FERROWEST
LIMITED

ABN 14 074 009 091

16 May 2007

ASX ANNOUNCEMENT

Yogi Iron Ore Concentrate to be Tested in ITmk3® Technology

- Yogi concentrate being dispatched to Kobe, Japan for testing in ITmk3® technology
- Phase 2 in-fill drilling programme complete
- Some Phase 2 assay results received with balance due by the end of May 2007
- Phase 2 assay results appear consistent with Phase 1 results released previously
- Resource modelling to commence in June following receipt of the Phase 2 assay results
- First representative iron ore concentrate sample from Yogi being prepared
- Pre-feasibility Study on schedule for completion by the end of June 2007
- **The non-renounceable right issue of Options closes at 5pm WST on 22 May 2007**

A representative iron ore concentrate is currently being prepared from the samples obtained from drilling at Yogi and the Company is pleased to advise that it has reached agreement with Kobe Steel, Ltd ('Kobe'), the technology developer of the ITmk3® merchant pig iron process and Midrex Technologies Incorporated ('Midrex'), Kobe's technology licensing agent, to test iron ore concentrate from the Yogi deposit of the Yalgoo Iron Project for use in the iron nugget manufacturing technology. The concentrate will be dispatched in early June for testing in Kobe's facilities in Japan.

As part of the Company's ongoing engineering studies it is evaluating three other merchant pig iron manufacturing technologies that would be suitable for the Yalgoo Iron Project in the event that there is any delay in the commercialisation of the ITmk3® process or the Company's access to it is delayed. One of these technologies, FASTMET/FASTMELT® is a commercialised technology that is also licensed by Midrex and they have made arrangements with Kobe for the Yogi iron concentrate to be tested in this process at the same time.

The Phase 2 in-fill drilling programme has been completed at Yogi, 14 Km east of Yalgoo. A total of 4320m of RC (including diamond drilling pre-collars) over 26 holes, and 953.1m of diamond drilling over 8 holes has been completed. Included in the diamond drilling were two larger diameter (PQ) holes to extract sample for the physical ore characterisation testwork programme that will occur during June.

The assay result from the phase 2 drilling are currently being received and appear consistent with the Phase 1 results previously released to the market. Once all the results have been received and validated they will be released to the market. The results of Phase 1 and Phase 2 drilling will be used to prepare an identified mineral resource estimate classified and reported in accordance with the JORC Code during June.

Work remains ongoing with the Pre-feasibility Study for the Yalgoo Iron Project and it is expected that this study will be completed by the end of June.

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SHAREHOLDERS PLEASE NOTE

The non-renounceable rights issue of Options closes at **5pm WST** next **Tuesday the 22nd of May 2007**. Following several queries the Company has received, ***shareholders are reminded that mail travelling across Australia from east to west may take several days to arrive*** and the Company encourages any shareholder wishing to participate in the offer to dispatch their application as soon as possible to ensure that it is received at the share registry by 5pm WST on the 22nd of May 2007. Applications that miss the deadline can not be accepted.

Ferrowest Limited is developing the Yalgoo Iron Project aimed at producing merchant pig iron from the Yogi magnetite mineralisation near Yalgoo in the mid west region of Western Australia. Proposed initial production is 500,000 tonnes per annum. The plan to process the iron ore to pig iron on the mine site is premised on emerging mine site based technologies and excellent existing infrastructure servicing the site. The resulting value added merchant pig iron product will be a relatively high margin, high quality, low volume product for export to electric arc and basic oxygen furnace steel making plants worldwide.

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.

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.

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