

Fe Limited

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Fe Limited advances copper-cobalt in DRC and is leveraged to highly prospective ground in WA

Fe Limited (ASX:FEL) is advancing its Kasombo Cobalt-Copper Project in the DRC towards production in the first quarter of 2020 but is also leveraged to highly prospective copper-gold ground in Western Australia's Bryah Basin.

This region is emerging as a highly prospective and largely under-explored mineral field with potential for further discovery of gold and base metals, a fact recognised by Sandfire Resources NL (ASX:SFR).

Sandfire has the DeGrussa Copper-Gold Mine and is actively seeking further resources in the region to increase mine life.

Sandfire spending \$33 million

In this regard, it has stepped up exploration on its own ground as well as at a number of joint ventures, of which FEL holds 20%.

FEL's executive chairman Tony Sage told Proactive Investors that the Bryah Basin had become an "extremely exciting area as evidenced by Sandfire spending \$33 million on drilling in and around our projects".

He said Sandfire's managing director and CEO was on the record as saying that this was the most exciting exploration ground he had seen in many years.

FEL, via wholly-owned subsidiary, Jackson Minerals Pty Ltd, has a 20% interest in 12 tenements covering an area of 802 square kilometres in the Bryah Basin.

READ: Fe Limited and partners continue to make significant progress at Morck Well Joint Venture

Most interest is centred on the tenements held in joint venture with Auris Minerals Ltd (ASX:AUR), including the Morck Well project.

Sandfire has a farm-in and joint venture with FEL and AUR where it can earn an interest in Morck Well by completing a minimum spend of \$2 million on exploration over two years.

FEL also has a 20% interest in ground held by Alchemy Resources Ltd (ASX:ALY) in which Sandfire announced in August that it would acquire base metals farm-in rights held by Independence Group Ltd (ASX:IGO).

Price: A\$0.014

Market Cap: A\$5.19M

1 Year Share Price Graph



November 2017 April 2018 November 2018

Share Information

Code: FEL

Listing: ASX

52 week High Low
A\$0.08 A\$0.01

Sector: General Mining

Website: www.felimited.com.au

Company Synopsis:

Fe Limited (ASX:FEL) is listed on the Australian Securities Exchange.

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READ: Fe Limited leveraged to increased involvement by Sandfire in Bryah Basin

Sage said FEL was very excited about its interests in the Bryah Basin.

"Sandfire is running out of ore and within two years would have to shut the DeGrussa plant if no more is found, so they need another major discovery in the area. They believe the ground that FEL holds in partnership with Auris is where they'll find that ore.

Sandfire is diamond drilling as we speak and if they manage to hit anything near their existing deposit at DeGrussa, then FEL's interests will be much more valuable and these are yet to be reflected in the company's share price.

There is a lot of excitement around, not only from Auris and ourselves but all the other players in the region."

Drilling by Sandfire in the Bryah Basin.

The chairman explained that when Sandfire initially arranged the farm-in deal with AUR and FEL, its share price increased from around \$8 to more than \$9.

"A \$1 increase in shares indicates how excited Sandfire shareholders were to pick up the ground.

A trading halt was put on Sandfire, which was indicative of how important this announcement was as the ASX generally does not allow companies to go into a trading halt for nothing."

Upside for Fe Limited

Sage said it was a big announcement by a \$1.5 billion company, and potentially valued the deal at around \$250 million.

"If you put this valuation on that ground, the fair value of our shares will be much higher and should provide good upside to our current trading levels of 1.4 cents to 1.6 cents."

READ: Fe Limited eyes potential for royalty boost after move by Mineral Resources

Fe Limited began with iron ore interests in WA, hence the name, and the company retains some interest in the sector through a 1.5% dry metric tonne, FOB royalty over two tenements.

Iron ore royalties

Sage said: "We were excited when Cleveland-Cliffs Inc's (NYSE:CLF) subsidiary, Cliffs Asia Pacific Iron Ore Pty Ltd, sent us our first royalty cheque on the iron ore ground earlier this year.

"With Mineral Resources Ltd (ASX:MIN) taking over Cliffs' Australian assets in June we don't know yet whether they will continue mining in that area. If they do, FEL will be earning - additional royalties - a great result for us."

Focus on DRC

FE Limited's major project is Kasombo from which its aims to begin producing in early 2020.

Kasombo is held by Soludo Lambert Mining SAS and is 25 kilometres from the DRC's second largest city, Lubumbashi, in the Katanga Copper Belt of the DRC.

Soludo Lambert is a 50/50 joint venture company established between Congolese entity Paragon Mining SARL and Cape Lambert Resources Limited (ASX:CFE).

In November 2017, FEL completed the acquisition of Cape Lambert's interests in the project.

The company has completed extensive mapping, sampling and preliminary drilling which has returned strong copper-cobalt results to date.

READ: Fe Limited confirms significant cobalt in trenching at Kasombo project

Most recently, broad elevated cobalt results were returned from trenching.

Sampling was completed from seven trenches for a total of 598 metres with 273 channel samples also taken across the mineralised strata of cobalt-rich Kasombo 7.

Cobalt assays from trenching include:

- 10 metres at 0.21% cobalt between 42 and 50 metres (horizontal); and
- 12 metres at 0.23% cobalt between 17 and 26 metres (horizontal).

A Kasombo 7 rock sample returned a handheld XRF grade of greater than 21%

cobalt.

The channel samples returned elevated cobalt grades particularly for a leached horizon, from two trenches in the expected targeted stratigraphic layers demonstrating the presence of cobalt. The mineralised horizons are also known to contain significant copper.

New drilling planned

Sage said, "We expect to follow up on those results with a new drilling program that will start after the end of the wet season, about March next year.

"The company is very encouraged by what has been found to date - there's not many cobalt projects in the world with these grades.

"If you had a copper hit of 24 metres at 3% with coincident cobalt grades up to 0.7% anywhere in Australia, as we have in our preliminary drill program results at Kasombo, the share price would quadruple but because it's in the DRC and there's a lot of copper there, the market just went 'ho-hum'."

Sage said "the market was more interested in the cobalt credits which were averaging around 0.15% - 0.2%.

"If you look at most of the deposits around the world where cobalt is produced, it is around 0.1 or 0.2% cobalt.

"This could be a very viable copper-cobalt mine, but we need to do a little bit more work on the ground.

"We will finalise our plans for Kasombo in the next two or three months during the wet season when work on the ground is restricted."

Indicative timeline to production at Kasombo, subject to funding and results achieved, based on processing Kasombo ore through the Kipushi processing plant (currently in development).

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