



ABN 14 074 009 091

23 January, 2012

ASX Announcement

SHARE PURCHASE & CONVERTIBLE SECURITY AGREEMENT

Ferrowest Limited ("Ferrowest" or "the Company") and SpringTree Special Opportunity Fund, LP have agreed to terminate the Share Purchase & Convertible Security Agreement of 17 June 2011 ("the Agreement") with immediate affect.

The Agreement provided critical working capital funding for the Company during a period when cash reserves were low but since Ferrowest has concluded its Investment Agreement with the Taifeng Group and has a pipeline of funding available over the next 18 months, the parties have decided it would be appropriate to terminate the Agreement.

The SpringTree Special Opportunity Fund, LP has also decided to convert the balance of its Convertible Security of \$150,000 in the Company to ordinary shares in accordance with the terms of the Agreement. 3,759,398 fully paid ordinary shares have been issued today in satisfaction of this final conversion with the price per share based upon the share price in late December in accordance with the terms of the Agreement.

An Appendix 3B is attached in this regard.

Ferrowest Limited gives this notice pursuant to Section 708A (5)(e) of the Corporations Act 2001(Cth) ("the Act").

The shares were issued without disclosure to the investor under Part 6D.2, in reliance of Section 708A (5) of the Act.

Ferrowest Limited, as at the date of this notice, has complied with:

- (a) the provision of Chapter 2M of the Act as they apply to the Company; and
- (b) Section 674 of the Act.

As at the date of this notice, there is no "excluded information" (as defined in Section 708A (7) and (8) of the Act), required to be disclosed by the Company.

Yours sincerely,

Brett Manning
Managing Director

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

The Yogi Mine Project - Outline

The Yogi Mine Project proposes the development of a magnetite mining and concentration operation coupled with exploration of potential direct shipping ore ("DSO") grade haematite at the Yogi iron deposit near Yalgoo in the mid west region of Western Australia. Proposed production of magnetite concentrate will target 4,500,000 tonnes per annum ("tpa") at 67%Fe. 3,000,000tpa would be exported through the new proposed Port of Oakajee with the other 1,500,000tpa planned to supply the Eradu MPI Project (detailed below).

Exploration of potential haematite DSO targets will be a high priority for the Yogi Mine Project with the current concept, subject to satisfactory exploration, study results and government approvals, envisaging conceptual mine production of around 1.5Mtpa. The DSO would be 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 trucking distance direct to the existing port provide an excellent basis for rapid development where exploration is successful.

The current magnetite Inferred Resource estimate at Yogi classified and reported in accordance with the JORC Code is 572 million tonnes at 27.5%Fe with target magnetite potential[#] at Yogi estimated at between 0.8 and 1.2 billion tonnes.

Mineral Resource Estimate	Million Tonnes (Mt)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
Inferred (Fresh)	500.0	27.68	48.19	5.40	0.06	0.08
Inferred (Transitional)*	72.5	26.28	45.38	5.59	0.05	1.39
Inferred Total	572.5	27.51	47.84	5.42	0.06	0.25

Notes: Tonnages rounded to nearest 10,000 tonnes. Cut-off Grade 23.0% total Fe. Surficial oxide material is not reported as part of the mineral resource estimate.

*Transitional material is partially oxidised but magnetite-bearing.

The target potential is conceptual in nature as insufficient data exists to define a Mineral Resource and it is uncertain if further exploration will result in further Mineral Resource. The target potential is based upon calculations prepared by Ferrowest Limited with reference to current experience at Yogi and available data.

The Eradu MPI Project - Outline

Ferrowest Limited is developing the Eradu MPI Project aimed at producing seaborne traded merchant pig iron ("MPI") at 96%Fe using magnetite concentrate 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 magnetite concentrate to pig iron at Eradu, 60Km east of Geraldton 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 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 and Malcolm Titley, a Member of the Australasian Institute of Mining & Metallurgy.

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.

Malcolm Titley (MAusIMM) is a Director and Principal Consultant of CSA Global and is responsible for the estimation of the Mineral Resource for the Yogi deposit. Malcolm Titley 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. Malcolm Titley consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

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 Fully Paid Shares (Ordinary Shares) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 3,759,398 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 will rank pari passu with existing Ordinary Shares |

4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? If the additional securities do not rank equally, please state: • 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	Yes – The Ordinary Shares rank pari passu with existing Ordinary Shares
5 Issue price or consideration	\$150,000
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Conversion of the final \$150,000 portion of a Convertible Security.
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	23 January 2011

⁺ See chapter 19 for defined terms.

	Number	+Class																	
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)																		
	113,521,793	Ordinary Fully Paid Shares																	
	5,000,000	Ordinary Fully Paid Shares (Escrowed until 19 December 2012)																	
	5,000,000	Ordinary Fully Paid Shares (Escrowed until 14 January 2013)																	
9		Options exercisable at 25 cents each on or before 28 June 2012																	
	26,891,560																		
	1,500,000	Options with exercise price of \$0.1967 on or before 21 December 2013																	
		<table border="1"> <tr> <th colspan="3">Employee Options</th></tr> <tr> <th>Exercise Price</th><th>Vesting Date</th><th>Expiry Date</th></tr> <tr> <td>38,250</td><td>\$0.21</td><td>6/08/10</td></tr> <tr> <td>38,250</td><td>\$0.21</td><td>6/08/11</td></tr> <tr> <td></td><td></td><td>6/08/12</td></tr> <tr> <td></td><td></td><td>6/08/13</td></tr> </table>	Employee Options			Exercise Price	Vesting Date	Expiry Date	38,250	\$0.21	6/08/10	38,250	\$0.21	6/08/11			6/08/12		
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38,250	\$0.21	6/08/11																	
		6/08/12																	
		6/08/13																	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable																	

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|--|---|
| 11 | Is security holder approval required? | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> |
| 12 | Is the issue renounceable or non-renounceable? | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> |
| 13 | Ratio in which the +securities will be offered | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> |
| 14 | +Class of +securities to which the offer relates | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> |
| 15 | +Record date to determine entitlements | <div style="border: 1px solid black; height: 40px; width: 100%;"></div> |

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17	Policy for deciding entitlements in relation to fractions	
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
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	

+ See chapter 19 for defined terms.

28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

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

Attached

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

Attached

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 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- 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 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 38)

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.

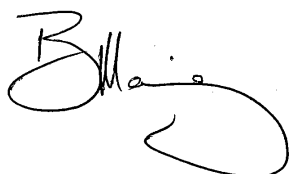
- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) 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

- 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:
(Director)

Date: 23 January 2012

Print name: ..Brett Manning..

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+ See chapter 19 for defined terms.