

ASX Announcement

5 July 2011

Australian Securities
Exchange Code: **FEL**

Ordinary Shares:

115,521,575

Unlisted Options:

18,000,000 (\$0.12 exp. 31 Dec 2012)
375,000 (\$0.15 exp. 23 Mar 2014)

Board of Directors:

Tony Sage
Non-Executive Chairman
Kim Bischoff
Managing Director
Mark Gwynne
Executive Director
Paul Kelly
Non-Executive Director
Eloise von Puttkammer
Company Secretary

Key Projects & Interests:

Mt Ida Iron Ore Project
Mt Elvire Iron Ore Project
Crossroads, Bardoc and Grafters Gold
Projects
Kalgoorlie Regional Gold Project
Kalgoorlie Regional Nickel Project

Fe Limited Contact:

Kim Bischoff
Managing Director
Tel: +61 (8) 9380 9555

Corporate Office:

18 Oxford Close Leederville,
Western Australia 6007 Australia
Telephone +61 8 9380 9555
Facsimile +61 8 9380 9666

Australian Enquiries:

Professional Public Relations
David Tasker
Tel: +61 8 9388 0944
Mob: +61 433 112 936
Email: david.tasker@ppr.com.au

Fe Limited is an Australian domiciled
mineral resources exploration and
development company.

Fe Limited
ABN: 31 112 731 638

STANDBY FACILITY SECURED

Australian mineral resources explorer, Fe Limited (ASX: FEL) ("**Fe**" or the "**Company**") advises that it has secured a \$2 million standby loan facility to fund exploration expenditure and working capital.

Fe has entered into a facility agreement ("**Facility**") with cornerstone shareholder Cape Lambert Resources Limited (ASX: CFE) ("**Cape Lambert**"). Cape Lambert currently holds a 19.9% interest in Fe.

Pursuant to the terms of the Facility, the Company will have access to \$2 million, and any amounts drawn down will be repayable in full 18 months from date of execution of the facility agreement. Interest is payable on the amounts drawn down under the Facility at the cash rate plus 3%.

The Directors have secured the Facility to ensure that the Company has sufficient funds to progress the Mt Ida exploration program, and to perform the necessary works to satisfy the conditions precedent under the agreement to sell its 100% interest in Gympie Eldorado Mining Pty Ltd ("**GEM**") to BRI Microfine Pty Ltd ("**BRI**"). The Company has entered into a Deed of Variation with BRI to extend the date by which the conditions precedent have to be satisfied to 31 July 2011 due to delays in collection of bulk samples. On completion of the transaction, Fe will receive \$50,000 as consideration for its 100% interest in GEM and will be reimbursed \$803,548 for cash bonds put in place by Fe. In addition, as soon as practicable after completion, BRI is required to provide a replacement financial assurance to the relevant government department which will enable the release of \$1,445,400 cash to Fe.

Drilling at Mt Ida is scheduled to commence in the September quarter 2011 where the Company has previously announced an exploration target of 1.0 - 1.4 billion tonnes at 30-37% Fe¹. The Company is also seeking expressions of interest for the divestment of some of its non-core gold and nickel assets in Western Australia and Queensland to enable it to focus on exploration of its iron ore projects.

Yours faithfully
FE LIMITED

Kim Bischoff
Managing Director

¹ Refer ASX announcements by FEL dated 19 May 2011 and 29 June 2011. The estimates of exploration target sizes mentioned in this release should not be misunderstood or misconstrued as estimates of Mineral Resources. The estimates of exploration target sizes are conceptual in nature and there has been insufficient results received from drilling completed to date to estimate a Mineral Resource compliant with the JORC Code (2004) guidelines. Furthermore, it is uncertain if further exploration will result in the determination of a Mineral Resource.

