

2 February, 2015

ASX Announcement

NON-RENOUNCEABLE PRO RATA RIGHTS ISSUE

Ferrowest Limited ("the Company") is pleased to announce a non-renounceable pro rata rights issue for eligible shareholders ("the Offer").

Under the Offer, eligible shareholders will be entitled to apply for one (1) new ordinary share ("New Shares") for every two (2) shares held at the record date, at an issue price of **0.5 cents per share**, to raise up to approximately **\$562,050** before costs if fully subscribed.

The New Shares shall rank equally with the ordinary shares of the Company (ASX Code: FWL). The Company will apply for quotation of the New Shares. A total of up to 112,410,000 New Shares would be issued under the Offer, if fully subscribed.

Further details of the Offer will be available in the Offer Document that will be lodged with ASX in the near future.

SECTION 708AA (2)(f) NOTICE

The Company gives notice under Section 708AA (2)(f) of the Corporations Act (Cth) (the Corporations Act") that:

1. The Offer of approximately 112,410,000 fully paid ordinary shares will be offered to shareholders without disclosure document pursuant to Part 6D.2 of the Corporations Act.
2. As at date of this notice:
 - a. The Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company;
 - b. The Company has complied with Section 674 of the Corporations Act being the requirement to meet its continuous obligations under the ASX Listing Rules; and
 - c. There is no "excluded information" within the meaning of Sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under Section 708AA(7)(d) of the Corporations Act.

3. The Offer is a non-renounceable pro-rata issue. The potential effect that the Rights Issue will have on the control of the Company is as follows:

- a. If all of the eligible shareholders of the Company on the record date take up their entitlements under the Offer, then the Offer will have no effect on the control of the Company;
- b. In the more likely event that there is a shortfall, shareholders who do not subscribe for their full entitlement under the Offer will be diluted relative to those shareholders who subscribe for their full entitlement;
- c. As at 14 January 2015, the Company had one substantial shareholder, TFA International Pty Ltd ("TFA") holding 29.17% of the Company's ordinary shares. TFA has given a written undertaking to the Company not to increase its relative percentage holding (and therefore voting power) via the Offer.
- d. Where there is a Shortfall, the Directors will place the Shortfall in accordance with the policy of the Offer which states:

"Shortfall shares may be placed, entirely at the discretion of the Directors, to parties permitted to subscribe for shortfall shares under the Act and the terms of the Offer with the following limitations:

- 1. Shortfall shares will not be placed with Related Parties of the Company;*
- 2. No one party shall be issued more shortfall shares, when combined with any other shareholding of ordinary shares in the Company, that would result in that party holding more than 15% of the total ordinary shares on issue at completion of rights issue;*
- 3. In the event that there are applications for more shortfall shares from eligible shareholders than the directors determine to allot, then, subject to 1 and 2 above, the applications shall be scaled back on a pro-rata basis as determined by the Directors'."*

Yours sincerely,



Brett Manning
Managing Director

OTHER RELEVANT INFORMATION

An Appendix 3B detailing the revised capital structure of the Company following the Offer (assuming full subscription) is attached to this announcement.

A letter giving details of the Offer will be dispatched to shareholders in the next few days. The Offer Document will be lodged with the ASX immediately following this announcement. Should you require any further information please contact the Company on (08) 9277 2600 during normal office hours.

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

Ek Rule 2.7, 3.10.3, 3.10.4, 3.10.5

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 | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 112,410,000 Ordinary Shares |
| 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) | Ordinary Shares |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>Yes – Ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>0.5 cents per Share</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The purpose of the issue is to raise capital that will be applied (after costs) to:</p> <p>(a) Continued exploration of the Company's projects;</p> <p>(b) Investigation and due-diligence of new mineral project opportunities; and</p> <p>(c) For working capital purposes including the retirement of some debt.</p>
<p>6a Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	
<p>6c Number of ⁺securities issued without security holder approval under rule 7.1</p>	
<p>6d Number of ⁺securities issued with security holder approval under rule 7.1A</p>	

⁺ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	
6f	Number of securities issued under an exception in rule 7.2	
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.	
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	
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 – 33,722,971 Rule 7.1A – Not Applicable
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	6 March 2015* *Subject to change

8	Number and ⁺ class of all ⁺ securities quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number 337,229,808	⁺ Class Ordinary Fully Paid Shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Number 3,500,000 1,078	⁺ Class Options with exercise price of \$0.25 on or before 19 April 2015 Convertible Notes with \$500 face value and 10% coupon rate with 2 year redemption and conversion price to shares at 80% of VWAP but limited to between 2.5 cents and 25 cents per share.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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 new ordinary share for every 2 ordinary shares held
14	+Class of +securities to which the offer relates	Ordinary Shares
15	+Record date to determine entitlements	6 February 2015
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	NA
17	Policy for deciding entitlements in relation to fractions	Fractions will be rounded up
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>	The Offer will be made in Australia and New Zealand only.
19	Closing date for receipt of acceptances or renunciations	27 February 2015* *Subject to change
20	Names of any underwriters	Offer is not underwritten
21	Amount of any underwriting fee or commission	NA
22	Names of any brokers to the issue	NA

+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	NA
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	5% paid on successful shortfall applications placed bearing a broker stamp.
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 February 2015
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	30 January 2015
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	6 March 2015

⁺ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.

40	<p>Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	<p>Number and ⁺class of all ⁺securities quoted on ASX (<i>including</i> the securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">⁺Class</th> </tr> </thead> <tbody> <tr style="height: 50px;"> <td></td> <td></td> </tr> </tbody> </table>	Number	⁺ Class		
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.

Appendix 3B
New issue announcement

- 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: 2 February 2015
(Managing Director)

Print name: Brett Manning – Managing Director

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+ See chapter 19 for defined terms.

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

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	224,819,808
Add the following: <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>Nil</p> <p>Nil</p> <p>Nil</p>
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	224,819,808

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> Under an exception in rule 7.2 Under rule 7.1A With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	Nil
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.15] – “C”	33,722,971 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

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

+ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.