FERROWEST
LIMITED

ABN 14 074 009 091

8 December, 2009

ASX Announcement
PROJECT UPDATES

WESTERN HAEMATITE PROJECT (WHP)

Following on from the Company's announcement on 19 November 2009 of the execution of an Option Agreement between Global Minmetal Corporation (GMC) and Ferrowest that provides GMC the right to earn a 50% Joint Venture interest in the WHP through the investment of $1M in Ferrowest shares and $14M in exploration and development funding for the project, productive discussions were held in Perth last week between the parties. The exploration to date was reviewed and plans for the next round of exploration drilling were discussed. The aim of the WHP is to identify haematite direct shipping grade iron ore on Ferrowest's Yogi tenements, 14km east of Yalgoo in the Mid West of Western Australia.

Ferrowest has lodged applications with the Department of Mines and Petroleum for programmes of work encompassing the next round of exploration drilling on the WHP and, subject to receiving these approvals, the work should commence early in the New Year.

GMC also advised that it had lodged its Foreign Investment Review Board (FIRB) application on 19 November 2009 and have had some discussions with the FIRB officers last week to clarify a few minor details. GMC is hopeful that it will receive FIRB approval before Christmas. This will allow the allotment of 5 million Ferrowest shares to GMC at 20 cents per share raising $1M for the Company.

YALGOO IRON PROJECT

Ferrowest has also applied to the Department of Mines and Petroleum for approval to undertake the programme of work necessary to complete the Company's magnetite Resource upgrade. The 100% Ferrowest owned Yalgoo Iron Project currently has a magnetite Resource classified and reported in accordance with the JORC Code of 112.5 million tonnes at 25.3%Fe on the first 10km of the 27km banded iron strike length at Yogi. The Company previously completed a further 8000m of a 10,000m drilling programme on the next 8km of strike length before the global financial crisis (GFC). The Company is now keen to complete the remaining 2000m of drilling in the first quarter of 2010 in order to finalise what is expected to be a significant magnetite Resource upgrade.

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The progress on the first full scale ITMk3® plant, the technology that Ferrowest intends to use for the manufacture of merchant pig iron in the Yalgoo Iron Project, remains on target. The plant's owner, Steel Dynamics in the United States has announced that the plant will commence production ramp up this month. The product mixing, pelletising and drying stages of the plant have been successfully commissioned and now the commissioning of the rotary hearth furnace itself will commence. The successful commissioning and production ramp up at this plant over the next 12 to 18 months will provide Ferrowest with a bankable proven technology prior to completion of the Bankable Feasibility Studies for the Yalgoo Iron Project.

It is the intention of the Company to re-initiate discussions in the New Year with selected parties interested in participating in the Yalgoo Iron Project through off-take and investment agreements, which were previously put on hold due to the GFC.

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 Project - Outline

Ferrowest Limited has identified potential zones 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. Exploration of a 600Ha area is ongoing with a number of potential haematite targets identified. The current concept for the WHP, subject to satisfactory exploration, study results and government approvals, envisages mine production of around 1.5Mtpa, with the direct shipping grade ore being transported by road train to Geraldton for export to China. The relatively simple open cut mine scenario and existing road train approved transport corridor over a relatively short shipping distance direct to the existing port provide an excellent basis for the WHP.

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.