



Mr Dion Silvy
Senior Advisor, Issuers (Adelaide)
ASX Limited
Level 25,
91 King William Street
ADELAIDE SA 5000

Suite 10, 100 Mill Point Road
South Perth, Western Australia 6161
AUSTRALIA

P.O. Box 895
South Perth WA 6951

Via email: Dion.Silvy@asx.com.au

Telephone: +61 (08) 9474 3770
Facsimile: +61 (08) 9474 3700

15 January 2010

Dear Dion,

We refer to your letter of 14th January 2010 noting the Company's response ("response") at 4:30 p.m. CDST on Tuesday 12th January 2010 to the ASX Price Query Letter to the Company of earlier that same day. We note also your reference to the Company's subsequent announcement released to the market at 1:36 p.m. CDST on Thursday 14th January 2010. In response to your queries, we advise as follows;

- 1. Whether the Company considers that the results of the RC drilling programme at Mirrin Mirrin disclosed in the announcement (the "Information") was material to the Company.*

The Company considers the results of the Mirrin Mirrin RC drilling Programme as material to the Company. The Company notes that the initial discovery of the Mirrin Mirrin Trend was announced to the market on 27th August 2009. In that announcement, the Company noted that infill drilling of the Mirrin Mirrin Trend was scheduled to commence in September 2009 and that there was potential to add significant tonnes to the FerrAus iron ore resource inventory.
- 2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material*

Not Applicable
- 3. If the answer to question 1 is "yes", when did the company first become aware of the Information contained in the Announcement.*

The Managing Director and Chairman of the Company first received an initial, incomplete draft of the Information on Tuesday afternoon 12th January 2010, but after the Company had provided its response to the ASX of the same day. The other directors of the Company became aware of the Information on or after Thursday, January 14th 2010.
- 4. In relation to question 3, if the Company became aware of the Information prior to the announcement, please advise why the Company did not release the Information to the market at an earlier time, or request a trading halt at that time, pending the release of the Announcement. Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.*

...2

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Whilst the Company was aware of the **Information** prior to the announcement on 14 January 2010, it considers that the exception to Listing Rule 3.1 specified in Listing Rule 3.1A applied to the **Information** at all times prior to its release.

Specifically, the **Information** provided to the Managing Director and Chairman on 12 January 2010 was in draft form and incomplete and a reasonable person would not expect the Company to release exploration results in that form. Further, the Company does not believe that confidentiality in relation to the **Information** was lost at any time prior to its release.

The increase in share price is likely a combination of several factors including;

- (a) A more positive outlook in the market for iron ore prices
- (b) A re-rating of FRS following significant recent increases in peer company share prices

5. *In Addressing question 4 above, please consider whether the increase in the share price before the Announcement, indicated that confidentially in relation to the **Information** was lost.*

See above.

6. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*

The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1

Yours sincerely



John Nyvit
Chairman
FerrAus Limited



ASX

AUSTRALIAN SECURITIES EXCHANGE

ASX Markets Supervision Pty Ltd
 ABN 26 087 780 489
 91 King William Street
 Adelaide SA 5000

GPO Box 547
 Adelaide SA 5001

Telephone 61 8 8216 5000
 Facsimile 61 8 8216 5099
 www.asx.com.au

14 January 2010

Donald Stephens
 Company Secretary
 FerrAus Limited
 C/- HLB Mann Judd (SA) Pty Ltd
 Dowie House 83-89 Currie Street
 Adelaide SA 5000

By email: dstephens@hlbsa.com.au

Dear Mr Stephens,

FerrAus Limited (the "Company")

ASX Limited ("ASX") refers to the following:

1. The ASX price query letter dated Tuesday, 12 January 2010 sent via email to the Company at 2.28 p.m. CDST ("ASX Price Query Letter").
2. The Company's response to the ASX Price Query Letter, released to the market at 4.30 p.m. CDST on Tuesday, 12 January 2010.
3. The Company's announcement released to the market at 1.35 p.m. CDST on Thursday, 14 January 2010 entitled "Mirrin Mirrin Confirmed as a New Discovery" (the "Announcement").
4. Inter alia, the Announcement advised the following with respect to Mirrin Mirrin,
 - "Drill results confirm discovery of substantial iron mineralisation
 - Significant intercepts of up to 76m @ 60.3% Fe
 - Additional potential for detrital ore
 - Maiden resource expected to be confirmed during the first quarter"; and

"The initial identification of the Mirrin Mirrin trend was announced in August 2009 after an 18 hole drill program. A further 39 drill holes, completed towards the end of 2009 for a total of 5,556 metres, outlined iron mineralisation over a strike length of 800m."

5. The increase in the Company's share price from a close of \$0.81 on Wednesday, 13 January 2010 to a high of \$0.91 cents on Thursday, 14 January 2010.

Australian Securities Exchange

Australian Stock Exchange
 Sydney Futures Exchange

Australian Clearing House
 SFE Clearing Corporation

ASX Settlement and Transfer Corporation
 Austraclear

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As you are aware, listing rule 3.1 requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Furthermore, paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"Confidential" in this context has the sense of 'secret' ... and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Whether the Company considers that the results of the RC drilling program at Mirrin Mirrin disclosed in the Announcement (the "Information") were material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Information to be material.

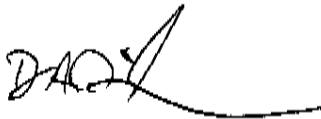
3. If the answer to question 1 is "yes", when did the Company first become aware of the Information contained in the Announcement?
4. In relation to question 3, if the Company became aware of the Information prior to the Announcement, please advise why the Company did not release the Information to the market at an earlier time, or request a trading halt at that time, pending the release of the Announcement. Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
5. In addressing question 4 above, please consider whether the increase in the share price before the Announcement, indicated that confidentiality in relation to the Information was lost.
6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at dion.silvy@asx.com.au or by facsimile on facsimile number (08) 8216 5099. It should not be sent to the Company Announcements Office. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible, and in any event, not later than COB on Friday, 15 January 2010.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market if it considers it necessary for an informed market. Accordingly, it would be appreciated if you would prepare your response in a format suitable for release to the market and separately address each of the questions asked.

If you have any concerns about release of your response, or any queries in relation to this matter, please contact me immediately.

Yours sincerely,



Dion Silvy
Senior Adviser, Issuers (Adelaide)