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IRON ORE RESERVE INCREASES TO 163 MILLION TONNES

- Iron Ore Reserve Increases To 163 Million Tonnes
- Maiden Reserve For Mirrin Mirrin Of 37 Million Tonnes

FerrAus Limited (ASX: FRS) today announced that the iron ore reserve estimate has increased to 163 million tonnes, at 57.4 per cent Fe, for the FerrAus Pilbara Project in Western Australia. (See Table 1)

The Mirrin Mirrin maiden reserve figure of 37 million tonnes has an analysis of 57.5 per cent Fe, 4.3 per cent SiO₂, 2.3 per cent Al₂O₃, 0.09 per cent P and 8.7 per cent LOI.

The recent Ore Reserve Statement provided by Snowden Mining Industry Consultants (Snowden), has determined that the FerrAus Pilbara Project contains Probable Ore Reserves of 163 million tonnes, contained within the optimised pit designs for the King Brown (Robertson Range), Python-Gwardar, Taipan and Mirrin Mirrin (Davidson Creek) Resources.

This Iron Ore Reserve figure represents an increase of 37 million tonnes or 29 per cent on the previous Reserve figure of 126 million tonnes (FRS ASX announcement 15 November 2010). The increase in the Reserve figure is directly attributable to the completion of mining studies for the Mirrin Mirrin Resource.

Managing Director, Cliff Lawrenson, considers that an increase of almost one third in the Reserve figure is another impressive milestone in the development of the Project.

“This is a fantastic result for the FerrAus Pilbara Project and one which provides another big boost for our team, as we continue to progress towards delivering the first shipment of iron ore before the end of 2014,” he said.

“One of the key points to highlight is the excellent level of conversion from Resource to Reserve at Mirrin Mirrin.

“The Definitive Feasibility Study team is now running at full speed and the Study is on target to be completed by the end of 2011.

“Our current resource total is 331 million tonnes and the corporate resource target remains at 400 million tonnes.

“Also, the current DFS target specification for the product is 59 per cent iron, 2.3 per cent aluminium oxide, 4 per cent silica, 0.09 per cent phosphorous and 8.3 per cent Loss On Ignition, which will be achieved with minimal beneficiation.

“My first few months at FerrAus have been very exciting and the pace is only going to increase as we move through the different phases to achieve production,” Mr Lawrenson said.

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Table 1: FerrAus Pilbara Project - Iron Ore Reserves (May 2011)

Area	JORC (2004) Reserve Category	Tonnes Mt	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Robertson Range	Proved	-	-	-	-	-	-
	Probable	31.0	58.3	5.4	3.0	0.09	7.4
	Total	31.0	58.3	5.4	3.0	0.09	7.4
Davidson Creek	Proved	-	-	-	-	-	-
	Probable	95.0	57.0	5.5	3.3	0.09	8.9
	Total	95.0	57.0	5.5	3.3	0.09	8.9
Mirrin Mirrin	Proved	-	-	-	-	-	-
	Probable	37.0	57.5	4.3	2.3	0.09	8.7
	Total	37.0	57.5	4.3	2.3	0.09	8.7
Total Reserves		163.0	57.4	5.2	3.0	0.09	8.6

Ore Reserve Statement

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

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.