

ASX Announcement

13 July 2017

Australian Securities
Exchange Code: **FEL**

Ordinary Shares:

293,169,629

Unlisted Options:

9,375,000

Board of Directors:

Tony Sage
Non-Executive Chairman

Kenneth Keogh
Non-Executive Director

Nicholas Sage
Non-Executive Director

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

Fe Limited
ABN: 31 112 731 638



FEL Acquires Rights to Kasombo Copper-Cobalt Project in DRC

Highlights:

Fe Limited executes a binding terms sheet with Cape Lambert Resources Limited that assigns 100% of its rights to the Kasombo Copper-Cobalt Project in Democratic Republic of Congo (DRC).

The Kasombo Copper-Cobalt Project is located in an area with excellent infrastructure and the world's major cobalt mining region, that accounts for ~50% of the world's cobalt reserves and ~60% of global cobalt supply.

Handheld XRF sampling of artisanal cobalt workings and exposed cobalt mineralisation at the Kasombo Copper-Cobalt Project areas confirm high cobalt and copper grades.

Cobalt prices currently exceed US\$50,000/t and major mining companies are aggressively acquiring cobalt projects in the DRC.

Exploration plan ready to commence and project has access to nearby Kipushi Processing Plant.

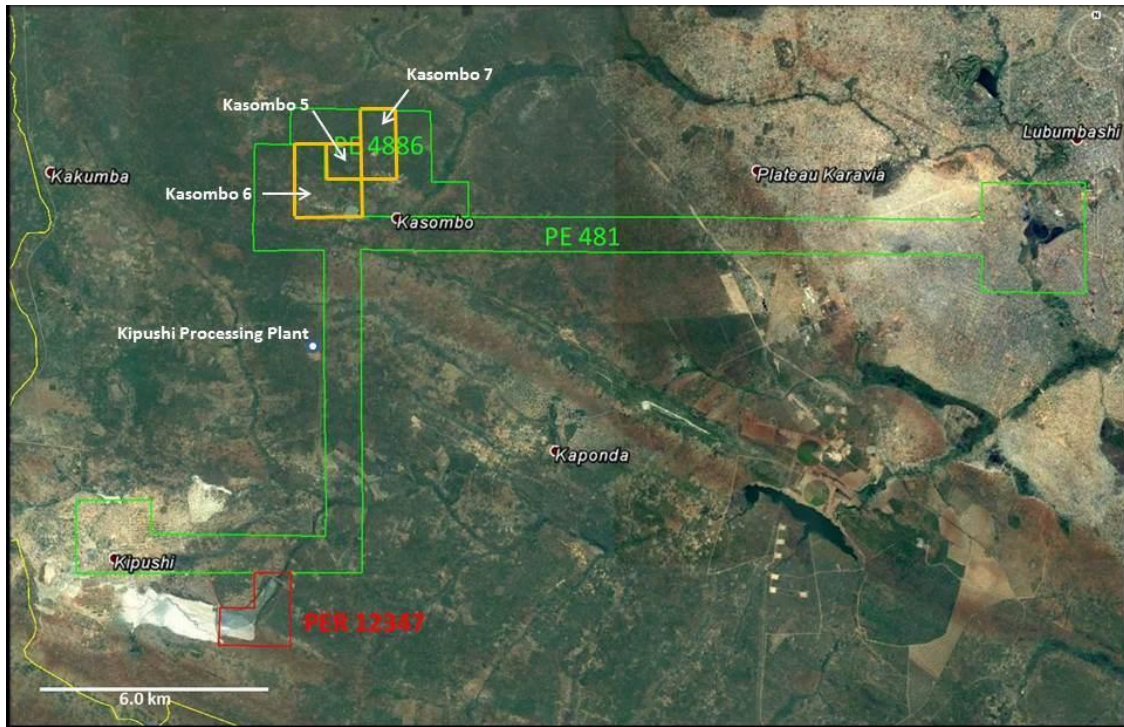
Fe Limited (**Company**) (ASX: **FEL**) is pleased to announce it has entered into a binding terms sheet (**Term Sheet**) with Cape Lambert Resources Limited (**Cape Lambert**) whereby Cape Lambert will assign to FEL 100% of the rights and obligations it has in its Kasombo Copper-Cobalt Project (**Kasombo Project**) located in the DRC (**Transaction**). Cape Lambert's rights to the Kasombo Project were established in a 50/50 joint venture agreement it recently struck with Congolese entity Paragon Mining SARL (**Paragon**) (**JV Agreement**) (refer Cape Lambert ASX announcement dated 17 May 2017).

Kasombo Copper-Cobalt Project

Located approximately 25km from the DRC's second largest city, Lubumbashi, in the Katanga Copper Belt, the Kasombo Project is located amongst some of the world's largest and highest grade copper and cobalt mines. Lubumbashi has established infrastructure and serves as the main center for the cobalt and copper mining industry in Haut-Katanga Province.

The Kasombo Project comprises three mineralized areas of approximately 600 hectares, Kasombo 5, 6 and 7, located within two granted mining licenses PE 481 and PE 4886 (**Licences**). The Licences are held by La Generale Des Carrieres Et Des Mines S.A. (**Gecamines**). On 24 March 2017, Paragon executed a contract with Gecamines for the undertaking of exploration and research work at the Kasombo Project.

The Kasombo Project is part of the greater Kasombo Complex, a series of copper-cobalt rich deposits that have been extensively explored by Gecamines and developed and mined by various international companies in joint venture with Gecamines.



Location of Kasombo Project and nearby Kipushi Processing Plant

During a recent site visit by Cape Lambert's technical consultants, handheld XRF sampling of artisanal open workings and exposed cobalt mineralization at the Kasombo 6 area showed results were consistent with and confirmed the previously reported mined copper and cobalt grades by Gecamines and Forrest International Group (refer Cape Lambert ASX announcement dated 1 March 2017).



Handheld XRF analysis at Kasombo 6

Summary Assignment Terms

Pursuant to Cape Lambert's obligations under the JV Agreement, the objectives of the Company will be to:

- (a) undertake the exploration activities at the Kasombo Project;
- (b) complete a Feasibility Study on the Kasombo Project within 18 months;
- (c) to commence mining activities at the Kasombo Project within 24 months.

The Company will be responsible for: (i) funding 100% of the costs to complete the exploration and feasibility study to commence mining, and upgrade the Kipushi Processing Plant as required to effectively process the ore from the Kasombo Project. Any funding in excess of US\$7.5 Million will be advanced to the Kasombo Project as a loan, repayable from future project revenues; (ii) providing all necessary technical resources to enable the exploration and mining activities to be conducted to acceptable industry standards and in accordance with an agreed budget; and (iii) securing on behalf of the Kasombo Project 100% of the funds to commence mining, upgrade the Kipushi Processing Plant, and to also conclude any joint venture obligations with Gécamines.

Consideration

In consideration for Cape Lambert assigning its rights in the Kasombo Project to the Company, the Company agrees to:

- issue 25 million fully paid ordinary shares in FEL at a deemed issue price, equal to the volume weighted average closing price of FEL shares as quoted on ASX over the last five (5) trading days immediately preceding the execution of the Terms Sheet, to Cape Lambert (**Consideration Shares**); and
- a \$50,000 non-refundable deposit on execution of this Terms Sheet;
- \$75,000 on the date which is three (3) months after the settlement date; and
- issue 10 million fully paid ordinary shares in FEL at a deemed issue price, equal to the volume weighted average closing price of FEL shares as quoted on ASX over the last five (5) trading days immediately preceding the execution of the Terms Sheet, to the facilitator of the Transaction (**Facilitator Shares**).

Conditions of the Assignment

Settlement of the Transaction is conditional upon:

- (a) completion of legal, technical and financial due diligence by FEL on or before 18 August 2017;
- (b) FEL receiving shareholder approval in relation to the Transaction including approval to issue:
 - i. the Consideration Shares to Cape Lambert (in accordance with Item 7 of Section 611 of the Corporations Act if required); and
 - ii. the Facilitator Shares to the facilitator of the Transaction;
- (c) completion of the Kasombo Transfer to the JV Company in accordance with the terms of the JV Agreement;
- (d) execution by the relevant parties of a formal agreement to more fully document the Transaction; and
- (e) receipt of consent from all relevant parties in respect of the Transaction,

With each of the above conditions to be completed on or before 30 September 2017 unless otherwise waived or extended by the Company and Cape Lambert.

During the period to settlement of the Transaction, Cape Lambert will continue with its obligations under the JV Agreement for conducting the exploration works at the Kasombo Project, with all expenses incurred reimbursed to Cape Lambert within 7 days of Settlement.



The Company's technical and legal team will commence due diligence immediately.

Commenting on the Transaction, Chairman Tony Sage said "the acquisition of the Kasombo Project will provide FEL an ideal opportunity to build a portfolio of cobalt assets in the established cobalt producing region of DRC and nearby to the Kipushi Processing Plant. The car industry's push toward electric vehicles underpins the burgeoning market for cobalt, a key metal for car batteries."

Yours faithfully
FE LIMITED

Tony Sage
Non-Executive Chairman

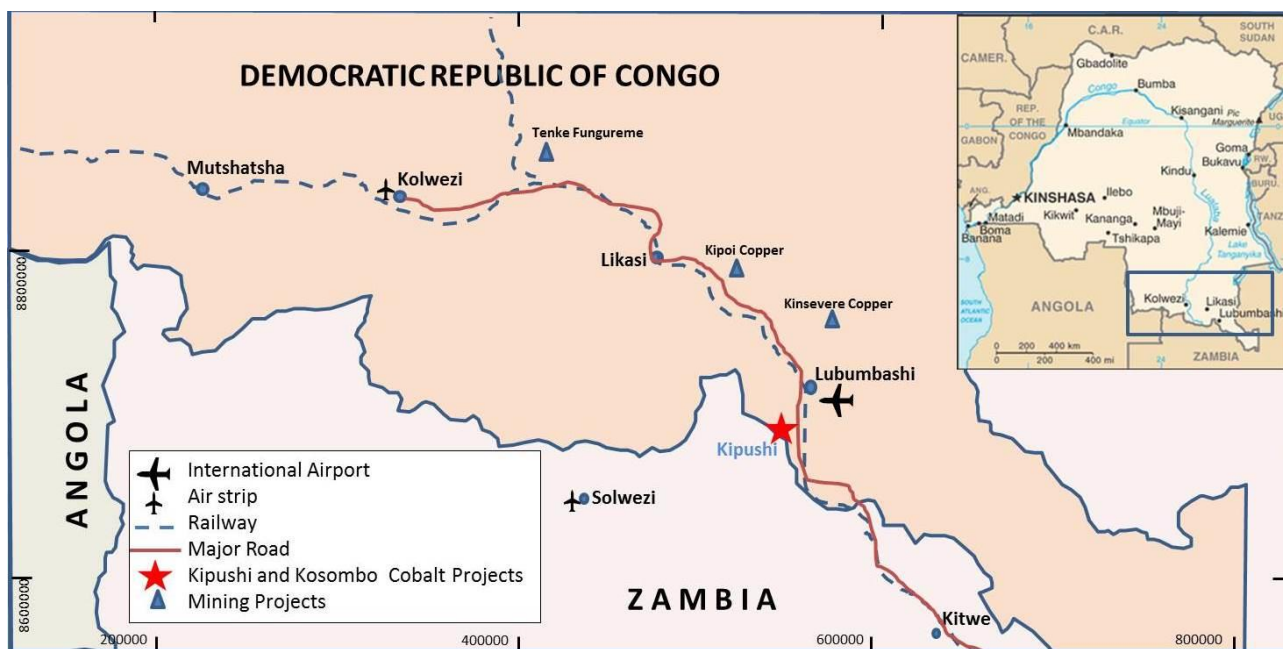


Figure 1 – Kasombo Location Map