

Fe Limited

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Fe Limited surges on agreement to acquire 50% of advanced iron ore project

Fe Limited (ASX:FEL) is looking to take advantage of strong iron ore markets and pricing with the acquisition of a 50% interest in the advanced Yarram Iron Ore Project in the Northern Territory.

The project, for which FEL has entered a binding conditional Heads of Agreement, is adjacent to existing underutilised mining infrastructure and just over 100 kilometres from Port of Darwin, Australia's closest port to Asian markets.

As an added bonus, Yarram is partially located on an existing mining lease on freehold land and is adjacent to the Browns polymetallic project which is on care and maintenance.

These features auger well for FEL's plans to bring the project into early production supported by the potential to upgrade and enlarge existing resources.

Shares at two-year high

Shares surged to 60% intra-day to a two-year high of 3 cents.

FEL chairman Tony Sage said: "With iron ore prices at six-year highs, mature iron ore assets such as we have identified at Yarram are highly sought after.

"It is even more difficult to find one that hosts high-grade iron ore mineralisation, that's located just over 100 kilometres from a major port and is in close proximity to existing mining infrastructure."

High-grade intersections

Historical drill intersections from Yarram, include 108 metres at 65.6% iron from 18 metres, 65 metres at 66.4% iron from 13 metres and 35 metres at 62.9% iron from 23 metres.

These intersections, which FEL described as "outstanding", also feature relatively low impurity levels.

FEL is purchasing its interest from Gold Valley Iron and Manganese Pty Ltd, an unrelated party, which owns the iron ore rights over the Yarram area.

This represents a portion of mining licence MLN 1163 and two exploration licences, ELR 125 and ELR 146 with the mining licence located on Freehold land.

Price: 0.031

Market Cap: \$15.56 m

1 Year Share Price Graph



Share Information

Code: FEL

Listing: ASX

52 week High Low
0.035 0.008

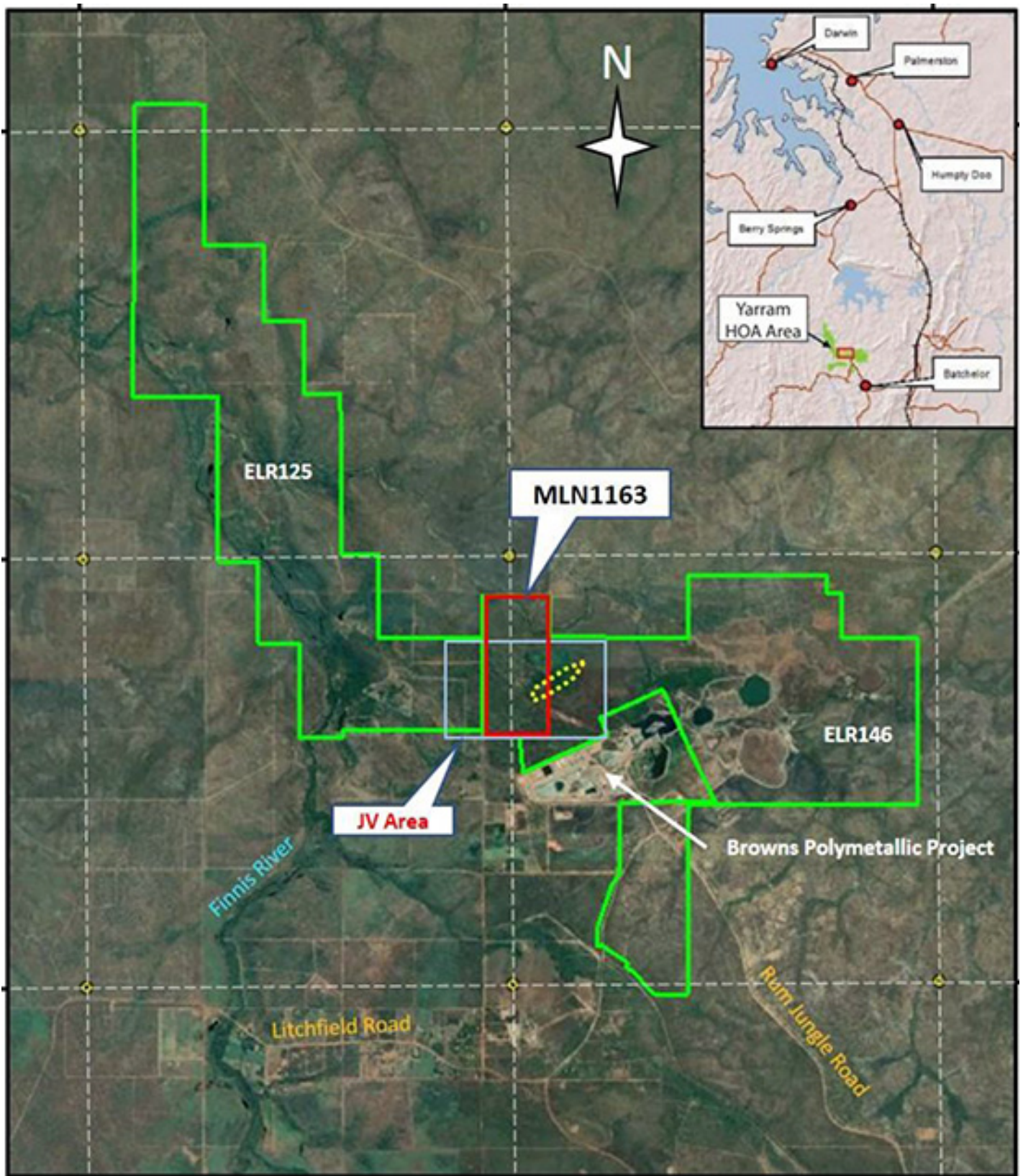
Sector: General mining & base metals

Website: www.felimited.com.au

Company Synopsis:

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

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Location and tenure of the Yarram project in the Northern Territory.
 The underlying tenure is owned by unrelated party Northern Territory Resources Pty Ltd, owner of the Browns project.

Acquisition consideration

Consideration is A\$1.5 million in cash and shares, with further contingent consideration of A\$500,000 in cash and A\$1 million in cash and/or shares, at FEL's election, payable on achieving a JORC indicated resource milestone.

The proposed acquisition will be funded from FEL's existing cash reserves with considerable baseline environmental data already acquired.

FEL is to cover certain historical and future costs and will operate the joint venture.

"Looking forward" to drilling

Sage said: "We are looking forward to engaging with the stakeholders in the area and commencing a drilling campaign as soon as possible so we can further our understanding of the geology and examine how to move the project forward to capitalise on what is increasingly being considered by market analysts as a period of elevated iron ore prices."

Yarram has been the subject of significant historical exploration including a 2014 drilling campaign of 2,430 metres conducted by Territory Resources which confirmed the presence of high-grade iron ore mineralisation on the tenement.

A more recent drilling campaign by Gold Valley focused on gathering environmental data to support a future mining approval application.

Exploration target

Based on the 2014 drilling information, FEL has determined an exploration target of 4 to 6 million tonnes with a grade range of 60%-62% iron.

This conceptual target represents about half of what is depicted in plans and sections to account for (discount) speculative areas unsupported by drilling.

Proposed work

Pending successful completion of the acquisition, FEL intends to carry out additional drilling with the aim of realising the advanced project's upside and bringing it to production.

FEL is aiming to complete the drilling during the December quarter of 2020 subject to obtaining the necessary approvals.

This work will be used to validate the existing data and exploration target, as well as provide infill and extension drilling to support resource estimation to JORC 2012 standards.

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