21 July, 2014

ASX Announcement
Corporate Update

Proposed Funding Agreement

The processes required in order to put the Funding Agreement between the Ferrowest Limited ("Ferrowest" or "the Company") and TFA International Pty Ltd (TFA) (announced to the market on 30 April 2014) to shareholders for approval are continuing. The Company is awaiting some final information about the Chinese company **Hubei Taifeng Investment and Development Co., Ltd.** ("HTDC") in which the Ferrowest will be investing under the terms of the Funding Agreement. This information is required to complete the due-diligence processes and for the Independent Expert to complete the report for shareholders. This information is expected in the next few days.

The Company can also confirm that TFA has been providing the A$100,000 monthly funding tranches under the terms of the Funding Agreement, with three tranches received to date.

Ferrowest hopes to be in a position to call the shareholder meeting and dispatch the Notice of Meeting in the next few weeks.

The Company believes that the Funding Agreement is providing Ferrowest a more stable base from which to advance its mineral projects in what are extremely challenging times for junior resource companies.

Yogi Mine Project

In recent times iron ore sample material from the "Sam" deposit at Yogi was prepared and dispatched to China for metallurgical test work by one of China's foremost magnetite processing laboratories. The aim of this testwork programme is to further enhance the existing magnetite beneficiation flow sheet in order to reduce potential capital and operating costs and further improve the overall economics of the Yogi Mine Project.

Other activities at the Yogi Mine Project have included a Magnasat testwork programme to determine the Mag Fe content of the balance of the previously drilled samples, survey work and ongoing rehabilitation activities related to previous drilling.

Despite the currently low iron ore prices, the Company has also responded to fresh interest in potential project level investment with initial presentations on the Yogi Mine Project and Eradu MPI Project conducted recently.

The Company re-iterates its previous advice that it believes that iron ore prices below US$100/t (62%Fe fines basis) are not sustainable in the long term and the necessary closure of some China domestic production at these price levels will increase demand for imported iron ore and result in higher prices. Previous advice that the Company would expect a price around US$125 plus or minus US$25/t long term average trading range remains current.

There have been many claims made in the press about the affects from slowing demand in China. Demand has slowed, for example imported iron ore demand fell by 3.6% in June but it needs to be remembered that 12 million tonnes more iron ore was imported for the month of June this year than for June 2013. China's economy has slowed but off a very large base that continues to grow. The scale of this growth remains 'material' to the demand for Australian iron ore.

Yalyirimbi Iron Project

The Company is pleased to advise that it continues to field inquiries about project level investment in the Yalyirimbi Iron Project. The key attraction of this project is its potential to produce relatively high grade (63.5%Fe) iron ore fines with very low Alumina and negligible phosphorus.

While low iron ore prices have made advancing a deal in this environment difficult, the ongoing interest shown in this project by potential project level investors bodes well for future opportunities as the iron ore market returns to more normal trading ranges.

For further information please contact: Brett Manning – Managing Director, +61 8 9277 2600

ABOUT FERROWEST

Ferrowest is an Australian public company established in 2005 and listed on the Australian Securities Exchange in 2006. Set up to value add to iron ore through the production of merchant pig iron, Ferrowest now boasts exploration and project development activities in magnetite, haematite, gold and nickel.

IRON

Ferrowest is actively pursuing three major iron related projects:

- **Yogi Iron Project** – proposed magnetite concentrate product at 67%Fe*;
- **Eradu MPI Project** – proposed merchant pig iron (MPI) product at 96%Fe*; and
- **Yalyirimbi Iron Project** – proposed haematite concentrate product at 63.5%Fe*.

Each of these projects is detailed below and each plays a strategic role in an innovative business plan that sets Ferrowest apart from other iron ore juniors in the resources sector. The proposed Eradu MPI plant is the centre piece of this plan with the aim to produce high quality merchant pig iron ("MPI") at a grade of 96%Fe as a dedicated MPI producer to the Asian region. This will differentiate Ferrowest from other producers of iron ore in Western Australia and make it a unique supplier into Asia. MPI is a high value, low volume and high margin product. Most competition in the market for MPI comes from Brazil at double the shipping cost to the big Asian markets of Korea, China and Japan compared to Ferrowest's proposed exports.

The Yogi Mine Project will provide the long term, consistent supply of high quality magnetite needed to support the MPI manufacturing operations at Eradu for the life of the mine. These two projects, linked by key existing infrastructure will combine to make a very long term strategic business.

The Yalyirimbi Iron Project is expected to also play a key role in the development of the Company's iron plans by providing a relatively low capital cost, cash generating business that can be brought into operation relatively quickly. Yalyirimbi will play a critical role in transforming the Company from explorer to producer ahead of the construction of the Yogi Iron Project and the Eradu MPI Project, whilst also meeting some of the ongoing costs of operations across the Company.

Ferrowest also holds early stage exploration projects for iron south east of Cue and adjacent to the Jack Hills mine, which will continue to be explored.

GOLD & BASE METALS

Under a commodity diversity strategy implemented by the Company in late 2012, Ferrowest secured a 100% owned subsidiary called Urban Minerals Pty Ltd ("Urban") with a portfolio of tenements near Marvel Loch on the Southern Cross Greenstone belt that are prospective for gold, nickel and other base metals. Other projects are being added to Urban's portfolio, such as Lake Halbert East (on the Albany Fraser Orogen) and at Camel Back, 50Km south east of Leonora.

PROJECT OUTLINES

The Yogi Mine Project – Outline

The Yogi Mine Project proposes the development of a magnetite mining and concentration operation at the Yogi iron deposit near Yalgoo in the mid west region of Western Australia. The proposed product will be magnetite concentrate at 67%Fe. Some concentrate would be exported through the new proposed Port of Oakajee with the remainder planned to supply the Eradu MPI Project (detailed below). If Oakajee Port is delayed, Ferrowest can stage the Yogi Mine Project to match the demand from the Eradu MPI Project, which is not dependent on Oakajee Port for export.

The current magnetite Inferred Mineral Resource estimate at Yogi, classified and reported in accordance with the JORC Code (2004), is 572.5 million tonnes at 27.5%Fe.

The Eradu MPI Project - Outline

The Eradu MPI Project envisages the production of seaborne traded merchant pig iron ("MPI") at 96%Fe using magnetite concentrate from the Yogi Mine Project. The plan is to process the magnetite concentrate into pig iron at Eradu, 60Km east of Geraldton using ITmk3® technology and the excellent existing infrastructure servicing the project.

MPI sells for around 4 times the value of iron ore fines, with a higher margin than bulk iron ore. The MPI also sells into a niche market that has seen less investment on dedicated production capacity than the iron ore industry. Unlike iron ore, MPI can be stored outside, won't create dust and with preferred shipment sizes ranging up to 55,000 tonnes, MPI is perfect for export through the existing Port of Geraldton.

Yalyirimbi Iron Project

The Yalyirimbi Iron Project is located in the Northern Territory on a 787Km^2 exploration licence and has a combined Indicated and Inferred Mineral Resource of 13.3 million tonnes of haematite at 27.1%Fe, classified and reported in accordance with the JORC Code (2004).

The current Resource is located in two zones totalling 1.5Km in length, out of a 30 to 40Km long formation that is yet to be explored. Test work carried out at Yalyirimbi demonstrated that with a crush to 100% passing 6mm and gravity upgrading, a haematite fines concentrate of 63.5%Fe with 7.1% SiO_2, 0.84% Al_2O_3 and negligible P can be produced.

The Project envisages open cut mining of the haematite, before crushing and gravity based upgrading to produce a haematite fines concentrate. The haematite will be transported via the existing railway to Darwin Port for export.

The Marvel Loch Project

The Marvel Loch Project consists of 12 granted tenements, considered to be highly prospective for gold and base metals. The project has a combined area of 156Km^2 and is located close to the historic Marvel Loch mining area, 31Km south of Southern Cross in Western Australia. The Southern Cross greenstone belt has been the source of extensive gold and nickel exploration and production, hosting approximately 150 known significant gold occurrences.

Forward Looking Statements

Except in respect of matters of fact, the statements included in this announcement, including statements concerning the future plans and intentions of Ferrowest are forward-looking statements. Forward-looking statements use words such as ' expects', 'plans', 'may', 'could', 'believes', 'estimates' or 'intends' and other words concerning uncertain matter. These statements are based on present knowledge and circumstances and often include or are based on certain assumptions about future events that are reasonable at the date of this announcement. Such forward-looking statements are not guarantees of future performance and involve future circumstances, many of which are beyond the control of the company, its directors and officers. Actual results may differ materially from the results expressed or anticipated in the forward looking statements. The company cannot and does not warrant any particular results, events or performance, whether expressed or implied by the forward-looking statements contained in this announcement. Investors should not rely in isolation on any particular forward-looking statements. Except where required by law or the ASX Listing Rules, Ferrowest does not undertake to update or revise forward-looking statements.

Exploration Results

Exploration results are based on standard industry practices including sampling, assay methods and appropriate quality control systems. Drillhole density for specific JORC reporting categories are based on a statistical analysis of the distribution of the iron mineralisation. The sampling of Reverse Circulation (RC) samples are collected as either single splits or 2 metre composite samples depending on the uniformity of mineralisation encountered. Core samples are sampled to geological boundaries with cored holes being twinned next to RC holes to check geological interpretation and also to provide sample material for Specific Gravity testwork. The quality of RC samples is optimised by the use of riffle and or cone splitters, dust collectors, logging of various criteria designed to record sample size, recovery and contamination and the use of field duplicates, blank samples and certified reference materials to measure sample representivity and reproducibility. In the case of ferrous metals and deleterious elements, the assays are prepared with a lithium borate fusion digest and X-ray fluorescence (XRF) finish. Sample preparation is undertaken at ALS in Alice Springs with the analyses being completed by ALS in Perth. The quality of analytical results is monitored by the use of internal laboratory procedures and standards together with certified standards, duplicates and blanks and statistical analysis where appropriate to ensure that results are representative and within acceptable ranges of accuracy and precision.

Competent Persons Statement

The information in this report that relates to Exploration Results and general geological commentary, including any Exploration Target estimates, is compiled by Graeme Johnston (please refer to details below).

The information in this report that relates to Mineral Resources or Ore Reserves (JORC 2004) at Yogi is based on information compiled by Graeme Johnston and Malcolm Titley (please refer to details below).

The Information in this report that relates to Mineral Resources or Ore Reserves (JORC 2004) at Yalyirimbi is based on information compiled by Grant Louw (please refer to details below).

***Graeme Johnston** is a Director of the Company, a geological consultant to it through Corad Pty Ltd and a Fellow of the Geological Society of London. Graeme Johnston has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a RPO and a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). Graeme Johnston consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

***Malcolm Titley (MAusIMM)** is a Director and Principal Consultant of CSA Global and a Member of the Australasian Institute of Mining & Metallurgy. Malcolm Titley has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this report in the form and context in which it appears.*

***Grant Louw** is a Consultant for CSA Global and a Member of the Australian Institute of Geoscientists. Grant Louw has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004 Edition). Grant Louw consents to the inclusion of such information in this report in the form and context in which it appears. Grant Louw takes responsibility for the mineral resource estimate only*

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Ferrowest confirms that it is not aware of any new information or data that materially affects the information included in this report. In regards to estimates of mineral resources, all material assumptions and technical parameters underpinning the estimates in the previous ASX announcements referred to in this report continue to apply and have not materially changed..