

ASX Announcement 30 January 2009

 Telephone: +61 (08) 8232 8000
 Facsimile: + 61 (08) 8232 0077

SECOND QUARTER ACTIVITY REPORT for the period ending 31 December 2008

1.0 CASH POSITION & CONSERVATION

FerrAus cash reserves at 31 December 2008 were approximately \$ 17.5 million. Your board continues to review budgets and expenditure to ensure conservation of the company's cash position.

2.0 EXPLORATION

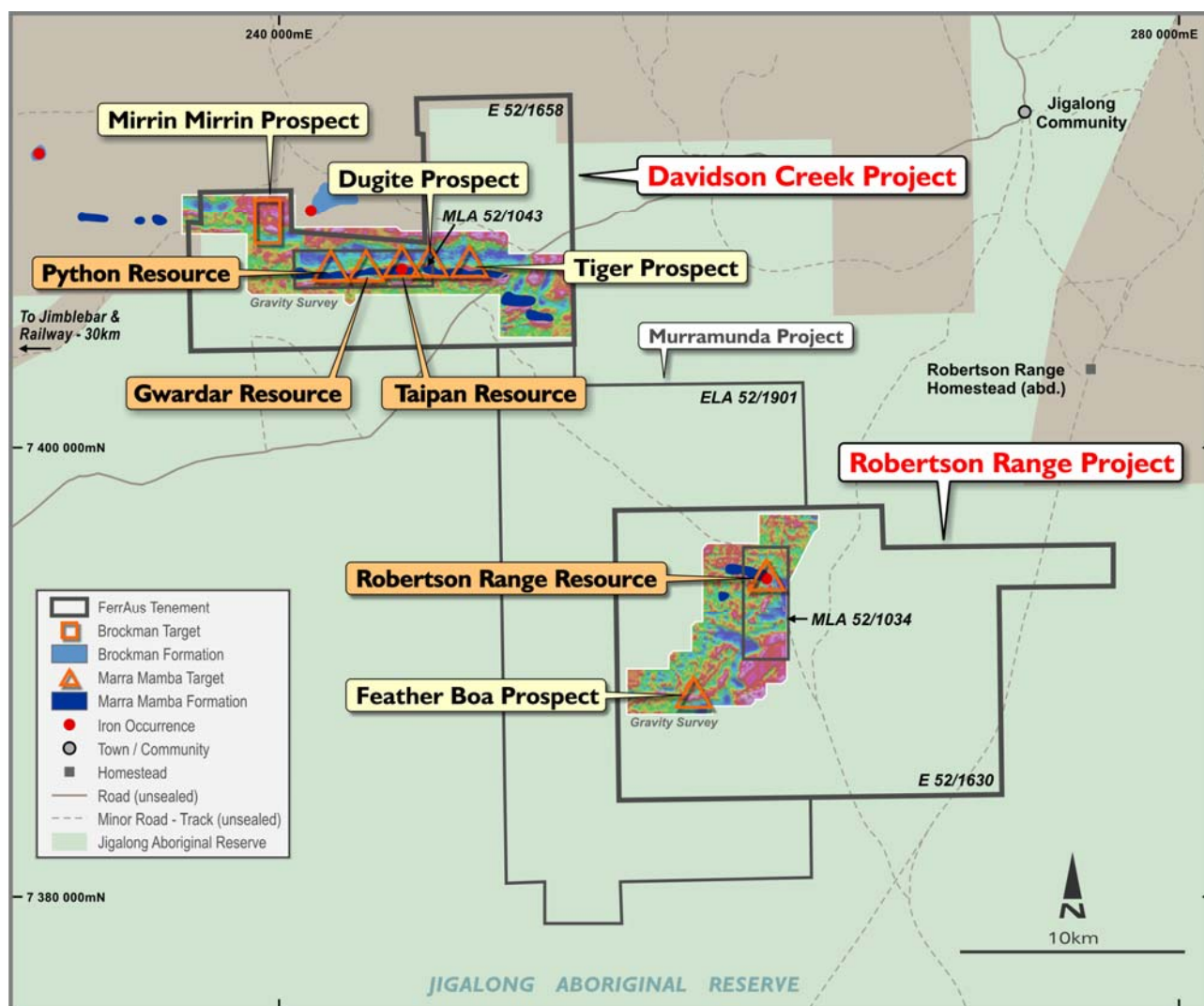
During the quarter significant increases were announced to the Company's iron ore resources at its Robertson Range and Davidson Creek projects to **150.1 million tonnes @ 58.7% Fe** – see Table 1 and Figures 1, 2 and 3.

Table 1: Summary of Resources & Potential Iron Mineralisation

RESOURCE, PROSPECT & TARGET	Mineral Resources [#] (million tonnes Mt) ¹⁻²		Potential Iron Mineralisation* @ 58-60% Fe (Mt)
	Indicated (Mt)	Inferred (Mt)	
Davidson Creek Iron Ore Project			
Gwardar & Python ¹	-	85.4 @ 58.7% Fe	25-30
Taipan ¹	-	14.6 @ 57.7% Fe	10-20
Dugite	-	-	10-20
Tiger	-	-	30-40
Mirrin Mirrin	-	-	?
T40500E	-	-	?
T51500E	-	-	?
T52000E	-	-	15-20
Robertson Range Iron Ore Project			
Main Zone ²	34.1 58.7% Fe	5.9 @ 59.1% Fe	20-30
South West Zone ¹	-	10.1 @ 59.1% Fe	0-10
Feather Boa	-	-	30-40
T91000N	-	-	10-20
T59800E	-	-	20-25
T56500E	-	-	20-25
T55000E	-	-	10-20
TOTAL	150.1 Mt @ 58.7% Fe		200-300
# Estimate in accordance with AusIMM JORC Code 2004 per ASX announcements dated: 1. 5/12 /2008, 2. 2/4/ 2008,			
* FerrAus Limited has not yet reported Mineral Resources from exploration of Prospects or Targets. While the company remains optimistic it will report resources in the future, any discussion in relation to exploration potential or targets or potential iron mineralisation is only conceptual in nature and it is uncertain if further exploration will result in determination of a Mineral Resource			

In addition to current JORC resources (above), FerrAus estimates the exploration potential for iron mineralisation in extensions of the current resources and at prospects and targets to be 200-300 million tonnes.

Figure 1: East Pilbara Iron Ore Projects - Location Plan

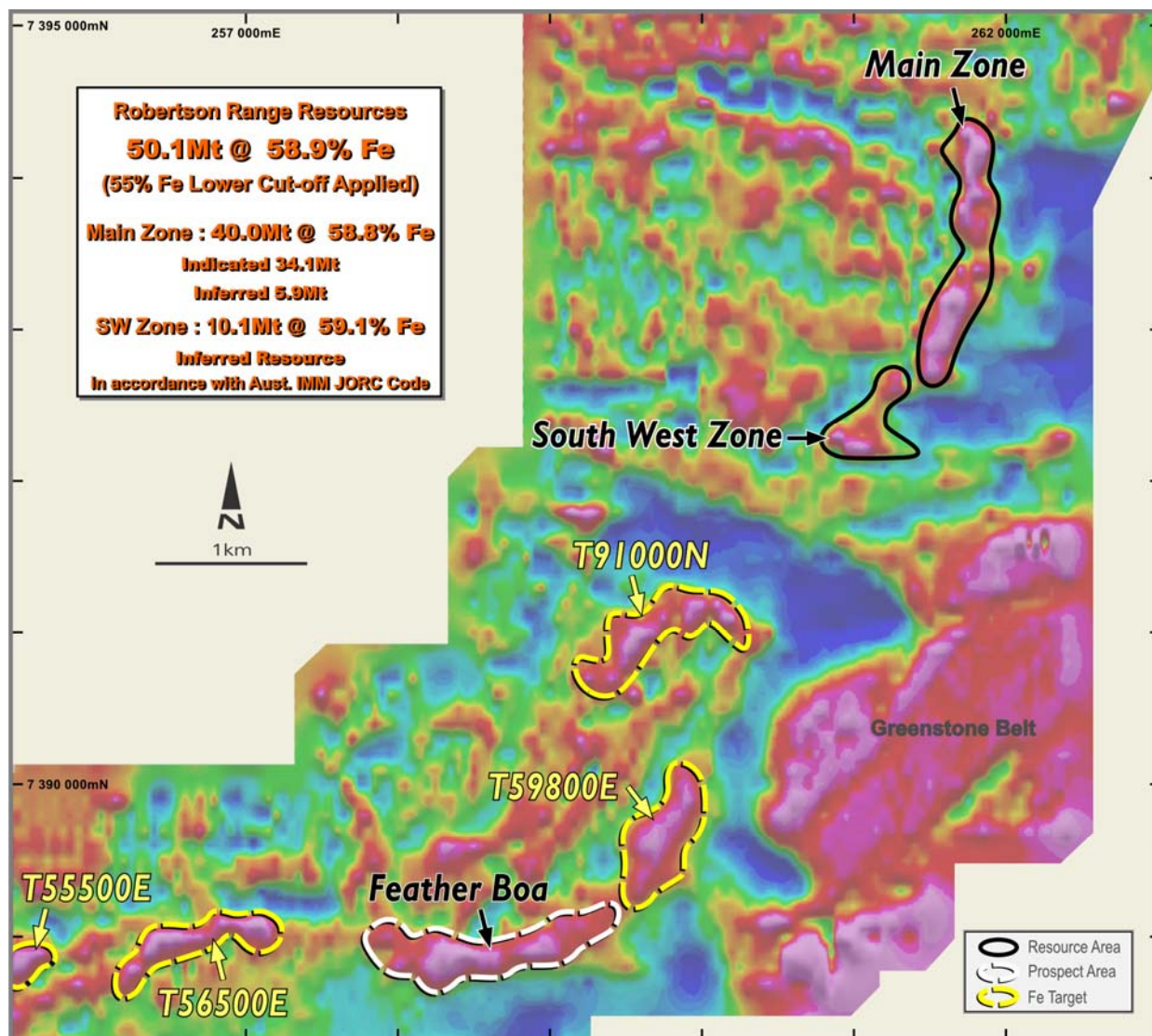


(Note: gravity geophysical surveys are the coloured base images)

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

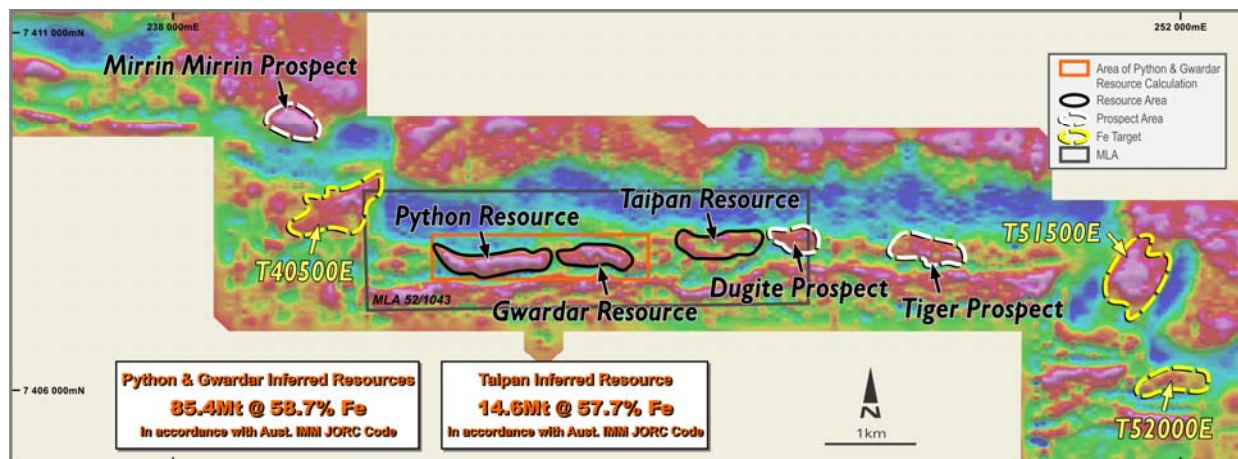
- 2.1 Expenditure on exploration at Robertson Range during the period was \$ 4,104,338.**
- 2.2** An exploration program of 90 holes for 7,848 metres RC drilling and 342 metres Diamond drilling was completed during the quarter.
- 2.3** Based on pending assay results, further resource upgrades are scheduled to be completed during March 2009.
- 2.4** As advised in the Company's Announcement to the ASX on 5 December 2009: "No RC exploration drilling is currently being conducted or is planned during 2009 as the current JORC resource base is adequate to support various mine planning and production scenarios. These resources are planned to be converted to mining reserves based on results of project evaluation studies and financial modelling during 2009".

Figure 3: Robertson Range: Resources, Prospects & Exploration Targets – Location Plan



(Note: gravity geophysical surveys are the coloured base images)

Figure 2: Davidson Creek: Resources, Prospects & Exploration Targets – Location Plan



(Note: gravity geophysical surveys are the coloured base images)

DAVIDSON CREEK IRON ORE PROJECT (E53/1658) Pilbara Region, WA

- 3.1 Expenditure on exploration at Davidson Creek during the period was \$ 2,979,348.
- 3.2 An exploration program of 51 holes for 5,082 metres RC drilling and 548 metres Diamond drilling was completed during the quarter.
- 3.3 Based on pending assay results, further resource upgrades are scheduled to be completed during March 2009.

MURRAMUNDA (E52/1901 Application) Pilbara Region, WA

- 4.1 Minimal expenditure of \$ 1,010 was incurred on the project during the reporting period.
- 4.2 No exploration activity was conducted during the September quarter.

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

- 4.1 Expenditure on exploration at Enchedong during the period was \$ 76,925.
- 4.2 Geological mapping and assay results confirm the occurrence of iron-silica and weak manganese mineralisation within prospective host rocks (dolomite chert). These positive geological results will be assessed and reported during the first quarter of 2009 as part of FerrAus' ongoing review of exploration activities.

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

- 5.1 Minimal expenditure was incurred during the period by FerrAus.
- 5.2 The Stage One Commitment under the Silver Swan North Farm-in and Joint Venture Agreement between Mithril, BHP Billiton and FerrAus Limited (the 'Joint Venture') has been completed. Mithril and BHP Billiton have earned an initial interest of 51% in the Joint Venture.
- 5.3 Pursuant to the Joint Venture Agreement, FerrAus has made an offer to BHP Billiton and/or Mithril to earn into the Stage Two Commitment. Under the Stage Two Commitment the BHP Billiton and/ or Mithril may earn a further 24% (for a total of 75%) by spending \$3 million over an additional 3 year period. At the completion of the Stage Two Commitment the joint venture interests will be 16% Mithril, 59% BHP Billiton and 25% FerrAus. Mithril would continue to manage the project. At the time of writing, BHP Billiton and/ or Mithril have not communicated a response to the offer.
- 5.4 Fieldwork for the reporting period included the completion of ground electromagnetic surveys on priority target areas north and west of Norilsk's Black Swan/Silver Swan mining operation. The results indicate the presence of a number of conductive targets that may warrant drill testing and a drill program proposal is under consideration.

Mr David Turvey - BSc (Hons), MAusIMM, who is Managing Director and a full-time employee of FerrAus Limited, has over 25 years experience in mineral exploration and resource project evaluation. He has more than five years relevant experience in the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "AusIMM Australasian Code for Reporting of Exploration Results". Mr Turvey consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

FerrAus Limited has not yet reported Mineral Resources from exploration of unnamed gravity targets or named prospects on its Davidson Creek or Robertson Range iron ore project. While the company remains optimistic it will report resources in the future, any discussion in relation to exploration potential or targets or potential iron mineralisation is only conceptual in nature and it is uncertain if further exploration will result in determination of a Mineral Resource.

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. 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.

INVESTOR INFORMATION

ASX Code: FRS

Capital Structure

The Company has 151.6 million fully paid shares, 7.5 million Class B performance shares and 9.2 million unlisted options on issue.

Registered Office

C/- HLB Mann Judd (SA) Pty Ltd
82 Fullarton Road
Norwood SA 5067

Principal Place of Business

64 Hindmarsh Square
Adelaide SA 5000
Tele: (+ 61 8) 8232 8000
Fax: (+ 61 8) 8232 0077
E-mail: info@ferraus.com
Web: www.ferraus.com

Corporate Contact & Company Secretary

Donald Stephens
Tele: (+ 61 8) 8130 2000
Fax: (+ 61 8) 8363 1980

Company Directors

John Nyvlt – Non-Executive Chairman
David Turvey – Managing Director
Robert Greenslade – Non-Executive Director
James Wall – Non-Executive Director

Top 20 Shareholders at 30 September 2009

	Fully Paid Ordinary Shares	
	Number	%
ANZ Nominees Limited	19,904,900	13.13
National Nominees Limited	16,230,691	10.71
China West Mining HK Co Ltd	15,145,892	9.99
Penfold Ltd	13,425,773	8.86
HSBC Custody Nominees Australia Limited	8,021,292	5.29
HSBC Custody Nominees Australia Limited	6,631,978	4.38
John Anthony Nyvlt	6,202,797	4.09
Australian Enterprise Holdings P/L	5,014,088	3.31
Invia Custodians P/L	4,000,000	2.64
Penfold Development P/L	2,021,000	1.33
Equant Resources Pty Ltd	1,593,750	1.05
Citicorp Nominees Pty Ltd	1,330,400	0.88
Joe Singer	1,306,900	0.86
Bell-Allen Holdings Pty Ltd	1,284,330	0.85
David Lilley	1,111,112	0.73
Gryphon Partners Pty Ltd	1,109,150	0.73
HSBC Custody Nominees Australia Limited	819,677	0.54
Susan Lee & Martin Lee	780,000	0.51
Saturn Investments Pty Ltd	768,525	0.51
Koranya P/L	746,250	0.49
		70.88%

APPENDIX 5B
Mining exploration entity quarterly report

FERRAUS LIMITED

ACN 097 422 529

Quarter ended

31-Dec-08

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from product sales and related debtors
- 1.2 Payments for
 - (a) exploration and evaluation
 - (b) development
 - (c) production
 - (d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid

Net Operating Cash Flows

Cash flows related to investing activities

- 1.8 Payment for purchases of:
 - (a) prospects
 - (b) equity investments
 - (c) other fixed assets
- 1.9 Proceeds from sale of:
 - (a) prospects
 - (b) equity investments
 - (c) other fixed assets
- 1.10 Loans to other entities
- 1.11 Loans repaid by other entities
- 1.12 Cash assets of acquired entity

Net Investing cash flows

- 1.13 Total operating and investing cash flows
(carried forward)

Current quarter	Year to date (6 months)
\$A'000	\$A'000
-	-
(7,162)	(15,225)
-	-
-	-
(872)	(2,059)
-	-
540	758
-	-
(7,494)	(16,526)
-	-
-	-
(193)	(820)
-	-
-	-
-	-
-	-
-	-
(193)	(820)
(7,687)	(17,346)

1.13	Total operating and investing cash flows (brought forward)	(7,687)	(17,346)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc	-	18,484
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Share issue costs)	(158)	(493)
	Net financing cash flows	(158)	17,991
	Net increase (decrease) in cash held	(7,845)	645
1.20	Cash at beginning of quarter / year to date	25,406	16,916
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	17,561	17,561
Payments to directors of the entity and associates of the directors			
Payments to related entities of the entity and associates of the related entities		Current quarter \$A'000	
1.23	Aggregate amount of payments to the parties included in item 1.2	145	
1.24	Aggregate amount of loans to the parties included in item 1.17	-	
1.25	Explanation necessary for an understanding of the transactions		
	Directors' remuneration and payments to associated entities for the quarter		
Non-cash financing and investing activities			
2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows		

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

3.1 Loan facilities

3.2 Credit standby arrangements

Amount available \$A'000	Amount used \$A'000
-	-
-	-

Estimated cash outflows for next quarter

4.1 Exploration and evaluation

4.2 Development

Total

\$A'000
912
-
912

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

5.1 Cash on hand and at bank

5.2 Term Deposits

5.3 Bank overdraft

Total: cash at end of quarter (item 1.22)

Current quarter \$A'000	Previous quarter \$A'000
3,357	3,202
14,204	22,204
-	-
17,561	25,406

Changes in interests in mining tenements

6.1 Interests in mining tenements relinquished, reduced or lapsed

6.2 Interests in mining tenements acquired or increased

Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
EL 27/209	Joint Venture	100%	49%
ML 27/262	Joint Venture	100%	49%
ML 27/263	Joint Venture	100%	49%
ML 27/264	Joint Venture	100%	49%
ML 27/265	Joint Venture	100%	49%
	-		

Issued and quoted securities at end of current quarter

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	Ordinary securities Class B Securities	151,581,534 7,500,000	151,581,534	Fully Paid Fully Paid	Fully Paid Fully Paid
7.4	Changes during quarter (a) Increases through issues				
7.5	Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	3,000,000 200,000 3,125,000 700,000 300,000 1,200,000 225,000 400,000	- - - - - - - -	<u>Exercise price</u> 0.25 0.40 0.50 1.00 1.00 1.15 1.15 1.35	<u>Expiry date</u> 17/03/2011 7/06/2011 27/11/2009 27/04/2012 28/04/2011 31/12/2011 19/08/2011 8/11/2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Cancelled during quarter	400,000 1,800,000	- -	0.25 1.15	6/12/2008 31/12/2011

7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1.0 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2.0 This statement does give a true and fair view of the matters disclosed.

Sign here:.....
Company Secretary



Date: 31/01/2009

Print name: DONALD STEPHENS
.....

Notes

- 1.0 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2.0 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3.0 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4.0 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5.0 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.