

21 December 2010

NOTICE OF MEETING SEEKING SHAREHOLDER APPROVAL FOR A PROPOSED CAPITAL RAISING OF UP TO A\$35 MILLION

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FerrAus Limited (**FerrAus**) will shortly despatch a Notice of Meeting seeking shareholder approval at an Extraordinary General Meeting to be held on Monday 24 January 2011 for a proposed capital raising of up to A\$35 million.

Shareholder approval is being sought in respect of the capital raising given the existence of the takeover offer for FerrAus announced by Wah Nam International Holdings Limited (**Wah Nam**) on 10 November 2010 and also, under ASX Listing Rule 7.1, so that the capital raising will not count for the purposes of the restriction on issuing more 15 per cent of the Company's issued capital in any 12 month period.

On 15 November 2010, FerrAus announced the results of a financially robust and technically viable Pre Feasibility Study for the FerrAus Pilbara Project. This study estimated a Net Present Value of the project of between A\$1.12 billion and A\$1.34 billion¹. FerrAus has now approved the commencement of a Definitive Feasibility Study in order to begin construction of the Pilbara Project in 2012 and achieve first production in the fourth quarter of 2014.

FerrAus intends to raise up to A\$35 million which, together with the existing cash on hand of approximately A\$17.8 million, is expected to assist FerrAus in funding a Definitive Feasibility Study in relation to the FerrAus Pilbara Project, other working capital requirements, exploration costs and its commitments as a member of the North West Iron Ore Alliance (**NWIOA**).

In order to meet the FerrAus Pilbara Project development timetable it is the intention of the Board to conduct the capital raising within the next three months by way of an issue of ordinary shares to a range of domestic and international institutional investors, potentially including existing shareholders. While FerrAus may offer Wah Nam the opportunity to participate in the capital raising, at this stage FerrAus is not aware of Wah Nam's intentions.

In keeping with its previous capital raisings, several of which have been completed at a premium, FerrAus will seek to maximise the pricing of the raising and minimise dilution of existing shareholders. To assist with this task, FerrAus has appointed Macquarie Capital Advisers Limited to lead manage the proposed issue. It is anticipated that the capital raising will be underwritten.

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¹ Based on the key parameters outlined in the announcement released by FerrAus to the ASX on 15 November 2010. Note that the Pre Feasibility Study is an estimate only and is subject to completion of a positive Definitive Feasibility Study and if that occurs, to financing, development, operational and other risks associated with the Project.