

18 November 2010

MOUNT NEWMAN PARTICIPANTS COMMENCE LEGAL ACTION IN THE WESTERN AUSTRALIAN SUPREME COURT DESIGNED TO STOP FERRAUS FINALISING A RAIL HAULAGE AGREEMENT WITH THEM

FerrAus Limited announces that BHP Billiton Minerals Pty Ltd, Mitsui-Itochu Iron Pty Ltd and ITOCHU Minerals & Energy of Australia Pty Ltd (**Mount Newman Participants**) commenced legal proceedings today in the Supreme Court of Western Australia against FerrAus and the President of Engineers Australia.

FerrAus has previously sought to reach agreement with the Mount Newman Participants on the terms of rail haulage of FerrAus' iron ore on the Mount Newman railway system but has been unable to do so.

As a consequence, FerrAus had sought the agreement of the Mount Newman Participants to appoint Professor Allan Fels AO as the independent expert to determine the terms of rail haulage in accordance with the dispute resolution mechanism under clause 3 of the Schedule to the Mount Newman Participants' 1987 agreement with the Western Australian Government (**1987 State Agreement**).

As the Mount Newman Participants have declined to agree to the appointment of Professor Fels, under a further application of clause 3, FerrAus may request the President of Engineers Australia to appoint an independent expert to determine the detailed contractual arrangements of rail haulage. Pursuant to clause 3, the decision of an independent expert shall be final and binding on the Mount Newman Participants and FerrAus.

The proceedings commenced today by the Mount Newman Participants seek declarations and injunctive relief in respect of these possible further steps leading to the appointment of an independent expert by the President of Engineers Australia.

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Detailed information about FerrAus Limited can be found on the company's website
www.ferraus.com.