

Monday 15 November 2010

MAIDEN IRON ORE RESERVE OF 126 Mt

**NEW MIRRIN MIRRIN RESULTS LIFT TOTAL RESOURCES TO
328.7 Mt**

- Maiden Iron Ore Reserve of 126 million tonnes
- 23% increase in + 55% Fe Mirrin Mirrin resource; now 37.9 Mt
- Current Resource Total = 328.7 Mt Corporate Objective = 400 Mt

FerrAus Limited (ASX: FRS) today announced its maiden iron ore reserve estimate of 126 million tonnes at 57.3 per cent Fe for the FerrAus Pilbara Project in Western Australia.

The Ore Reserve Statement provided by Snowden Mining Industry Consultants (Snowden), is a foundation component of FerrAus Limited's Pre Feasibility Study (PFS) for mining, which has determined that the FerrAus Pilbara Project contains Probable Ore Reserves contained within optimised pit designs.

Also, analysis of additional drilling results at the Mirrin Mirrin Prospect has led to a 23 per cent increase in the +55 per cent Fe resource, to 37.9 million tonnes. This takes the total resource for the FerrAus Pilbara Project to 328.7 million tonnes.

Iron Ore Reserve

Snowden has been a key consulting group driving the FerrAus PFS resources, geotechnical and mine planning evaluation activities. The FerrAus Pilbara Project total ore reserve estimate (Table 1.1) comprises iron ore material from both Davidson Creek (excluding Mirrin Mirrin) and Robertson Range Areas. This Ore Reserve estimate is inclusive of the total Mineral Resource for the FerrAus Pilbara Project.

Table 1.1 Total Robertson Range and Davidson Creek Ore Reserve Estimate

Ore Reserve Estimate Robertson Range and Davidson Creek Total Plant Feed Cut Off Grade = 52-53%						
	Tonnes	%Fe	%SiO₂	%Al₂O₃	%P	%LOI
Proved	-	-	-	-	-	-
Probable	126,000,000	57.3	5.5	3.2	0.1	8.5
Total	126,000,000	57.3	5.5	3.2	0.1	8.5

During the mining study, advanced metallurgical test work was completed and subsequently reported confirming the assumed metallurgical recoveries. Based on that report, the current Inferred Mineral Resource material for Robertson Range between 53 per cent and 55 per cent Fe and Davidson Creek between 52 per cent and 55 per cent Fe, was upgraded to an Indicated Mineral Resource.

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Table 1.2 Davidson Creek Ore Reserve Estimate

Ore Reserve Estimate Davidson Creek Total Feed Cut Off Grade: +52% Fe						
	Tonnes	%Fe	%SiO₂	%Al₂O₃	%P	%LOI
Proved	-	-	-	-	-	-
Probable	95,000,000	57.0	5.5	3.3	0.1	8.9
Total	95,000,000	57.0	5.5	3.3	0.1	8.9

Table 1.3 Robertson Range Ore Reserve Estimate

Ore Reserve Estimate Robertson Range High Grade (Wet Plant) Feed Cut Off Grade: +53% Fe						
	Tonnes	%Fe	%SiO₂	%Al₂O₃	%P	%LOI
Proved	-	-	-	-	-	-
Probable	31,000,000	58.1	5.5	3.1	0.1	7.4
Total	31,000,000	58.1	5.5	3.1	0.1	7.4

Comprehensive metallurgical test work has been conducted and reported by Sinclair Knight Merz (SKM) for the PFS and the assumptions used for the PFS and subsequently confirmed, are presented in Table 2.1. These assumptions form the basis for resource and mining studies conducted by Snowden.

Table 2.1 Metallurgical Assumptions Used For The PFS

Parameter	Units	Davidson Creek		Robertson Range
		High Grade	Medium Grade	High Grade
Cut-Off Grade	(% Fe)	+55% Fe	52% - 55% Fe	+53% Fe
Fe Upgrade	-	1.50%	2.80%	0.60%
Mass Yield	-	85.0%	70.0%	95.0%

This maiden probable reserve is a significant milestone for FerrAus as it progresses towards mine development.

Mirrin Mirrin

In addition the analysis of recent RC drilling results from the Mirrin Mirrin Prospect has lifted the total resource for the FerrAus Pilbara Project to 328.7 million tonnes.

The analysis of the results increased the +55 per cent Fe resource from 30.8 Mt to 37.9 Mt and the 50-55 per cent Fe resource from 18.1 Mt to 23.3 Mt, an overall increase in resources of 12.3Mt.

The Mirrin Mirrin Prospect is part of the Davidson Creek Area within the Project and this program of 200 metre x 50 metre spaced RC drilling was completed in late September.

The results from the new exploration holes, which are outside the defined resource area, continue to indicate that Fe mineralisation is continuous along strike to the east and west, as well as to the north.

“The announcement of a maiden iron ore reserve is a major milestone for FerrAus,” the Executive Director, Bryan Oliver, said.

“Together with the new total resource this represents a very significant and exciting step as we continue to build toward our corporate goal to achieve a resource of 400 million tonnes.

“As our exploration programs continue and the drilling results are analysed Mirrin Mirrin is growing in importance and it could now be considered the cornerstone area within the FerrAus Pilbara Project.

“These recent Mirrin Mirrin results will be included, as part of the initial work on finalising and optimising the scope of the project, in the DFS,” he said.

The total resource (JORC) for the FerrAus Pilbara Project is 328.7 million tonnes. FerrAus Limited has stated that its corporate objective is to achieve a resource total of 400 million tonnes which, depending on future drilling and development, may or may not be achieved.

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Table 1: FerrAus Pilbara Project Resource Table

Area	JORC (2004) Resource Category	Tonnes Mt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	CaFe (%)
High Grade Resources (+55% Fe)								
Robertson Range	Measured	23.40	58.93	4.54	2.71	0.11	7.69	63.84
	Indicated	20.70	58.98	5.40	2.99	0.10	6.48	63.07
	Inferred	10.60	58.11	6.56	3.37	0.10	6.15	61.93
	Total	54.60	58.79	5.26	2.94	0.11	6.93	63.18
Davidson Creek	Measured	9.50	58.10	4.31	2.83	0.08	9.12	63.90
	Indicated	91.60	58.70	4.44	2.43	0.08	8.63	64.20
	Inferred	62.10	58.00	4.94	2.69	0.10	8.63	63.48
	Total	163.20	58.40	4.60	2.54	0.09	8.66	63.91
Total (+ 55% Fe)		217.80						
Medium Grade Resources (between 50-55% Fe)								
Robertson Range	Inferred	16.20	53.00	8.51	5.40	0.12	8.85	58.20
Davidson Creek	Inferred	94.60	53.20	8.41	5.11	0.09	9.28	58.60
Total (between 50-55% Fe)		110.80						
Total Resources		328.70						

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: $CaFe = (Fe \times 100) / (100 - LOI)$. Resources are reported above a 55% Fe cut-off grade, except for medium grade resources which are between 50-55% Fe. The above resources were classified and reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore reserves (the JORC Code). Snowden Mining Industry Consultants classified the mineral resources listed in the above table.

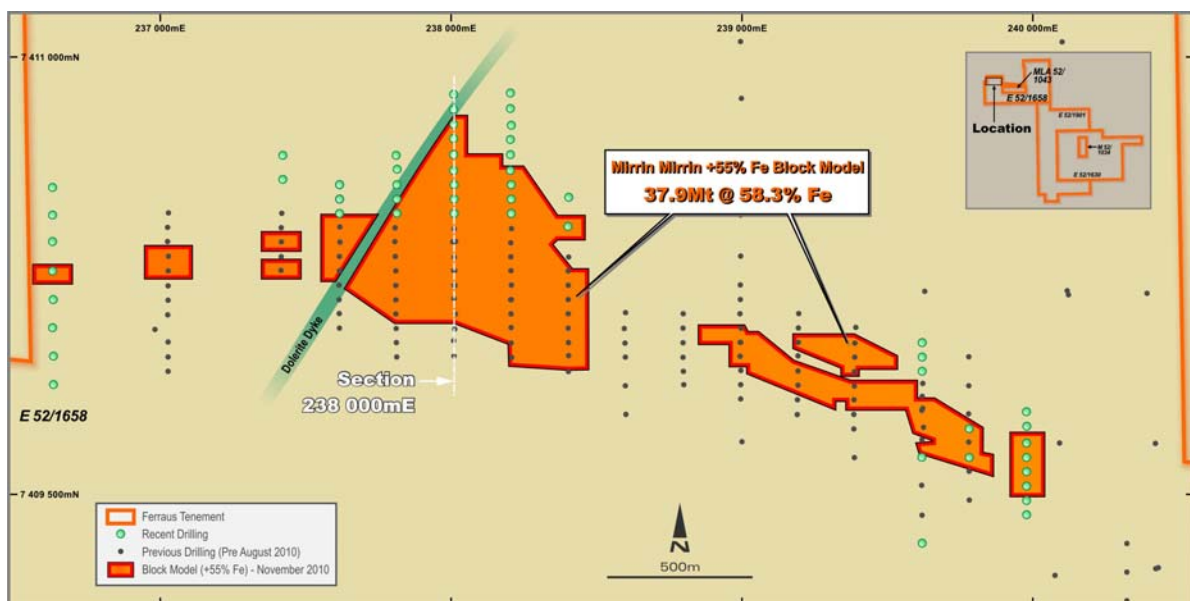
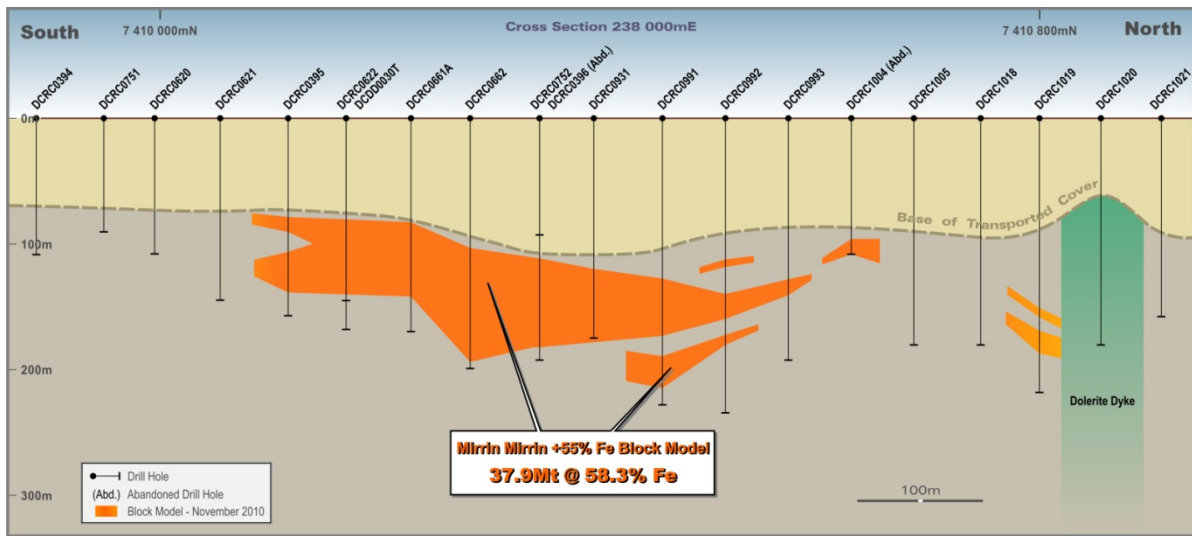
Figure 1: Drilling Results Plan View - Mirrin Mirrin Prospect, Davidson Creek Area


Figure 2: Section 238,000mE - Mirrin Mirrin Prospect, Davidson Creek Area



Ore Reserve Statement

The Ore Reserve Statement has been prepared by Snowden Mining Industry Consultants ('Snowden') on behalf of FerrAus Ltd

The author of the report, Mr. Alan G Cooper, Principal Mining Consultant for Snowden Mining Industry Consultants, states that he is a Member of The Australasian Institute of Mining and Metallurgy (The AusIMM) and has more than five years mining experience applicable to the mining of Iron Ore. He consents to the public release of this Ore Reserve estimate, providing it remains in the context presented.

Competent Person Statement

Geological interpretation, exploration results, and mineral resource information contained in this report to which this statement is attached is based on information compiled by Mr Peter Brookes who is member of the Australian Institute of Geoscientists (AIG) and who is a full time employee of FerrAus Limited. Peter Brookes has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken 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 Brookes consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Forward Looking and Exploration Target Statements

This release may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of FerrAus Limited, that could cause actual results to differ materially from such statements. Forward looking statements include, but are not limited to, statements concerning the Company's exploration program, outlook, target sizes, resource and mineralised material estimates. They include statements preceded by words such as "potential", "target", "scheduled", "substantial", "planned", "estimate", "possible", "future", "prospective", and similar expressions. The term "Direct Shipping Ore (DSO)", "Target", and "Exploration Target", where used in this announcement, should not be misunderstood or misconstrued as an estimate of Mineral Resources and Reserves as defined by the JORC Code (2004) and therefore the terms have not been used in this context. Also, FerrAus Limited makes no undertaking to subsequently update or revise the forward-looking statements made in this release to reflect events or circumstances after the date of this release.