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ASX Announcement

RESOURCE INCREASED TO 0.5 BILLION TONNES

- 390% increase in JORC Inferred Resources at Yogi
- 552.2Mt @ 27.2%Fe Inferred Resource
- Result from Phase 3 drilling that is only 80% completed
- Once Phase 3 drilling is finalised, further increases are expected

Ferrowest Limited ("Ferrowest" or "the Company") is very pleased to announce a 390% increase in Inferred Resources at its Yogi tenement package, 14Km east of Yalgoo in the Mid West Region of Western Australia. The total Inferred Resource classified and reported in accordance with the JORC Code has increased from 112.5Mt @25.3%Fe to 552.2Mt @ 27.2%Fe.

The Inferred Resource increase comes from the Phase 3 drilling programme that was 80% completed prior to the Global Financial Crisis when the Company decided to end the drilling early to conserve cash. Once the remainder of the Programme is completed later this year, it is expected that the Inferred Resource will be further increased.

Mineral Resource Classification	Million Tonnes (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Inferred (Fresh)	485.1	27.25	48.30	4.99	0.059	-0.15
Inferred (Transitional)*	67.1	26.96	48.02	5.33	0.056	0.98
Inferred Total	552.2	27.21	48.30	5.03	0.059	-0.02

Notes: Tonnages rounded to nearest 10,000 tonnes. Cut-off Grade 23.0% total Fe. Drill results released 21-2-08

*Material that is partially oxidised but magnetite bearing.

The Yogi magnetite forms part of the Yalgoo Iron Project aimed at producing seaborne traded merchant pig iron ('MPI' - 96%Fe) in the Mid West Region of Western Australia. Proposed initial production is 1,000,000 tonnes per annum of MPI. The Project plans to use the new ITmk3[®] technology to produce the MPI at Eradu, 60Km east of the Port of Geraldton. The Project is served by excellent existing infrastructure and value adding to the MPI product will result in a relatively high margin, high quality, low volume product. Currently MPI sells for US\$480/t landed in the main target markets of Korea and Japan. High quality steel makers that use the electric arc furnace ("EAF") steel making method will use 15% - 30% of MPI feed in their steel making process. About 30% of world's steel production is made using EAFs and this percentage is increasing.

Due to the 'value adding' approach of the Yalgoo Iron Project, this total Inferred Resource (subject to successful conversion to Reserves at a later date) now represents well in excess of the amount of magnetite ore needed to operate the Project in excess of 25 years. This presents the Company with new opportunities including expansion of production in later years to 2,000,000tpa of MPI if demand justifies the expansion.

The Company's Managing Director, Mr Brett Manning, was very pleased with the result, "This is excellent for Ferrowest and it comes at a great time, with negotiations for a potential partner for the Yalgoo Iron Project ongoing at this time."

For further information please contact: 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 Project - Outline

Ferrowest Limited has identified potential zones 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. Exploration of a 600Ha area is ongoing with a number of potential haematite targets identified. The current concept for the WHP, subject to satisfactory exploration, study results and government approvals, envisages mine production of around 1.5Mtpa, with the direct shipping grade ore being transported by road train to Geraldton for export to China. The relatively simple open cut mine scenario and existing road train approved transport corridor over a relatively short trucking distance direct to the existing port provide an excellent basis for the WHP.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Graeme Johnston, a Fellow of the Geological Society of London and Malcolm Titley, a Member of the Australasian Institute of Mining & Metallurgy.

Graeme Johnston is a Director of the Company and a geological consultant to it through Corad Pty Ltd. Graeme Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'Competent Person' as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. 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 is responsible for the estimation of the Mineral Resource for the Yogi deposit. Malcolm Titley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and ore Reserves. Malcolm Titley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.