

Tuesday 8 March 2011

75 Per Cent Increase In Conversion Of Inferred Resources To Indicated Resources - Up 85 Million Tonnes

New Metallurgy Test Work Supports Beneficiation of Medium Grade Material

- Total Resources Now 331 Million Tonnes
- Total Measured and Indicated Resources Now 230 Million Tonnes
- Mirrin Mirrin Total Resource Now 63.6 Million Tonnes
- Corporate Target For Total Resources = 400 million tonnes

FerrAus Limited (ASX: FRS) today announced that metallurgical test work has led to the reclassification of its 50 per cent Fe to 55 per cent Fe Inferred Resource material. This has resulted in a reclassification of some of the iron ore resources from (JORC) Inferred Resources to Indicated Resources and as a consequence, boosting the overall confidence in the resource base for mine plan studies.

The resource reclassification was provided by Snowden Mining Industry Consultants (Snowden) following the results of metallurgical test work conducted in 2010 as part of the Pre Feasibility Study.

Previously, Snowden had classified the medium grade material, which was defined as mineralisation between 50 per cent Fe and 55 per cent Fe, as an Inferred Resource due to the preliminary nature of metallurgical test work demonstrating the ability to beneficiate the medium grade material into a saleable product.

The completion of additional infill RC drilling at Mirrin Mirrin Prospect has provided outstanding results that have exceeded expectations. The results delivered an 89 per cent conversion of the +55 per cent Fe primary and hardcap mineralisation from Inferred Resources to Indicated Resources.

Executive Director, Bryan Oliver, considers that the reclassification, coupled with the new Mirrin Mirrin infill drilling results, support the robust nature of the FerrAus Pilbara Project.

“Setting an accurate foundation for classification of the ore is vital and the completion of these two milestones is a big plus for the viability of the Project.

“It has the effect of fully utilising the available resource and ensuring that we maximise the amount of saleable material available, particularly as we move further into the Definitive Feasibility Study process.

“At this stage we remain on target to complete the DFS by the end of this year,” he said.

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The metallurgical test work was undertaken on drill core collected between January and August 2010 at both Davidson Creek and Robertson Range. This test work included simulated drill and blast, crushing, dry screening, wet screening, desliming and gravity separation.

Final analysis shows that material in the 52 per cent Fe to 55 per cent Fe range at Davidson Creek and the 53 per cent Fe to 55 per cent Fe range at Robertson Range can be upgraded and that the beneficiated product has a comparable value to similar iron ore products currently shipped from the Pilbara Region.

As a result, Snowden has revised the Mineral Resource classification (2004 JORC Code) of the Medium Grade based on the cut off grades provided by FerrAus. (see Table 2 below)

Material between 50 per cent Fe and 52 per cent Fe at Davidson Creek, and between 50 per cent Fe and 53 per cent Fe at Robertson Range has been designated as Low Grade and remains classified as an Inferred Resource. It should be noted that the figures for the High Grade Resource (+55 per cent Fe) have not changed, for Robertson Range and Davidson Creek.

Mirrin Mirrin Resource Upgrade

Following the completion of infill RC drilling, along with support PQ3 twin core hole drilling, Mirrin Mirrin Prospect has continued to deliver outstanding results.

A total of 84 infill RC drill holes (for 12,515 metres) were undertaken to achieve a drill hole spacing of 100 metres by 50 metres; a drill hole density designed to give confidence for resource estimation purposes.

Drilling highlights from the infill program are presented in Table 1, with a number of outstanding intercepts forming the basis of a robust resource. A best assay result was received from hole DCRC1051, which includes 72 metres at 60.71 per cent Fe, from 106 metres to 178 metres (refer Figure 2, Cross section 238,100mE).

Mirrin Mirrin Prospect as an exploration target is still open along strike.

During January 2011, Snowden Mining Industry Consultants completed a resource update on the Mirrin Mirrin iron ore deposit. The Mineral Resource was classified and finalised during February in accordance with the 2004 JORC Code.

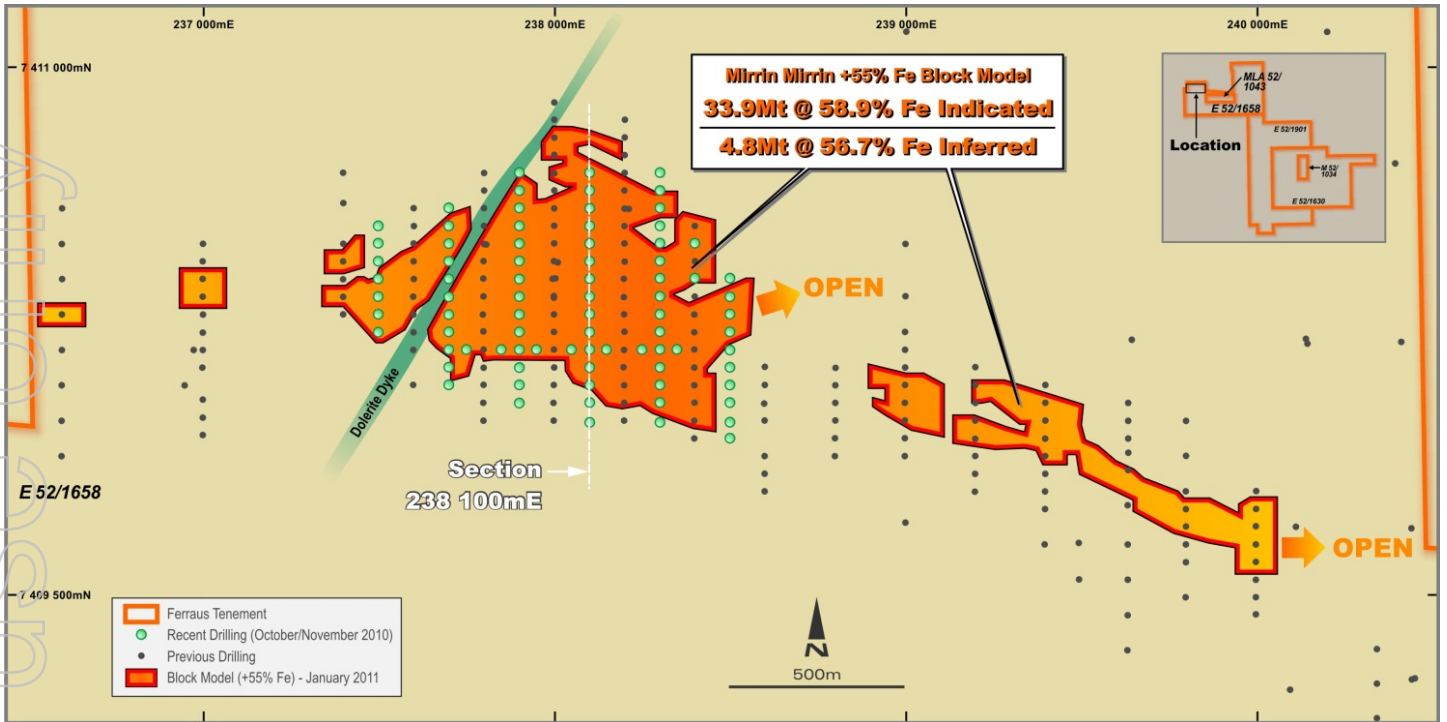
Results of the resource update exceeded expectations, with an 89 per cent conversion of the +55% Fe primary and hardcap mineralisation converting to Indicated Resources from Inferred Resources.

Importantly, despite a nominal increase in overall iron resource tonnes from the Mirrin Mirrin resource update, there has been a major increase in the Project's overall Indicated Resources; from 112.3 million tonnes to 197.6 million Indicated Resources – a 75 per cent increase.

These results will be incorporated into the initial Definitive Feasibility Study work. The information provides strong support for the estimated life of mine production of 227 million tonnes (wet) used in the Pre Feasibility Study financial viability assessment.

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Figure 1: Mirrin Mirrin Block Model January 2011



(Note: Snowden estimated grades using ordinary block kriging with unfolding. Calcined Fe grade calculated as follows: $CaFe = (Fe \times 100) / (100 - LOI)$. The Mirrin Mirrin Mineral Resource estimate was classified and reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources, and Ore reserves (the JORC Code). The classified Mineral Resource has been reported either as Indicated or Inferred using three Fe grade ranges – see Table 2)

Figure 2: Mirrin Mirrin Cross Section 238 100mE

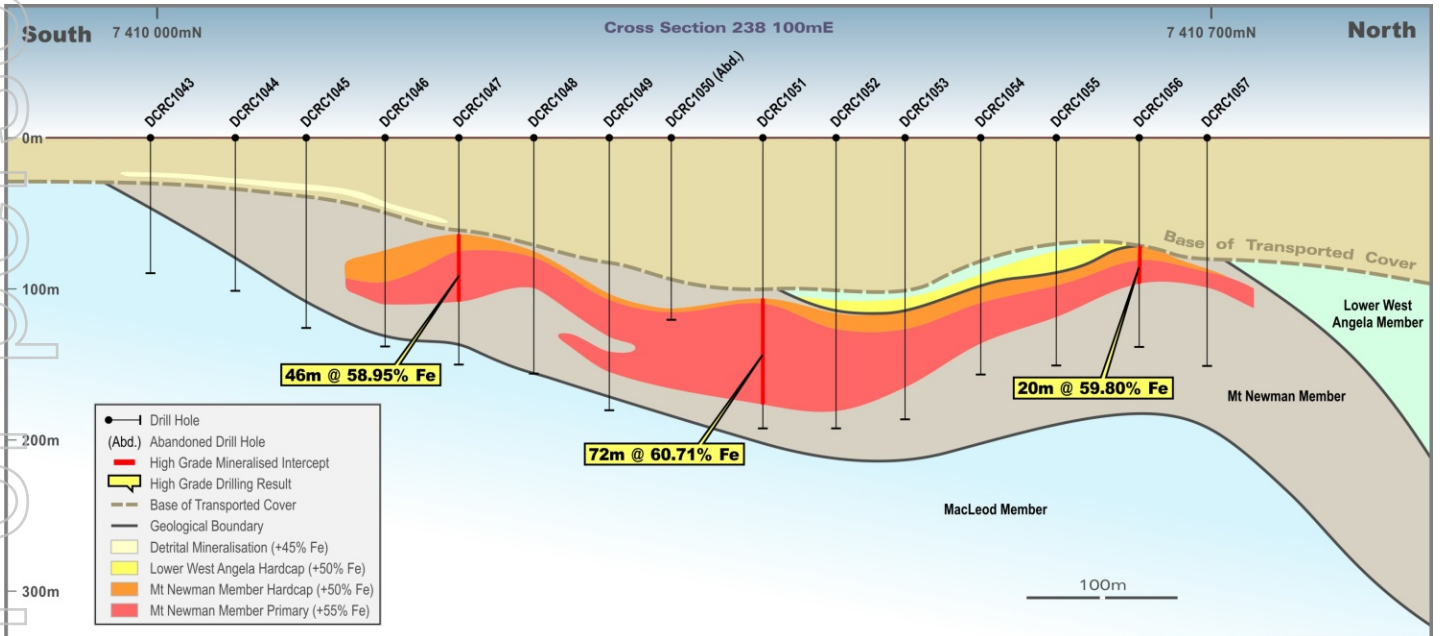


Table 1: Mirrin Mirrin RC Infill Drilling Highlights

Hole ID	NAT East	NAT North	From (m)	To (m)	Interval (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
DCRC1030	237900.7	7410202	74	134	60	57.22	4.94	2.87	0.04	9.93
DCRC1031	237899.59	7410247	76	102	26	57.22	4.13	3.06	0.12	10.29
DCRC1031	237899.59	7410247	120	140	20	58.59	6.63	1.02	0.10	8.10
DCRC1032	237901.2	7410299	86	134	48	59.02	2.78	1.74	0.16	10.16
DCRC1033	237900.73	7410351	126	140	14	57.31	4.25	2.54	0.15	10.42
DCRC1034	237902.14	7410398	122	138	16	59.35	3.93	1.35	0.12	9.22
DCRC1035	237901.38	7410448	124	186	62	59.82	3.17	1.56	0.12	9.04
DCRC1036	237900.53	7410498	124	162	38	59.47	2.17	2.11	0.15	9.91
DCRC1037	237901.21	7410551	150	204	54	59.78	3.62	1.98	0.12	8.13
DCRC1038	237900.72	7410595	168	184	16	59.75	5.18	1.53	0.09	7.25
DCRC1039	237901.05	7410647	120	136	16	58.89	4.27	2.54	0.09	8.16
DCRC1046	238103.81	7410151	82	114	32	57.66	4.07	2.88	0.11	10.00
DCRC1047	238104.68	7410200	66	112	46	58.95	3.44	2.48	0.10	9.13
DCRC1048	238104.14	7410250	78	98	20	58.34	3.81	2.52	0.09	9.47
DCRC1049	238103.74	7410300	110	134	24	60.27	3.13	1.56	0.08	8.6
DCRC1049	238103.74	7410300	142	156	14	60.92	3.06	1.85	0.07	7.46
DCRC1051	238103.7	7410402	106	178	72	60.71	2.73	1.6	0.10	8.13
DCRC1052	238104.37	7410450	128	182	54	60.51	2.83	1.82	0.10	8.01
DCRC1053	238105.03	7410496	126	166	40	61.27	2.76	1.51	0.09	7.47
DCRC1054	238104.86	7410547	94	136	42	58.52	4.58	2.9	0.10	7.98
DCRC1055	238105.01	7410597	96	118	22	60.05	3.67	1.57	0.09	7.52
DCRC1056	238105.39	7410652	74	94	20	59.80	2.89	2.45	0.10	7.23
DCRC1057	238106.63	7410698	84	96	12	56.75	5.57	2.85	0.09	8.30
DCRC1059	238302.4	7410049	38	50	12	57.66	5.22	4.00	0.08	7.78
DCRC1060	238302.22	7410099	76	94	18	55.78	5.35	4.34	0.11	9.91
DCRC1060	238302.22	7410099	60	70	10	56.36	4.72	4.57	0.08	9.33
DCRC1061	238302.15	7410150	92	116	24	57.37	3.91	2.30	0.17	10.82
DCRC1062	238302.29	7410201	86	132	46	60.63	2.36	2.08	0.09	8.29
DCRC1064	238302.03	7410299	122	140	18	57.02	4.40	3.12	0.13	10.18
DCRC1065	238302.09	7410350	126	140	14	57.81	3.53	2.72	0.08	10.60
DCRC1066	238302.77	7410398	130	140	10	59.17	3.37	1.47	0.08	10.06
DCRC1067	238302.18	7410449	136	166	30	56.33	6.66	2.39	0.08	9.56
DCRC1070	238302.55	7410601	100	116	16	60.45	3.91	2.13	0.10	6.78
DCRC1070	238302.55	7410601	86	96	10	56.59	5.33	3.41	0.11	9.25
DCRC1079	238501.46	7410247	110	122	12	56.92	8.55	2.89	0.08	6.41
DCRC1080	238501.38	7410299	120	166	46	57.8	4.26	2.99	0.11	9.16

Table 1: Mirrin Mirrin RC Infill Drilling Highlights (Continued)

Hole ID	NAT East	NAT North	From (m)	To (m)	Interval (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
DCRC1081	238501.86	7410347	132	148	16	57.51	3.41	2.83	0.13	10.85
DCRC1086	237698.65	7410249	102	114	12	57.33	4.62	2.69	0.05	10.01
DCRC1086	237698.65	7410249	86	96	10	57.4	3.97	2.87	0.04	10.54
DCRC1087	237697.37	7410302	84	130	46	60.86	3.48	2.33	0.06	6.63
DCRC1091	237698.04	7410501	102	112	10	59.18	3.72	2.36	0.11	8.72
DCRC1092	237697.48	7410551	134	160	26	56.88	6.39	2.63	0.07	6.84
DCRC1097	237498.02	7410299	84	108	24	58.97	3.96	2.69	0.06	8.57
DCRC1106	237748.83	7410198	108	118	10	59.48	2.89	2.06	0.06	9.20
DCRC1108	237948.14	7410199	126	158	32	58.83	3.60	2.02	0.10	9.66
DCRC1108	237948.14	7410199	100	110	10	55.93	5.07	3.30	0.07	10.96
DCRC1109	238048.56	7410200	76	130	54	59.60	3.35	2.08	0.09	8.85
DCRC1110	238148.15	7410200	66	96	30	59.34	3.18	2.62	0.07	8.79
DCRC1111	238249.63	7410199	76	133	57	59.75	2.29	2.08	0.10	9.62
DCRC1112	238349.83	7410200	92	136	44	58.25	5.03	3.15	0.07	7.64

Coordinates are in GDA94 Zone 51 map grid.

(Note: All RC samples are collected through an industry standard cone splitting system; all are 2 metre composites, and split fractions sent for XRF analysis weigh approx 3kg. Results reported represent weighted average Fe intercepts of >55% Fe, with maximum internal waste of 2 metres, and a minimum intercept length of 10 metres.)

Table 2: Resource Table – FerrAus Pilbara Project

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	0.109	7.69	63.84
	Indicated	20.70	58.98	5.40	2.99	0.104	6.48	63.07
	Inferred	10.60	58.11	6.56	3.37	0.097	6.15	61.93
	Total	54.60	58.79	5.26	2.94	0.105	6.93	63.18
Davidson Creek	Measured	9.50	58.10	4.31	2.83	0.078	9.12	63.90
	Indicated	91.60	58.70	4.44	2.43	0.082	8.63	64.20
	Inferred	24.20	57.50	5.24	3.16	0.098	8.39	62.80
	Total	125.30	58.40	4.58	2.60	0.085	8.62	63.90
Mirrin Mirrin	Indicated	33.90	58.94	4.16	2.26	0.101	8.75	64.59
	Inferred	4.80	56.67	6.81	3.42	0.109	8.04	61.64
	Total	38.70	58.66	4.49	2.41	0.102	8.66	64.22
Total (High Grade)		218.60	58.56	4.74	2.65	0.093	8.21	63.78
Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC and MM)								
Robertson Range	Indicated	6.50	54.00	7.61	4.95	0.122	8.86	59.30
	Inferred	2.30	54.10	8.96	5.20	0.096	7.57	58.50
Davidson Creek	Indicated	32.90	53.60	7.99	4.94	0.063	9.29	59.10
	Inferred	23.70	53.60	7.72	4.99	0.093	9.33	59.10
Mirrin Mirrin	Indicated	12.00	53.52	8.43	4.97	0.086	9.23	58.98
	Inferred	8.10	53.62	9.26	4.27	0.123	8.50	58.61
Total (Medium Grade)		85.50	53.63	8.09	4.90	0.086	9.14	59.04
Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC and MM)								
Robertson Range	Inferred	7.40	51.80	9.17	5.87	0.132	9.23	57.10
Davidson Creek	Inferred	14.60	51.20	9.53	6.28	0.074	9.86	56.80
Mirrin Mirrin	Inferred	4.80	51.25	10.39	6.01	0.080	8.98	56.32
Total (Low Grade)		26.80	51.37	9.58	6.12	0.09	9.53	56.80
MEASURED RESOURCES (Mt)		32.90						
INDICATED RESOURCES (Mt)		197.60						
INFERRED RESOURCES (Mt)		100.50						
TOTAL (Mt)		331.00						

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: $CaFe = (Fe \times 100) / (100 - LOI)$. High Resources are reported above a 55% Fe cut-off grade, Medium Grade Resources (between 53% Fe and 55% Fe for RR, between 52% Fe and 55% Fe for DC and MM) and Low Grade Resources (between 50% Fe and 53% Fe for RR, between 50% Fe and 52% Fe for DC and MM). 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

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.