

12 January 2011

Dear Shareholder

***** IMPORTANT REMINDER *****

Extraordinary General Meeting - Monday 24 January 2011

REGISTER YOUR PROXY VOTE BEFORE 11:00am (WST) SATURDAY 22 JANUARY 2011

You will have received a Notice Of Meeting and Proxy Form for the upcoming Extraordinary General Meeting to be held on Monday 24 January 2011 for approval of a proposed capital raising of up to A\$35 million and an issue of options to the nominee of FerrAus' Executive Director.

Shareholder approvals are being sought given the existence of the takeover offer for all the shares in FerrAus by Wah Nam International Australia Pty Ltd, a wholly owned subsidiary of Wah Nam International Holdings Limited, as set out in its replacement Bidder's Statement lodged with ASIC and released to ASX on 6 December 2010. Shareholder approvals are also being sought under the ASX Listing Rules so that the capital raising and options 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 and because the nominee of the Executive Director is a related party of FerrAus.

FerrAus intends to raise up to A\$35 million under the capital raising which, together with the cash on hand of approximately A\$17.8 million (as at 21 December 2010), 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.

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.

On behalf of the Board, I urge you to carefully read the Notice of Meeting and, if you do not intend to attend the Extraordinary General Meeting, register your proxy vote by either:

- a) logging on to www.investorvote.com.au (instructions on how to vote online are included on the proxy form enclosed with the Notice of Meeting); or
- b) completing the relevant Proxy Form enclosed with the Notice of Meeting as soon as possible and either:
 - return the proxy form by post in the reply paid envelope to the Company's Share Registry:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001 Australia; or

- send the proxy form by facsimile to (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555

so that it is received no **later than 11:00am WST on Saturday 22 January 2011**.

Yours faithfully



John Nyvlt
Chairman