FERROWEST
LIMITED

ABN 14 074 009 091

20 June 2007

ASX ANNOUNCEMENT

ITmk3® Technology a Step Closer to Commercialisation

Kobe Steel (the developer of the ITmk3® iron making technology) and Cleveland Cliffs have struck a deal that will see the first full scale ITmk3® plant built in the USA. The ITmk3® technology is the preferred technology of four possible processes being considered by Ferrowest Limited (Ferrowest) for its Yalgoo Iron Project. (Please refer to the attached announcement from Kobe Steel Group).

Ferrowest welcomes this development as a positive step toward the commercialisation of the ITmk3® technology.

As previously announced, Ferrowest confirms that it will dispatch its first representative iron ore concentrate sample to Kobe Steel Group in Japan next week for testing in the ITmk3® technology.

The ITmk3® technology produces merchant pig iron ("MPI") in the form of 96%Fe iron nuggets that are very easy to handle, store and transport. It is also a premium product for end users (primarily electric arc furnace steel makers) due to its very low contaminant levels and high storage density.

The MPI price C&F in South Korea/Japan for June is US$395 per metric tonne (*Source: Tex Report*) which is 30% higher than the long term price assumptions used by Ferrowest in its Scoping Study for the Yalgoo Iron Project in December 2006. Ferrowest plans to produce 500,000 tonnes per annum of MPI from its Yalgoo Iron Project.

The Company remains very confident about its strategy to target MPI as its primary product and believes that developments in the world steel market are continuing to vindicate our business plan.

Other News

The Company confirms that it still expects to release its first resource estimate for the Yogi iron ore deposit before the end of June. The Yogi iron ore deposit, located 14km east of Yalgoo in the mid west region of Western Australia underpins the proposed Yalgoo Iron Project.

Also, as previously advised, the Company expects the Pre-feasibility Study for the Yalgoo Iron Project to be completed before the end of July 2007.

Following the release of regional aeromagnetic surveys by the Department of Industry & Resources the Company has identified a possible extension of its Yogi deposit to the north of its existing granted tenure and has applied for an exploration licence over the area that is contiguous with its current tenement package. This has the potential to add about 3km to the existing 27km strike length at Yogi.

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.

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Topics
2007

Kobe Steel forms alliance with Cleveland-Cliffs to promote ITmk3® ironmaking technology

June 20, 2007

TOKYO, June 20, 2007 -- Kobe Steel, Ltd. announces that it has formed an alliance with Cleveland-Cliffs Inc to market Kobe Steel's revolutionary ITmk3® ironmaking process. ITmk3 is an efficient and economical method of producing high-purity iron nuggets for steelmaking.

The agreement, which has a 10-year term, enables the two companies to collaborate in commercializing the ITmk3 Process. Cleveland-Cliffs is granted a non-exclusive license to use the ITmk3 process and is able to freely promote ITmk3 projects mainly in the United States, Canada, Brazil and Australia. Kobe Steel will provide technical support for project promotion and development.

With the formation of the alliance, Cleveland-Cliffs and Kobe Steel also agreed to develop a commercial-scale ITmk3 plant, with an annual production capacity of 500,000 metric tons, on a joint venture basis as strategic partners at one of Cleveland-Cliffs? United States mining properties. Cleveland-Cliffs and Kobe Steel will conduct feasibility studies and undertake the necessary environmental permitting for potential sites. The timing of this project and the site location will ultimately depend on permitting issues.

"Our alliance is aimed at expanding the use of the ITmk3 Process in major iron ore-producing countries worldwide,"said Shohei Manabe, General Manager and head of Kobe Steel's Iron Unit Division. "ITmk3 offers an attractive alternative for mineral processing. For steelmakers planning to expand capacity and mining companies seeking to broaden their product range, the ITmk3 Process holds the promise of a cost-effective method of producing high-quality iron units for steelmaking," he said.

Commenting on the new alliance, Cliffs Chairman, President and Chief Executive Officer Joseph A. Carrabba stated: "We have been very interested in this technology since successfully testing the process in a pilot plant located at our Northshore facility. The alliance with Kobe moves us closer to realizing our mutual goal of commercializing and exploiting this innovative process.

ITmk3 (pronounced "Eye-Tee Mark Three") is an innovative technology that provides a flexible and environmentally friendly process for producing iron nuggets. Consisting of 96% to 97% iron and 2.5% to 3.0% carbon, the iron nuggets are equivalent in quality to blast furnace pig iron.

About the ITmk3 Process

* In the ITmk3 Process, iron ore fines and pulverized coal are formed into solid "green" or raw pellets. These pellets are fed into a rotary hearth furnace and heated to 1,300-1,450 degrees C. At this temperature range, the pellets are reduced and melted, enabling the iron to cleanly separate from the slag.

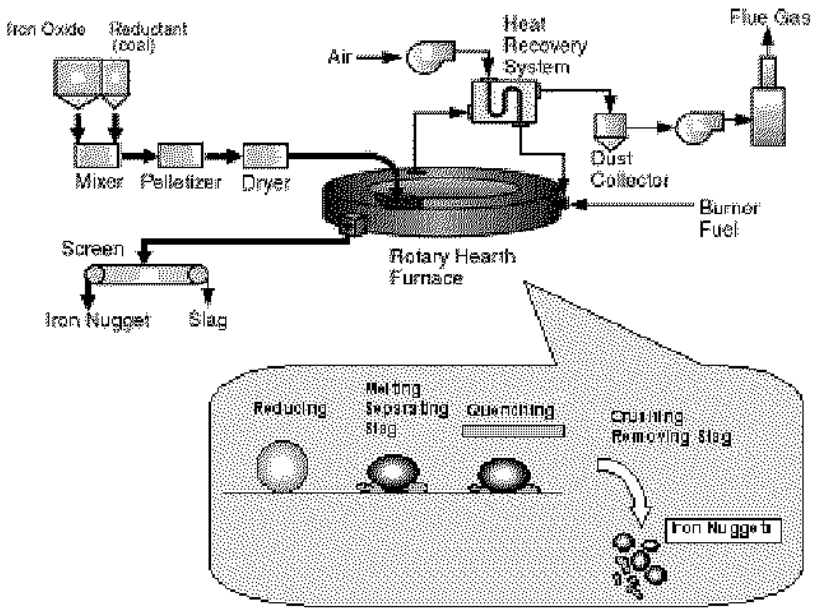
* The ironmaking process takes only about 10 minutes. In comparison, blast furnace ironmaking takes 8 hours, while direct reduction can take 6 hours.

* The resulting product is iron in nugget form. The iron nuggets can then be fed to melting furnaces for refining into steel.

* Energy efficient and environmentally friendly, the ITmk3 Process emits 20% less carbon dioxide than blast furnace operations.

* Capital investment is projected at roughly half the cost of conventional ironmaking technologies. On the same scale, initial capital investment of an ITmk3 plant is estimated to be about half the initial investment cost of a blast furnace with associated facilities, including coke ovens as well as oxygen generation and supply equipment.

ITmk3 Process Flow



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