



30 October, 2014

ASX Announcement

QUARTER ACTIVITY REPORT

During the September 2014 Quarter, Ferrowest Limited ("Ferrowest" or "the Company") undertook the following activities:

Project and Exploration Activities

As announced in July 2014, 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 during the Quarter. 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.

During the Quarter the Company continued to look for opportunities to fund the Yogi Mine Project and the Yalirimbi Iron Project through investment and/or joint ventures but in the very depressed iron ore market that existed during the Quarter there was little investment interest during the Reporting Period.

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.

Corporate Matters

Proposed Funding Agreement

During the Quarter the Company completed various processes required in order to put the Funding Agreement between the Ferrowest and TFA International Pty Ltd ("TFA") (announced to the market on 30 April 2014) to shareholders for approval. Further details are provided below in the Events Subsequent section of this report.

The Company completed its due-diligence on the Chinese company **Hubei Taifeng Investment and Development Co., Ltd.** ("HTDC") in which Ferrowest will be investing under the terms of the Funding Agreement.

Independent Expert's Report

Also during the Quarter, an Independent Expert's Report into the proposed Funding Agreement ("the Proposed Transaction") was completed and this has subsequently been dispatched to shareholders.

The Independent Expert Report concluded that the Proposed Transaction was both **fair** and **reasonable** to the Non-Associated Shareholders of Ferrowest as at the time of its release. For details in relation to these recommendations, shareholders are strongly advised to read the Independent Expert's Report in full before making any decisions in relation to the Proposed Transaction.

The Agricola Mining Consultants Pty Ltd Independent Valuation Report ("Agricola Report") of the Company's mineral projects (Appendix 4 of the Independent Expert' Report - Effective at 19 September 2014) found:

"The estimate the [sic] market value for the current equity position of the Company's Projects is in the range of A\$3.0 million to A\$5.9 million with a preferred value of A\$3.9 million."

This equates to a range of 1.33 cents to 2.62 cents value per share with a preferred value of 1.73 cents per share in this very depressed iron ore price market. This compares with the Company's current share price of 0.08 cents per share at the date of this report.

The Agricola Report also noted that in the event that the iron ore spot prices were to recover to the prices specified below, the technical valuation ranges would change accordingly.

<i>Iron Ore Spot Price</i>	<i>Minimum</i>	<i>Maximum</i>
<i>\$100 per tonne (62%Fe)</i>	<i>\$14.5M</i>	<i>\$28.5M</i>
<i>\$120 per tonne (62%Fe)</i>	<i>\$17.0M</i>	<i>\$33.6M</i>

This would equate to values per share of:

6.4 cents to 12.6 cents

7.6 cents to 14.9 cents

The values per share are based on the current 224,819,808 shares of Ferrowest currently on issue. For details in relation to the Agricola Report, shareholders are strongly advised to read Appendix 4 of the Independent Expert's Report in full and seek qualified advice if required.

Other Corporate Matters

On 1 September 2014, the listed options, ASX code FWLO, expired.

The 30 June 2014 Annual Report of Ferrowest Limited was released to the market on 30 September 2014.

Events Subsequent

Yalyirimbi Iron Project

The Company has been progressing work in relation to the **Yalyirimbi Iron Project** to earn up to a 60% interest in the iron ore rights on EL 24548 in the Northern Territory through an incorporated joint venture. The iron rights are held by Arafura Iron Pty Ltd ("AIPL"), which is a subsidiary of Arafura Resources Limited ("Arafura" ASX Code: ARU).

Ferrowest has previously announced an estimate of Indicated and Inferred Mineral Resources for Yalyirimbi, thereby qualifying for a 51% interest in AIPL. Arafura and Ferrowest have now completed the share transfer paperwork for the Company's 51% shareholding in AIPL and have appointed two Ferrowest nominated directors, being Mr. Brett Manning and Mr. Graeme Johnston to the Board of AIPL. AIPL has two existing Arafura Board nominee directors who will remain on the AIPL Board. The on-going management of AIPL is governed by a shareholder agreement between Arafura and Ferrowest.

In order to earn the remaining 9% for a total of 60%, the Company must complete a Bankable Feasibility Study for the Yalyirimbi Iron Project at its own cost. Work on this study is expected to continue over the coming 12 months.

Proposed Funding Agreement

On 9 October 2014, the Company announced that a further condition precedent to the Funding Agreement between Ferrowest and TFA has been satisfied.

The Board of Directors resolved at a Board Meeting held on 30 September 2014 that it is satisfied with its due-diligence inquiries in respect of the acquisition by Ferrowest of a 21.8% interest in HTDC and the transaction contemplated in the Funding Agreement and has notified TFA accordingly, thus satisfying the condition specified at clause 3.1(b) of the Funding Agreement.

The Company has called a General Meeting of shareholders on 11 November 2014 for shareholders to vote on approval of the Funding Agreement. If approved by shareholders, the only remaining approvals before settlement can occur will be those required from the Chinese Government authorities.

For the three months of the Quarter, Ferrowest has received three \$100,000 loan funding tranches as stipulated in the terms of the Funding Agreement and a further \$38,000 to meet certain costs associated with the Independent Expert Report costs, printing and mailing costs.

Waiver - Listing Rule 10.13.3

On 8 October 2014 the Company advised that ASX has granted a waiver in respect of Listing Rule 10.13.3 for the issue of shares in respect of the proposed Funding Agreement signed between the Company and TFA dated and announced to the market on 30 April 2014.

Listing Rule 10.13.3 relevantly provides that securities must be issued within 1 month after the date of the meeting at which that approval is granted. As the issue of shares anticipated under the Funding Agreement (“the TFA Shares”) can only occur at a settlement after Chinese Government approval has been received (which may not occur within 1 month), the ASX has granted the Company a Listing Rule waiver in respect of Listing Rule 10.13.3 on the following conditions:

- (a) the TFA Shares are issued within 15 days of satisfaction of all conditions precedent, and in any case no later than 6 months after the date of the shareholder meeting;
- (b) for any annual reporting period during which any of the TFA Shares have been issued or any of them remain to be issued, the Company’s annual report sets out in detail the basis on which the TFA Shares were or may be issued;
- (c) in any half year or quarterly report for a period during which any of the TFA Shares have been issued or remain to be issued, the Company must include a summary statement of the number of TFA Shares issued during the Reporting Period, and the number of TFA Shares that remain to be issued;
- (d) the Notice sets out the conditions which must be satisfied prior to the issue of the TFA Shares; and
- (e) the Company releases the terms of the waiver to the market no later than the time the Notice is released to the market.

General Meeting and Annual General Meeting

On 8 October 2014 the Company called a General Meeting of the Company to vote on the Funding Agreement (details above) and also called the Annual General Meeting of the Company for 2014. Both Meetings are to be held in 11 November 2014 as detailed in the respective Notices of Meeting.

Other Matters

On 7 October Ferrowest Limited changed its registered address and principal place of business to:

**3 Camden Street
BELMONT WA 6014**

The facsimile number has also changed to:

+61 8 9277 5303

All other contact details remain unchanged.

On 9 October 2014, the Company advised that the Managing Director of Ferrowest, Mr Brett Manning, has been diagnosed with cancer and will be undergoing treatment during the fourth Quarter of 2014. Mr Manning will continue in the role of Managing Director for the time being. If shareholders approve the Funding Agreement, it is proposed that Mr Robert (Wei) Sun will be appointed as Managing Director once settlement of the agreement occurs (following Chinese Government approval). Mr Manning will then be appointed Executive Chairman. Other directors of the Company will perform in an executive capacity where required during Mr Manning's treatment phase.

Ongoing Funding

The Company has the need for further funding of its operations beyond the end of the Funding Agreement with TFA, however the nature, requirements and approach to further funding will require a determination of the Funding Agreement question by shareholders at the 11 November 2014 shareholder General Meeting.

In addition to what is expected to be funding from some form of capital raising activity, if the shareholders support the implementation of the Funding Agreement and settlement is able to be achieved before 31 December 2014 (subject to Chinese Government approval), the Company should be in a position to benefit from some dividends distribution (December financial year end in China) from the HTDC investment in early 2015.

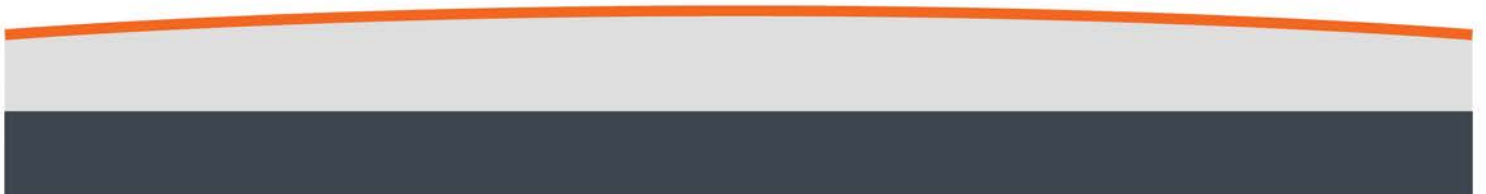
Mineral Tenement Interests as at 30 September 2014

In accordance with ASX Listing Rule 5.3.3, the Ferrowest Group had the following changes to tenement interests as at 30 September 2014:

- Ferrowest subsidiary Urban Minerals Pty Ltd surrendered E74/521 and E77/1475 on 5 September 2014 as part of a rationalisation of project areas.
- Subsequent to the end of the Reporting Period, Urban Minerals Pty Ltd also surrendered E39/1727 on 3 October 2014.

The Company's beneficial interests in any farm-in or farm-out agreements in respect of any mining tenement interests did not change during the September 2014 Quarter.

A complete tenement schedule is provided below.



Ferrowest Tenement Schedule - 30 September 2014				
Name	Tenement	Tenure Type	Status	Ferrowest Group Interest
YOGI MINE PROJECT - 14Km East of Yalgoo in WA				
YOGI	M59/525	Mining Lease	Granted	100%
YOGI	E59/1348	Exploration Licence	Granted	100%
YOGI	E59/1097	Exploration Licence	Granted	100%
YOGI	L59/119	Miscellaneous (Water Licence)	Granted	100%
YOGI	M59/740	Mining Lease	Granted	100%
YOGI	M59/634	Mining Lease	Granted	100%
YOGI	M59/635	Mining Lease	Granted	100%
YOGI	M59/636	Mining Lease	Granted	100%
YOGI	M59/637	Mining Lease	Granted	100%
YOGI	P59/2028	Prospecting Licence	Granted	100%
OTHER PROJECTS (Ferrowest Limited)				
LAKE HALBERT EAST	E63/1585	Exploration Licence	Granted	100%
YALYIRIMBI IRON PROJECT North West of Alice Springs in the NT (Ferrowest Limited)				
YALYIRIMBI	EL 24548	Exploration Licence	Granted	0% #
MARVEL LOCH PROJECT - South of Southern Cross in WA (Urban Minerals Pty Ltd)				
EDWARD	E77/1998	Exploration Licence	Granted	100%
JACCOLETTI	P77/4108	Prospecting Licence	Granted	100%
JACCOLETTI	P77/4109	Prospecting Licence	Granted	100%
JACCOLETTI	P77/4110	Prospecting Licence	Granted	100%
EDWARD'S NORTH	P77/4111	Prospecting Licence	Granted	100%
EDWARD'S NORTH	E77/2015	Exploration Licence	Granted	100%
JACCOLETTI	E77/2016	Exploration Licence	Granted	100%
EDWARD	E77/2108	Exploration Licence	Granted	100%
TOOMEY HILLS	E77/1999	Exploration Licence	Granted	100%
EAST BOUNTY	E77/2000	Exploration Licence	Granted	100%
CAMEL BACK	E39/1727	Exploration Licence	Granted	80% *
# Ferrowest holds the right to earn a 60% right in the iron rights on the tenement. As at 30 September 2014, Ferrowest has earned 51% of that right but transfer is still to be affected. Ownership of the tenement will remain with Arafura Resources Limited.				
* Surrendered subsequent 30 September 2014				

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

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Ferrowest Limited

ABN

14 074 009 091

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(110)	(110)
(b) development	-	-
(c) production	-	-
(d) administration	(166)	(166)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Other (GST recoverable/payable)	3	3
Net Operating Cash Flows	(277)	(277)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	11	11
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	11	11
1.13 Total operating and investing cash flows (carried forward)	(266)	(266)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(266)	(266)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	240	240
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital raising costs)	-	-
	Net financing cash flows	240	240
	Net increase (decrease) in cash held	(26)	(26)
1.20	Cash at beginning of quarter/year to date	34	34
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter (See note at 1.25)	8	8

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	56
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

In relation to 1.22 above, please note that since the end of the Quarter, Ferrowest Limited has received a further \$238,000 under the Funding Agreement with TFA International Pty Ltd in accordance with the terms detailed in the ASX Announcement dated 30 April 2014.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	180
Total	230

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	34	30
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	34	30

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Nil	E77/1475 (Urban Minerals) E74/521 (Urban Minerals)	100% 100%	0% 0%
6.2 Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter


Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	224,819,808	224,819,808		
7.4 Changes during quarter (a) Increases through issues				
7.5 +Convertible debt securities 2 year 10% convertible at 80% VWAP	1,078		\$500	\$500
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,500,000	-	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 19 April 2015
7.8 Issued during quarter				
7.9 Exercised during quarter	-	-		
7.10 Expired during quarter	10,966,351	10,966,351	\$0.25	1 September 2014
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX \(see note 5\)](#).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 

Date: 30 October 2014

Print name: Brett Manning
Managing Director

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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