

EAST PILBARA IRON ORE PROJECTS

ASX Announcement

3 June 2009

Current Capital
Structure:

151.6m Fully paid
ordinary shares
7.5m Class B Securities
8.4m Unlisted options

Market Capitalisation:
(fully diluted)
\$ 42m @ 25c per share

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IRON ORE RESOURCES INCREASE to 166.6 MILLION TONNES (DSO) with RECLASSIFICATION OF DAVIDSON CREEK

FerrAus Limited (ASX: "FRS") is pleased to report an increase in size and improvement in resource reclassification at its Davidson Creek iron ore project in the East Pilbara region of Western Australia.

HIGHLIGHTS

The total iron ore resource inventory for FerrAus' licence areas in the East Pilbara has increased to 166.6 million tonnes grading 58.6% Fe

**Resources at the Davidson Creek project have increased to
114.4Mt @ 58.4% Fe including**

**Improved resource classification at the Taipan Resource to
9.3Mt Indicated (68%) and 4.4Mt Inferred Resources (32%)**

**Reconnaissance RC drilling is planned on new iron ore exploration
targets at the Davidson Creek project during mid 2009.**

Summary:

- Resources of direct shipping iron ore (DSO) at FerrAus' East Pilbara projects continue to increase in size, quality and classification.

During the last 12 months, the iron ore resource base has increased ~370% from 45 million tonnes to currently 166.6Mt grading 58.6% Fe. There remains significant exploration potential to further increase the resource base to 300-400 million tonnes.

- Recent resource upgrades have established a high conversion rate from inferred resources to indicated and measured resource categories (70-80%).

This improvement in resource classification confirms the robust technical fundamentals of FerrAus' iron ore deposits and supports long-term development plans of multiple open pit mining operations.

- Reconnaissance RC drilling is planned on new exploration targets at Davidson Creek in conjunction with the WA Government funding initiative to support mineral exploration and new project development.

The objective is to grow the resource base to a globally significant size (>400 million tonnes) and establish a "pipeline of development projects" to support long-term infrastructure investment and industry consolidation.

1. Davidson Creek Iron Ore Project

During Q4 2008, infill RC drilling of the Python, Gwardar and Taipan resources was completed on 100 metre spaced lines at 50 metre intervals (refer Figures 1 to 5). A resource reclassification of was completed by FerrAus Limited in conjunction with Snowden Mining Industry Consultants Pty Ltd and in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (refer to the attached Resource Statement).

Based on RC drilling and diamond drilling completed during 2008, the iron ore resource inventory and exploration potential of FerrAus' tenement areas in the east Pilbara is summarised in Table 1.

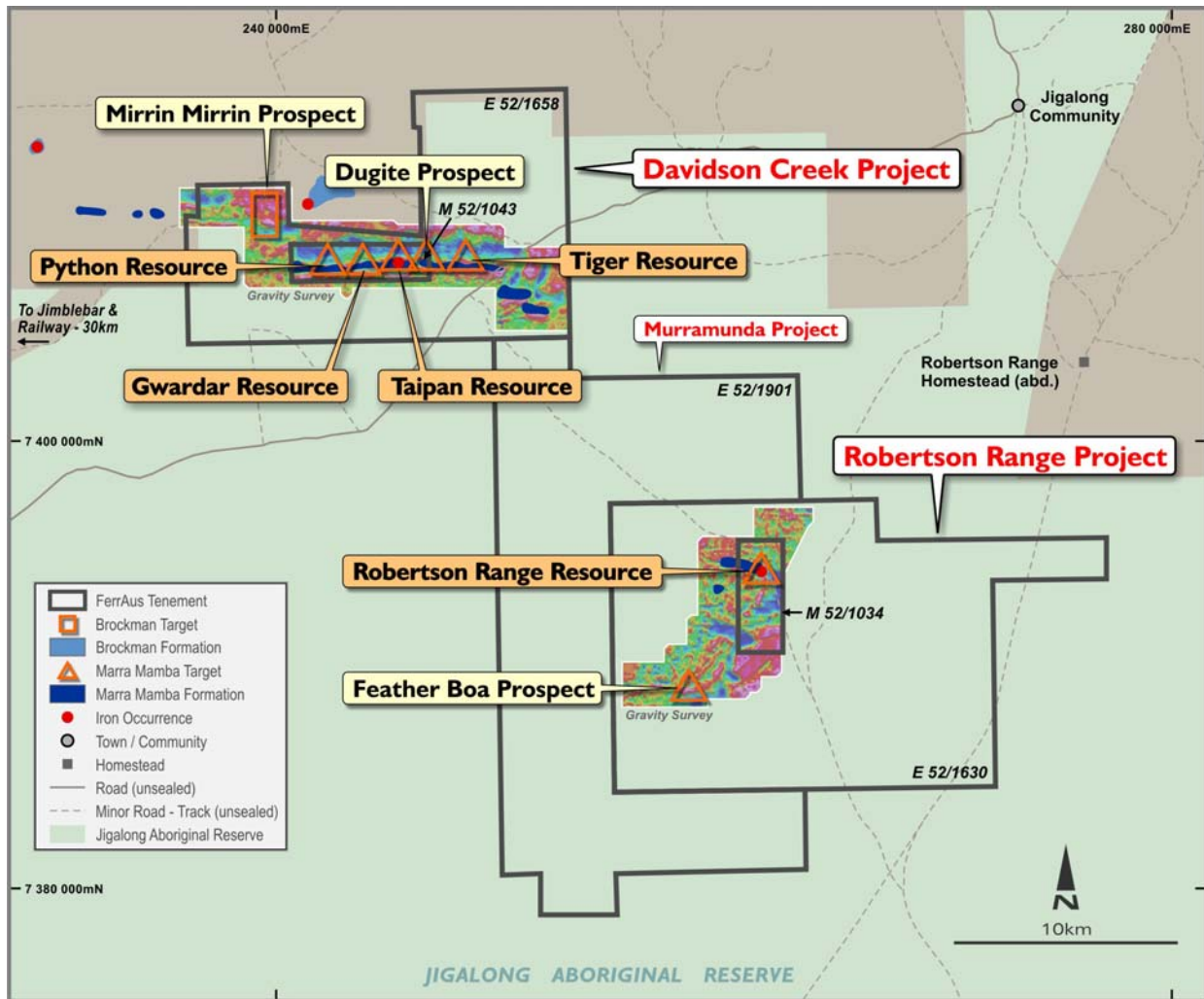
Table 1: Resource Inventory and Exploration Potential

RESOURCE, PROSPECT & TARGET	Mineral Resources [#] (million tonnes Mt) ¹⁻²			Potential* Iron Mineralisation @ 58-60% Fe (Mt)
	Measured (Mt)	Indicated (Mt)	Inferred (Mt)	
Davidson Creek Iron Ore Project				
Gwardar & Python ¹		13.7 @ 58.8% Fe	74.9 @ 58.7% Fe	25-30
Taipan ¹		9.3 @ 57.9% Fe	4.4 @ 56.8% Fe	10-20
Dugite		-	-	10-20
Tiger ²		-	12.1 @ 57.2% Fe	20-30
Mirrin Mirrin		-	-	?
T40500E		-	-	?
T51500E		-	-	?
T52000E		-	-	15-20
Robertson Range Iron Ore Project				
Main Zone & South West Zone ²	23.8 @ 58.9% Fe	20.2 @ 59.2% Fe	8.2 @ 58.7% Fe	20-30
Feather Boa		-	-	30-40
T91000N		-	-	10-20
T59800E		-	-	20-25
T56500E		-	-	20-25
T55000E		-	-	10-20
Subtotal	23.8 @ 58.9% Fe	43.2 @ 58.8% Fe	99.6 @ 58.4% Fe	
TOTAL	166.6 Mt @ 58.6% Fe			180-280
# Estimate in accordance with AusIMM JORC Code 2004 per ASX announcements dated: 1. 3/6/2009, 2. 17/4/2009				
* 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.				

Mr David Turvey - BSc (Hons), MAusIMM, who is Non Executive Director of FerrAus Limited, has over 27 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.

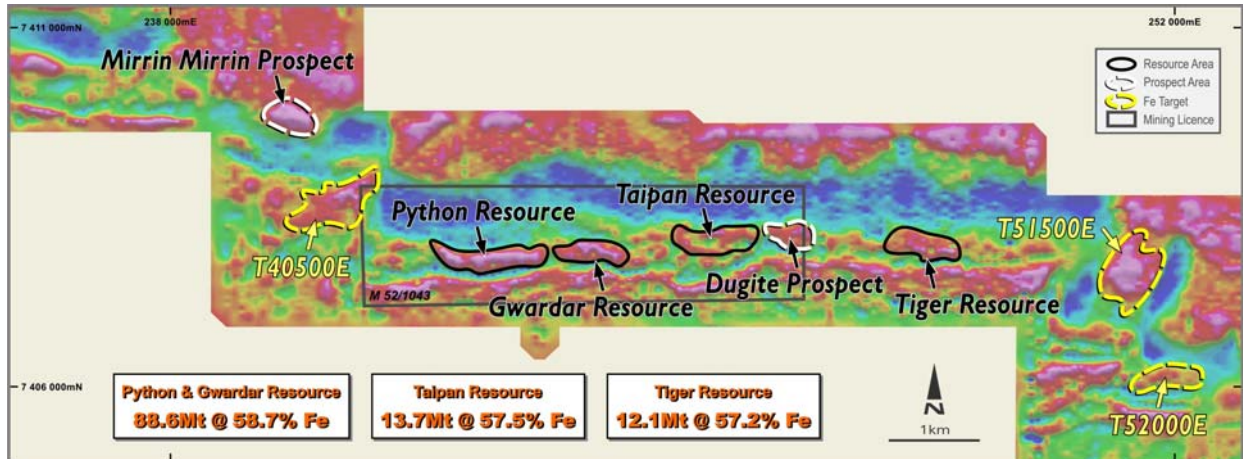
This release may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of FerrAus Limited, that could cause 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.

Figure 1: East Pilbara Iron Ore Projects - Location Plan



Note: Gravity geophysical surveys are the coloured base images

Figure 2: Davidson Creek Iron Ore Project – Location Plan



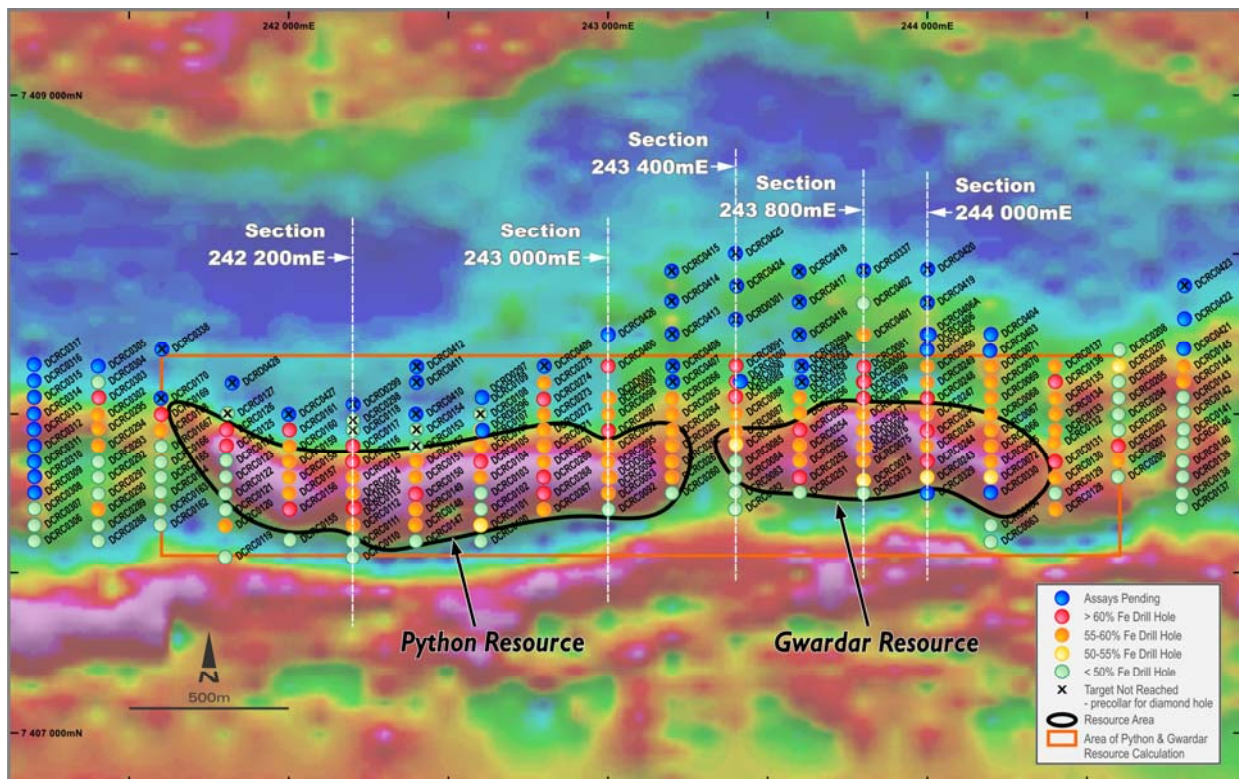
Note: Refer to resource statements made by FerrAus Limited and Snowden Mining Industry Consultants in accordance with AusIMM JORC Code 2004 and reported to the Australian Stock Exchange on 17th April 2009 and 3rd June 2009.

Gwardar & Python: Indicated Resource = 13.7Mt @ 58.8% Fe, Inferred Resource = 74.9Mt @ 58.7% Fe;

Taipan: Indicated Resource = 9.3Mt @ 57.9% Fe, Inferred Resource = 4.4Mt @ 56.8% Fe;

Tiger: Inferred Resource = 12.1Mt @ 57.2% Fe

Figure 3: Gwardar & Python Resources, Davidson Creek: Drill Hole Location Plan



Note: Gravity geophysical surveys are the coloured base images

Figure 4: Gwardar Resource, Davidson Creek: Geological & Drill Hole Cross Section
Cross Section 243800mE

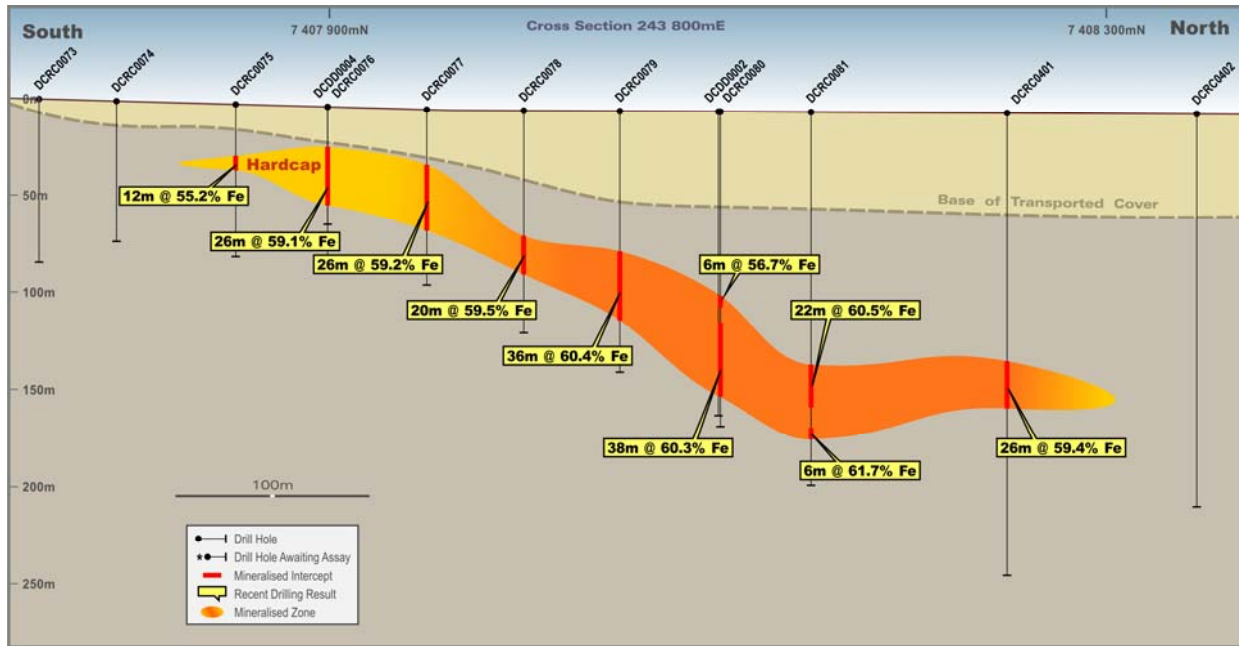
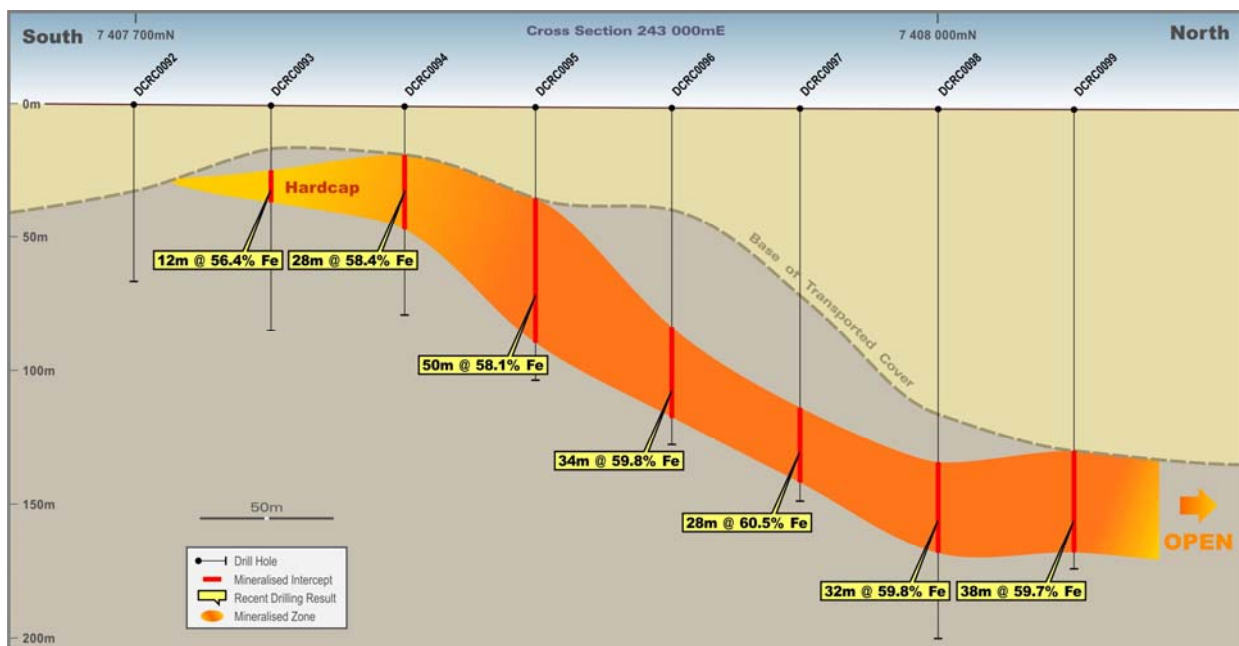


Figure 5: Python Resource, Davidson Creek: Geological & Drill Hole Cross Section
Cross Section 243000mE



27th May 2009

Managing Director

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Dear Sir

PYTHON, GWARDAR AND TAIPAN PROSPECTS, DAVIDSON CREEK PROJECT

The updated Mineral Resource for the Python, Gwardar and Taipan Prospects (Davidson Creek Project) is complete. The Mineral Resource, reported above a 55% Fe cut-off grade, as at 5th May 2009, is tabulated below in Table 1.

Table 1 Davidson Creek Project Grade-Tonnage Report for Mineralised, Hardcap and Detrital Horizons Reported above a 55% Fe cut-off grade													
JORC (2004) Resource Category	Tonnes (Mt)	Fe (%)	SiO₂ (%)	Al₂O₃ (%)	P (%)	LOI (%)	CaFe[†] (%)	CaO (%)	K₂O (%)	MgO (%)	Mn (%)	S (%)	TiO₂ (%)
Python / Gwardar Prospects													
Detrital Ore													
Inferred	0.8	56.3	5.30	4.00	0.073	9.28	62.1	0.03	0.04	0.13	0.30	0.014	0.19
Hardcap													
Indicated	-	-	-	-	-	-	-	-	-	-	-	-	-
Inferred	12.0	56.2	6.00	4.25	0.054	8.83	61.7	0.04	0.02	0.09	0.11	0.020	0.14
Mineralised													
Indicated	13.7	58.8	3.91	2.47	0.080	8.87	64.6	0.03	0.01	0.01	0.15	0.012	0.08
Inferred	62.1	59.2	4.18	2.05	0.094	8.52	64.8	0.02	0.02	0.02	0.15	0.011	0.07
Taipan Prospect													
Hardcap													
Indicated	-	-	-	-	-	-	-	-	-	-	-	-	-
Inferred	2.8	56.1	5.54	3.90	0.076	9.62	62.0	0.06	0.02	0.14	0.18	0.020	0.11
Mineralised													
Indicated	9.3	57.9	4.55	2.86	0.081	9.23	63.8	0.04	0.01	0.01	0.13	0.013	0.09
Inferred	1.6	58.0	4.43	2.89	0.077	8.66	63.5	0.05	0.02	0.11	0.46	0.013	0.08
Combined Python / Gwardar and Taipan Prospects													
Total Inferred and Indicated	102.2	58.6	4.44	2.51	0.085	8.70	64.2	0.03	0.02	0.03	0.15	0.012	0.08

Notes: [†] CaFe or calcined Fe is calculated as follows, CaFe = (Fe% x 100) / (100 - LOI%); small discrepancies may occur due to the affects of rounding.

The Mineral Resource has been classified as Indicated and Inferred in accordance with the guidelines set out in the JORC Code (2004). The drilling data and estimation method used to compile the Python – Gwardar – Taipan Mineral Resource estimate is summarised in the following points:

- Drilling has been completed at a spacing of 200m by 50m and 100m by 50m on north-south oriented cross sections. Some 374 reverse circulation (RC) drillholes and 20 HQ3 core drillholes have been completed by FerrAus intersecting the targeted Marra Mamba Iron Formation. All of the drilling data for these drillholes was used in the resource estimate.
- FerrAus used a nominal 55% Fe cut off in conjunction with the geological logging to interpret the hardcap and primary mineralisation.
- The drilling results included a suite of quality control (QC) data (certified standards, blanks, and field duplicates). Examination of the QC results did not identify any significant issues.
- Prior to estimation, samples were composited to a 2m downhole interval.
- The manganese grade distribution of the mineralisation is strongly skewed. A new interpretation delineating areas containing elevated manganese, based on a nominal threshold of >1% Mn, was compiled. This wireframe was used to estimate areas of elevated manganese.
- The method used to obtain grade estimates within hardcap and mineralised horizons was ordinary kriging. Variograms were compiled and examined for each of the domains and each of the 11 elements. Where there was insufficient data to compile variograms, the Fe variogram for the relevant domain was used or alternatively variogram models from comparable domains.
- The dry in situ bulk density has been derived for the various horizons from density measurements taken from 20 core drillholes over the Davidson Creek Project area. A total of 239 direct core measurements were obtained with an average density of 2.88 t/m³ for the mineralised horizon and 2.8 t/m³ for the hardcap horizon.
- Resource classification was developed from the confidence levels of key criteria as listed in Table 1 of the JORC code.

Yours Sincerely



Rebecca McCarthy
Resource Geologist
FerrAus Limited

The Mineral Resource documented in this letter is based on information compiled by Rebecca McCarthy (Resource Geologist) who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and an employee of FerrAus Limited (FerrAus). The Resource was reviewed by John Graindorge (Consultant) under the supervision of Michael Andrew (Divisional Manager), who are employees of Snowden Mining Industry Consultants (Snowden) and members of the AusIMM. As such, Snowden accepts responsibility for the Mineral Resource modelling while FerrAus has assumed responsibility for the accuracy and quality of the underlying drilling data and the geological interpretation. Michael Andrew has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Reserves".