

ACQUISITION OF MINING RIGHTS OVER ADVANCED WA IRON ORE PROJECT

Highlights:

- **FEL to acquire a 51% interest in the Gold Valley Iron Ore (“GV”) Mining Rights Agreement over the Wiluna West JWD deposit wholly owned by GWR Group Limited (GWR Group)**
- **Total JWD mineral resource of 10.7 Mt @ 63.7% Fe, 2.8% SiO₂, 1.5% Al₂O₃ (JORC 2004 - refer GWR Group ASX announcement 11 April 2013)**
- **60% classified as Measured resource**
- **Significant development work completed including resource optimisation, pit design and mine plan**
- **Majority of approvals granted including the Project Management Plan (PMP), which was approved in January 2020**
- **Mining Rights Agreement requires a minimum of 300,000 tonnes mined and trucked from tenement within 21 months of the PMP approval date so FEL will target early commencement of operations to meet this date and take advantage of current high iron ore prices**
- **Initial consideration of \$500,000 cash to reimburse GV’s past cost and 12.5 million shares payable at settlement, with a further \$250,000 (in cash or shares at FEL’s election) payable upon FEL making a decision to mine**
- **Acquisition funded from existing cash reserves**

Fe Limited (ASX: **FEL**) (**FEL** or the **Company**) is pleased to announce it has entered a binding JV Agreement to acquire a 51% interest in the Mining Rights Agreement held by GV over the Wiluna West JWD deposit wholly owned by GWR Group.

Consideration of A\$500,000 in cash and 12.5 million shares is payable upon settlement (**Settlement Shares**) with a further commitment to fund a A\$125,000 instalment due to GWR Group on 30 September 2020 and to provide a working capital facility to the JV of A\$3million following decision to mine (refer Annexure 1 for summary of key terms). A further \$250,000 is payable in cash or shares (at FEL’s election) to GV upon a decision to mine.



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The Settlement Shares will be issued without shareholder approval and using the Company's existing capacity under Listing Rule 7.1.

Additional payments to satisfy the Mining Rights Agreement will be met by the JV.

FEL will operate the Joint Venture with its 51% interest and look to commence operations as soon as practically possible to meet the obligations under the Mining Rights Agreement that a minimum of 300,000 tonnes is mined and trucked with 21 months from the PMP approval date.

Project Overview

The Wiluna West project in its entirety has been studied by GWR Group for some time and has undergone multiple phases of resource estimation and periodical upgrade with the addition of increased drill density over time.

GWR Group has divided the deposit into sub-sets and have sold the mining rights for the JWD deposit to GV (refer figure 1).

GWR Group has reported a resource of 10.7Mt @ 63.7% Fe using a 55% Fe cut off for the JWD deposit as shown in Table 1.

This estimate of mineral resources is not reported in accordance with JORC 2012. A Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that following further evaluation, the currently reported estimate may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Nothing has come to the attention of FEL that causes it to question the accuracy or reliability of the former owner's estimates. FEL has not independently validated the former owner's estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates.

This estimate was commissioned and formerly reported by GWR Group in compliance with JORC 2004. An updated estimate was conducted by Optiro, a well-established consultancy firm, in 2013 using data obtained during 2012 however the result was not considered materially different to the earlier reported resource. Optiro / GWR Group elected to report the updated resource to JORC 2004 standards citing the lack of material difference as the basis. The report can be found in the ASX announcement made by GWR Group dated 11 April 2013 however this report may not conform to the requirements of the JORC Code 2012.



Summary or work programs on which the Mineral Resource is based and Table 1 criteria relevant to understanding the reliability of estimates

The Mineral Resource estimate prepared by Optiro is based on drill hole data and a geological interpretation provided by GWR Group. The resource model incorporates a significant increase in drill hole data from the prior estimate. The cross section spacing is now 50 m, in contrast to the 100 m section spacing that informed the previous estimate completed in 2010. The along section spacing is now nominally 20 m. Optiro considers the drill hole data to be of appropriate quality to contribute to the Mineral Resource update presented in this statement and to support the Mineral Resource categories assigned to the estimates. The majority of the drilling is reverse circulation (RC) with minor amounts of diamond core (DDH). RC samples were collected using a riffle splitter for earlier drill holes and a cone splitter for more recent holes. All DDH sampling is based on cut half core. All assaying is based on XRF analysis plus a thermo-gravimetric measurement to determine loss on ignition (LOI).

Optiro reviewed the geological interpretation whilst compiling the Mineral Resource estimate and considers the interpretation to fairly represent the drill hole data and surface mapping available for the JWD deposit to an accuracy commensurate with the classifications applied using the guidelines in the 2004 JORC Code.

Optiro compiled the Mineral Resource estimate using geological domains based on lithology and grade conditions to constrain the limits of mineralised zones. A nominal 50% Fe cut-off grade was used to discriminate the lower grade mineralised zones within the BIF horizons and a nominal cut-off grade of 60% Fe was used to discriminate the higher grade zones within the BIF horizons. These cut-off grades were selected on the basis of the statistical grade characteristics of the enriched and un-enriched BIF compared to the surrounding schist.

Grade characteristics for iron and associated contaminants were estimated using ordinary kriging of one metre reverse circulation down hole samples into a block model representing the geometry of the mineralised zones. Bulk density was estimated into the resource model from the calibrated downhole probe data.

The portions of the deposits classified as Measured Mineral Resource feature a 50 mN by 20 mE drilling pattern combined with demonstrated geological continuity identified in surface mapping of outcrop. The Measured resource was allowed to extend for approximately 20 m beyond the last drill hole in areas supported by the defined drill hole spacing. These extension



distances are further relaxed on section lines with shallower drill depths compared to adjacent, deeper drilled sections that demonstrate depth continuity. Indicated Mineral Resource is supported by sparser drilling and largely comprises extrapolation of 10 m to 20 m beyond Measured regions. The Inferred Mineral Resource largely represents a further 20 m of extrapolation beyond the Indicated resource limits except in minor BIF horizons where the Inferred resource may extend for greater distance beyond the last drill hole based on assumed geological continuity. Most extrapolation occurs at depth down dip.

This estimate was conducted to a high standard by Optiro, and FEL places a high level of reliability on the estimate. No further estimates have been conducted since 2013 as the estimate already has sufficient data density and was done to a high enough standard to meet a measured category and allow downstream studies to proceed.

No further exploration or resource definition is required on the deposit. Future drilling will only be grade control conducted as part the mining operation.

JWD February 2013 Mineral Resource										
Resource Category	Above % Fe	Mbcm	Mt	Fe %	SiO ₂ %	Al ₂ O ₃ %	S %	P %	LOI %	P80 mm
Measured	55	1.8	6.4	64.07	2.63	1.51	0.028	0.034	3.07	1.50
	58	1.7	6.3	64.16	2.58	1.49	0.028	0.034	3.06	1.50
	60	1.7	6.2	64.29	2.47	1.44	0.029	0.033	3.01	1.50
	65	0.6	2.3	66.19	1.85	1.12	0.009	0.023	1.60	1.31
Indicated	55	0.2	0.9	63.61	2.76	1.33	0.056	0.030	3.57	1.54
	58	0.2	0.8	63.87	2.46	1.27	0.057	0.030	3.59	1.55
	60	0.2	0.8	64.03	2.23	1.25	0.058	0.031	3.62	1.57
	65	0.1	0.3	66.40	1.57	1.01	0.007	0.021	1.50	1.44
Inferred	55	0.9	3.4	63.13	3.23	1.58	0.044	0.029	3.38	1.49
	58	0.9	3.2	63.54	2.83	1.45	0.046	0.029	3.38	1.51
	60	0.8	3.0	63.82	2.51	1.38	0.047	0.029	3.39	1.53
	65	0.2	0.8	66.32	1.61	1.01	0.007	0.020	1.51	1.49
Total	55	2.9	10.7	63.74	2.83	1.52	0.036	0.032	3.21	1.50
	58	2.8	10.4	63.94	2.64	1.46	0.036	0.032	3.20	1.51
	60	2.7	10.0	64.13	2.47	1.41	0.037	0.032	3.17	1.51
	65	0.8	3.3	66.24	1.77	1.09	0.009	0.022	1.57	1.36

Table 1. Resource by confidence category and cut-off.

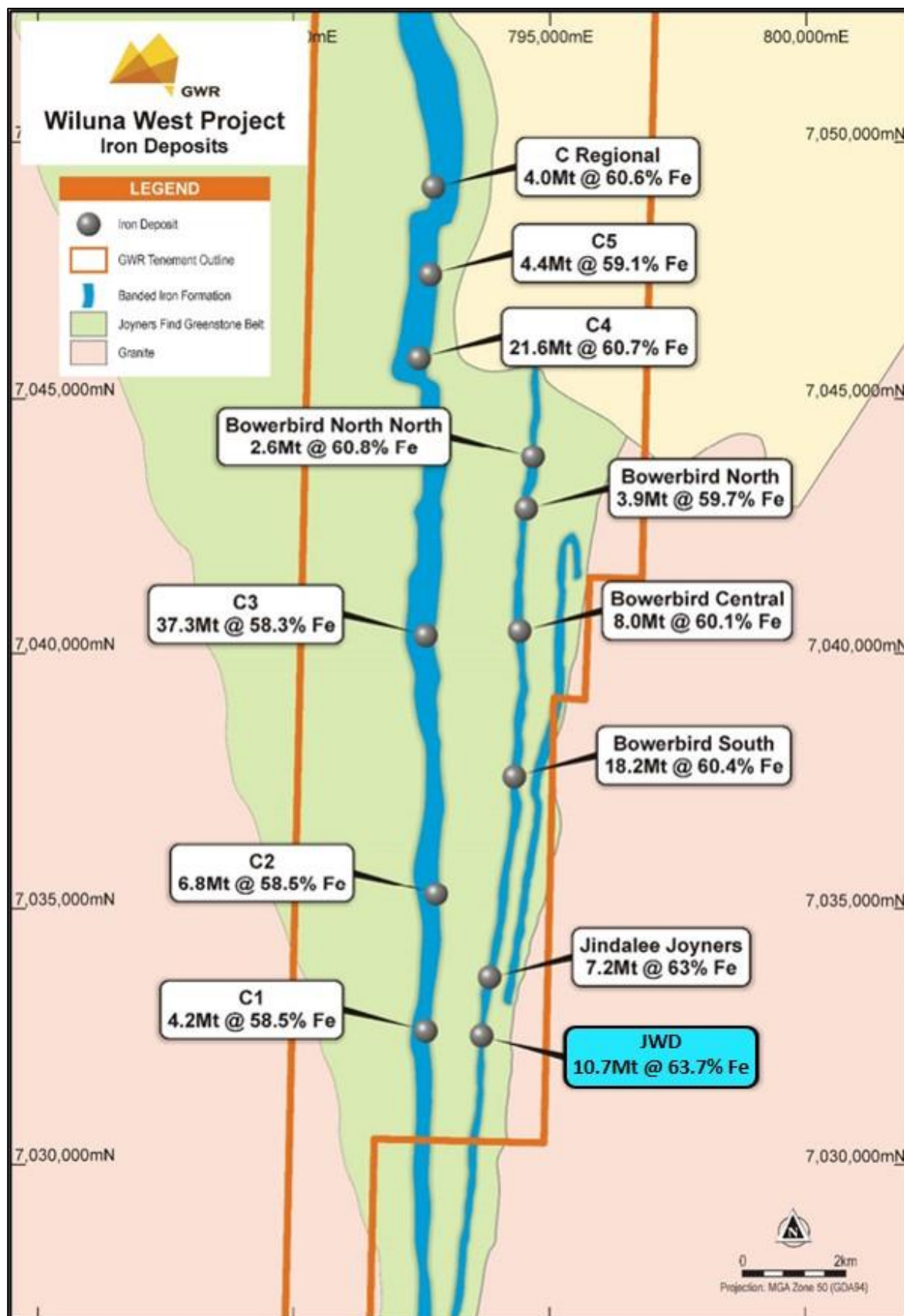


Figure 1. Deposit Location

Resource optimisation, pit design and mine planning have all been completed and the majority of required approvals have been granted. This allows FEL the opportunity to rapidly advance the project into operation to capitalise on the current high iron ore pricing environment. The Company does not anticipate undertaking further exploration prior to reporting a Mineral Resource estimate under the JORC 2012 Code, but rather will as soon as reasonably practicable evaluate the existing exploration and report accordingly. The Company does not expect that this work will have a material cost.

The addition of this project into the FE iron ore portfolio has strong synergies with the Company's recent planned acquisition of the Yarram Iron Ore Project in the Northern Territory by providing a portfolio of projects that can be progressed by the same team.

Macarthur JV

The Company has elected to withdraw from the Joint Venture over the Pilbara tenement group with Macarthur Minerals Limited. The Board has decided that it wishes to prioritise the remaining earn in payments and expenditure required on the Macarthur tenure for its brown fields projects (Yarram and JWD mining rights) which the Company considers presents higher earnings potential for it over a shorter time frame and lower risk profile. The Company wishes Macarthur well in the future development of its Pilbara assets

Management Changes

Following this acquisition to ensure the company is well resourced to progress the projects Non-Executive Chairman Mr Tony Sage has agreed to assume the role of Executive Chairman and Executive Director Mr Mark Hancock has agreed to increase his time commitment to the company, effective immediately. Mr Sage and Mr Hancock's monthly remuneration has increased to \$15,000 and \$10,000 respectively to reflect this additional time commitment. The Company is actively looking to add further technical management capability to the team.

FEL Chairman Tony Sage commented, "Together with the recent announcement of FEL's purchase of the Yarram Iron Ore Project, this acquisition cements our view that shareholders will benefit greatly from exposure to the positive outlook and high prices of iron ore. We believe both projects offer a real chance of early cashflows given the work that has already been completed. Our key focus now is continuing to build an experienced and focussed management team to exploit these assets as quickly as possible."



This announcement is intended to lift the trading halt requested 15 September 2020.

Announcement released with authority of the FEL board of directors.

Yours faithfully
FE LIMITED

Tony Sage
Executive Chairman

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COMPETENT PERSON

The information in this announcement that relates to Resource Estimation is based on information compiled by Mr Olaf Frederickson. Mr Frederickson is a Member of The Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Frederickson believes that the information in this announcement pertaining to former resource reporting is an accurate representation of the available data and studies for the material mining project. Mr Frederickson is a consultant to Fe Limited and consents to the inclusion in the report of the Resource Estimation in the form and context in which they appear.



ASX Announcement

Annexure 1 – Summary of key terms

- FEL acquires a 51% interest in the Iron ore rights agreement and forms a Joint Venture with Vendor, Gold Valley Iron Ore Pty Ltd
- Consideration to be paid as follows:
 - o \$500,000 on completion of the transaction to reimburse GV for past costs
 - o 12,500,000 shares issued on completion of the transaction and \$250,000 in cash or shares at FEL's election on making a decision to mine
 - o FEL to fund a \$125,000 payment due to GWR Group on 30 September 2020
 - o FEL to fund prepayment of a third party production royalty of up to \$450,000 in two installments, one on completion of the transaction and one on decision to mine
 - o FEL to provide a \$3m working capital facility to the JV on decision to mine, repayable against sale proceeds
 - o Further payments due to GWR Group will be paid by the JV, these include:
 - 3 quarterly installments of \$125,000 each payable from December 2020
 - \$4.25 million if the JV elects to exercise its option to extract a further 2.7Mt from the JWD deposit
 - Royalties payable to GWR Group on the basis of iron ore price and to a third party
 - \$3.50 per tonne for each tonne sold in excess of 3MT
 - o GWR Group have consented to the transaction as required under the Mining Rights Agreement between itself and GV
- Key Principles of JV Arrangement
 - o FEL to operate the Joint Venture
 - o Operator to have casting vote in the event of deadlock, other than key decisions such as decision to mine, on which approval shall not be unreasonably withheld. Any related party dealings need unanimous approval

