
FOURTH QUARTER ACTIVITY REPORT
For the period ending 30 June 2010

Highlights

- **Subscription Agreement with Wah Nam International Holdings Ltd**
- **116 Per Cent Increase In Indicated and Measured Iron Ore Resources**
- **Total Resources at 297.2mt**
- **Appointment of Chief Financial Officer**
- **Mirrin Mirrin Drilling Results**
- **Lawson Gold Prospectus Issued**

CORPORATE ACTIVITY

Placement to Wah Nam International Holdings Ltd

During this quarter FerrAus Limited completed the placement of 25,047,939 fully paid ordinary shares, representing 11.5% of FerrAus Limited's fully diluted share capital with a wholly owned subsidiary of Wah Nam International Holdings Ltd on 28 June.

The shares were issued and allotted at A\$0.86 per share, representing a premium of approximately 8 per cent to the last closing price on 22 June 2010, for a total investment of A\$21,541,227.54 which will be subject to a 12 month escrow period.

Following this placement, Wah Nam's shareholding, including its prior shareholding, was approximately 14.9 per cent. The shares were issued within FerrAus Limited's 15 per cent placement limit under Listing Rule 7.1.

The placement provided additional funds to progress both the feasibility studies and exploration program.

Major Upgrade Underpins PFS

On 16 June the Company announced a 116 per cent increase in its measured and indicated resources at the FerrAus Pilbara Project in Western Australia.

The resource total for the Project is now 297.2 million tonnes, up 7 per cent on the previous resource statement (4 March 2010).

FerrAus Pilbara Project – Iron Ore Resource Inventory June 2010

Area	JORC (2004) Resource Category	Million Tonnes	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	Ca Fe (%)
High Grade Resources (+55% Fe)								
Robertson Range	Measured	23.4	58.93	4.54	2.71	0.109	7.69	63.84
	Indicated	20.7	58.98	5.40	2.99	0.104	6.48	63.07
	Inferred	10.6	58.11	6.56	3.37	0.097	6.15	61.93
	Total	54.6	58.79	5.26	2.94	0.105	6.93	63.18
Davidson Creek	Measured	9.5	58.10	4.31	2.83	0.078	9.12	63.90
	Indicated	91.6	58.70	4.44	2.43	0.082	8.63	64.20
	Inferred	38.7	57.96	4.77	2.82	0.096	8.67	63.49
	Total	139.8	58.46	4.52	2.57	0.086	8.68	63.98
Total (+55% Fe)		194.4	58.55	4.73	2.67	0.091	8.19	63.76
Medium Grade Resources (between 50-55% Fe)								
Robertson Range	Inferred	16.2	53.00	8.51	5.40	0.123	8.85	58.2
Davidson Creek	Inferred	86.5	53.08	8.26	5.31	0.08	9.40	58.6
Total (between 50-55% Fe)		102.7	53.07	8.30	5.33	0.086	9.31	58.5
Total Resources		297.2						

Small discrepancies may occur in the tabulated resources due to the effects of rounding. Calcined Fe grade calculated as follows: CaFe = (Fe x 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.

Snowden Mining Industry Consultants (Snowden) had verified this new resource estimate for the Davidson Creek Area. There was no change to the Robertson Range Area resource estimates.

In addition to the upgrade for the estimated resource total for material above 55% Fe cut-off, Snowden provided an update for the mineral resources estimate of medium grade material (between 50% and 55% Fe) in the Inferred Category, at Davidson Creek to 86.5 million tonnes.

Appointment of Chief Financial Officer

Mr Christopher Hunt was appointed to the position of Chief Financial Officer on 14 June 2010.

Prior to joining FerrAus Limited Mr Hunt was the head of finance for Cliffs Natural Resources Inc's Asia Pacific operations as the General Manager Finance and Administration.

As a finance executive with more than 16 years experience in the resource sector, primarily in iron ore, Mr Hunt has added further depth to the senior management team as the company makes the transition from exploration to a 15 million tonne per annum producer.

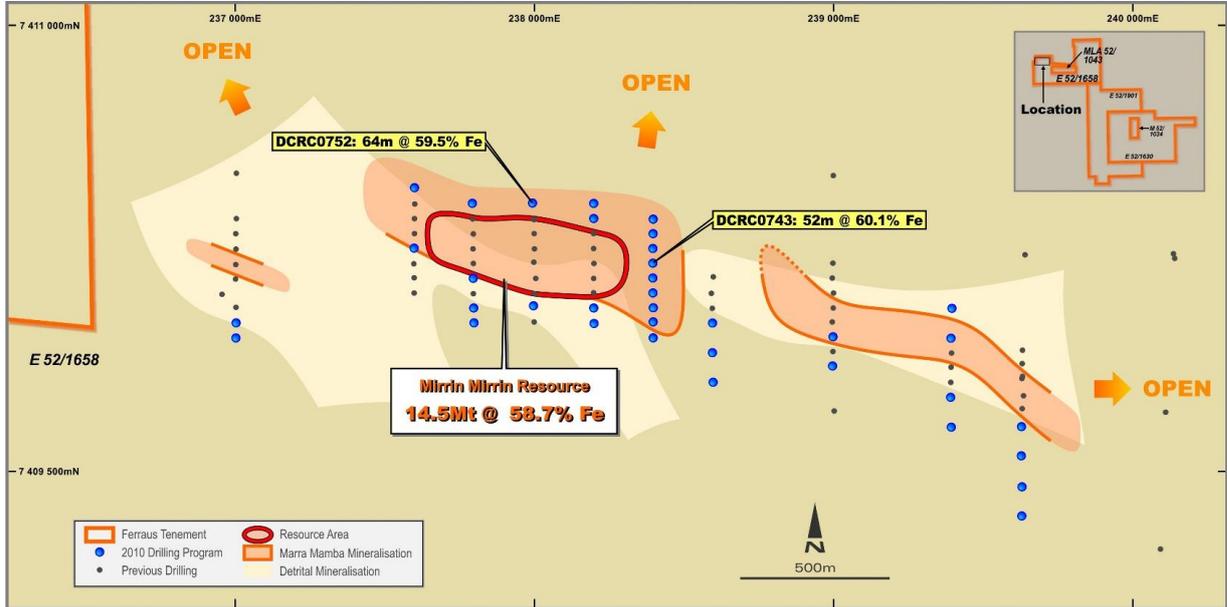
Mirrin Mirrin Drilling Results

Early in June and prior to the resource upgrade, FerrAus announced results from Reverse Circulation (RC) drill holes at the Mirrin Mirrin Prospect in the Davidson Creek Area.

These results, from exploration holes drilled since March 2010, were outside the defined resource area and indicated that mineralisation is continuous along strike and down dip to the north, with low to medium grade mineralisation to the south interpreted as detrital material.

The resource area for Mirrin Mirrin identified on Figure 1 below, is a product of 2009 drilling. Exploration efforts undertaken during this calendar year built upon that success.

Figure1: Plan View– Drilling Program: Mirrin Mirrin Prospect, Davidson Creek Area



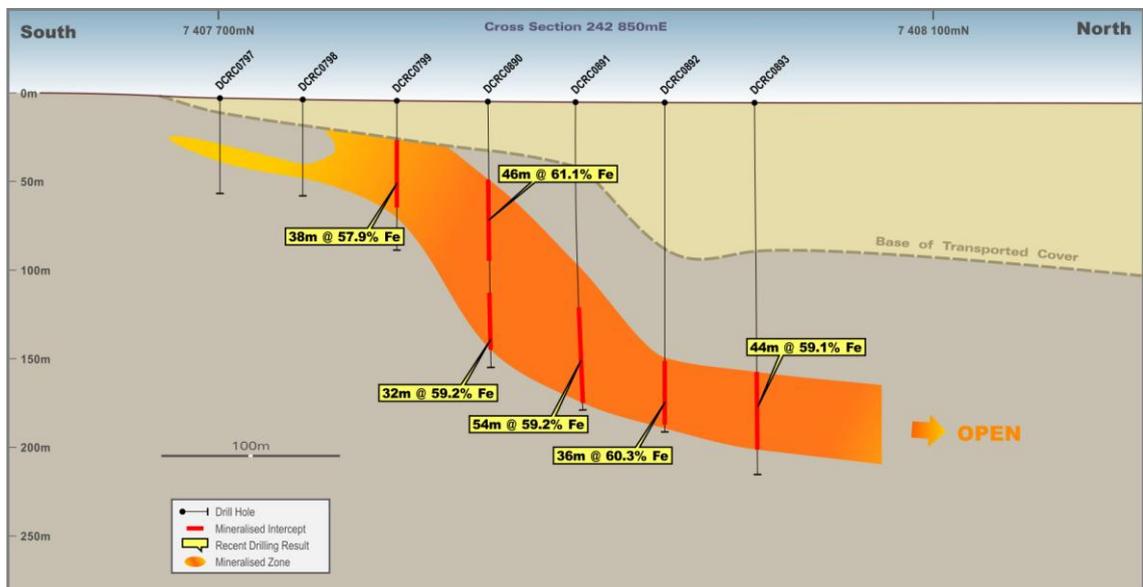
Note: Mirrin Mirrin Resource 14.5Mt @ 58.7% Fe ASX: Media Statement 4 March 2010

On 24 May FerrAus Limited also announced the results from recent infill RC drilling at the Davidson Creek Area, undertaken to support the ongoing Pre Feasibility Study (PFS).

A total of 18,648 metres in 180 drill holes were completed during a program that commenced in January and was completed in April, 2010.

The bulk of the drilling comprised 100 metre infill lines to the existing 200 metre drill line spacing. The drill line density covering this part of the Davidson Creek Area now stands at 100 metres by 50 metres, which is required before consideration can be given to a resource upgrade higher than an Inferred Category level.

Figure 1: Cross Section – Infill Drilling Results: Davidson Creek Area



Silver Swan North Project – Spin Out Gold Assets To Lawson Gold

On 25 May FerrAus Limited announced the issue of the Lawson Gold Prospectus, which sought to raise up to \$5 million, through the issue of 25 million shares at 20 cents each. The offer consisted of a Priority Offer and a Public Offer.

Lawson Gold had been established by FerrAus as a gold exploration company predominantly focussed on the discovery of economic gold resources at its Lawson Gold Project located in the Kalgoorlie goldfields.

The Lawson Gold Project is situated in one of the best known gold districts in the world, with several significant gold deposits and mines located nearby, including the Paddington Gold Mine and Barrick Gold Corporation's Kanowna Belle Gold Mine.

A review of the Project highlighted a number of gold exploration targets combined with a geological setting that was considered to have the potential to host significant gold mineralisation.

Lawson Gold will acquire the granted tenements from FerrAus under the terms of a Sale Agreement with FerrAus for a total consideration of 1,500,000 ordinary shares in the capital of Lawson Gold.

EXPLORATION ACTIVITY

Priority reconnaissance drill targets identified are being tested. Drilling has been conducted on both Viper and Bandy Bandy Prospects in the Davidson Creek area, and at Mulga and Keelback Prospects of the Robertson Range area. Results are encouraging.

Mirrin Mirrin Prospect remains the best new area which has the potential to grow the FerrAus resource base and therefore it has been the main focus for exploration drilling.

Exploration and Evaluation Expenditure Summary

	Expenditure \$'000
FerrAus Pilbara Project	6,528
Lawson Gold Project	220
Enachedong	16
	<hr/> 6,764 <hr/>

ROBERTSON RANGE (E 52/1630, E52/1901, M52/1034)) Pilbara Region, WA

New target testing has been the main focus for exploration efforts on E52/1630 and E52/1901. During the quarter, new target areas of Mulga Prospect (approx 3 km east of King Brown Prospect) and Keelback Prospect approx 15km SW of King Brown on lease E52/1901 were drilled by RC methods.

A total of 35 RC holes were drilled for 4,177 metres.

The summary of drilling is as follows:

- 15 RC holes at Mulga Prospect for 1,596 metres
- 20 RC holes at Keelback Prospect for 2,581 metres

Work commenced at King Brown Prospect in support of the PFS. Geotechnical and metallurgical core drilling was conducted.

A total of 8 PQ core holes were drilled for 729 metres.

The summary of drilling is as follows:

- 3 PQ metallurgical core holes for 208 metres
- 5 PQ geotechnical core holes for 521 metres

DAVIDSON CREEK (E53/1658) Pilbara Region, WA

A strategic combination of reconnaissance drilling with resource drilling ensured that exploration would continue to test new target areas, but continue to expand its resource base. As well, metallurgical and geotechnical core drilling continued as part of scheduled PFS commitments.

A total of 70 exploration RC holes were drilled for 10,849 metres and 5 geotechnical holes for 141 metres.

The summary of drilling is as follows:

- 9 holes at Python Prospect for 1,266 metres
- 11 holes at Bandy Bandy Prospect for 1,686 metres
- 34 holes at Mirrin Mirrin Prospect for 5,052 metres
- 16 holes at Viper Prospect for 2,845 metres
- 5 geotechnical RC holes at Python Prospect for 141 metres

A total of 12 PQ core holes were drilled for 1,590 metres.

The summary of drilling is as follows:

- 1 PQ geotechnical hole at Gwardar Prospect for 189 metres
- 10 PQ geotechnical holes at Python Prospect for 1,283 metres
- 1 PQ twin hole at Tiger Prospect for 118 metres

MURRAMUNDA (E52/1901) Pilbara Region, WA

Although no exploration activity was conducted during the third quarter, statutory reports were completed.

ENACHEDONG MANGANESE PROJECT (E46/614) Pilbara Region, WA

Ground mapping and geochemical sampling has been conducted across the tenement area. A number of rock chip samples were taken, results are awaited.

LAWSON GOLD PROJECT (EL27/209 and ML's 27/262-265) Kalgoorlie Area, WA

During this quarter, regional exploration efforts at the Silver Swan North Project included the planning and implementation of a comprehensive RAB drilling program to cover previously identified as well as new gold targets. A field camp at the project was also established.

A total of 183 holes were drilled for a total of 7,896 metres. Results and accompanying interpretation are pending.

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 Ltd. 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", "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