



ABN 14 074 009 091

23 April 2009

ASX Announcement

SHARE PURCHASE PLAN

Ferrowest Limited ("Ferrowest" or "the Company") is pleased to offer shareholders the opportunity to participate in a Share Purchase Plan ("SPP") pursuant to which the Company plans to raise up to \$1,500,000 through the issue of up to 18,750,000 shares to eligible shareholders at a price of 8 cents per shares.

The SPP will provide eligible shareholders registered at 5:00PM (WST) on 22 April 2009 ("the Record Date") the opportunity to subscribe for up to \$5,000 in ordinary shares in the capital of the Company without incurring any brokerage costs.

With approximately 880 shareholders each having a right to apply for 62,500 shares each, it is possible that the number of applications could well exceed the maximum number of shares proposed to be allotted under the SPP. Therefore the Directors have determined that valid applications will be treated on a 'first received – first accepted' basis. In the event that the total applications received reaches the maximum 18,750,000 shares, the application monies for any further applications received will be returned to the unsuccessful applicants in full without interest.

While \$5,000 is the maximum that may be applied for by each shareholder in accordance with the ASX List Rules and the ASIC Class Order 02/831, applicants will also be able to elect lesser investment amounts of \$2,000, \$1,000 or \$500.

The closing date for receipt of applications for shares pursuant to the SPP will be in the later half of May 2009. Specific details and terms will be contained in the SPP Offer Document that will be mailed to shareholders next week.

The capital raised from the SPP will be applied to advancing the Yalgoo Iron Project, the Western Haematite Project and to working capital.

An SPP has been chosen for this capital raising in order to provide all shareholders with an equal opportunity (regardless of their current shareholding) to participate in the acquisition of discounted shares in the Company without paying brokerage fees.

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 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 57-58% Fe.