Iron Ore Royalty: Auris Exploration Pty Ltd (Auris) (previously known as Grosvenor Gold Pty Ltd) (Operator) to pay PepinNini Robinson Range Pty Ltd (PRR) a 0.8% gross revenue royalty from the sale or disposal of iron ore. Jackson Minerals Pty Ltd holds 20% in all minerals.
3	Sandfire Farm-in: Subject to a Farm-in Letter Agreement between SFR, AUR and FEL. If SFR makes a Discovery on the tenements and a JV is formed then the interests in the tenements will be 70% SFR, 24% AUR and 6% FEL. Full details of the agreement are described in the Auris ASX announcement dated 27 February 2018.

ADDITIONAL SHAREHOLDER INFORMATION

As at 31 August 2021:

Shares

The total number of Shares on issue as at 31 August 2021 was 757,112,365, held by 1,901 registered Shareholders. 310 shareholders hold less than a marketable parcel, based on the market price of a share as at 31 August 2021.

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 31 August 2021, the twenty largest Shareholders were as shown in the following table and held 60.64% of the Shares.

	Legal Holder	Holding	%
1	DEMPSEY RESOURCES PTY LTD	120,848,635	15.96
2	GOLD VALLEY IRON ORE PTY LTD	53,667,341	7.09
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,599,664	5.76
4	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	34,850,371	4.60
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	25,828,909	3.41
6	DEMPSEY RESOURCES PTY LTD	25,300,000	3.34
7	CAULDRON ENERGY LIMITED	17,913,868	2.37
8	ANTONY WILLIAM PAUL SAGE & LUCY FERNANDES SAGE <EGAS SUPERANNUATION FUND>	16,423,010	2.17
8	ANT NICHOLSON PTY LTD <KOO NICHOLSON FAMILY A/C>	15,270,000	2.02
9	WHITEY TIGER PTY LTD <THE WTL A/C>	14,895,018	1.97
10	MACARTHUR MINERALS LIMITED	13,666,667	1.81
11	MRS SAMANTHA HELEN LOUISE YOUNG	12,500,000	1.65
12	KUN SONG	10,000,000	1.32
13	WFM CORPORATION PTY LTD	8,900,000	1.18
14	H & K SUPER MANAGEMENT PTY LTD <H & K SUPER FUND>	8,250,000	1.09
15	ADKSK SUPERFUND PTY LTD <ADKSK SUPERFUND>	8,000,000	1.06
16	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <ST A/C>	6,387,720	0.84
17	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	6,207,239	0.82
18	JAPL NOMINEES PTY LTD <JAPL INVESTMENT A/C>	6,115,052	0.81
19	OKEWOOD PTY LTD	5,250,000	0.69
20	COLLEGE SEARCH PTY LTD	5,250,000	0.69
	Total	**459,123,494**	**60.64**

Distribution Schedule

A distribution schedule of the number of Shareholders, by size of holding, as at 31 August 2021 is below:

Size of holdings	Number of Shares	%	Number of Shareholders
1 – 1000	26,980	0.00%	81
1,001 – 5,000	535,806	0.07%	170
5,001 – 10,000	2,032,872	0.27%	251
10,001 – 100,000	39,298,302	5.19%	902
100,001 and over	715,218,405	94.47%	497
Total	**757,112,365**	**100.00%**	**1,901**

Quoted Options

The Company does not have any quoted Options on issue.

Unquoted Options

At 31 August 2021 the Company has on issue 84,500,000 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 $0.025 31/03/2022	Unlisted Options $0.03 31/08/2022	Unlisted Options $0.04 31/08/2023	Unlisted Options $0.035 12/10/2023	Unlisted Options $0.045 12/04/2024	Unlisted Options $0.06 12/10/2024	Unlisted Options $0.06 30/06/2023	Unlisted Options $0.074 31/12/2022
Bell Potter Nominees	-	-	-	5,000,000	5,000,000	5,000,000	-	-
Esplanade Consultancy Pty Ltd	4,000,000	-	-	-	-	-	-	-
Mark Hancock & Julie Hancock <Marlie Family>	-	7,500,000	-	-	-	-	7,500,000	-
Alan Jepson	-	-	-	-	-	-	-	1,000,000
Okewood Pty Ltd	-	7,500,000	-	-	-	-	7,500,000	-
Mr Matthew Campbell Ramsden	-	-	3,000,000	-	-	-	-	-
Jeremy Andrew Sinclair	-	-	5,000,000	-	-	-	-	-
Holders individually less than 20%	-	12,000,000	-	-	-	-	14,500,000	14,500,000
Total	4,000,000	27,000,000	8,000,000	5,000,000	5,000,000	5,000,000	29,500,000	29,500,000