

ASX Announcement



ASX Code: **FWL**

23 December 2008

COMPANY UPDATE

Off-take & Investment Agreements – Yalgoo Iron Project

Further to the Company announcement of 12 December 2008 that the two major foreign companies involved in the first of the off-take and investment agreements for the Yalgoo Iron Project (“the foreign parties”) had requested an extension of time prior to signing, the Company has received further correspondence late yesterday to the effect that:

- The foreign parties have renewed their commitment to enter the agreements;
- That the financing plans of the foreign parties to supply funds to advance the Yalgoo Iron Project have been disrupted by the financial crisis; and
- The foreign parties are working toward securing the funding needed as soon as possible.

The documentation for the agreements has been finalised and is ready for execution subject to successful financing by the foreign parties.

The Board of Ferrowest will meet early next year to further review the position at that time and consider the options before the Company.

● *Media inquiries should be directed to: Brett Manning – Managing Director +61 8 9277 2600*

The Yalgoo Iron Project - Outline

Ferrowest Limited is developing the Yalgoo Iron Project aimed at producing seaborne traded merchant pig iron (96%Fe) from the Yogi magnetite deposit near Yalgoo in the mid west region of Western Australia. Proposed initial production is 1,000,000 tonnes per annum. The plan to process the iron ore to pig iron is premised on the ITmk3® technology and excellent existing infrastructure servicing the Project area. The resulting value added merchant pig iron product will be a relatively high margin, high quality, low volume product for export to quality electric arc furnace steel making plants worldwide.

The Western Haematite Prospect – Outline

Ferrowest Limited has identified a potential zone of direct shipping ore (“DSO”) grade haematite at its Yogi iron ore deposit 14 km east of Yalgoo in the mid west of Western Australia. The prospect is to the west of the main magnetite ore body that forms the basis of the Yalgoo Iron Project. With a surface expression of 2km in length and with varying widths up to 50m wide it has significant potential as a DSO project. Surface rock chip sampling along the Western Haematite Prospect produced an average grade of 55%Fe. Exploration of this deposit is currently underway.

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