



**ASX:FRS**

# Investor Presentation

March 2011

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# Disclaimer

## 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.

## Cautionary Note Regarding Reserves and Resources

FerrAus has estimated its reserves and resources in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves 2004 Edition ("JORC Code"), which governs such disclosures by companies listed on the Australian Securities Exchange. The JORC Code differs in several significant respects from Industry Guide 7 of the U.S. Securities and Exchange Commission that governs disclosures of mineral reserves in registration statements filed with the SEC. In particular, Industry Guide 7 does not recognize classifications other than proven and probable reserves and the SEC does not permit mining companies to disclose mineral resources in SEC filings. Investors should not assume that "resources" will be converted into reserves or that FerrAus will be able to economically extract them.



## Overview of FerrAus Limited

- **FerrAus is an emerging ASX listed iron ore developer:**
  - **High quality, low risk hematite iron ore project** in the Pilbara region of Western Australia expected to be in production during 2014
  - Valuable shipping allocation at Port Hedland
  - Prospective exploration portfolio, including the Enachedong Manganese Project
- **Market Capitalisation<sup>1</sup>: Approximately: A\$194 million**
- **FerrAus has approximately A\$46 million cash to assist in funding its Definitive Feasibility Study (DFS)** - expected to be completed by December 2011

1. Based on 21 March 2011 last close of A\$0.78 per share



# Investment Highlights

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## High quality, low risk project<sup>1</sup>

- Resources of 331Mt (JORC)      Corporate Target = 400Mt +
- Reserves of 126Mt (JORC)
- PFS completed:
  - Peak production of 15Mtpa (wet) with first shipment in Q4 2014
  - Operating cash costs of A\$43.5-A\$46.5/tonne
  - Capital expenditure of A\$960m
- Low technical risk : relatively high grade hematite
- Product will be comparable to FMG Rocket Fines

## Strong Iron Ore outlook

- Current spot iron ore prices at US\$175/dmt (62% Fe CFR North China), significantly above the long term average and a strong positive outlook driven by Chinese industrialisation

## Strategic Chinese Support

- Significant Support : Chinese shareholders Wah Nam (16.8%), China Railway Materials (10.5%), China Western Mining (6.2%)

## Compelling Economics<sup>1</sup>

- NPV<sub>8%</sub> of A\$1.12 billion - \$1.34 billion (based on a long term iron ore price of A\$77.5/dmt)
- IRR 24%-26%
- 4 year payback (discounted)

## Infrastructure solution well advanced

- Founding member of NWIOA which has a current shipping allocation of 50Mtpa
- Currently progressing a rail solution with a number of parties, with an outcome expected by the completion of project DFS

## Well Funded and De-risked

- A\$46m to assist in funding DFS
- Successful DFS completion de-risks project and moves to the bankable stage

<sup>1</sup> PFS estimate only and is subject to completion of a positive DFS and other risks



## Why invest in FerrAus

- Existing port allocation
- Several rail options
- Quality PFS completed
- DFS underway to de-risk Project
- Few remaining Pilbara iron ore plays
- Many examples of shareholders benefitting from investments in iron ore (FMG, BRM, AGO, GIR, BCI)
- Current market capitalisation implies  $\approx$  \$0.60 per tonne of Resource

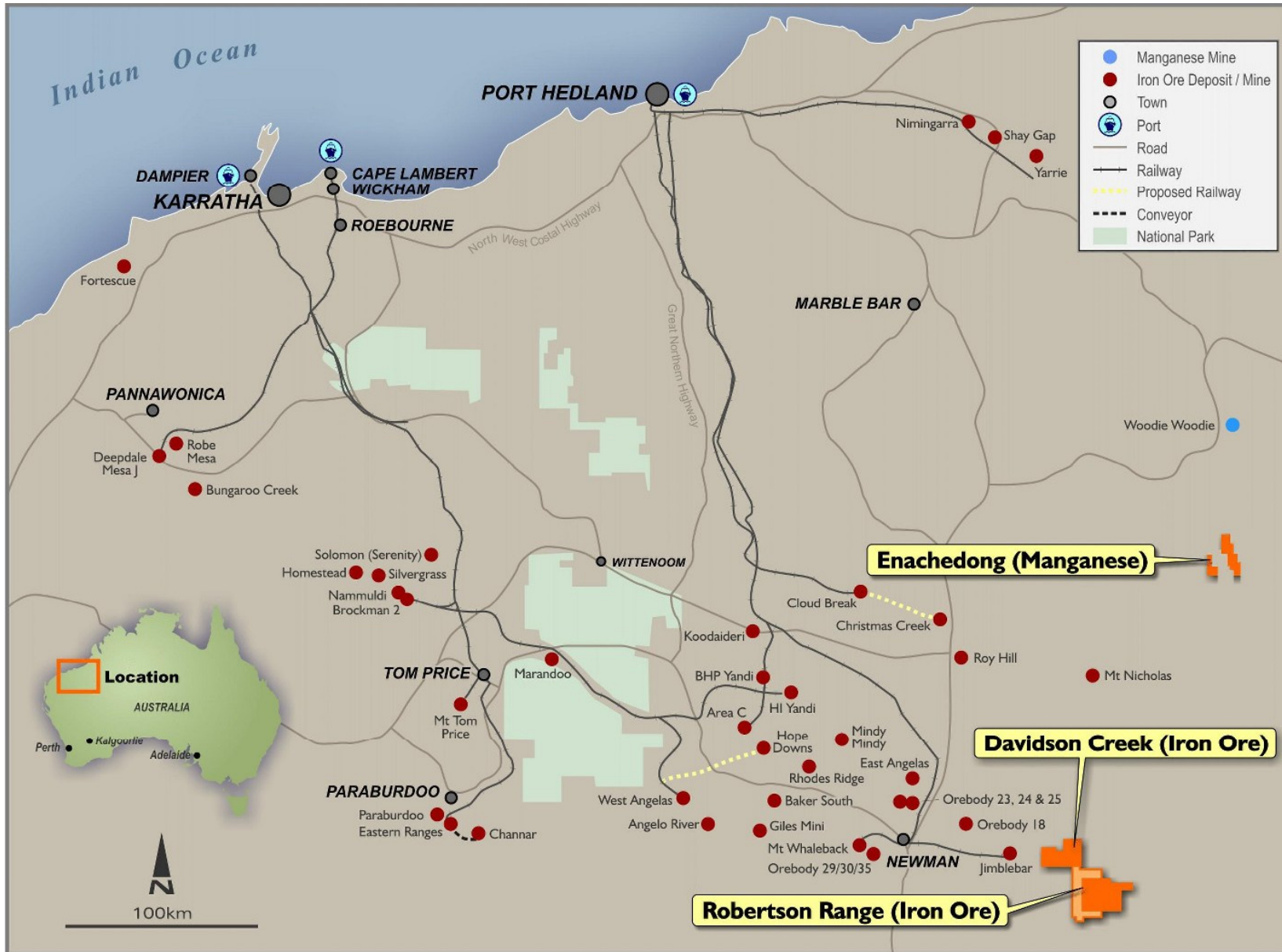
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# Project Location

– Close proximity to existing rail and other operating mines

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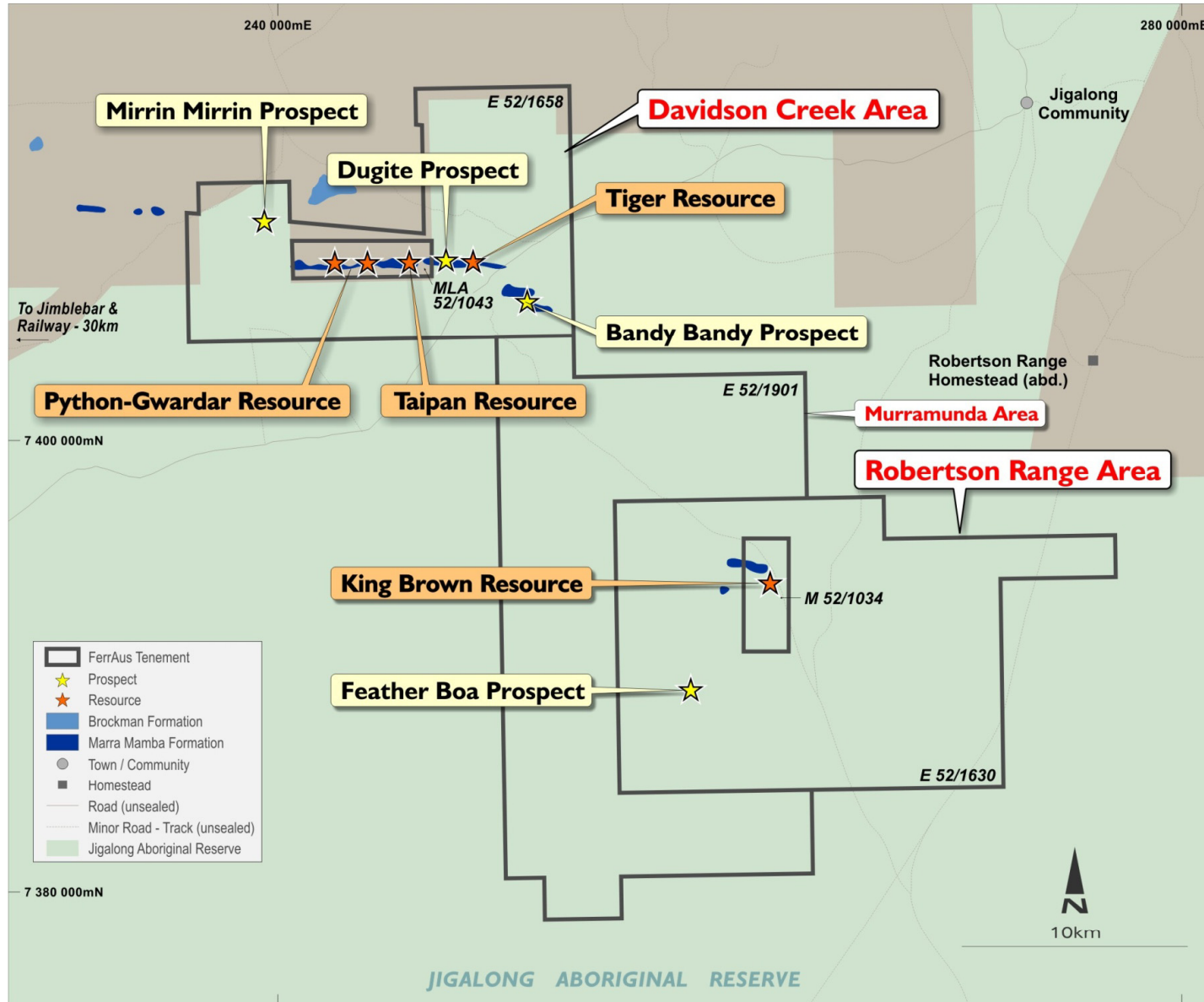






# FerrAus Pilbara Project

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# Current Resources 331 Million Tonnes JORC

	<b>Tonnes (Mt)</b>	<b>Fe (%)</b>	<b>SiO<sub>2</sub> (%)</b>	<b>Al<sub>2</sub>O<sub>3</sub> (%)</b>	<b>P (%)</b>	<b>LOI</b>	<b>CaFe (%)</b>
<b>High Grade</b>							
<b>Measured</b>	<b>32.9</b>	<b>58.7</b>	<b>4.47</b>	<b>2.74</b>	<b>0.100</b>	<b>8.10</b>	<b>63.9</b>
<b>Indicated</b>	<b>146.2</b>	<b>58.8</b>	<b>4.51</b>	<b>2.47</b>	<b>0.090</b>	<b>8.35</b>	<b>64.1</b>
<b>Inferred</b>	<b>39.6</b>	<b>57.6</b>	<b>5.78</b>	<b>3.25</b>	<b>0.099</b>	<b>7.75</b>	<b>62.4</b>
<b>Medium Grade</b>							
<b>Indicated</b>	<b>51.4</b>	<b>53.6</b>	<b>8.04</b>	<b>4.95</b>	<b>0.076</b>	<b>9.22</b>	<b>59.1</b>
<b>Inferred</b>	<b>34.1</b>	<b>53.6</b>	<b>8.17</b>	<b>4.83</b>	<b>0.100</b>	<b>9.01</b>	<b>58.9</b>
<b>Low Grade</b>							
<b>Inferred</b>	<b>26.8</b>	<b>51.4</b>	<b>9.58</b>	<b>6.12</b>	<b>0.091</b>	<b>9.53</b>	<b>56.8</b>
<b>Total</b>	<b>331</b>						

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## Current Reserves 126.0 Million Tonnes JORC

Area	JORC (2004) Reserve Category	Tonnes Mt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)
<b>Robertson Range</b>	Proved	-	-	-	-	-	-
	Probable	31.0	58.1	5.5	3.1	0.1	7.4
	<b>Total</b>	<b>31.0</b>	<b>58.1</b>	<b>5.5</b>	<b>3.1</b>	<b>0.1</b>	<b>7.4</b>
<b>Davidson Creek</b>	Proved	-	-	-	-	-	-
	Probable	95.0	57.0	5.5	3.3	0.1	8.9
	<b>Total</b>	<b>95.0</b>	<b>57.0</b>	<b>5.5</b>	<b>3.3</b>	<b>0.1</b>	<b>8.9</b>
<b>Total Reserves</b>		<b>126.0</b>					

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*Note: Target Specification: 59% Fe, 2.3% Al<sub>2</sub>O<sub>3</sub>, 4% SiO<sub>2</sub>, 0.09% P, 8.3% LOI*



## Pre Feasibility Study – Compelling Financials & Low Technical Risk

### Key Project Parameters<sup>1</sup>

<b>Ore Reserve</b>	126.0 Mt @ 57.3% Fe
<b>Mineral Resource</b>	331 Mt
<b>Target Production</b>	Peak production of 15 Mtpa of fines wet First production expected Q4 2014
<b>Estimated Life of Mine</b>	227Mt projected life of mine production Resulting in mine life of 15+ years
<b>Capital Expenditure</b>	A\$960 million
<b>Expected operating cash cost</b>	A\$43.5 to \$46.5/wmt
<b>NPV (8% real after tax)</b>	A\$1,120 Million to A\$1,340 Million
<b>IRR (real after tax)</b>	24%-26%
<b>Payback period (discounted)</b>	4 years

- **FerrAus is continuing its exploration spend in 2011 and is targeting a resource of 400 Mt+ (which may or may not be achieved subject to exploration and development success)**
- **Further details of the Pre Feasibility Study are available in the ASX release of 15 November 2010**

<sup>1</sup> PFS estimate only and is subject to completion of a positive DFS and other risks



## Life of Mine Production Estimates – Key Assumptions

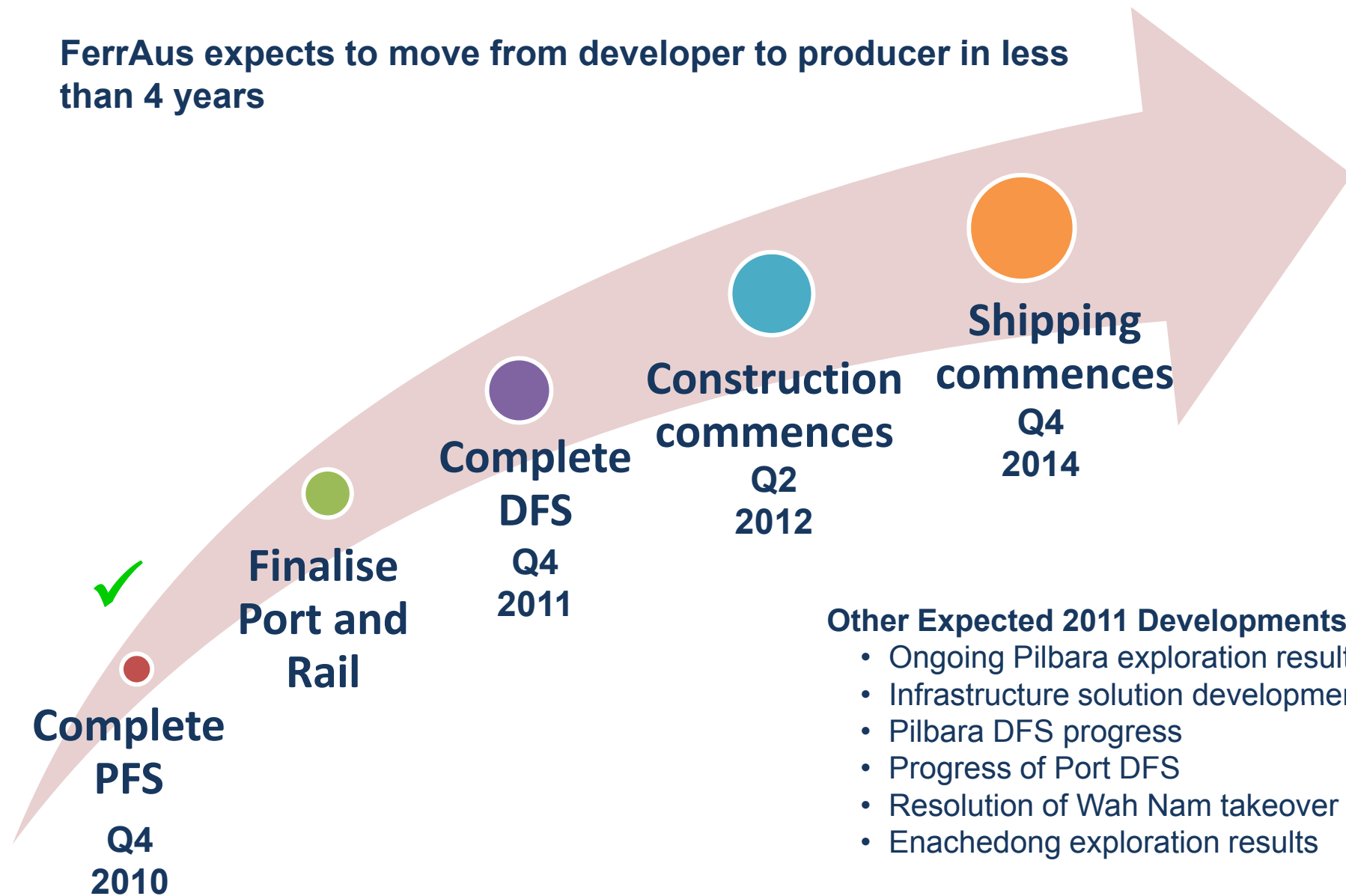
<b>PFS Mining Inventory (including Inferred)</b>	
Davidson Creek (DC) and Robertson Range (RR)	153 Mt (dry) - this includes 126 Mt of Probable Ore Reserves
<b>FerrAus Internal Preliminary Mining Inventory – Inferred Category</b>	
Mirrin Mirrin (MM) +52% Fe	32 Mt (dry)
Low Grade (RR, DC and MM) 50-52% Fe DC, MM and 50-53% Fe RR	17 Mt (dry)
Sub Total	49 Mt (dry)
<b>Total Dry Tonnes</b>	<b>202 Mt (dry)</b>
<b>Corporate Target</b>	
Corporate Exploration Target	49 Mt (dry)
<b>Total</b>	
Nominal Total Dry Tonnes (including Corporate Target)	251 Mt (dry)
<b>Product</b>	
Life of Mine Average Yield	82.8 %
Moisture	9 %
Life of Mine Production	227 Mt (wet)
Product Grade	59.1 % Fe

*The term “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.*



## Development Timetable – Key Milestones

FerrAus expects to move from developer to producer in less than 4 years



### Other Expected 2011 Developments

- Ongoing Pilbara exploration results
- Infrastructure solution developments
- Pilbara DFS progress
- Progress of Port DFS
- Resolution of Wah Nam takeover
- Enachedong exploration results

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## Port – NWIOA Securing Shipping Allocation

- **Port Feasibility Studies well advanced**
- **NWIOA shipments scheduled - Late 2013**
- **Allocation represents significant potential value**

- Founding member of the North West Iron Ore Alliance (with Atlas Iron and Brockman Resources)
- NWIOA has allocation of 50 Mtpa
- Estimated Capital Expenditure: \$2.7 billion (PFS)
- Port DFS: Draft report under review
- Environmental approvals on track
- Differentiates FerrAus: Many juniors have limited or no access to Port







# Pilbara – Rail solution underway

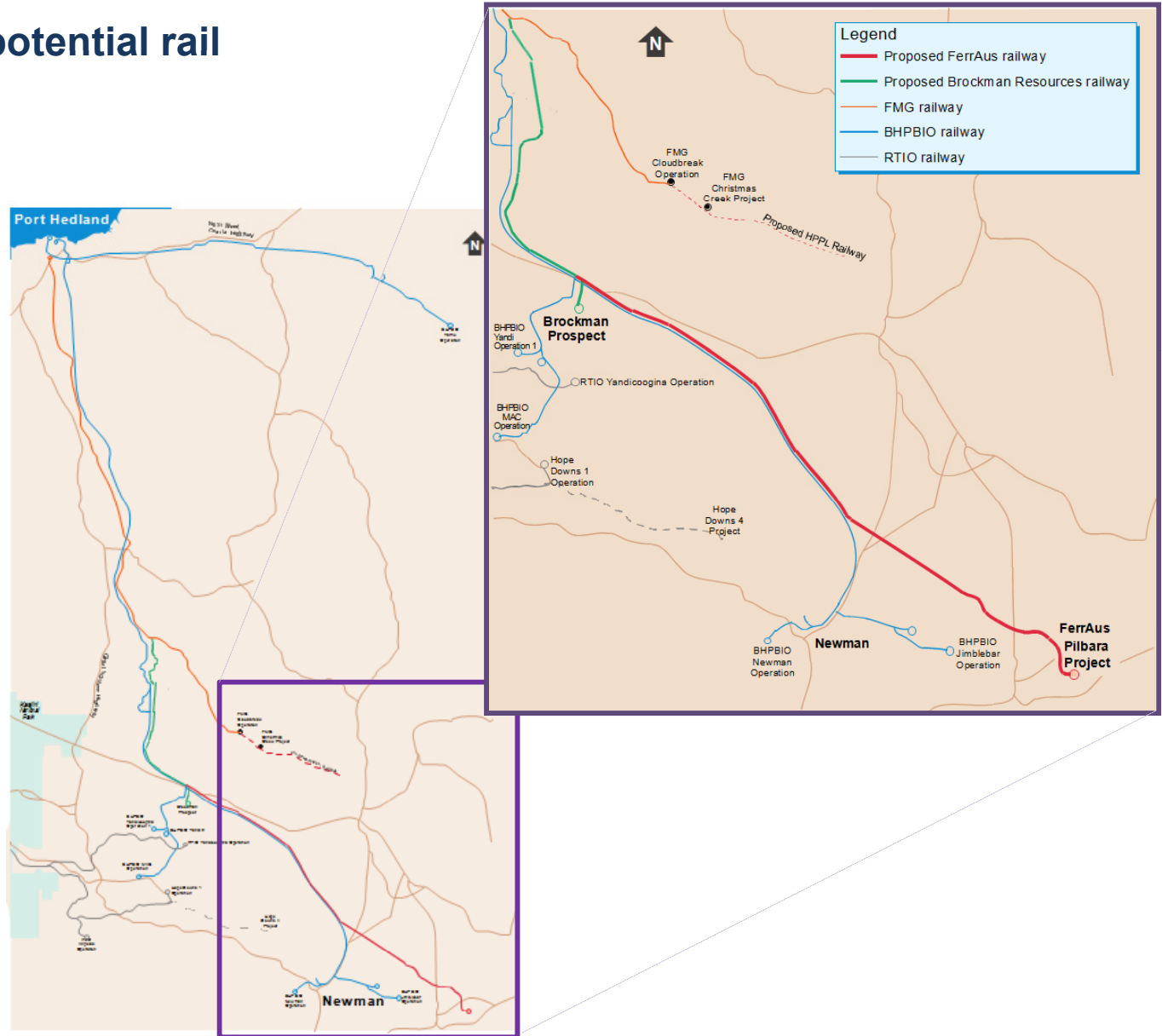
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FerrAus has a number of potential rail solutions

Port Hedland

Pilbara iron ore area

Perth







## Rail – Solution In Conjunction With DFS

### FMG

- The Pilbara Infrastructure (TPI) access agreement (subsidiary of FMG):
  - Requires TPI, under certain circumstances, to provide third party access
  - Final pricing and terms of access for third parties expected soon
- Ongoing commercial discussions with FMG aimed at achieving potential TPI rail solution

### BHP Billiton

- WA State Agreement (1964) and Rail Transport Agreement (1987):
  - Outlines the principles that Mt Newman Railway (participants include BHP Billiton) agreed with WA Government to carry third party iron ore when requested

### Other

- Progressing efforts to secure haulage through other parties including Hancock Prospecting and those proposing stand-alone infrastructure solutions



## Finance

- DFS Prerequisite
- Rail Spur: PFS basis - funded by strategic investor via tariff
- Port: being considered – low risk (existing harbour, significant demand, NWIOA shareholders have projects capable of operating >50 Mt/pa)
- CRM is a strategic shareholder in FerrAus and holds a Board seat – it has interests in both sales off take and infrastructure investment

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## Finance

- **Based on current long term iron ore price forecast:**
  - **Significant projected free cash flow for shareholders**
  - **Project allows for commercial returns to financiers / infrastructure providers**

- **Project financing based on three(3) tranches:**

(1) Mine and plant infrastructure	\$720 million
(2) Rail infrastructure and rolling stock	\$880 million
(3) Port infrastructure (through NWIOA)	\$2.7 billion



# Enachedong Manganese Project

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## Recent High Grade Manganese Results (27 October 2010)

- Outstanding in situ rock chip results up to 57.5 per cent Manganese
- Woodie Woodie style high grade manganese targets
- Located 60 km south of known world class resource at Woodie Woodie
- Manganese shale targets with strike extent of more than 5 km
- Aggressive exploration drilling program planned for April / May 2011



*Manganiferous boulders in situ at Black Stripe Prospect*



*Enachedong Manganese Project, East Pilbara, Western Australia – Eastwood Prospect viewed from the East*



*Manganiferous Carawine Dolomite at Omen Prospect- EDRK0029, 57.5% Mn*



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**Thank You**