

ASX Announcement

20 December 2017

Australian Securities
Exchange Code: **FEL**

Ordinary Shares:

328,169,629

Unlisted Options:

9,375,000

Board of Directors:

Tony Sage

Non-Executive Chairman

Kenneth Keogh

Non-Executive Director

Nicholas Sage

Non-Executive Director

Update - share issue

Fe Limited (**Company**) (ASX: **FEL**) provides further information to the market relating to the issue of securities on 6 November 2017.

The shares were issued as consideration for the acquisition of the Kasombo Copper-Cobalt Project (**Kasombo Project**) located in the Democratic Republic of Congo (**DRC**) by the Company from Cape Lambert Resources Limited (**Cape Lambert**). For further information regarding the Kasombo Project acquisition please refer to the Company's Notice of Annual General Meeting dated 4 October 2017.

At the time of the issue, the board of the Company resolved to waive unsatisfied conditions precedent (**Conditions**) in the formal agreement to allow for completion of the transaction and immediate commencement of exploration activities at site.

Summarised below are the Conditions:

- FEL successfully raising a minimum of \$2,000,000 pursuant to the Placement (waived);
- FEL obtaining all necessary Shareholder approvals in relation to the and the issue of the Facilitator Shares (satisfied);
- Cape Lambert obtaining all necessary shareholder approvals required in relation to the Transaction (satisfied);
- the conditions precedent listed in the joint venture agreement between Cape Lambert and Paragon Mining SARL (**Paragon**) (**JV Agreement**) are satisfied or waived by Paragon and/or Cape Lambert as appropriate (with any waiver subject to the prior written approval of FEL) (waived). The Company notes that the conditions precedent listed in the JV Agreement which were waived are as follows:

- (i) Licence No. PER 12347 is renewed on terms acceptable to Cape Lambert and Paragon;
- (ii) the approval for the Category B Processing Facility is renewed on terms acceptable to Cape Lambert;
- (iii) the promissory note and loan agreement with the Ibeto Cement Company Limited is amended to the satisfaction of Cape Lambert;
- (iv) Paragon provides evidence that it has full and unencumbered title to Kipushi Processing Plant and all equipment, to the satisfaction of Cape Lambert;

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

Fe Limited

ABN: 31 112 731 638



- (v) Paragon executes contracts with Soludo Lambert Mining SAS (**Soludo**) and files said contracts with the relevant authorities;
 - (vi) a bank account with a reputable banking institution being opened in the name of Soludo with two signatories in to which Cape Lambert shall deposits the amounts required by its equity contributions;
 - (vii) Cape Lambert providing evidence to the satisfaction of Paragon, demonstrating Cape Lambert's ability to meet all its financial and technical obligations under this Agreement;
 - (viii) the conditions precedent in clause 2.1 of the binding heads of agreement between Paragon and Cape Lambert dated 17 February 2017 (other than the conditions precedent in clauses 2.1(e), 2.1(f), 2.1(g) and 2.1(i)) are satisfied or waived in accordance with that agreement; and
 - (ix) each of the shareholders holds 50% of the ordinary shares issued by Soludo;
- Cape Lambert confirming that the warranties provided by Paragon in the JV Agreement remain true and accurate as at the settlement date (waived). The Company notes that the warranties provided by Paragon in the JV Agreement are as follows:
 - (i) Paragon is a company duly incorporated in the DRC;
 - (ii) Paragon is the sole registered, legal and beneficial owner of the Kipushi Tailing Project (licence No. PER 12347) and the Kasombo Project (licences PE 481 and PE 4886) (together, the **Project**) and the Kipushi Processing Plant (**Processing Plant**) (prior to Paragon assigning the Project and Processing Plant to Soludo) and had good right and title to assign an interest in the Project free from any encumbrances;
 - (iii) Paragon is the sole registered, legal owner of the Processing Plant and has good right and title to the land free from any encumbrances;
 - (iv) Soludo is the sole registered, legal and beneficial owner of the Project and the Processing Plant and has good right and title to the Project and the Processing Plant free from any encumbrances;
 - (v) there is no litigation nor are there any proceedings of any nature whatsoever concerning the Project, or the Processing Plant, pending or threatened against Paragon or Soludo;
 - (vi) subject to clause 2.2 (conditions precedent), the exploration and mining rights applicable to licences PER 12347, PE 481 and PE 4886 (**Mining Rights**) and any authorisation or approval associated with the Project that has been received by Paragon (**Permits**) have been duly and properly applied for in accordance with the Mining Code and all outgoings have been paid;
 - (vii) subject to clause 2.2 (conditions precedent), the Mining Rights and Permits are in all respects valid, effective and in good standing and not liable to forfeiture and whether necessary appropriate exemptions from the expenditure conditions attaching to the Mining Rights and Permits have been duly obtained;
 - (viii) the Mining Rights and Permits applicable to the Project permit the transaction completed by the JV Agreement;
 - (ix) Paragon has made no other agreement regarding the Project or Kipushi Processing Plant and has the sole and exclusive right to deal therein and no person, firm or corporation other than Paragon and Soludo holds any rights to explore, prospect or mine any part of the Project;

- (x) there are no royalty agreements applicable to the Projects other than the gazetted state royalty and in accordance with the contract between La Generale des Carrieres et des Mines and Paragon dated 24 March 2017 for the Kasombo Project;
 - (xi) to the best of Paragon's knowledge and belief, all matters relating to the Mining Rights and Permits which would reasonably be regarded as material and proper for disclosure to an indenting purchaser thereof have been disclosed to Cape Lambert; and
 - (xii) Paragon has provided Cape Lambert with all notices and any other information in its possession in respect of claims over the Mining Rights and Permits;
- receipt of all necessary consents in respect of the Transaction (satisfied); and
 - Cape Lambert obtaining necessary consent in writing from Paragon consenting to the assignment (satisfied).

Further, the Company advises that Cape Lambert is in the process of incorporating the new joint venture company, Soludo Lambert Mining SAS in the DRC, to govern the Kasombo Project. Cape Lambert and Paragon will each hold 50% of the ordinary shares in Soludo Lambert Mining SAS. The establishment of Soludo Lambert Mining SAS and transfer of the Kasombo Project asset have commenced and will be finalised as soon as practicable.

Yours faithfully
FE LIMITED

Tony Sage
Non-Executive Chairman

