

ASX Announcement:

Friday 29 January 2010

SECOND QUARTER ACTIVITY REPORT

For the period ending 31 December 2009

Highlights

- China Railway Materials (CRM) Agreement
- Latest results of reconnaissance drilling at Davidson Creek
- New, near surface detrital iron ore zone identified at the Robertson Range

CORPORATE ACTIVITY

A placement to China Railway Materials Commercial Corporation (CRM) through its wholly owned subsidiary Union Park Company Limited (UPC) was completed on 15 December 2009.

The placement is equal to 12 per cent of the fully diluted enlarged capital structure of FerrAus Limited (the Company) and based on the capital structure of the Company at that time, the investment (which has a 12 month escrow period), was valued at \$12.6 million.

FerrAus Limited and CRM have agreed to cooperate in respect of other potential iron ore resource opportunities in the eastern Pilbara region of Western Australia that, together with the Company's existing resources, can be used to support the financing and construction of necessary rail and port infrastructure.

Under the Share Subscription Agreement, UPC was entitled to appoint a representative to the Company's Board and Mr Guoping Liu was appointed as UPC's representative, in the role of a Non-Executive Director.

Mr Liu is the Vice President of CRM, Chairman to the Board of UPC and has extensive international experience within the USA, Europe and South America. The Board considers that Mr Liu's expertise, industry experience and relationships will be of great assistance in the next phase of the Company's development.

...2/

EXPLORATION ACTIVITY

As a statutory requirement annual returns have been completed for all tenements.

In an ongoing effort to explore the regional potential for iron ore occurrences within FerrAus's Pilbara tenure, an airborne aeromagnetic survey was commissioned during November 2009.

In all, 9,000 line kilometres were surveyed over the entire FerrAus Pilbara Project area to produce a detailed, high resolution series of magnetic images.

Across the entire area, a number of priority target areas have been identified. These areas will be drill tested during early 2010.

Importantly, the Company have identified an excellent target on its 2009 granted Exploration Licence E52/1901 (Murramunda area) and anticipate drilling early to mid 2010, once heritage and environmental approvals are in place.

During the quarter a total of more than 14,000 metres of exploration drilling (consisting of 72 RC drill holes at 9,961 metres and 88 Air Core drill holes at 4,431 metres) were completed.

Of the company's total reported iron ore resource, which stands at 166.6 million tonnes, Davidson Creek holds 114.4 million tonnes (23 million tonnes - Indicated, 91.4 million tonnes - Inferred) and Robertson Range* accounts for the remaining 52.3 million tonnes (23.8 million tonnes - Measured, 20.2 million tonnes - Indicated, 8.2 million tonnes - Inferred).*

** Resource estimates are in accordance with AusIMM JORC Code 2004 reported in ASX announcements 17/4/ 2009 and 3/6/2009*

Exploration Expenditure Summary

	Exploration Expenditure
Silver Swan North	7,342
Enachedong	2,747
Robertson Range	343,698
Davidson Creek	1,489,853
Murramunda	71,070
Robertson Range ML	409,111
	<hr/>
	2,323,821

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ROBERTSON RANGE (E 52/1630) Pilbara Region, WA

Iron ore exploration activity continued during this quarter and drilling was conducted at Robertson Range.

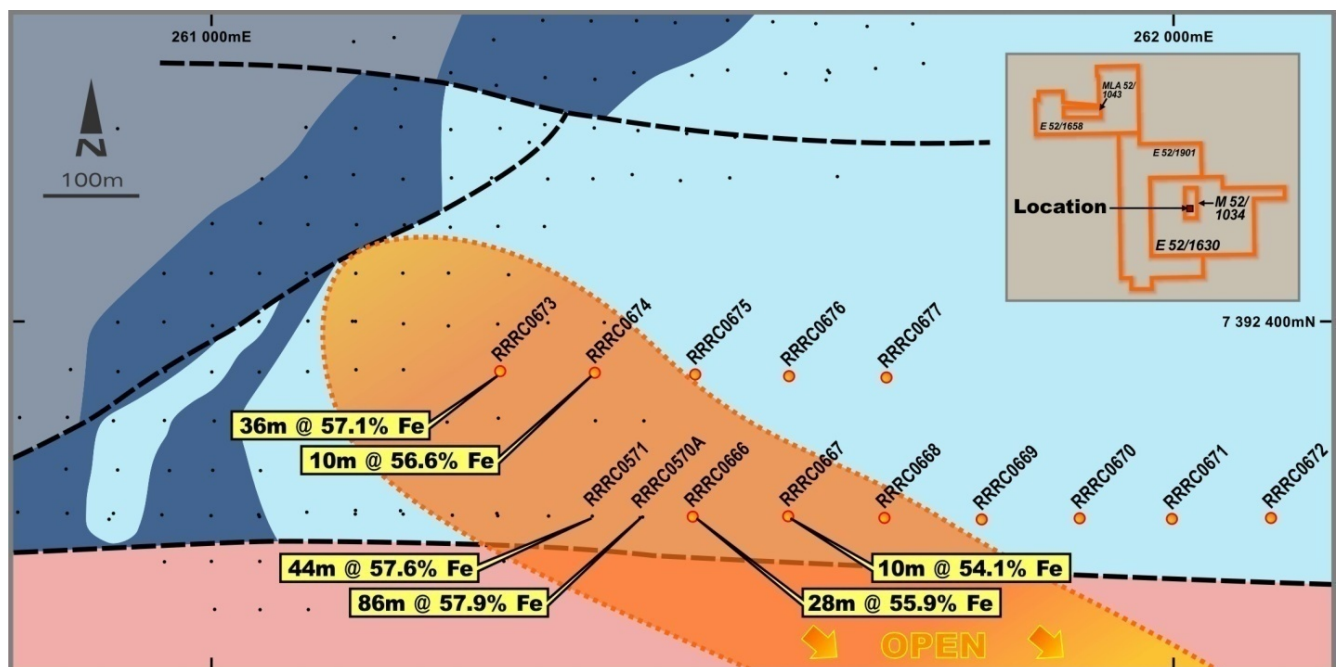
The drilling was focused on the south west zone of the orebody targeting detrital iron ore following interpretation of earlier drilling work completed in 2008.

On 28 October 2009 the Company announced that recent drilling had identified a new, near surface detrital iron ore zone at its Robertson Range Project in the East Pilbara region, Western Australia.

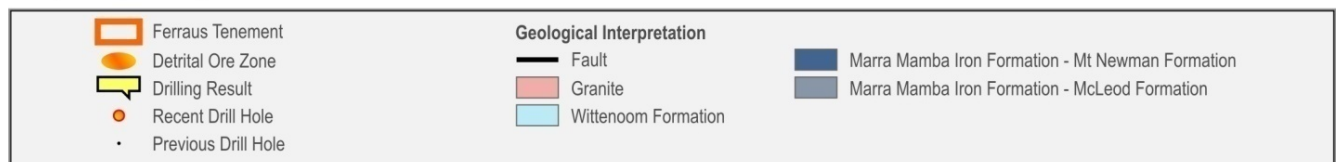
Located in the South West portion of King Brown Prospect, this new detrital iron ore zone sits adjacent to sub-cropping iron mineralization in the Marra Mamba Iron Formation (Newman Member) and extends into a deep palaeo-channel trending to the South East (see Figure 1).

A reverse circulation drilling program (12 holes for 1,722 metres) was completed across the target area as follow-up to earlier positive results. This new detrital iron ore zone is approximately 700 metres long, 200 metres wide with a best intersection of 86 metres at 57.9 per cent Fe from 24 metres to 110 metres.

Figure 1: Plan View - New Detrital Iron Ore Zone, King Brown Prospect:



Geological Interpretation by Ferraus Ltd. October 2009



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DAVIDSON CREEK (E53/1658) Pilbara Region, WA

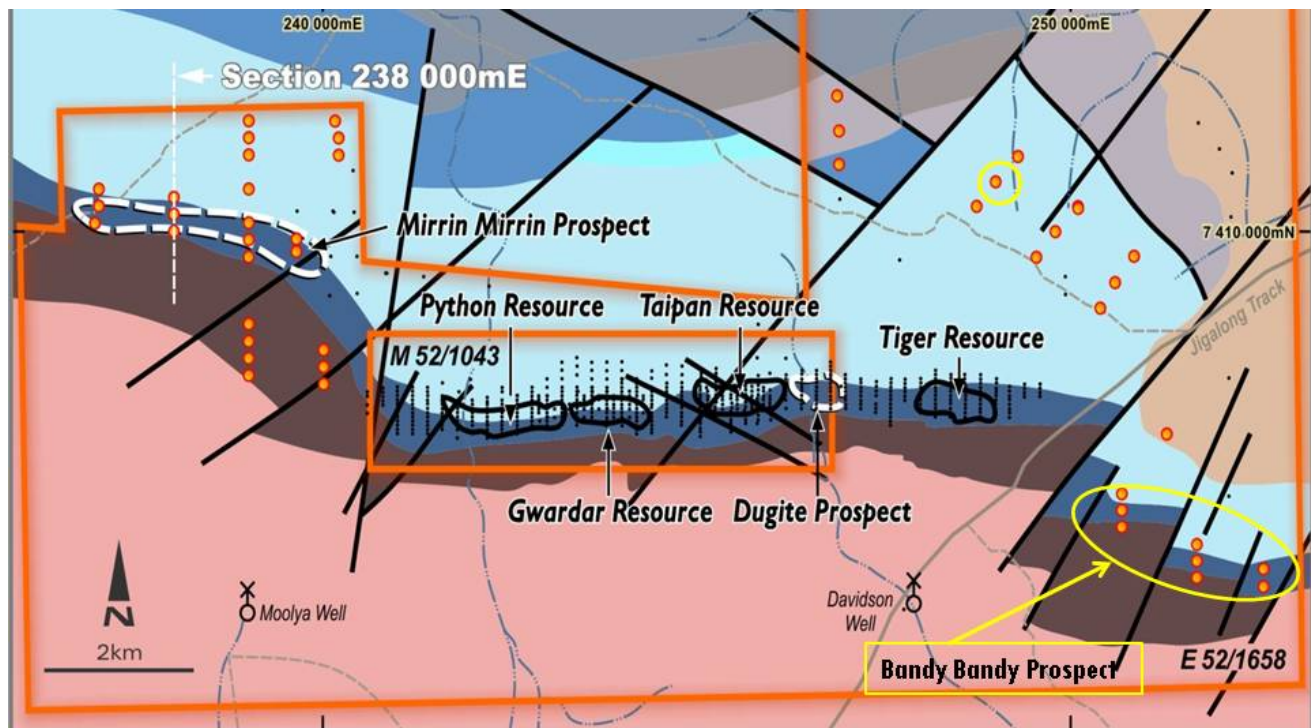
Iron ore exploration activity at Davidson Creek continued to test new targets in Marra Mamba Iron Formation and stratigraphy interpreted to be elements of the Brockman Iron Formation.

On 13 October 2009 the Company announced that its recent reconnaissance drilling at Davidson Creek had identified prospective Marra Mamba Iron Formation stratigraphy.

The newly identified three strike kilometres are located south east of Tiger Resource and the other, previously announced, three strike kilometres are located at the Mirrin Mirrin Prospect.

These drill results have the potential to add significantly to the Company's resource inventory; given the success of exploration drilling efforts along strike in Marra Mamba Iron Formations at Davidson Creek (see Figure 2 and Figure 3).

Figure 2: Davidson Creek Project interpreted geology, with reconnaissance drilling locations

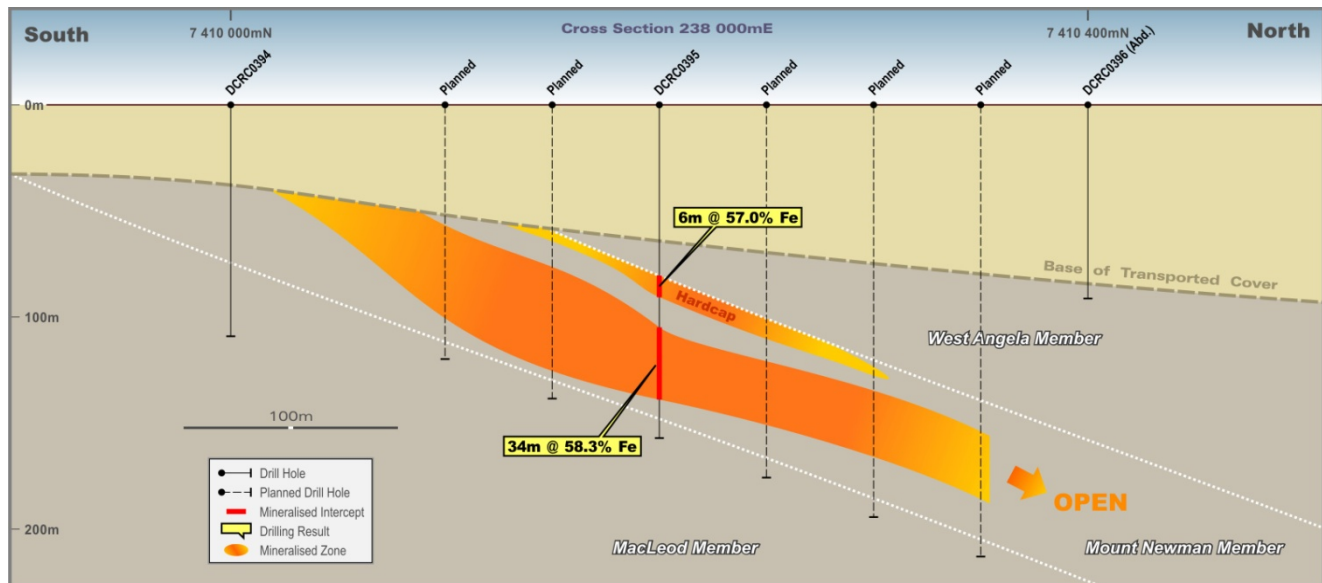


Geological Interpretation by Ferraus Ltd. September 2009



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Figure 3: Mirrin Mirrin Prospect – Cross Section 238,000mE, Results and Planned Drilling



MURRAMUNDA (E52/1901) Pilbara Region, WA

This area was included in the airborne aeromagnetic survey undertaken during the quarter.

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

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

SILVER SWAN NORTH NICKEL & GOLD PROJECT (EL27/209 and ML's 27/262-265) Kalgoorlie Area, WA

A reconnaissance expedition to this area was conducted during the second quarter.

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