FeOre Limited

Interim Financial Report

ARBN 152 971 821

12 March 2014

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Your Directors submit the Interim Financial Report of the consolidated Group for the 6 months ended 31 December 2013.

DIRECTORS

The names of the Directors of FeOre Limited (**FeOre** or the **Company**) in office during the 6 months ended 31 December 2013 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
Dr. Tim Sun	Chairman & Non-executive Director	20 September 2011
Ms. Christina (Jun) Mu	Non-executive director	5 August 2011
Mr. Bruce Higgins*	Non-executive director	5 August 2011
Mr. Steven Hodgson*	Non-executive director	5 August 2013

Note*: Mr. Bruce Higgins has resigned from his capacity as a Director of the Company on 5 August 2013, and on the same day Mr. Steven Hodgson has joined as a Director of the Company.

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 2013.

EREENY PROJECT

In the six months ended 31 December 2013, the Company continued to make steady progress in the preparation and development of the Ereeny Project. Following the receiving of the General Environmental Impact Assessment (**GEIA**) report from the Ministry of Environment and Green Development (**MEGD**) in July 2013, the Company submitted a Detailed Environmental Impact Assessment (**DEIA**) report to the MEGD and subsequently obtained its approval in November 2013. According to the DEIA report, the Company is required to update and submit the environmental protection plan annually.

Infrastructure Development

During the period under review, the local Mongolian contractor that the Company previously engaged for the installation of the 53km 110kv high-voltage power connection between the Ereeny project location and the power station at Choir completed the construction and installation for the first part of the power transmission line, and commenced the procurement of power grid material for the construction and installation for the remaining of the transmission line. Given the harsh weather conditions in Mongolia during winter times, the Company plans to begin construction in spring 2014, or as soon as the weather in Mongolia permits.

In addition, the Company has obtained a capacity expansion permit for living and construction use power supply from Baganuur, Eastern and Southern Regional Power Distribution Network Company, a Mongolia state owned company, to increase the current power capacity to up to 1,250kva. The Company intends to install 2 additional substations in light of the capacity expansion permit obtained. Procurement of the additional substations has begun in early 2014, and the Company has placed order and arranged for the substation together with other ancillary materials to be transported to the Ereeny Project location.

In February 2014, the Company has engaged a local design institute for the design of a living-use water pipeline in order to deliver living-use water from the three previously drilled water wells located 13km west of Ereeny to the Ereeny project location.

Procurement and Mine Construction Preparation

In the six months ended 31 December 2013, the Mongolian design institute that the Company previously engaged began the preparation for Mongolian-standard construction plan. The first portion of the construction plan has been locally approved, and the Company has submitted the second part of the construction plan to the local general architect for review.

DARTSAGT PROJECT

During the reporting period, the Company completed and submitted a Mongolia-standard feasibility study (**FS**) for the Dartsagt Project to Mineral Resource Authority of Mongolia (**MRAM**) for approval.

MONGOLIA INVESTMENT ENVIRONMENT

In Mongolia, a new draft of the investment law was presented to the parliament and passed by the State Great Khural on 3 October 2013 and the new law came into effect on 1 November 2013. The new investment law regulates both foreign and domestic investments and includes more progressive regulations than the Law on Foreign Investment and Law on the Regulation of Foreign Investment in Business Entity Operating in Sectors of Strategic Importance (**SFIL**) of Mongolia. The conception of the law intends to encourage and support investors' business through providing stabilization, promoting on the tax issues, entering into investment agreements, etc.

NON-EXERCISE OF PUT OPTION BY THE HOLDERS OF THE CONVERTIBLE BONDS IN DECEMBER 2013

The holders of the Convertible Bonds did not exercise their put option in December 2013.

CONDITIONAL SHARE PURCHASE AGREEMENT

In January 2014, the Company has entered into a conditional share purchase agreement with China Energy (Cayman) Limited, an independent private company, for the sale of all of the Company's interest in Topone Star Investments Limited. A notice of special general meeting concerning the transaction will be dispatched to shareholders. For further details please refer to the Company's announcement dated 22 January 2014.

RESULTS OF OPERATIONS

The Group has reported a net loss for the period of US$1.13 million for the period ended 31 December 2013.

Net cash used in operations and net cash used in investing activities over the period amounted to US$0.28 million and US$0.02 million respectively. Cash on hand is US$21.55 million as at 31 December 2013.

Cash balance in the Company as at 22 Jan 2014 amounts to approximately US$ 20.6m. The difference between the consolidated cash position as at end of 31 December 2013 and the cash balance of the Company as at 22 Jan 2014 was due to the Company's working capital needs in January 2014 as part of its business activities.

CAPITAL STRUCTURE

A total number of 529,110,001 ordinary shares were on issue as at 31 December 2013. An additional 123,301,156 ordinary shares would be issued upon full conversion of the US$25 million convertible bonds. At 31 December 2013, there were 8,152,571 options at the exercise price of A$0.25 per share remaining outstanding.

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 2013.

SUBSEQUENT EVENTS

The Company has entered into a conditional sale and purchase agreement with China Energy (Cayman) Limited, an independent private company, for the sale of all of the Company's interest in Topone Star Investments Limited. A notice of special general meeting concerning the transaction will be dispatched to shareholders. For further details please refer to the Company's announcement dated 22 January 2014.

Other than the abovementioned, 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 6 December 2011 or upon the occurrence of a "Relevant Event" as described in Note 1 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 the Company has entered into a conditional sale and purchase agreement with China Energy (Cayman) Limited, an independent private company, for the sale of all of the Company's interest in Topone Star Investments Limited at a cash consideration of US$51.03 million plus a conditional deferred consideration of US$5.67 million, which is sufficient to cover the repayment of the Convertible Bonds of US$25 million. In the event that a settlement in cash is required and the sale of all of the Company's interest in Topone Star Investments Limited has not been completed, 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
12 March 2014

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Auditor's Independence Declaration to the Directors of FeOre Limited

In relation to our audit of the financial report of FeOre Limited for the financial year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Australian professional accounting bodies.

Ernst & Young

Anton Ivanyi
Partner
Sydney

12 March 2014

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31-Dec 2013 US$'000	Restated 31-Dec 2012 US$'000
Bank interest income		199	383
Exchange gain		-	217
Other income		38	-
Total income		237	600
Administration costs		(953)	(1,416)
Exchange loss		(497)	-
Depreciation		(27)	(23)
Total operating expenses		(1,477)	(1,439)
Loss before income tax from continuing operations		(1,240)	(839)
Income tax expense		-	-
Loss for the period from continuing operations		(1,240)	(839)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(29)	(40)
Other comprehensive loss for the period		(29)	(40)
Total comprehensive loss for the period		(1,269)	(879)
Loss attributable to :			
Members of the parent entity		(1,106)	(771)
Non-controlling interest		(134)	(68)
		(1,240)	(839)
Total comprehensive loss attributable to :			
Members of the parent entity		(1,129)	(802)
Non-controlling interest		(140)	(77)
		(1,269)	(879)
Earnings per share from continuing operations			
Basic and diluted loss per share (US cent per share)	4	(0.23)	(0.15)

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

AS AT 31 DECEMBER 2013

	Note	31-Dec 2013 US$'000	30-Jun 2013 US$'000
Current assets			
Cash and cash equivalents	5	21,552	22,139
Other receivables and current assets	6	1,141	1,366
Total current assets		22,693	23,505
Non-current assets			
Property, plant & equipment		1,120	1,310
Exploration and evaluation assets	7	75,158	75,452
Non-current assets		76,278	76,762
Total assets		98,971	100,267
Current liabilities			
Other payables		76	103
Financial liability	8	24,849	24,849
Total current liabilities		24,925	24,952
Non-current liability			
Deferred tax liability	9	18,014	18,014
Total non-current liabilities		18,014	18,014
Total liabilities		42,939	42,966
Net assets		56,032	57,301
Equity			
Contributed equity	10	52,600	52,600
Reserves	11	743	766
Accumulated losses		(8,300)	(7,194)
Parent entity interest		45,043	46,172
Non-controlling interest		10,989	11,129
Total equity		56,032	57,301

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

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31-Dec 2013 US$'000	31-Dec 2012 US$'000
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Payments to suppliers and employees		(478)	(881)
Interest and other items of a similar nature received		198	383
NET OPERATING CASH FLOWS	13	(280)	(498)
CASHFLOWS RELATED TO INVESTING ACTIVITIES			
Payments for exploration and evaluation activities		(45)	(1,468)
Proceeds from disposal of assets		23	
NET INVESTING CASH FLOWS		(22)	(1,468)
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
NET FINANCING CASH FLOWS		-	-
NET (DECREASE) IN CASH HELD		(302)	(1,966)
Foreign Currency Translation		(285)	209
Cash and cash equivalents at beginning of period		22,139	27,426
CASH AND CASH EQUIVALENTS AT END OF PERIOD		21,552	25,669

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

FOR THE PERIOD FROM 1 JULY 2013 TO 31 DECEMBER 2013

	Issued Capital	Retained Losses	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
Balance at 1 August 2011	-	-	-	-	-	-	-
Loss for the period	-	(3,347)	-	-	(3,347)	(57)	(3,404)
Exchange Translation	-	-	-	38	38	10	48
Total Comprehensive loss for the period	-	(3,347)	-	38	(3,309)	(47)	(3,356)
Transaction with owners in their capacity as owner							
Share based payments	-	-	776	-	776	-	776
Acquisition of subsidiary	-	-	-	-	-	11,324	11,324
Shares issued during the period	56,744	-	-	-	56,744	-	56,744
Capitial raising costs	(4,144)	-	-	-	(4,144)	-	(4,144)
Balance at 30 June 2012 Restated (Note 3)	52,600	(3,347)	776	38	50,067	11,277	61,344
Loss for the period	-	(3,847)	-	-	(3,847)	(136)	(3,983)
Exchange Translation	-	-	-	(48)	(48)	(12)	(60)
Total Comprehensive loss for the period	**-**	**(3,847)**	**-**	**(48)**	**(3,895)**	**(148)**	**(4,043)**
Balance at 30 June 2013	**52,600**	**(7,194)**	**776**	**(10)**	**46,172**	**11,129**	**57,301**
Loss for the period	-	(1,106)	-	-	(1,106)	(134)	(1,240)
Exchange Translation	-	-	-	(23)	(23)	(6)	(29)
Total Comprehensive loss for the period	**-**	**(1,106)**	**-**	**(23)**	**(1,129)**	**(140)**	**(1,269)**
Balance at 31 December 2013	**52,600**	**(8,300)**	**776**	**(33)**	**45,043**	**10,989**	**56,032**

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

Notes to the financial statements

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 2013 were authorised for issue in accordance with a resolution of the directors on 12 March 2014. 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 2013 to 31 December 2013.

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 2013 as well as in conjunction with public announcements made by the Group during the interim period.

(b) New Accounting Standards and Interpretations
The AASB has issued new and amended accounting standards and interpretations for the period which the Group applied. A discussion of their impact on the Group follows:

- AASB 10 Consolidated Financial Statements:

  AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.

  The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

- AASB 11 Joint Arrangements:

  AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities - Non-monetary Contributions by Ventures.

Note 1 – Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (Continued)

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.

- AASB 12 Disclosure of Interests in Other Entities:

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

- AASB 13 Fair Value Measurement:

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8. Please see further description below:

The Group measures some of its assets and liabilities at fair value. Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in a transaction between independent, knowledgeable and willing market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market information is used to determine fair value. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of market data.

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that a significant input to the measurement can be categorised into as follows:

- Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Measurements based on unobservable inputs for the asset or liability.

Note 1 – Summary of Significant Accounting Policies (Continued)

(b) New Accounting Standards and Interpretations (Continued)

The carrying values of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies described above and adjusted for capitalised transaction costs, if any.

- AASB 119 Employee Benefits:

  The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets.

  The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.

- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities:

  AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.

None of the above standards and amendments, with the exception of AASB 13 noted above, have significantly impacted the Group. The AASB 13 requirements have increased the disclosure around fair value measurement.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(c) Going concern

As a result of the redemption conditions in the Convertible bond agreement described in Note 8, 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 30 months or 36 months, the maturity date, after 6 December 2011 or upon the occurrence of a "Relevant Event" as described in Note 8 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 the Company has entered into a conditional sale and purchase agreement with China Energy (Cayman) Limited, an independent private company, for the sale of all of the Company's interest in Topone Star Investments Limited at a cash consideration which includes US$51.03 million plus a conditional final deferred consideration of US$5.67 million, which is sufficient to cover the repayment of the convertible bonds of US$25 million. In the event that a settlement in cash is required and the sale of all of the Company's interest in Topone Star Investments Limited has not been completed, the Company would seek alternative funding arrangements through equity or alternative debt.

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.

SEGMENT ASSETS	Ereeny	Dartsagt	Total
31-Dec-2013			
Opening	75,247	205	75,452
Exchange re-alignment	(334)	-	(334)
Exploration and evaluation expenditure incurred during the period	40	-	40
Property, plant and equipments additions	1,120	-	1,120
Total	76,073	205	76,278
Reconciliation to total assets:			
Total assets by reportable assets			76,278
Cash and cash equivalents			21,552
Other receivables and current assets			1,141
Total assets per Statement of financial position			**98,971**

SEGMENT ASSETS	Ereeny	Dartsagt	Total
30-Jun-2013			
Opening	75,086	205	75,291
Exchange re-alignment	(196)	-	(196)
Exploration and evaluation expenditure incurred during the period	993	-	993
Property, plant and equipments additions	674	-	674
Total	76,557	205	76,762
Reconciliation to total assets:			
Total assets by reportable assets			76,762
Cash and cash equivalents			22,139
Other receivables			1,366
Total assets per Statement of financial position			**100,267**

Note 3 – Prior Period Restatement

In the prior period the convertible bond was treated as a compound financial instrument with debt and equity components. During the period ended 30 June 2013, the terms of the convertible bond were reassessed in light of AASB 139: *Financial Instruments – Recognition and Measurement*, in particular paragraph 25 which broadly states that where there are events that can trigger redemption of the bond, and such events are deemed to be outside the control of the Company, the instrument should be treated as a liability. This paragraph is relevant to the convertible bond given the "relevant events" as described in Note 8. It is not entirely clear from AASB 139 as to whether this means the entire instrument should be treated as a liability or not. In the period ended 30 June 2013, it was deemed appropriate to treat the entire convertible bond as a liability as this is consistent with accepted practice. The impact on the profit and loss statement is that there will be no interest expense recognised as the bond has a zero coupon. Previously, when the bond was treated as a hybrid financial instrument, an interest charge was recorded representing the market interest rate on a similar debt instrument with no conversion feature. The following table illustrates the impact on the previously reported 31 December 2012 financial statements:

	As previously reported 31 December 2012 US$000	As reported in this report 31 December 2012 US$000	Difference 31 December 2012 US$000
Current liabilities	16,006	24,849	(8,843)
Convertible bond reserve	12,408	-	12,408
Accumulated losses	(7,683)	(4,118)	(3,565)
Interest expense	(1,757)	-	(1,757)
Loss per share (US cents per share)	(0.48)	(0.15)	(0.33)

Note 4 – Earnings Per Share

Reconciliation of earnings to profit or loss	**31-Dec 2013 US$'000**	**31-Dec 2012 US$'000**
Loss for the period	(1,106)	(771)
Loss attributable to non-controlling equity interest	(134)	(68)
Loss attributable to the owners of the Company	**(1,240)**	**(839)**
	'000	**'000**
Weighted average number of ordinary shares outstanding during the period used in calculating basic earnings per share	529,110	529,110
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	529,110

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.

Note 5 – Cash and Cash Equivalents

	31-Dec 2013 US$'000	30-Jun 2013 US$'000
Cash at banks and on hand	1,552	919
Short-term deposits	20,000	21,220
	21,552	**22,139**

Cash at banks earns interest at floating rates based on daily bank deposit rates (average annual deposit rate was approximately 1%). 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 6 – Other Receivables and Current assets

	31-Dec 2013 US$'000	30-Jun 2013 US$'000
Prepayments	669	846
Tax receivables	254	286
Others	218	234
	1,141	**1,366**

Note 7 – Exploration and Evaluation Assets

	31-Dec 2013 US$'000	30-Jun 2013 US$'000
At the beginning of the period	75,452	74,655
Exchange re-alignment	(334)	(196)
Expenditure during the period in Tai Sheng	40	993
At the end of the period	**75,158**	**75,452**

Tai Sheng is the beneficial owner of exploration licence MV-017120 (formerly 5930X) which covers 908 hectares in Dartsagt Mongolia. The licence 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.

Note 8 – Financial Liability

	31-Dec 2013 US$'000	30-Jun 2013 US$'000
Face value of convertible bond	25,000	25,000
Less: issue costs	(151)	(151)
Total payables	24,849	24,849

The Company has issued non-interest bearing convertible bonds raising a total of US$25 million. This instrument qualifies as a Level 2 financial liability in accordance with the fair value accounting policy disclosed in Note 1. The carrying value of this financial liability approximates the fair value.

Upon conversion, this Convertible Bond will convert into 123,301,156 shares. The shares can be converted on 6 June 2014 and will be 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 30 months or 36 months, the maturity date, after 6 December 2011, or upon the occurrence of a "Relevant Event" such as a Change of Control, or if any step is 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 current financial liability on the basis that the aforementioned "Relevant Events", which are outside the control on the company, may trigger immediate redemption.

Note 9 – 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%.

Note 10 – 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$0.14 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 2013 and 31 December 2013	**529,110,001**	**52,600**

Note 11 – Reserves

	Note	31-Dec 2013 US$'000	30-Jun 2013 US$'000
Share based payment reserve	(a)	776	776
Exchange reserve	(b)	(33)	(10)
Consolidated balance		**743**	**766**

(a) 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 on 15 December 2011. The options fully vested as at 30 June 2012 and expire on 15 December 2015.

(b) 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 exchange reserve	31-Dec 2013 US$'000	30-Jun 2013 US$'000
Opening balance at the beginning of the period	(10)	38
Foreign exchange movements on translation of foreign entities	(23)	(48)
Closing balance at the end of the period	**(33)**	**(10)**

Note 12 – 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 incorporated on 12 October 2012 and 18 October 2012 respectively.

b. Transactions with related parties

Aggregate amounts receivable from related parties in the wholly-owned group as at 31 December 2013 were as follows. These loans are non-interest bearing with no fixed repayment terms:

	US$'000
Opening balance as at 1 July 2013	3,600
Loans advanced to controlled entities	425
Total loans advanced to controlled entities	4,025

Note 13 – Reconciliation of Cash Flow to the Operating Loss

	31-Dec 2013 US$'000	**31-Dec 2012 US$'000**
Operating loss	(1,269)	(879)
Depreciation	27	23
Exchange re-alignment	497	(217)
(Increase)/decrease in receivables and other assets	492	717
Increase/(decrease) in creditors	(27)	(142)
	(280)	(498)

Note 14 – Subsequent Events

The Company has entered into a conditional share purchase agreement with China Energy (Cayman) Limited (The Purchaser), an independent private company, for the sale of all Company's interest in Topone Star Investments Limited, the wholly owned subsidiary that holds Ereeny and Dartsagt properties, as well as the deferred tax liability referred to in Note 9, on 22 January 2014. The cash consideration includes US$51.03 million plus a conditional final deferred consideration of $5.67million, payable in three tranches: US$5.67 million upon satisfaction of the conditions precedent; a second payment of US $45.36 million within 5 business days thereafter; and the conditional final deferred consideration of US$5.67 million to be paid in the escrow account to be released upon the successfully listing of an entity associated with the Purchaser on the Hong Kong Stock Exchange and subject to any reduction due to any breach of any representations and warranties given by the Company or other liabilities that the Company may face at that time.

Note 14 – Subsequent Events (continued)

This event should be read in conjunction with the ASX annoucement "SALE OF TOPONE STAR INVESTMENTS LIMITED" made on 22 January 2014.

Note 15 – Dividends

No dividends were declared or paid during the half-year ended 31 December 2013.

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 of the Group:
  (i) present fairly the Group's financial position as at 31 December 2013 and of its performance for the half year ended on that date; and
  (ii) comply with Australian Accounting Standards;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

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

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

12 March 2014

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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 consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year then ended or from time to time during the half-year.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the half-year financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. 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 accompanying financial report is not presented fairly, in all material respects, in accordance with the accounting policies described in Note 1 to the financial statements. As the auditor of FeOre Limited, 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 Australian professional accounting bodies.

Building a better working world

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 does not:

a) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) comply with Accounting Standard AASB 134 Interim Financial Reporting

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1(c) 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

Anton Ivanyi
Partner
Sydney
12 March 2014