

16 September 2011

FERRAUS LIMITED – CANCELLATION OF OPTIONS

FerrAus Limited (**FerrAus**) advises that, in accordance with Bid Implementation Agreement executed by FerrAus and Atlas Iron Limited (**Atlas**), the holders of unlisted options issued to Directors, employees and consultants of FerrAus have agreed to the cancellation of 9,135,000 options. Following this cancellation, a total of 691,640 Atlas shares were issued to the option holders as consideration.

FerrAus successfully sought a waiver from ASX from Listing Rule 6.23.2 on 25 August 2011 (**Waiver**) regarding the requirement to seek shareholder approval for the cancellation. The Waiver was granted on the condition that the off-market takeover bid by Atlas be declared unconditional and that Atlas has acquired voting power in FerrAus of at least 50.1% (**Conditions**). The Conditions were satisfied on 8 September 2011.

The following options have been cancelled:

ASX Code	Number of Options	Expiry Date	Exercise Price
FRSAS	1,200,000	31 December 2011	\$1.15
FRSAZ	200,000	27 April 2012	\$1.00
FRSAQ	400,000	8 November 2012	\$1.35
FRSAY	500,000	6 September 2013	\$1.00
FRSAO	50,000	13 October 2013	\$0.75
FRSAB	50,000	2 November 2013	\$1.00
FRSAA	75,000	2 November 2013	\$1.25
FRSAW	1,000,000	1 April 2014	\$1.00
FRSAI	310,000	27 May 2014	\$1.00
FRSAK	350,000	14 September 2014	\$1.00
FRSAC	1,000,000	17 April 2016	\$1.00
FRSAC	1,000,000	17 April 2016	\$1.40
FRSAC	1,000,000	17 April 2016	\$1.80
FRSAC	1,000,000	17 April 2016	\$2.20
FRSAC	1,000,000	17 April 2016	\$2.40

There are no remaining options on issue.



CHRISTOPHER HUNT
 Company Secretary