

25 November 2010

Dear Shareholder

**UNSOLICITED TAKEOVER OFFER FROM WAH NAM INTERNATIONAL LIMITED**

**DO NOT ACCEPT**

As previously communicated, FerrAus Limited (FerrAus) received an unsolicited takeover offer from a wholly owned subsidiary of its major shareholder Wah Nam International Holdings Limited (Wah Nam) on 10 November 2010.

The offer consideration is six (6) Wah Nam shares for every FerrAus share and is subject to a number of conditions including, but not limited to, a minimum acceptance level of 90%, obtaining Wah Nam shareholder approval and obtaining ASX approval to list Wah Nam shares on the ASX.

Wah Nam is a Bermudan-incorporated, Hong Kong listed company (Stock Code: 0159) with a current market capitalisation in excess of A\$850 million. In addition to its 19.9% holding in FerrAus and a 22.6% holding in Brockman Resources Limited (Brockman), Wah Nam owns a limousine rental and airport shuttle bus business operating in Hong Kong and China, as well as a small scale base metals project in China.

Your Board considers that the offer demonstrates the significant potential value and strategic importance underlying both FerrAus' project and the Eastern Pilbara region. Wah Nam has also made a simultaneous but independent all-scrip takeover offer for Brockman, which also owns a developing iron ore project in the Eastern Pilbara.

After careful consideration of the offer by your board, together with our corporate advisors Gryphon Partners and our legal advisors Allens Arthur Robson, the directors unanimously recommend that shareholders **DO NOT ACCEPT** Wah Nam's Offer.

The key considerations relating to the board's recommendation include:

- The underlying value and liquidity of Wah Nam shares and the fact that the offer is all scrip;
- 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.

The Board's recommendation is based on the offer as it currently stands. The FerrAus Board may reconsider its recommendation should circumstances change. Wah Nam's bid for FerrAus is not conditional on its bid for Brockman being successful, but a number of the key benefits which Wah Nam claims flow from its offer to FerrAus only arise if Wah Nam acquires Brockman.

A Target Statement containing our recommendation and further detail on the reasons for the Board's recommendation will be sent to you no later than 15 days after the Wah Nam Bidder's statement is dispatched to shareholders, expected to occur in approximately one week.

After carefully reading the Target's and Bidder's Statements, should you wish to follow your Directors' recommendation then you should **TAKE NO ACTION**.

Should you have any enquiries relating to this offer please telephone the FerrAus Shareholder Information Line: 1300 133 271 (Toll Free) within Australia or +61 3 9415 4157 from outside Australia

Yours faithfully



John Nyvit  
Chairman