



# FERROWEST LIMITED

ABN 14 074 009 091

28 February, 2012

## ASX Announcement GENERAL UPDATE

### **Drilling Programme – Yogi Mine Project**

In-fill drilling at the 460Mt 'SAM' deposit has progressed well since the last update on 10 February 2012. To date 11 of the 12 holes planned for this phase have been completed with a total of 2,337m of RC drilling completed.

This phase of drilling, originally planned for a total of 2,400m is likely to be around 2,550m with four of the holes extending beyond their target depths by more than 20m each. All four holes ended in the magnetite when water pressure became too great for RC drilling to continue. This suggests that at least some area of the magnetite mineralisation at the SAM target may be wider than originally modelled in the current JORC Inferred Resource.

All holes have intersected the banded iron magnetite mineralisation as expected except for one at the northern end of expected pit outline. This appears to have intersected a previously undiscovered fault. This fault may confirm why the SAM deposit is twice as wide as the rest of the mineralisation, with a 2.4km section of the bed being shunted alongside another section. It is also possible that the location of the fault may provide a useful mine pit entrance location when the pit is modelled during the mine design phase.

As foreshadowed on 10 February 2012, clearing of the tracks and drill pads for the next round of haematite exploration drilling is expected to be completed this week. Planning, including sourcing a suitable drill rig, is underway for this approximately 1,800m drilling programme but the start date has not been determined yet.

### **Investment Agreement with the Taifeng Group**

As previously advised to the market, the last instalment of the first \$2.8M equity tranche (\$800,000 at 20 cents per share) has been completed under the terms of the Investment Agreement with TFA International Pty Ltd, the Australian subsidiary of the Sichuan Taifeng Group of China.

The Chinese Government approval process for the Investment Agreement remains ongoing.

Once granted, the second tranche of equity (a further \$2M at 20 cents per share) and the first of the \$20M in Taifeng project funding will be transferred.

### Barry's Ridge Project

The Barry's Ridge Project (E20/744) is located to the south east of Cue and is prospective for banded iron and gold. E20/744 is located in a greenstone belt area well known for its gold occurrences.

Rock chip samples from Barry's Ridge have been received from recent field reconnaissance and confirm the strong magnetite potential of the Barry's Ridge Project. Iron grades range from 34.5%Fe to 41.9%Fe. The full sample results are listed below.

ROCK CHIP SAMPLES	Sample Coordinates		Fe %	Sio2 %	Al2O3 %	P XRF %	S XRF %	LOI1000 %
	Easting	Northing						
Detn Limit			0.01	0.01	0.01	0.001	0.001	0
BR001	613525	6955516	<b>36.15</b>	45.3	0.77	0.067	0.018	0.58
BR002	613443	6955530	<b>36.38</b>	42.56	0.18	0.071	0.024	2.02
BR003	613149	6955251	<b>37.44</b>	43.05	0.25	0.03	0.042	2.69
BR004	613180	6955219	<b>36.13</b>	46.61	0.32	0.054	0.029	1.34
BR005	613003	6954773	<b>36.51</b>	46.41	0.2	0.045	0.008	0.11
BR006	612935	6954763	<b>36.31</b>	43.89	0.21	0.072	0.035	1.12
BR007	612910	6954758	<b>39.69</b>	39.86	0.28	0.033	0.019	2.27
BR008	612742	6954306	<b>34.5</b>	48.76	0.4	0.032	0.06	1.29
BR009	612754	6954274	<b>37.88</b>	44.14	0.2	0.032	0.033	1.01
BR010	612654	6954309	<b>30.94</b>	52.71	0.61	0.034	0.046	1.48
BR011	612633	6954313	<b>34.78</b>	49.22	0.14	0.065	0.021	0.74
BR012	611280	6951845	<b>39.4</b>	40.78	0.45	0.115	0.033	1.97
BR013	611178	6951882	<b>40.96</b>	39.72	0.21	0.057	0.029	1.05
BR014	609308	6947748	<b>39.42</b>	39.87	0.33	0.075	0.049	2.49
BR015	609168	6947772	<b>41.91</b>	34.16	0.19	0.069	0.036	5.22
Averages			<b>37.23</b>	<b>43.80</b>	<b>0.32</b>	<b>0.06</b>	<b>0.03</b>	<b>1.69</b>

Ground magnetic surveys have now been commissioned over the Barry's Ridge Project. These surveys will be completed on sections across the banded iron formations. The banded iron strike runs the full length of the tenement and the complete strike length on the tenement will be surveyed. A soil sampling programme is also planned following completion of the surveys.

The Barry's Ridge Project does not form part of the deal with Taifeng and remains 100% Ferrowest.

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<sup>#</sup> at Yogi estimated at between 0.8 and 1.2 billion tonnes.

Mineral Resource Estimate	Million Tonnes (Mt)	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	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
<b>Inferred Total</b>	<b>572.5</b>	<b>27.51</b>	<b>47.84</b>	<b>5.42</b>	<b>0.06</b>	<b>0.25</b>

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<sup>®</sup> 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.*