



28 October, 2013

# ASX Announcement

## Non-renounceable Rights Issue of Convertible Notes

Ferrowest Limited ("Ferrowest" or "the Company") is pleased to advise that its plans to offer eligible Shareholders the right to subscribe for Convertible Notes in a non-renounceable rights issue by way of a Short Form Prospectus.

The Company proposes the issue of approximately 3,330 Convertible Notes with a face value of \$500 each to raise approximately \$1,665,000 before costs (the Offer).

The basis of the entitlement for Eligible Shareholders will be one (1) Convertible Note for every seventy five thousand (75,000) Shares, rounded UP to the nearest whole number of Convertible Notes.

As the entitlement is rounded up, each Eligible Shareholder will be entitled to at least one Convertible Note, even if they hold less than 75,000 Shares.

Eligible Shareholders will be those shareholders registered at 5:00PM (WST) on 8 November 2013 (the Record Date) whose address entered in the share register is in Australia or New Zealand.

The Convertible Notes will have a coupon rate of 10% per annum, with interest paid quarterly in arrears.

The Redemption Date for the Convertible Notes not previously converted will be 2 years from the Date of Issue.

The Convertible Notes will be unlisted, unsecured and will rank equally with other unsecured creditors.

The Convertible Noteholders will be entitled to convert some or all of their Convertible Notes to Shares at any time during the Conversion Period. The Conversion Period will commence 100 days after the Date of Issue and end at 5PM WST on the 6th Business Day before the Redemption Date.

The number of Shares issued on conversion of each Convertible Note will be calculated as the face value of \$500 divided by the Conversion Price. The Conversion Price will be 80% of the VWAP for Ferrowest Shares over the ten (10) Trading Days prior to receipt of a valid and properly rendered Conversion Notice by the Company, with a minimum Conversion Price of 2.5 cents and a maximum of 25 cents.

The indicative timetable for the non-renounceable rights issue is as follows:

Event	Timetable
Lodgement of Short Form Prospectus and Appendix 3B	29 October 2013
Notice Sent to Shareholders	31 October 2013
Ex Date	1 November 2013
Record Date (The date for determining Entitlements)	8 November 2013
Short Form Prospectus Issued to Eligible Shareholders	11 November 2013
Entitlement Issue Opens	11 November 2013
Closing Date* (5:00PM WST)	26 November 2013
ASX notified of under subscriptions*	28 November 2013
Issue of Convertible Note Certificates*	29 November 2013

\* Subject to compliance with the Listing Rules, the Directors reserve the right to extend the Closing Date and alter the balance of the timetable accordingly.

A Short Form Prospectus will be lodged with ASIC and ASX in this regard in the near future.

An Appendix 3B in respect to the proposed issue is attached.

Also attached is a letter that is being sent to holders of options advising that they will not be eligible to participate in the Offer by virtue of their option holdings unless they elect to exercise their options into Shares prior to the Record Date.

***“Convertible Notes have been chosen for this capital raising because the Board believes they are the best mechanism for the Company and will provide access to securities on terms that could have many potential benefits for shareholders, when compared to a straight equity issue,”*** said Ferrowest Managing Director, Brett Manning

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

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

**FERROWEST LIMITED**

ABN

**14 074 009 091**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued   | <b>Convertible Notes</b>  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <b>Approximately 3,330 Convertible Notes</b>  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <b>Convertible Notes:</b><br>- Face value of \$500 each;<br>- Coupon rate of 10%pa;<br>- 2 year redemption period from date of issue;<br>- Unsecured;<br>- Unlisted;<br>- Conversion during conversion period from 100 days from date of issue until 5PM 6 Business days before redemption;<br>- Number of Shares issued on conversion is calculated as Face Value divided by Conversion Price; and<br>- Conversion Price is 80% of the VWAP for ordinary shares for 10 trading days prior to conversion but limited to a maximum of 25 cents and a minimum of 2.5 cents. |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No.</p> <p>The Convertible Notes have no rights in respect of dividends.</p> <p>The Convertible Notes have a coupon rate of 10%pa in interest payable quarterly in arrears.</p> <p>Shares issued upon conversion of the Convertible Notes will rank equally in all respects with Ordinary Shares of the Company.</p> <p>The Company will apply for quotation of Shares issued upon conversion of Convertible Notes.</p>
<p>5 Issue price or consideration</p>	<p>Face Value is \$500 each</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Capital raising to fund exploration and feasibility studies on the Company's mineral projects and for working capital purposes</p>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the <sup>+</sup>securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>31 October 2012</p>
<p>6c Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>	<p>22,557,560</p>
<p>6d Number of <sup>+</sup>securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>
<p>6e Number of <sup>+</sup>securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>(a) 2,079,832 Ordinary Shares 18 January 2013 (b) 2,779,150 Options 6 August 2012</p>

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6f	Number of securities issued under an exception in rule 7.2	(a) 51,033,734 Ordinary Shares (b) 8,187,201 Options
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	NA
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	NA
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Rule 7.1 – 6,217,491  Rule 7.1A – 19,183,368
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	29 November 2013* *May be altered at the Directors' discretion, subject to compliance with ASX Listing Rules

	Number	+Class				
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">214,391,236</td> <td>Ordinary Fully Paid Shares</td> </tr> <tr> <td>10,966,351</td> <td>FWLO Options (\$0.25 exercise price 1 September 2014)</td> </tr> </table>	214,391,236	Ordinary Fully Paid Shares	10,966,351	FWLO Options (\$0.25 exercise price 1 September 2014)
214,391,236	Ordinary Fully Paid Shares					
10,966,351	FWLO Options (\$0.25 exercise price 1 September 2014)					

	Number	+Class						
9	Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <tr> <td style="width: 30%;">1,500,000</td> <td>Options with exercise price of \$0.1967 on or before 21 December 2013</td> </tr> <tr> <td>3,500,000</td> <td>Options with exercise price of \$0.25 on or before 19 April 2015</td> </tr> <tr> <td>3,330</td> <td>Convertible Notes with \$500 face value and 10% coupon rate with 2 year redemption and conversion to shares calculated as specified in Section 3 above</td> </tr> </table>	1,500,000	Options with exercise price of \$0.1967 on or before 21 December 2013	3,500,000	Options with exercise price of \$0.25 on or before 19 April 2015	3,330	Convertible Notes with \$500 face value and 10% coupon rate with 2 year redemption and conversion to shares calculated as specified in Section 3 above
1,500,000	Options with exercise price of \$0.1967 on or before 21 December 2013							
3,500,000	Options with exercise price of \$0.25 on or before 19 April 2015							
3,330	Convertible Notes with \$500 face value and 10% coupon rate with 2 year redemption and conversion to shares calculated as specified in Section 3 above							

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**Appendix 3B**  
**New issue announcement**

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10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable
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**Part 2 - Bonus issue or pro rata issue**

11	Is security holder approval required?	No
12	Is the issue renounceable or non-renounceable?	Non-renounceable
13	Ratio in which the +securities will be offered	1 Convertible Note for every 75,000 ordinary shares (rounded up)
14	+Class of +securities to which the offer relates	Ordinary Shares
15	+Record date to determine entitlements	<b>8 November 2013</b>
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded up to the nearest whole number of Convertible Notes
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.            Cross reference: rule 7.7.</small>	United Arab Emirates China United Kingdom Hong Kong Japan Netherlands United States of America
19	Closing date for receipt of acceptances or renunciations	26 November 2013* <i>* Subject to compliance with the Listing Rules, the Directors reserve the right to extend the Closing Date and alter the balance of the timetable accordingly</i>
20	Names of any underwriters	Issue is not underwritten
21	Amount of any underwriting fee or commission	NA

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22	Names of any brokers to the issue	NA
23	Fee or commission payable to the broker to the issue	Subject to the terms of the Offer, the Company will pay 5% commission to any AFS Licensee for any Shortfall Convertible Notes that are successfully placed to parties that are NOT Eligible Shareholders
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Nil
25	If the issue is contingent on +security holders' approval, the date of the meeting	NA
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	11 November 2013
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	29 October 2013
28	Date rights trading will begin (if applicable)	NA
29	Date rights trading will end (if applicable)	NA
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	NA
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	NA
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	NA
33	+Despatch date	29 November* * Subject to compliance with the Listing Rules, the Directors reserve the right to extend the Closing Date and alter the balance of the timetable accordingly

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### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

+ See chapter 19 for defined terms.

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- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 28 October 2013  
(Company secretary)

Print name: Daniel Bredenkamp – Company Secretary

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## Appendix 3B – Annexure 1

### Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

#### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b><i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i></b>	
<b><i>Insert</i></b> number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	<b>138,720,110</b>
<b><i>Add</i></b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 <span style="float: right;"><b>51,033,734</b></span></li> <li>• Number of fully paid ordinary securities issued in that 12 month period with shareholder approval <span style="float: right;"><b>2,079,832</b></span></li> <li>• Number of partly paid ordinary securities that became fully paid in that 12 month period <span style="float: right;">-</span></li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b><i>Subtract</i></b> the number of fully paid ordinary securities cancelled during that 12 month period	<b>Nil</b>
<b>“A”</b>	<b>191,833,676</b>

+ See chapter 19 for defined terms.

**Appendix 3B**  
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<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	28,775,051
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>22,557,560</b></p> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable ) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
“C”	<b>22,557,560</b>
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	28,775,051
<b>Subtract</b> “C” <i>Note: number must be same as shown in Step 3</i>	<b>22,557,560</b>
<b>Total</b> [“A” x 0.15] – “C”	6,217,491 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	<b>191,833,676</b>
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	<b>19,183,368</b>
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <i>Notes:</i> <ul style="list-style-type: none"> <li>• This applies to equity securities – not just ordinary securities</li> <li>• Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	<b>Nil</b>
<b>“E”</b>	<b>Nil</b>

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**Appendix 3B**  
**New issue announcement**

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<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<b>"A" x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	<b>19,183,368</b>
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	<b>Nil</b>
<b>Total ["A" x 0.10] – "E"</b>	<b>19,183,368</b> <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.



28 October, 2013

Dear Option Holder,

We are writing to you in your capacity as an option holder of FWLO options with an exercise price of 25 cents and an expiry date of 1 September 2014.

Ferrowest Limited ("Ferrowest" or "the Company") today announced that it plans to offer Eligible Shareholders the right to subscribe for Convertible Notes in a non-renounceable rights issue.

The Company proposes the issue of approximately 3,330 Convertible Notes with a face value of \$500 each to raise approximately \$1,665,000 before costs (the Offer).

The basis of the entitlement for Eligible Shareholders will be one (1) Convertible Note for every seventy five thousand (75,000) Shares held, rounded UP to the nearest whole number of Convertible Notes. Eligible Shareholders will be those shareholders registered at 5:00PM (WST) on 8 November 2013 (the Record Date) whose address entered in the share register is in Australia or New Zealand.

The Convertible Notes will have a coupon rate of 10% per annum, with interest paid quarterly in arrears. The Redemption Date for the Convertible Notes not previously converted will be 2 years from the Date of Issue. The Convertible Notes will be unlisted, unsecured and will rank equally with other unsecured creditors.

The Convertible Noteholders will be entitled to convert some or all of their Convertible Notes to Shares at any time during the Conversion Period. The Conversion Period will commence 100 days after the Date of Issue and end at 5PM WST on the 6th Business Day before the Redemption Date.

The number of Shares issued on conversion of each Convertible Note will be calculated as the face value of \$500 divided by the Conversion Price. The Conversion Price will be 80% of the VWAP for Ferrowest Shares over the ten (10) Trading Days prior to receipt of a valid and properly rendered Conversion Notice, with a minimum Conversion Price of 2.5 cents and a maximum of 25 cents.

**Please note that your options do not entitle you to participate in the entitlement Offer.**

To participate in the entitlement Offer in respect of your options you would need to exercise your options and be entered onto the Company's Share register as a shareholder on or before the Record Date of 5:00PM WST on Friday 8 November 2013.

The ASX Listing Rules require the Company to notify you of your right to participate in the entitlement Offer of shares by exercising your options before the Record Date, however given the exercise price of your options, the Company suggests that you seek financial advice before exercising any of your options.

Please note that this notice has no bearing on any entitlement to the Offer that may exist in respect of any Shares that you may also hold in the Company.

Yours sincerely,

Brett Manning  
Managing Director