



# Investor Briefing

**26<sup>th</sup> November 2010**



# Disclaimer

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## 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.*



## FerrAus Limited – Summary

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**Market Capitalisation: A\$232 million** (at A\$1.13 per share 24 November 2010)

**Resources: 328.7 Mt (JORC)      Target: 400 Mt (JORC)**

- Good quality    ■ Compact area    ■ Lower technical risk

**Reserves: 126 Mt (JORC)**

**Robust PFS results:**

- 15Mtpa production target    ■ NPV<sub>8</sub> of A\$1,120m to A\$1,340m    ■ IRR of 24% to 26%

**Port solution well advanced (one of three members of NWIOA)**

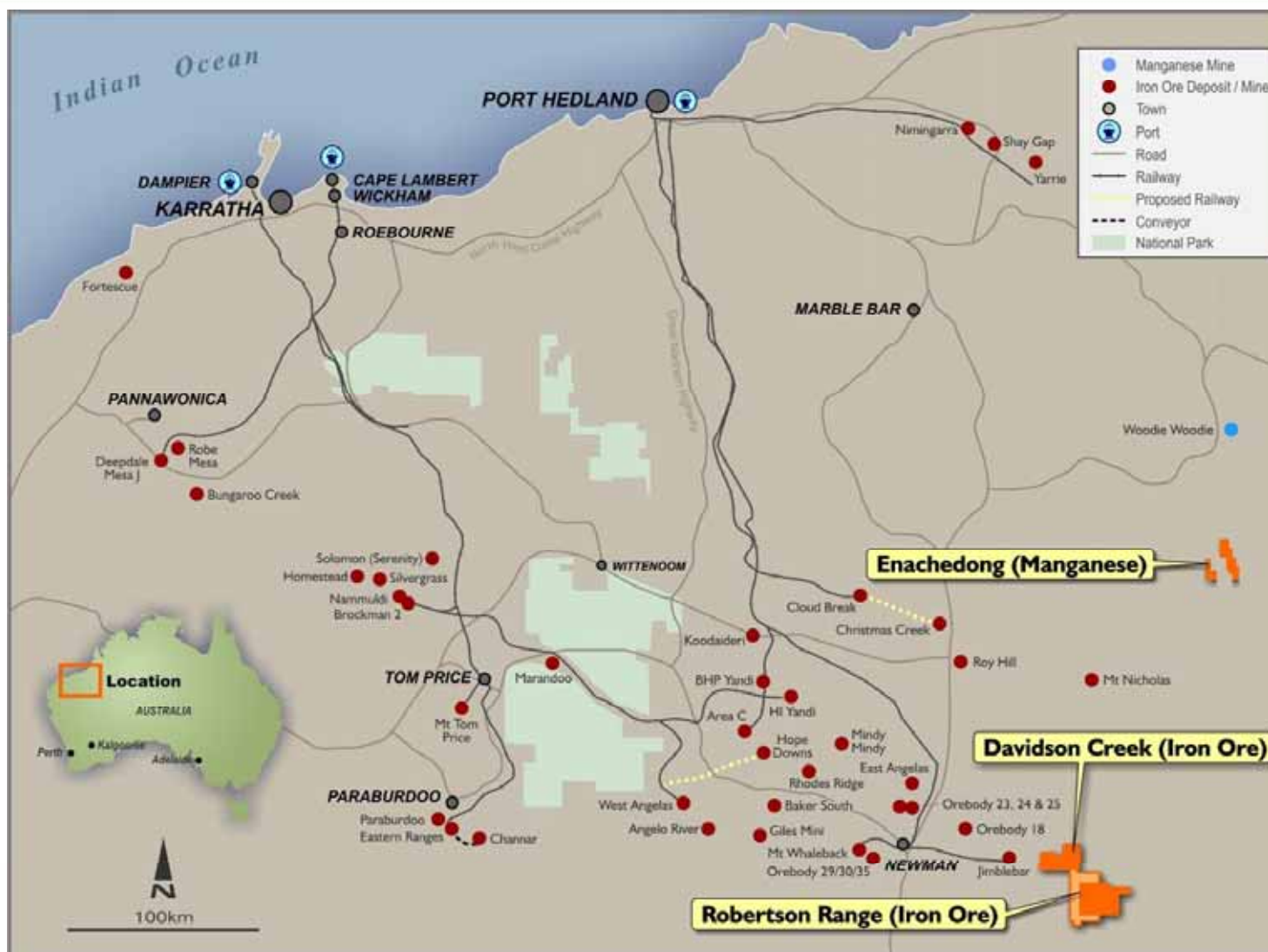
**Rail solution being actively progressed**

**Shipments targeted to commence 2014**

**Strong strategic Chinese support: Wah Nam, CRM, WMC**

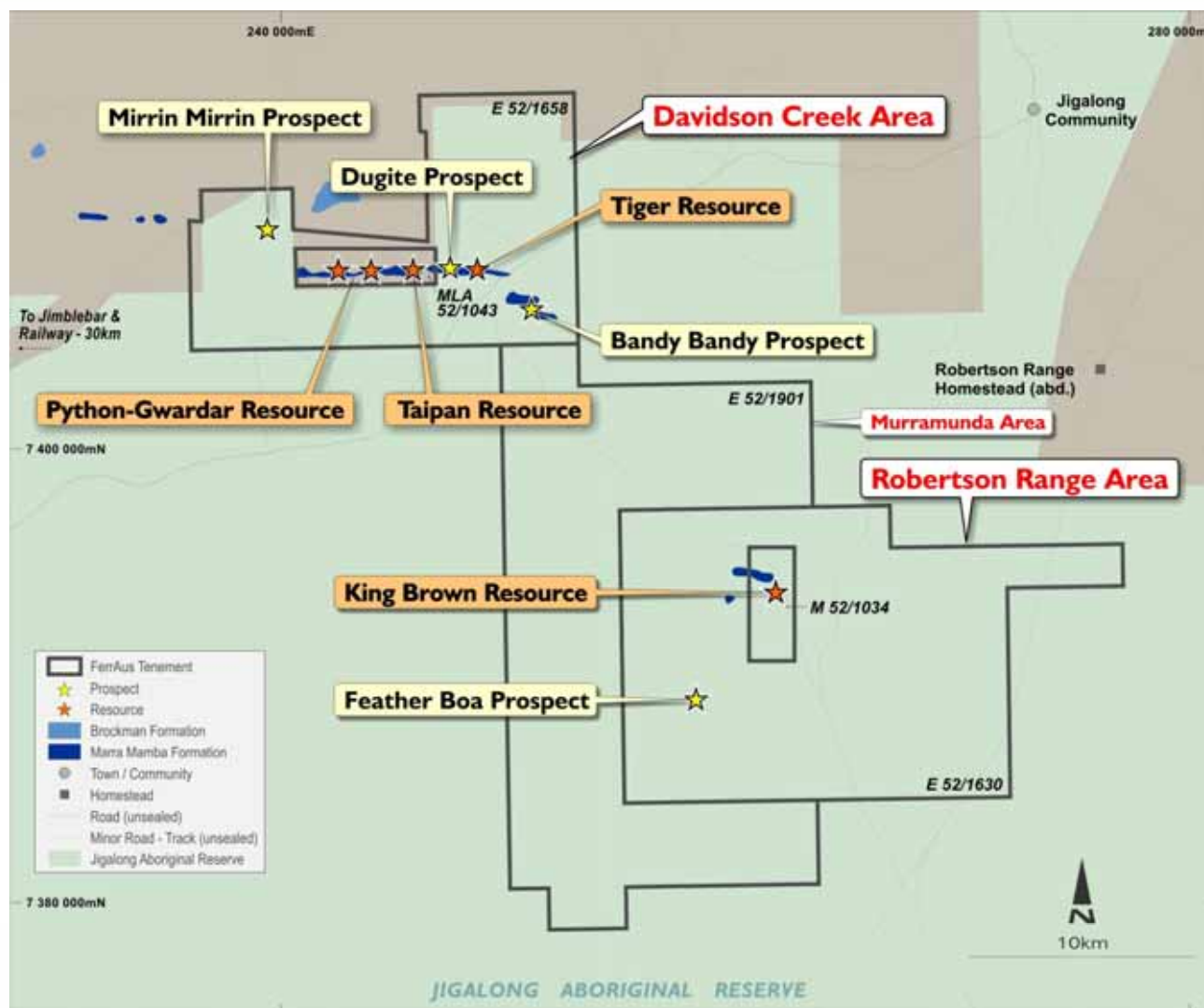


## Project Locations





# FerrAus Pilbara Project





## Current Resources 328.7 Million Tonnes JORC

Area	JORC (2004) Resource Category	Tonnes Mt	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	P (%)	LOI (%)	CaFe (%)
<b>High Grade Resources (+55% Fe)</b>								
<b>Robertson Range</b>	Measured	23.40	58.93	4.54	2.71	0.11	7.69	63.84
	Indicated	20.70	58.98	5.40	2.99	0.10	6.48	63.07
	Inferred	10.60	58.11	6.56	3.37	0.10	6.15	61.93
	<b>Total</b>	<b>54.60</b>	<b>58.79</b>	<b>5.26</b>	<b>2.94</b>	<b>0.11</b>	<b>6.93</b>	<b>63.18</b>
<b>Davidson Creek</b>	Measured	9.50	58.10	4.31	2.83	0.08	9.12	63.90
	Indicated	91.60	58.70	4.44	2.43	0.08	8.63	64.20
	Inferred	62.10	58.00	4.94	2.69	0.10	8.63	63.48
	<b>Total</b>	<b>163.20</b>	<b>58.40</b>	<b>4.60</b>	<b>2.54</b>	<b>0.09</b>	<b>8.66</b>	<b>63.91</b>
<b>Total (+ 55% Fe)</b>		<b>217.80</b>						
<b>Medium Grade Resources (between 50-55% Fe)</b>								
<b>Robertson Range</b>	Inferred	16.20	53.00	8.51	5.40	0.12	8.85	58.20
<b>Davidson Creek</b>	Inferred	94.60	53.20	8.41	5.11	0.09	9.28	58.60
<b>Total (between 50-55% Fe)</b>		<b>110.80</b>						
<b>Total Resources</b>		<b>328.70</b>						

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows:  $CaFe = (Fe \times 100) / (100 - LOI)$ . Resources are reported above a 55% Fe cut-off grade, except for medium grade resources which are between 50-55% Fe. 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.



## Current Reserves 126 Million Tonnes JORC

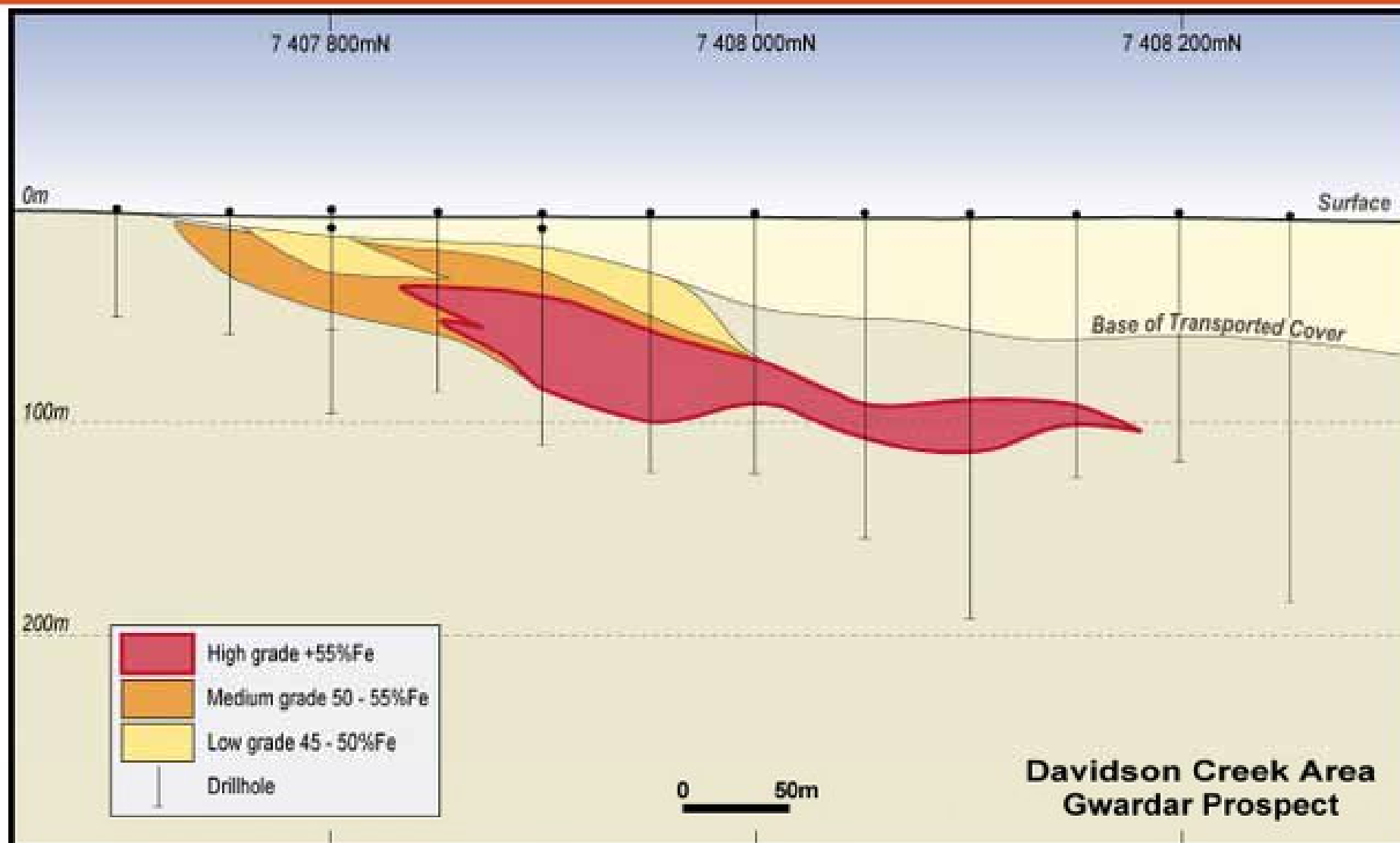
Area	JORC (2004) Reserve Category	Tonnes Mt	Fe (%)	SiO2 (%)	Al2O3 (%)	P (%)	LOI (%)
Robertson Range	Proved	-	-	-	-	-	-
	Probable	31.0	58.1	5.5	3.1	0.1	7.4
	<b>Total</b>	<b>31.0</b>	<b>58.1</b>	<b>5.5</b>	<b>3.1</b>	<b>0.1</b>	<b>7.4</b>
Davidson Creek	Proved	-	-	-	-	-	-
	Probable	95.0	57.0	5.5	3.3	0.1	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>					

*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.*



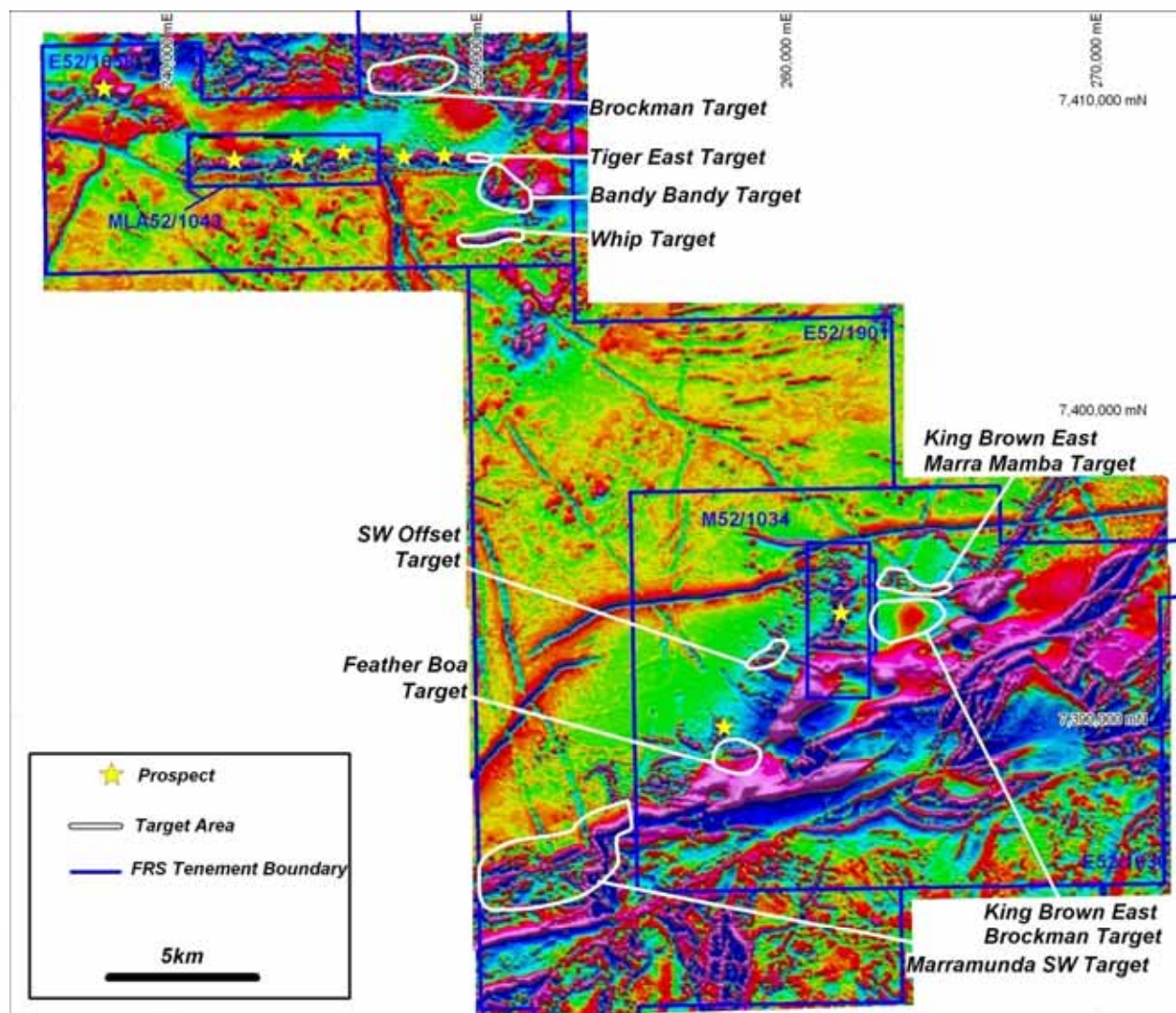
## Resources – Medium Grade Ore Potential





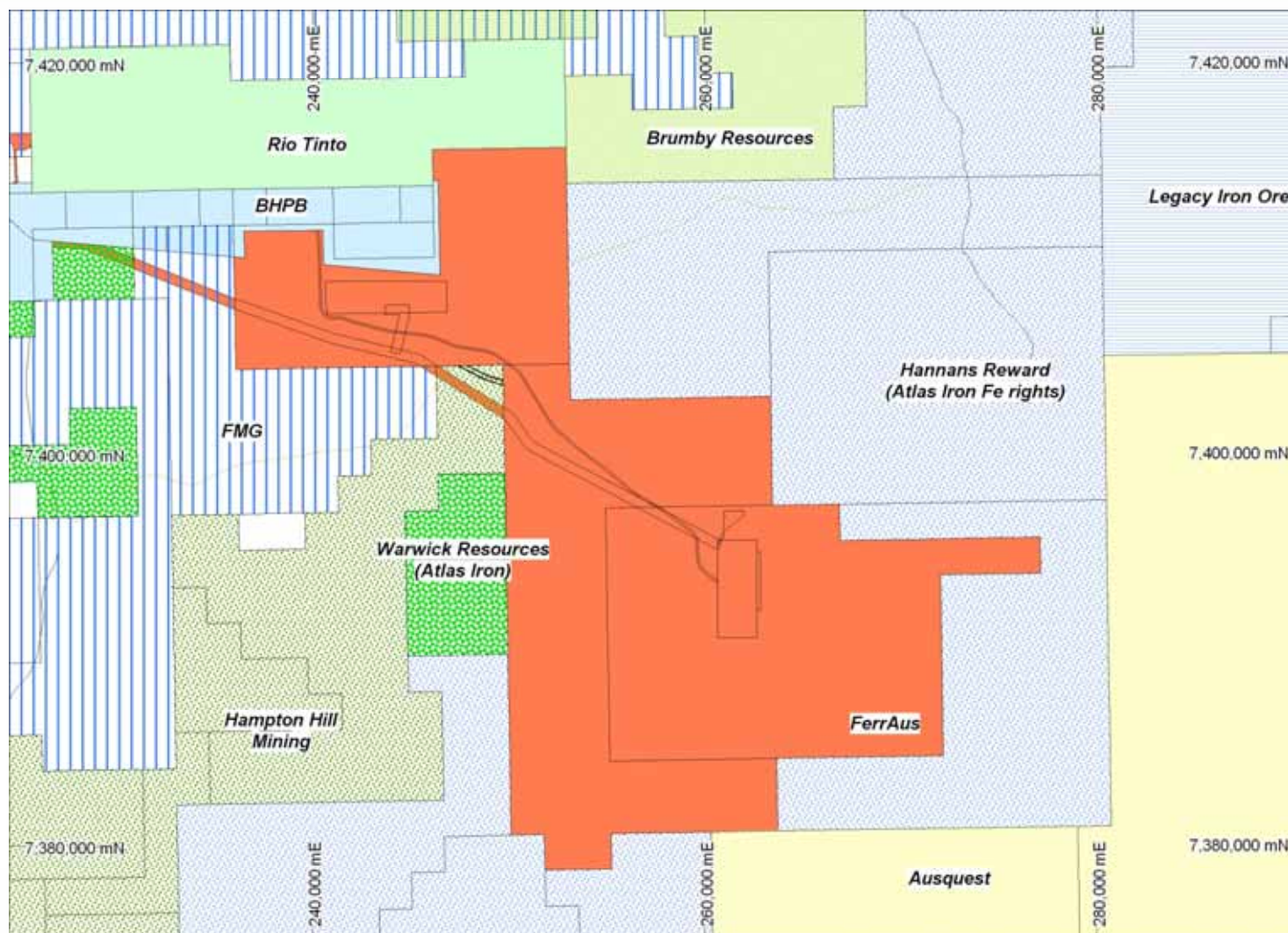


## Resource – Strong Potential to Increase





## Nearby Areas – Further Resource Potential





## Enachedong Manganese Project

### 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
- Manganese shale targets with strike extent of more than 5 km
- Aggressive exploration drilling program planned for 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*



# Port Outcome





## Infrastructure – Port Outcome

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### **Port project well advanced**

### **NWIOA shipments scheduled to commence by end 2013**

FerrAus founding member of North West Iron Ore Alliance (NWIOA)

NWIOA has port allocation of 50 Mtpa

Estimated capital expenditure: \$2.7 Billion

Definitive Feasibility Study scheduled for completion December 2010

Environmental approvals progressing



## Port – North West Iron Ore Alliance

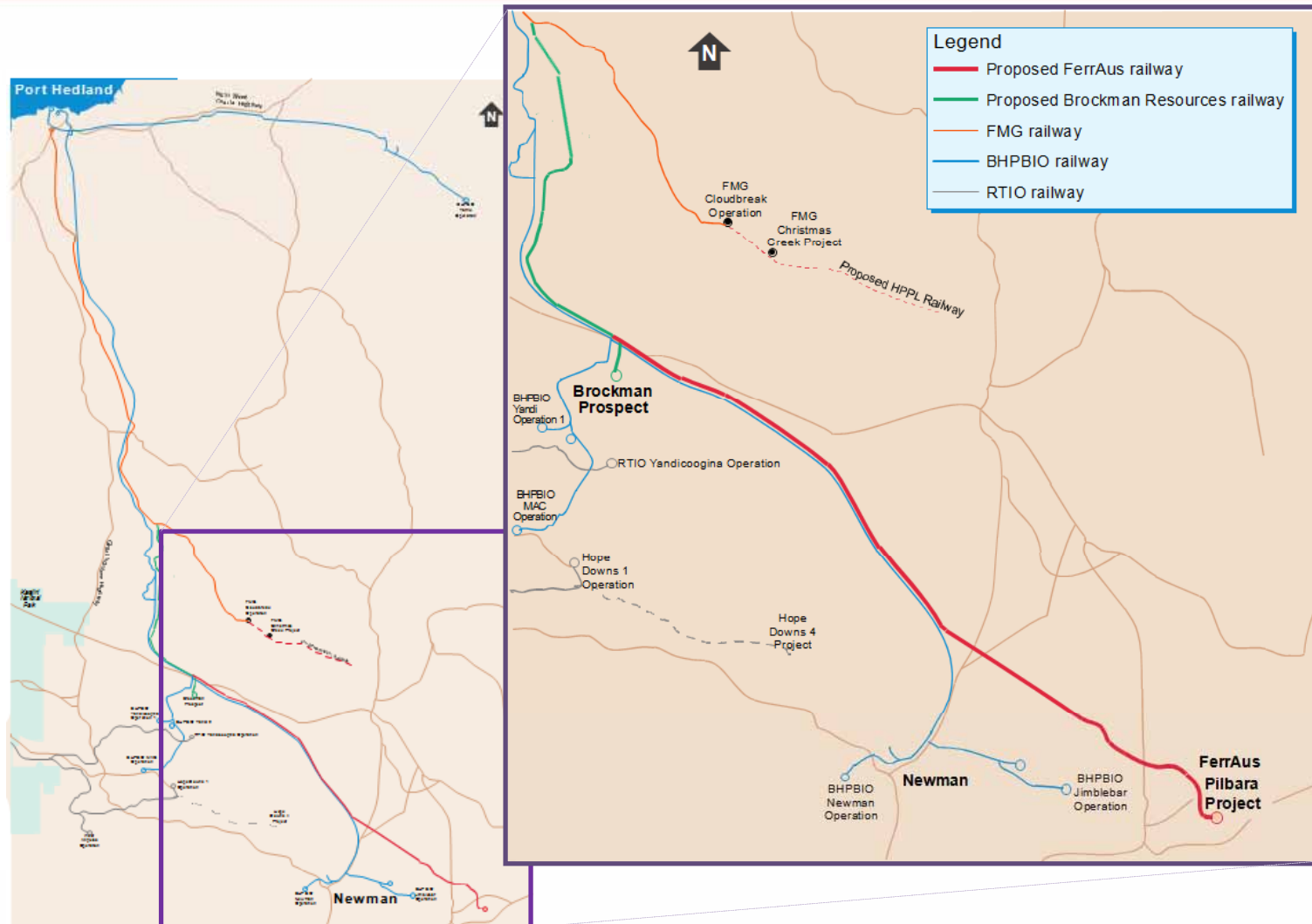




# Rail Outcome



## Pilbara – Rail







## Infrastructure – Rail Outcome

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State Agreements(1964) and RTA(1987)  
– rail haulage obligation: Mt Newman Joint Venture

Working towards finalising a rail haulage agreement subject to  
finalisation of a confidentiality agreement

TPI Access or haulage agreement

Hancock Roy Hill rail to be constructed by 2013

Rail spur route selected to provide flexibility

Discussions commenced with existing rail owners / operators



# PFS Results



## Pre Feasibility Study - Financially Robust and Technically Viable

### Pre Feasibility Study Results

<b>PFS Probable Ore Reserve</b>	<b>126 Mt (dry)</b>
<b>FerrAus Additional Inventory</b>	<b>125 Mt (dry) [ refer full table at Slide 20 ]</b>
<b>NPV (8% real after tax)</b>	<b>A\$1,120 Million to A\$1,340 Million</b>
<b>IRR (real after tax)</b>	<b>24 to 26 per cent</b>
<b>Payback Period (discounted)</b>	<b>4 years</b>

### Key Assumptions

- **Life of Mine Production** 227 Mt (wet)
- **Waste to Ore Ratio:** 4.32
- **Peak Production:** 15Mtpa (wet)
- **Product:** Fines
- **Product Grade:** 59.1% Fe, 2.3% Al<sub>2</sub>O<sub>3</sub>, 4% SiO<sub>2</sub>, 0.09% P, 8.3% LOI
- **Iron ore price:** Metalytics Base Case (with long term US101 cents per dmtu from 2023)
- **Exchange rate :** Metalytics Base Case (with long term US\$0.77 to A\$1.00 from 2023)



## Upside Potential For FerrAus Pilbara Project

PFS Mining Inventory (including Inferred)	
Davidson Creek (DC) and Robertson Range (RR)	153 Mt (dry) - this includes 126 Mt of Probable Ore Reserves
FerrAus Internal Preliminary Mining Inventory – Inferred Category	
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)
Total Dry Tonnes	202 Mt (dry)
Corporate Target	
Corporate Exploration Target	49 Mt (dry)
Total	
Nominal Total Dry Tonnes (including Corporate Target)	251 Mt (dry)
Product	
Life of Mine Average Yield	82.8 %
Moisture	9 %
Life of Mine Production	227 Mt (wet)
Product Grade	59.1 % Fe

*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.*



## Pre Feasibility Study - Financially Robust and Technically Viable

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<b>Operating Costs</b> (exc royalties, admin & marketing)	<b>A\$43.5/wmt to A\$46.5/wmt</b>
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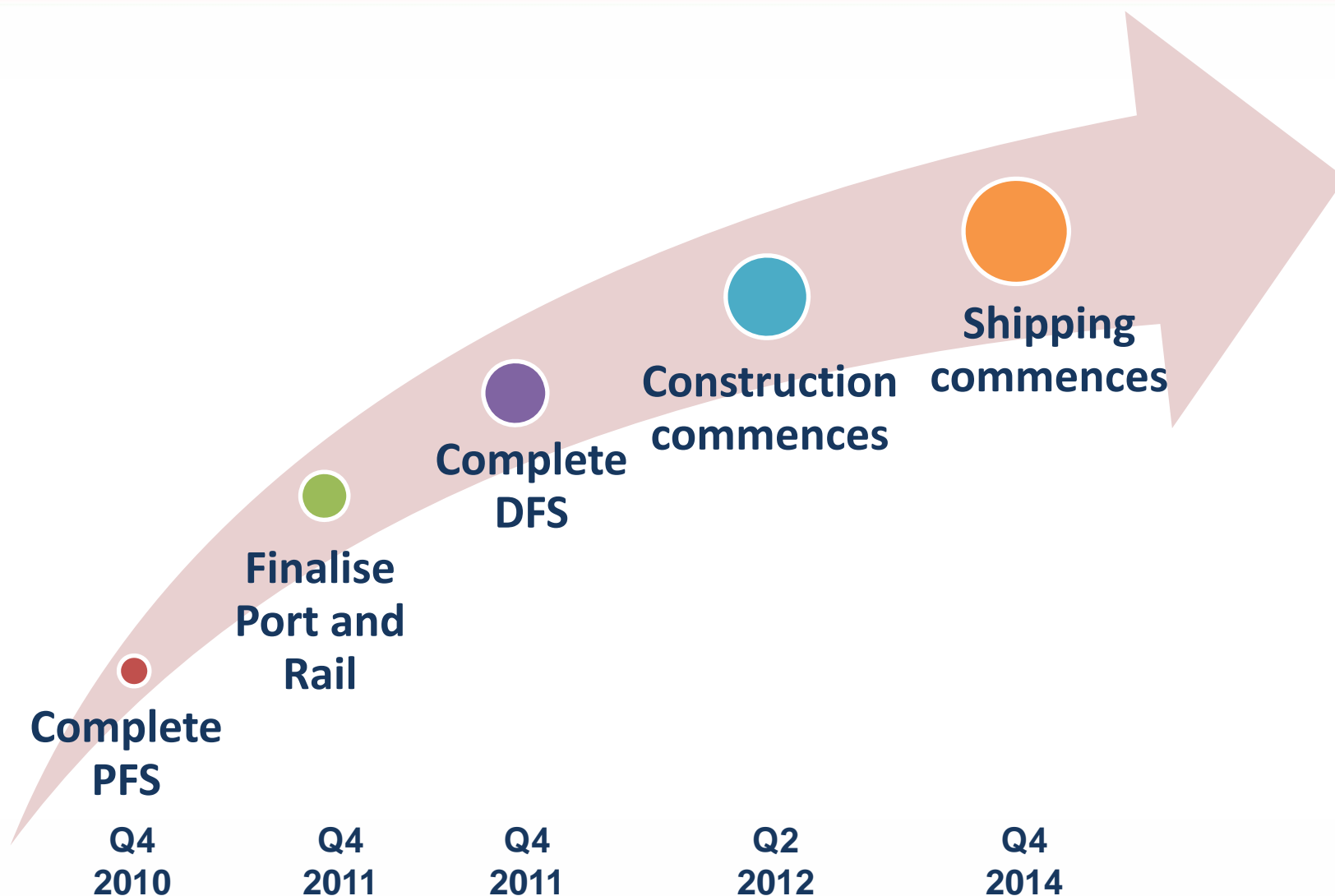
- Includes contract mining, processing and rail costs
- Includes a tariff for the rail spur and port with a capital recovery and a return on capital to the funding party
- Excludes royalties and general and administration

<b>Upfront Capital Expenditure</b>	<b>A\$960 million</b>
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- Includes mine infrastructure, processing plants, train load-out, rolling stock and a capital contribution for the North West Iron Ore Alliance port



## Development Timetable – Well Advanced





# Wah Nam Offer



# Wah Nam Offer

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## The Offer

- **Unsolicited, conditional offer to acquire FerrAus** by Hong Kong listed Wah Nam International Holdings Limited (Wah Nam) announced on 10 November 2010
- **6 Wah Nam shares : 1 FerrAus share.** Implied value of approximately A\$1.29 per FerrAus share on the date of the offer
- Wah Nam has also announced a simultaneous offer for Brockman Resources, which also owns an iron ore development project in the Eastern Pilbara. **Wah Nam presently holds 19.9% of FerrAus and 22.6% of Brockman**

## Offer Conditions

- Wah Nam shareholder approval
- 90% minimum acceptance
- Permission from ASX to list on ASX
- No regulatory actions
- No material transaction
- No material adverse change
- No Prescribed Occurrence
- No dividend
- S&P 300 must not fall more than 15%
- AUD:HKD exchange rate does not appreciate more than 10%





## Wah Nam Offer (Cont'd)

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### Recommendation

- The directors of FerrAus have unanimously recommended that shareholders **DO NOT ACCEPT** the Wah Nam Offer.
- The key considerations relating to the board's recommendation include:
  - The underlying value and liquidity of Wah Nam shares;
  - The significant dilution of FerrAus shareholders' interest in the project;
  - The uncertainty in relation to Wah Nam's bid for Brockman;
  - The uncertainty in relation to Wah Nam's strategies to fund and develop the project and associated infrastructure, and its ability to execute its strategies whatever they may be.
- Recommendation and reasons for recommendation to be detailed in FerrAus' Target's Statement.

### Timing

- Despatch of Wah Nam's Bidder's Statement and opening of offer expected around 6 December 2010
- Target's Statement to be despatched within 2 weeks of the Bidder's Statement



## Directors

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**Bryan Oliver**  
Executive Director

Ex CEO Mid West Corporation  
Ex Exec Director – Robe River Mining



**Jim Wall**  
Non Executive Director

Executive Chairman - Kimberley Metals  
Ex MD Savage Resources Limited



**John Nyvlt**  
Non-Executive Chairman

Ex Normandy – Marketing  
Penfold Group - Director



**Guoping Liu**  
Non Executive Director

Vice President - China Railway  
Materials Commercial Corp (CRM)  
Ex Director - Mt Gibson Iron Limited



**Joe Singer**  
Non Executive Director

Ex Glencore – Marketing  
Penfold Group – Founding Director



**Robert Greenslade**  
Non Executive Director

Ex Normandy – Corporate M&A  
Gryphon Partners - Founding Director



## Corporate Information – FerrAus Limited ASX:FRS

<b>Shares</b>	<b>205.7 M *</b> (Fully Diluted 218.7 M)
<b><i>Class B Performance Shares</i></b>	<b>7.5 M *</b>
<b>Options (Unlisted)</b>	<b>5.5 M *</b>
<b>Share Price</b> (as at 24 November 2010)	<b>A\$1.13</b>
<b>Market Cap</b>	<b>A\$232 M</b>
<b>Cash on hand</b> (as at 30 September 2010)	<b>A\$22.1 M</b>

<b>Major Shareholder</b>	<b>Current Per Cent</b>
Wah Nam International	19.90
CRM – China	12.61
WMC – China	7.36
Penfold Limited	7.16
Directors	4.39
<b>Total</b>	<b>51.42</b>

\* As at 24 November 2010