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FeOre Limited

Interim Financial Report

ARBN 152 971 821

13 March 2013

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TABLE OF CONTENTS **Page**

Directors' Report	1
Auditor's Independence Declaration	6
Interim Financial Report	
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Cash Flows	9
Consolidated Statement of Changes in Equity	10
Notes to the Financial Information	11
Directors' Declaration	18
Independent Auditor's Review Report	19

DIRECTORS' REPORT

Your Directors submit the Interim Financial Report of the consolidated Group for the 6 months ended 31 December 2012.

DIRECTORS

The names of the Directors of FeOre Limited (**FeOre** or the **Company**) in office during the 6 months ended 31 December 2012 and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Name	Position	Date of appointment
Tim Sun	Chairman	20 September 2011
Bruce Higgins	Non-executive director	5 August 2011
Mu Jun (Christina)	Non-executive director	5 August 2011
Quintus Roux*	Non-executive director	5 August 2011

Note*: Mr. Roux has retired from his capacity as a Director of the Company on 31 October 2012.

PRINCIPAL ACTIVITIES

FeOre Limited and its controlled entities (the **Group**) principally engage in the exploration and development of mineral resources in Mongolia.

REVIEW OF OPERATIONS

Set out below is a review of significant activity for FeOre Limited for the 6 months ended 31 December 2012.

EREENY PROJECT

As at the date of this report the Company has made steady progress in the planning, studies and infrastructure design associated with the development of the Ereeny Project. The Company has also recently released an update to the resource estimate for the Ereeny Project based on the additional exploration work done in 2011.

Over the period under review and up to the date of this report, management has focused on the following activities;

- Completed an updated resource statement:
  - Total 124.2Mt @ 36.1% total iron ("TFe") and 26.8% magnetic recoverable iron ("mFe") for 24.3Mt contained TFe metal, reported at a 15% TFe cut-off;
  - TFe resource includes 66.1Mt of Indicated @ 36.8% and 58.0Mt of Inferred at 35.3%, while mFe resource includes 62.7Mt of Indicated @ 27.8% and 61.4Mt of Inferred at 25.8%;
  - 14% increase in the total resource, compared to 2011 resource and a 15% and 509% increase in Indicated resource tonnage for TFe and mFe respectively;
  - 10% increase in Total contained TFe;
  - 9.5% increase in Total contained mFe;
  - The details of the updated resource estimate are set out in the Company's announcement dated 14 February 2013.
- Completed a Process and Processing Facility study compiled by a leading Chinese metallurgy research institute in optimising the processing design.
- Completed the development and access to living water;
- Conducted additional exploration and performed water flow testing on industrial-use water;
- Completion of industrial-use electricity design;

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- Initiated the procurement process and the preparation for mine construction; and
- Engaged in project financing discussion and commercial review.

Exploration Activities

The exploration activity over the period can be summarized as follows:

In addition to the previous water exploration work completed, thirteen more water boreholes were drilled during the six months period ended 31 December 2012. Two 72-hours continuous water flow tests were completed on selected boreholes and results were compiled and studied by hydrologists. The water flow rates are approximately 17.3L to 17.8L per second for the tests completed. The Company has also recently received a letter from the Ministry of Environment and Green Development which outlined a water source location approximately less than 30km south-east of the Ereeny project with proven water resources.

Updated Resource Estimate

Following the completion of a six hole surface diamond drilling programme in December 2011, and subsequent Davis Tube Recovery (**DTR**) test work, as outlined in the 26th April 2012 announcement, Runge Asia Limited, trading as RungePincockMinarco (**RPM**) was engaged to update the 2011 Mineral Resource. This drilling focused on two areas, to;

- Confirm and improve the confidence of mineralisation continuity via infilling the near surface previous Inferred portions of the Resource; and
- Confirm and improve the metallurgical understanding of the mineralisation via the completion of DTR test work.

The review completed by RPM enabled more detailed geological domaining within the deposit based on the detailed geological logging of the new holes and the results of the DTR test work. This increased geological understanding of the deposit enables the identification and modeling of the two major mineralisation types:

- Near surface Mixed Zone: Mineralisation in the zone consists of varying concentrations of hematite and magnetite and is the result of in situ oxidation of the magnetite to hematite. This zone ranges in depth from a few meters to over 80 m, with the deepest portion occurring in the hinge of the syncline;
- Magnetite Zone: Consisting of primarily magnetite with little to no hematite, this zone comprises the majority of the currently defined Mineral Resource and has DTR's of up to 99%.

Following completion of detailed geological domaining, the review of the DTR results indicated that a strong correlation between TFe and mFe within the Magnetite zone exists. As a result, a regression was interpreted which enabled the increased confidence in the grade and geological continuity of the mFe mineralisation within this zone. This increased confidence resulted in the re-classification of the mFe resource from Inferred to Indicated within the Magnetite zone for a large portion of the defined mineralisation, as outlined in the tables below. Although a regression was interpreted within the Magnetite Zone, the analysis of the Mixed Zone indicates that due to the varying concentrations of Hematite and Magnetite, a correlation was unable to be interpreted.

A review of the data indicates that all historical drilling and trenching on the Project does not contain mFe assay determinations. As a result the assay density varies between the TFe and mFe resource, resulting in varying proportions of confidence. RPM utilized the interpreted regression within the Magnetite Zone to estimate additional mFe values which results in all of the Indicated resource TFe in the Magnetic Zone also being mFe. As no correlation could be interpreted within the Mixed Zone, the classification of mFe for the Mixed Zone was based on the current assays which results in the proportion of mFe Indicated resources decreasing as outlined below.

The parameters and estimation methods are outlined in the Company's announcement dated 14 February 2013.

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Statement of TFe Mineral Resources as for Ereeny Iron Project, as at January, 2013, reported at 15% TFe.

JORC classification	Tonnes	TFe (%)	Contained Fe metal (tonnes)
Indicated	66,125,000	36.8	24,308,000
Inferred	58,040,000	35.3	20,477,000
Total	**124,166,000**	**36.1**	**44,785,000**

Statement of mFe Mineral Resources as for Ereeny Iron Project, as at January, 2013, reported at 15%

JORC classification	Tonnes	mFe (%)	Contained Fe metal (tonnes)
Indicated	62,735,000	27.8	17,413,000
Inferred	61,431,000	25.8	15,876,000
Total	**124,166,000**	**26.8**	**33,288,000**

Notes:
The mFe is contained within the TFe resource and is not additional to it.
All Mineral Resources figures reported represent estimates at 31st January, 2013. Competent Persons Statements are provided on page 3 of this release.
Rounding, conforming to the JORC Code, may cause some computational discrepancies.
Mineral Resources are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 (The Joint Ore Reserves Committee Code – JORC).

Process and Processing Facility Study

For the 6 months period ended 31 December 2012, progress has been made on the processing design undertaken by Changsha Research Institute of Mining and Metallurgy Co., Ltd (**Changsha Institute**). Changsha Institute, a leading metallurgic design institute in China and a subsidiary of China Minmetals Incorporation, was engaged to conduct processing facility studies on the samples taken from the 2011 drilling programme. The report has been completed in August 2012.

The report produced was based on a total of 1,649 kg of representative samples taken from borehole core at the Ereeny Project. The primary target of the study was to recommend a magnetic processing design for the Ereeny Project with a target iron concentrate product TFe grade greater than 62%, TFe recovery of greater than 75% and mFe recovery of greater than 90%. The Company is pleased to announce that an overall processing design plan has been developed, which forms a sound basis for progressing the project development plans.

The table below reflects the chemical composition of sample products after processing under multi-stage grinding and magnetic separation:

Chemical Composition of Sample Product

Mineralisation Category*	TFe (%) Total Iron	SiO_2 (%) Silica	Al_2O_3 (%) Alumina	P (%) Phosphorus	S (%) Sulphur	LOI (%) Loss on Ignition
Magnetite Zone	65.82	6.5	0.44	0.068	0.087	0.55
Mixed Zone	63.29	8.83	0.73	0.16	0.08	1

Notes:
** Samples were separated into Magnetite Zone, Mixed Zone and Oxidised Zone, Magnetite Zone is defined where content of mFe/TFe is greater than 85%, Mixed Zone is where content of mFe/TFe is between 85% and 15%, Oxidised Zone is where content of mFe/TFe is less than15%. Oxidised Zone using only magnetic separation technique was not tested for chemical composition and mineral content as Oxidised Zone constitute less than 5% of the total resource.*

The study resulted in an optimised processing design which achieves a concentrate grade of 65.2% for the Primary Zone with a TFe recovery of 89.89%. The concentrate from processing of Mixed Zone resulted in a TFe of 63.4% with a TFe recovery of 70.58%. Table 6 illustrates the main mineral content in the products after processing.

Main Mineral Content in Concentrate

Mineralisation Category*	Magnetite (%)	Martite (%)	Limonite (%)	Chlorite, Biotite & Actinolite (%)	Quartz & Others (%)
Magnetite Zone	90	Trace	-	5	5
Mixed Zone	83	4	1	5	7

Notes:
** Samples were separated into Magnetite Zone, Mixed Zone and Oxidised Zone, Magnetite Zone is defined where content of mFe/TFe is greater than 85%, Mixed Zone is where content of mFe/TFe is between 85% and 15%, Oxidised Zone is where content of mFe/TFe is less than15%. Oxidised Zone using only magnetic separation technique was not tested for chemical composition and mineral content as Oxidised Zone constitute less than 5% of the total resource.*

The collection of samples used in this study, including the sampling plan, execution, transportation and sample categorisation meets industrial requirements; samples were representative in various aspects including spatial distribution, quantity, grade, and mineral composition.

The processing design plans developed for the Primary Zone and the Mixed Zone are largely similar. A uniform processing design plan applicable to both the Primary Zone and the Mixed Zone will be adopted.

Infrastructure Development

In December 2012, the Company has engaged a local Mongolian contractor to construct the high-voltage power connections between the power station at Choir and the Ereeny Project location. The high-voltage electricity design was done by a Mongolian design institute and the technical design from MCC Capital Engineering & Research Incorporation Qinhuangdao Co. Ltd (**MCC**) was taken into consideration by the Mongolian design institute. Approval by the relevant authorities to commence construction of the high-voltage power connection has been granted.

Procurement and Mine Construction Preparation

In addition to the high-voltage power design, other mine construction designs including the construction of living quarter, offices and other ancillary facilities will also be developed by qualified Mongolian design institutes while taking into consideration the designs made by MCC. The Company has held in-depth discussions with qualified manufacturers and equipment providers with the aim of reducing the cost of construction while maintaining a high level of quality for procurement as well as equipment installation and construction work. All construction designs prepared by the qualified Mongolian design institutes will be submitted to the relevant Mongolian authorities for approval. It should be noted that the approvals by the relevant authorities are required prior to commencement of the relevant construction.

DARTSAGT PROJECT

During the reporting period, the Company has successfully obtained a mining licence* for the Dartsagt Project. The Company has recently engaged a Mongolian design institute to prepare a Mongolian-standard feasibility study. Upon the completion of this study, the company must obtain the relevant Mongolian authority's approval before taking any further steps in development of the Dartsagt Project.

RESULTS OF OPERATIONS

The Group has reported a net loss for the period of US$2.6 million for the period ended 31 December 2012.

Net cash used in operations and net cash used in investing activities over the period amounted to US$0.5 million and US$1.5 million respectively. Cash on hand is US$25.7 million as at 31 December 2012.

CAPITAL STRUCTURE

A total number of 529,110,001 ordinary shares were on issue as at 31 December 2012. An additional 123,301,156 ordinary shares would be issued upon full conversion of the US$25 million convertible bonds. At 31 December 2012, there were 8,152,571 options at the exercise price of A$0.25 per share remaining outstanding.

**Please refer to Section 7 – 3.1.6 of the FeOre Prospectus 2011 for details on Mining Licences in Mongolia*

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SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the activities described in the Directors' report above there were no other significant changes in the state of affairs of the Group for the 6 months period ended 31 December 2012.

SUBSEQUENT EVENTS

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

GOING CONCERN

The holders of the convertible bonds have the right to require the Company to repay the Convertible Bonds 24 months or 36 months after 15 December 2011 or upon the occurrence of a "Relevant Event" as described in Note 7 of the financial report. The Company is dependent upon the success of mine development and commercialisation of iron ore sales for funding or raising equity funds in the event of redemption. There is a risk that on such redemption, the Company may not have sufficient cash resources to repay the Convertible Bonds. Notwithstanding the above, the Company's financial statements have been prepared and presented on the going concern basis as the Directors conclude that it is unlikely that a "Relevant Event" which would trigger cash settlement will occur within the next 12 months. In the event that a settlement in cash is required, the Company would seek alternative funding arrangements through equity or alternative debt.

AUDITOR'S INDEPENDENCE DECLARATION

An Auditor's Independence Declaration has been received from our auditors, Ernst & Young, which immediately follows this Directors' report.

ROUNDING

The Company has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the Directors' report have been rounded off to the nearest thousand United States Dollars (US$'000).

Signed in accordance with a resolution of the Directors.

Tim Sun
Chairman & Non-executive Director
13 March 2013

COMPETENT PERSON STATEMENTS - ATTRIBUTION STATEMENTS

The information in the attached statement that relates to Mineral Resources is based on information compiled by Mr Jeremy Clark, Competent Person, who is a member of the Australian Institute of Geoscientists. Mr Jeremy Clark has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jeremy Clark consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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Auditor's Independence Declaration to the Directors of FeOre Limited

In relation to our review of the half-year financial report of FeOre Limited for the half-year ended 31 December 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Anton Ivanyi
Partner
Sydney
13 March 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	1-Jul-12 To 31-Dec-12 US$'000	1-Aug-11 To 31-Dec-11 US$'000
Bank interest income		383	29
Exchange gain		217	-
Other income		-	5
Total income		600	34
Administration costs		(1,416)	(176)
Exchange loss		-	(317)
Share listing expenses		-	(1,126)
Share based payments expense		-	(776)
Finance costs		(1,757)	(243)
Depreciation		(23)	-
Acquisition expenses		-	(533)
Total operating expenses		(3,196)	(3,171)
Loss before income tax from continuing operations		(2,596)	(3,137)
Income tax expense		-	-
Loss for the period from continuing operations		(2,596)	(3,137)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(40)	-
Other comprehensive loss for the period		(40)	-
Total comprehensive loss for the period		(2,636)	(3,137)
Loss attributable to :			
Members of the parent entity		(2,528)	(3,137)
Non-controlling interest		(68)	-
		(2,596)	(3,137)
Total comprehensive loss attributable to :			
Members of the parent entity		(2,559)	(3,137)
Non-controlling interest		(77)	-
		(2,636)	(3,137)
Earnings per share from continuing operations	3		
Basic loss per share (US cent per share)		(0.484)	(0.965)
Diluted loss per share (US cent per share)		(0.484)	(0.965)

This statement should be read in conjunction with the notes to the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	31 December 2012 US$'000	30 June 2012 US$'000
Current assets			
Cash and cash equivalents	4	25,669	27,426
Other receivables	5	1,061	1,750
Total current assets		26,730	29,176
Non-current assets			
Property, plant & equipment		601	636
Exploration and evaluation assets	6	76,115	74,655
Non-current assets		76,716	75,291
Total assets		103,446	104,467
Current liabilities			
Other payables		118	260
Financial liability	7	16,006	14,249
Total current liabilities		16,124	14,509
Non-current liability			
Deferred tax liability	8	18,014	18,014
Total non-current liability		18,014	18,014
Total liabilities		34,138	32,523
Net assets		69,308	71,944
Equity			
Contributed equity	9	52,600	52,600
Reserves	10	13,191	13,222
Accumulated losses		(7,683)	(5,155)
Parent entity interest		58,108	60,667
Non-controlling interest		11,200	11,277
Total equity		69,308	71,944

This statement should be read in conjunction with the notes to the financial report.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Note	1-Jul-12 To 31-Dec-12 US$'000	1-Aug-11 To 31-Dec-11 US$'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Payments to suppliers		(881)	(176)
Interest and other items of a similar nature received		383	29
NET OPERATING CASH FLOWS	12	(498)	(147)
CASHFLOWS RELATED TO INVESTING ACTIVITIES			
Payments for exploration and evaluation activities		(1,468)	-
Payments for purchases of subsidiaries		-	(39,944)
NET INVESTING CASH FLOWS		(1,468)	(39,944)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Proceeds from issues of shares		-	50,583
Proceeds from convertible bond		-	25,000
Costs of issue		-	(4,271)
Initial Public Offering (IPO) related costs		-	(1,126)
NET FINANCING CASH FLOWS		-	70,186
NET INCREASE IN CASH HELD		(1,966)	30,095
Foreign Currency Translation		209	-
Cash and cash equivalents at beginning of period		27,426	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD		25,669	30,095

This statement should be read in conjunction with the notes to the financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 JULY 2012 TO 31 DECEMBER 2012

	Issued Capital	Retained Losses	Convertible bonds	Share based payment reserve	Foreign currency translation reserve	Owners of Parent	Non controlling interest	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 August 2011	-	-	-	-	-	-	-	-
Loss for the period	-	(3,137)	-	-	-	(3,137)	-	(3,137)
Total Comprehensive loss for the period	**-**	**(3,137)**	**-**	**-**	**-**	**(3,137)**	**-**	**(3,137)**
Transactions with owners in their capacity as owner								
Issue of convertible bonds	-	-	12,408	-	-	12,408	-	12,408
Share based payments	-	-	-	776	-	776	-	776
Non-controlling interest from acquisition of subsidiary	-	-	-	-	-	-	11,324	11,324
Shares issued during the period	56,744	-	-	-	-	56,744	-	56,744
Capital raising costs	(4,144)	-	-	-	-	(4,144)	-	(4,144)
Balance at 31 December 2011	**52,600**	**(3,137)**	**12,408**	**776**	**-**	**62,647**	**11,324**	**73,971**
Balance at 1 July 2012	52,600	(5,155)	12,408	776	38	60,667	11,277	71,944
Loss for the period	-	(2,528)	-	-	-	(2,528)	(68)	(2,596)
Other Comprehensive Income	-	-	-	-	(31)	(31)	(9)	(40)
Total Comprehensive loss for the period	**-**	**(2,528)**	**-**	**-**	**(31)**	**(2,559)**	**(77)**	**(2,636)**
Balance at 31 December 2012	**52,600**	**(7,683)**	**12,408**	**776**	**7**	**58,108**	**11,200**	**69,308**

This statement should be read in conjunction with the notes to the financial report.

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General Information

FeOre Limited (the "Company") is a for profit company and is incorporated in Bermuda on 1 August 2011 and the consolidated financial statements of the company and its subsidiaries (the "Group") for the period ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 13 March 2013. The Company was listed on the Australian Stock Exchange (ASX) on 15 December 2011. The statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows have been prepared for the period from 1 July 2012 to 31 December 2012.

The principal activities of the company and its subsidiaries are exploration activities in Mongolia.

The financial statements are presented in thousands of United States Dollars.

Note 1 – Summary of Significant Accounting Policies

(a) Basis of preparation

The Consolidated financial statements of FeOre Limited have been prepared in accordance with AASB 134 "*Interim Financial Reporting*". They have been prepared under the historical cost accounting convention.

The interim financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Group as at and for the year ended 30 June 2012.

(b) New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012, except for the adoption of AASB Standard "*Presentation of Items of Other Comprehensive Income*" (Amendments to AASB 2011-9).

This Standard applies to annual reporting periods beginning on or after 1 July 2012. The main change resulting from the amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(c) Going concern

As a result of the redemption conditions in the Convertible bond agreement described in Note 7, there are material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The holders of the convertible bonds have the right to require the Company to repay the convertible bonds 24 months or 36 months after 15 December 2011 or upon the occurrence of a "Relevant Event" as described in Note 7 of the financial report. The Company is dependent upon the success of mine development and commercialisation of iron ore sales for funding or raising equity funds in the event of redemption. There is a risk that on such redemption, the Company may not have sufficient cash resources to repay the Convertible Bonds. Notwithstanding the above, the Company's financial statements have been prepared and presented on the going concern basis as the Directors conclude that it is unlikely that a "Relevant Event" which would trigger cash settlement will occur within the next 12 months. In the event that a settlement in cash is required, the Company would seek alternative funding arrangements through equity or alternative debt.

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Note 2 – Operating segments

FeOre Limited is involved in exploration of iron ore in Mongolia.

The operating segments are reviewed and managed by Chief Operating Decision Makers based on the costs incurred for each exploration tenement throughout the reporting period, which are capitalised to operating segment assets. The operating segments identified by management are based on areas of interest.

Expenses included in the statement of comprehensive income which have not been capitalised to operating segment assets are unallocated as they are not considered part of the core operations of any segment.

	31 December 2012			30 June 2012		
SEGMENT ASSETS	Ereeny	Dartsag	Total	Ereeny	Dartsag	Total
Deferred exploration brought forward	74,519	136	74,655	-	-	-
Deferred exploration obtained through acquisition of subsidiaries	-	-	-	74,390	-	74,390
Deferred exploration expenditure incurred during the period	1,460	-	1,460	129	136	265
Property, plant and equipment	536	65	601	567	69	636
Total	76,515	201	76,716	75,086	205	75,291
Reconciliation to total assets:						
Total assets by reportable assets			76,716			75,291
Cash and cash equivalents			25,669			27,426
Other receivables			1,061			1,750
Total assets per Statement of financial position			**103,446**			**104,467**

Note 3 – Earnings Per Share

Reconciliation of earnings to profit or loss	**31-Dec 2012 US$'000 (6 Months)**	**30-Jun 2012 US$'000 (11 months)**
Loss for the period	(2,636)	(3,137)
Loss attributable to non-controlling equity interest	77	-
Loss attributable to the owners of the Company	**(2,559)**	**(3,137)**
	'000	**'000**
Weighted average number of ordinary shares outstanding during the period used in calculating basic earnings per share	529,110	435,884
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares outstanding during the period used in calculating diluted earnings per share	529,110	**435,884**

The weighted average number of ordinary shares to be issued with the convertible bonds and options that were not included in the calculation of loss per share as they are anti-dilutive: 131,453,727.

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Note 4 – Cash and Cash Equivalents

	31-Dec 2012 US$'000 (6 Months)	30-Jun 2012 US$'000 (11 months)
Cash at banks and on hand	2,584	506
Short-term deposits	23,085	26,920
	25,669	**27,426**

Cash at banks earns interest at floating rates based on daily bank deposit rates (average annual deposit rate was approximately 4.6%). Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The Group only deposits cash surpluses with major banks of high quality credit standing.

Note 5 – Other Receivables

	31-Dec 2012 US$'000 (6 Months)	30-Jun 2012 US$'000 (11 months)
Prepayments	643	1,448
Tax receivables	266	213
Others	152	89
	1,061	**1,750**

Note 6 – Exploration and Evaluation Assets

	31-Dec 2012 US$'000 (6 Months)	30-Jun 2012 US$'000 (11 months)
At the beginning of the period	74,655	-
Acquired through business combination	-	74,390
Expenditure during the period in Tai Sheng	1,460	265
At the end of the period	**76,115**	**74,655**

Tai Sheng is the beneficial owner of exploration licence 5930X which covers 908 hectares in Dartsagt Mongolia. The licence MV-017120 (formerly 5930X) was granted on 6 September 2012 and will expire on 6 September 2042.

Tai Sheng is the beneficial owner of mining licence MV-017028 (formerly 9095A) which covers 326 hectares in Ereeny, Mongolia. The licence was granted on 16 May 2012 and will expire on 5 January 2035.

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Note 7 – Financial Liability

The Company has issued convertible bonds raising a total of US$25 million. Upon conversion this Convertible Bond will convert into 123,301,156 shares. The shares are escrowed for the period of 12 months.

The holders of the Convertible Bonds (who have been granted security over the shares in TSI held by the Company and the shares in Tai Sheng held by TSI) have the right to require the Company to repay the Convertible Bonds 24 months or 36 months after 6 December 2011, or upon the occurrence of a "Relevant Event" such as a Change of Control, or if any steps are taken by any person with a view to revoke or cancel any mining or exploration licences of the Issuer or any Group Company or to materially alter the terms thereof; or any step is taken by Tai Sheng or China Railway Mongolia Investment LLC to revoke, terminate or cancel any of the Mining Agreements or have a material adverse effect on (a) the business, results of operations or prospects of the Issuer or the Issuer and its Group Companies taken as a whole or (b) the ability of the Issuer or any Group Company to perform its obligations under the Bonds and the Transaction Documents. The Company is dependent upon the success of mine development and commercialisation of Iron Ore sales for funding or raising equity funds or alternative debt in the event of redemption. There is a risk that on such redemption, the Company may not have sufficient cash resources to repay the Convertible Bonds.

For the purpose of the statement of the financial position, the convertible bond has been treated as a hybrid financial instrument. The value of the debt and equity components has been assessed at approximately US$12.5 million and US$12.5 million respectively on the inception of the bond, before the deduction of transaction costs.

The convertible bonds recognised in the consolidated statement of financial position are calculated as follows:

	31-Dec 2012 US$'000 (6 Months)	**30-Jun 2012 US$'000 (11 months)**
Value of the convertible bond at the beginning of the period	14,249	12,441
Effective interest expense for the period	1,757	1,808
Balance at the end of the period	**16,006**	**14,249**

Note 8 – Deferred Tax Liability

The Deferred Tax liability of US$18,014,000 relates to the fair value adjustments arising from acquisition of a subsidiary Topone Star Investments Limited which wholly owns Tai Sheng Development LLC. This has been recorded based on the Mongolian tax rate of 25%.

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Note 9 – Contributed Equity

Authorised share capital:
1,000,000,000,000 share with par value of US$0.00001 each

	Number	US$'000
Fully paid ordinary shares		
Shares issued to Promoters	283,200,001	
Pre IPO shares issued (A$0.141 per share)	53,100,000	7,325
Issue of shares for purchase of TSI (A$0.25 per share)	22,800,000	5,844
Placement to wholesale and institutional investors (A$0.25 per share)	100,000,000	25,631
IPO shares issued (A$0.25 per share)	70,010,000	17,944
Costs of Offer	-	(4,144)
As at 30 June 2012 and 31 December 2012	**529,110,001**	**52,600**

Note 10 – Reserves

	Note	31-Dec 2012 US$'000 (6 Months)	30-Jun 2012 US$'000 (11 months)
Convertible Bond reserve	(a)	12,408	12,408
Share based payment reserve	(b)	776	776
Exchange reserve	(c)	7	38
Consolidated balance		**13,191**	**13,222**

(a) The Convertible Bond reserve represents the equity portion of the Convertible Bond. Upon conversion this Convertible Bond will convert into 123,301,156 shares. This is transferred to share capital if and when the note is converted to shares.

Convertible Bond reserve	31-Dec 2012 US$'000 (6 Months)	30-Jun 2012 US$'000 (11 months)
Opening balance at the beginning of the period	12,408	-
Convertible bond issuance	-	12,483
Costs of Convertible Bond issue	-	(75)
Closing balance at the end of the period	**12,408**	**12,408**

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Note 10 – Reserves (continued)

(b) The Share Based Payment reserve is used to record the value of share based payments issued to employees as part of their remuneration. The Company issued 8,152,571 options during the prior year.

The options fully vested as at 30 June 2012 and expire in 4 years after the grant date on 15 December 2011.

Share based reserve	**31-Dec 2012 US$'000 (6 Months)**	**30-Jun 2012 US$'000 (11 months)**
Opening balance at the beginning of the period	776	-
Share based payment expense	-	776
Closing balance at the end of the period	**776**	**776**

(c) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled entities and associates.

Foreign currency translation reserve	**31-Dec 2012 US$'000 (6 Months)**	**30-Jun 2012 US$'000 (11 months)**
Opening balance at the beginning of the period	38	-
Foreign exchange movements on translation of foreign entities	(31)	38
Closing balance at the end of the period	**7**	**38**

Note 11 – Related Party Disclosures

a. Subsidiaries

The consolidated financial information within this report includes the financial statements of FeOre and the subsidiaries listed in the following table.

Name	Country of Incorporation	% interest
Topone Star Investments Ltd	BVI	100%
Tai Sheng Development LLC	Mongolia	80%
Resource Depot Holdings Limited*	BVI	100%
Resource Depot Limited*	Hong Kong	100%

*Resource Depot Holdings Limited and Resource Depot Limited are newly incorporated entities

b. Transactions with related parties

Aggregate amounts receivable from related parties in the wholly-owned group as at 31 December 2012 were as follows. These loans are non-interest bearing with no fixed repayment terms:

	US$'000
Opening balance as at 1 July 2012	1,858
Loans advanced to controlled entities	1,435
Total loans advanced to controlled entities	3,293

Note 12 – Reconciliation of Cash Flow to the Operating Loss

	31-Dec 2012 US$'000 (6 Months)	30-Jun 2012 US$'000 (11 months)
Operating loss	(2,636)	(3,137)
Depreciation	23	-
Share-based employee remuneration	-	776
Interest on financial liability	1,757	243
Acquisition costs	-	533
IPO related costs	-	1,126
Increase (decrease) in receivables and other assets *	500	1,198
(Decrease) increase in creditors *	(142)	(886)
	(498)	(147)

* Reconciliation is presented after adjustments for balances acquired through business combination and balances related to exploration activity.

Note 13 – Subsequent Events

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Note 14 – Dividends

No dividends were declared or paid during the half-year ended 31 December 2012.

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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of FeOre Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes, as set out on pages 5 to 11, are in accordance with the *Corporations Act 2001* including:

  (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

  (ii) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the period ended on that date of the consolidated group;

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

(c) this declaration has been made after receiving the declaration required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the half-year ending 31 December 2012.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

……………………………….

Tim Sun

Chairman & Non-executive Director

Dated this13th day of March, 2013

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Independent review report to the members of FeOre Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of FeOre Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of FeOre Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FeOre Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the six months ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters there is significant uncertainty whether the company will continue as a going concern 12 months from the date of the report, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Ernst & Young

Ernst & Young

A. Ivanyi

Anton Ivanyi
Partner
Sydney
13 March 2013

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