



5 July, 2012

ASX Announcement

NOTICE OF GENERAL MEETING

The Company has today dispatched a Notice of General Meeting and Explanatory Statement to shareholders. The Meeting will be held at 11:00AM on Monday 6 August 2012 at Unit 18, 28 Belmont Avenue, BELMONT WA.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are attached.

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 current magnetite Inferred Resource estimate at Yogi classified and reported in accordance with the JORC Code is 572.5 million tonnes at 27.5%Fe.

The target magnetite potential[#] at Yogi estimated at between 0.8 and 1.2 billion tonnes at an average grade of between 25.5%Fe to 29.5%Fe.

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 and general geological commentary is compiled by Graeme Johnston, a Fellow of the Geological Society of London. Information in this report that relates to Mineral Resources or Ore Reserves is based on information compiled by Graeme Johnston 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.

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT



Date of Meeting: **Monday, 6 August 2012**
Time of Meeting: **11:00AM**
Place of Meeting: **Unit 18, 28 Belmont Ave, BELMONT WA**

Notice is hereby given that a General Meeting of shareholders of Ferrowest Limited ("Ferrowest" or "the Company") will be held on **Monday, 6 August 2012 at 11:00AM, at Unit 18, 28 Belmont Avenue, BELMONT, Western Australia** ("the Meeting").

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 4 August 2012 at 5:00PM (WST). The following agenda items to be considered at the Meeting are discussed in the Explanatory Statement to shareholders included in this Notice.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following as Ordinary Resolutions:

RESOLUTION 1 – ELECTION OF BRYAN KEVIN HUGHES AS DIRECTOR

"To elect to the office of director of the Company, Mr. Bryan Kevin Hughes, who having been appointed since the last General Meeting of the Company, retires in accordance with the Constitution of the Company and being eligible, offers himself for re-election."

RESOLUTION 2 – ALLOTMENT OF OPTIONS TO BRYAN KEVIN HUGHES OR HIS NOMINEE

"That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue and allot 3,500,000 options to acquire ordinary fully paid shares to Mr. Bryan Kevin Hughes or his nominee by way of remuneration on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting and otherwise on the basis set out therein."

Voting Exclusion Statement:

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any person who is to receive securities in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – APPROVAL OF NEW ISSUE OF OPTIONS TO RAISE CAPITAL

“That, subject to Resolution 4 of the Meeting being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 26,891,560 options to acquire ordinary fully paid shares to parties that were holders of FWLOA options on 28 June 2012 to raise capital on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.”

Voting Exclusion Statement:

For the purposes of Listing Rule 7.3.8, the Company will disregard any votes cast on this resolution by the parties who may participate in the proposed issue and a person and any associate of them who may obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – APPROVAL FOR DIRECTORS AND RELATED PARTIES TO PARTICIPATE IN THE OPTION ISSUE CONTEMPLATED AT RESOLUTION 3

“That, subject to Resolution 3 of the Meeting being passed, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, the Directors and related parties of the Company that would be entitled to apply for and take up New Options under the option issue proposed at Resolution 3 on the same terms and conditions as the other persons eligible to participate in that option issue and as set out in the Explanatory Statement accompanying this Notice of General Meeting, is approved.”

Voting Exclusion Statement:

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by any Director or related party of the Company who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of an ordinary security holder, if the resolution is passed, and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL FOR THE ISSUE OF 10,000,000 SHARES TO TFA INTERNATIONAL PTY LTD

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the allotment and issue of 10,000,000 fully paid ordinary shares in the capital of the Company to TFA INTERNATIONAL PTY LTD or their nominee on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting and otherwise on the basis set out therein, is approved”

Voting Exclusion Statement:

For the purposes of Listing Rule 7.3.8, the Company will disregard any votes cast on this resolution by the parties who may participate in the proposed issue and a person and any associate of them who may obtain a benefit if the resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 6 – RATIFICATION OF SHARE PLACEMENT ON 18 OCTOBER 2011

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 1,117,318 fully paid ordinary shares in the capital of the Company to HSBC Custody Nominees (Australia) Ltd (as nominee for SpringTree Special Opportunity Fund, LP on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Annual General Meeting and otherwise on the basis set out therein, is ratified and approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7 – RATIFICATION OF SHARE PLACEMENT ON THE DATES SPECIFIED IN THE NOTICE

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 5,861,883 fully paid ordinary shares in the capital of the Company to SpringTree Special Opportunities Fund, LP on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Annual General Meeting and otherwise on the basis set out therein, is ratified and approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 8 – RATIFICATION OF PLACEMENT ON 28 NOVEMBER 2011

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 304,260 fully paid ordinary shares in the capital of the Company to Prosperity Resources Limited on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting and otherwise on the basis set out therein, is ratified and approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 9 – RATIFICATION OF PLACEMENT ON 13 FEBRUARY 2012

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the prior allotment and issue of 514,388 fully paid ordinary shares in the capital of the Company to Bundeare Nominees Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting and otherwise on the basis set out therein, is ratified and approved.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by the parties who participated in the issue as listed in the Explanatory Statement and any associate of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of General Meeting.

Dated at Perth this 4th of July 2012

By order of the Board of Directors



Brett Manning
Managing Director



EXPLANATORY STATEMENT

INTRODUCTION

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting for Ferrowest Limited.

The Directors recommend that shareholders read this Explanatory Statement before determining whether to support the Resolutions or otherwise.

Shareholders should note that all the Directors approved the proposal to put the Resolutions to shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.

DEFINITIONS USED IN THIS STATEMENT

Act or Corporations Act means the *Commonwealth Corporations Act 2001* as amended from time to time.

ASX means ASX Limited.

ASX Listing Rules or Listing Rules means the official listing rules of ASX as amended from time to time.

Board means the board of Directors of the Company.

Company or Ferrowest means Ferrowest Limited (ABN 14 074 009 091).

Director means a director of the Company as at the date of the Notice of Meeting.

Expired Options means options of the Company that were quoted on the ASX under ASX Code: FWLOA, which expired on 28 June 2012.

Explanatory Statement means this explanatory statement to the Notice.

Meeting or General Meeting means the meeting convened by the Notice.

Notice or Notice of General Meeting means the notice of meeting accompanying this Explanatory Statement.

New Options means new options to acquire ordinary Shares in the capital of the Company on the terms and conditions specified at Annexure 'B'.

Person in this Explanatory Statement means a natural person, company, trust or other entity that can validly hold securities in Australia.

Relevant Date means 28 June 2012.

Resolution means a shareholder resolution contained in the Notice.

Share means a fully paid ordinary share in the capital of the Company.

Unlisted Options means options to acquire ordinary shares in the capital of the Company on the terms and conditions specified at Annexure 'A'

1. RESOLUTION 1 – ELECTION OF DIRECTOR – BRYAN KEVIN HUGHES

Shareholders will be asked to consider ordinary Resolution 1 to elect to the office of director Mr. Bryan Kevin Hughes ("Mr. Hughes" or "Bryan"). Rule 11.4 of the Constitution of the Company permits the Directors to appoint a new Director to the Board but the appointment of such a director must be confirmed by shareholders at the next General Meeting of the Company.

Mr. Hughes has been appointed since the last General Meeting and therefore has offered himself for re-election by shareholders. The Board elected Mr. Hughes Chairman of the Board upon his appointment.

Experience – Mr. Bryan Hughes:

Bryan is a Chartered Accountant with over 25 years' experience in the corporate and resources sectors. He has been the Managing Director of Pitcher Partners, Perth (and its preceding companies) for the last 15 years and during that time has been a member of, and consulted to, many Boards.

Bryan has overseen, and facilitated, the raising of significant amounts of capital, and played a pivotal role in the launching of some highly successful resource companies, such as Western Areas, Sinosteel Midwest Corporation, and Consolidated Minerals. He has expertise in resource project assessment, development and operations. Further information on Mr. Hughes is available on the Company's web site at www.ferrowest.com.au

2. RESOLUTION 2 - ALLOTMENT OF OPTIONS TO BRYAN KEVIN HUGHES OR HIS NOMINEE

When the Board of Directors invited Mr. Hughes to join the Board as Chairman, the agreed remuneration was set at \$54,500 per annum and a one-off issue of 3,500,000 options with an exercise price of 25 cents per option and an expiry date of three (3) years from the date of issue ("Unlisted options"). The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations.

It is therefore important that the Company is able to provide appropriate remuneration to its executives.

Issue of options as part of the remuneration packages of directors and key personnel is a well established practice for junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding directors and key personnel.

If Resolution 2 is approved, the Unlisted Options will be issued for no cash consideration within one month after the date of the General Meeting. The Options will be issued on the terms and conditions set out in Annexure 'A' to this Explanatory Statement. The Unlisted Options proposed to be issued to Mr. Hughes or his nominee, will not be quoted on the ASX and will not be transferable.

In accordance with section 219 of the Act, the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolution 2:

- (a) Mr. Hughes or his nominee is the related parties to whom the proposed Resolution would permit a financial benefit to be given. As a Director he is a related party to the Company by virtue of section 228 of the Act.
- (b) The nature of the financial benefit to be given to Mr. Hughes is the allotment of the free Options on the terms and conditions set out in Annexure "A".
- (c) On the basis of the indicative Option value, as detailed below, the total value of Unlisted Options proposed to be issued to Mr. Hughes is \$71,050. The Unlisted Options will not be quoted on the ASX and are non-transferable. The Unlisted Options must be exercised by the expiry date, after which date such options automatically lapse.
- (d) The current annual director's remuneration for Mr. Hughes as Chairman is \$54,500 (including superannuation) per annum.
- (e) At the date of this Notice, Mr. Hughes had no interest (either directly or indirectly) in securities of the Company.
- (f) There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass Resolution 2, other than as set out throughout this Explanatory Statement.

If the Unlisted Options are issued pursuant to the proposed Resolution 2, the Company considers the following benefits arise:

- Mr. Hughes will have an increased vested interest in the affairs of the Company. As options are a performance based incentive, they will generate an incentive to ensure the market price of the shares of the Company increases to create value in the Unlisted Options and this will benefit all shareholders.

- The issue of options is a non-cash form of remuneration, thus conserving cash funds.
- The exercise of the Unlisted Options will provide working capital for the company at no significant administrative cost. If all the Unlisted Options proposed to be issued pursuant to Resolution 2 are ultimately exercised, an amount of \$875,000 would be raised.

The potential cost to the Company of the issue of 3,500,000 Unlisted Options pursuant to Resolution 2 is that there will be a dilution of the issued share capital if the Unlisted Options are exercised. Based on the 128,036,181 ordinary Shares on issue at the date of this Notice, the exercise of all of the proposed Unlisted Options would have a dilution effect of approximately 2.7% of shareholders interest in the Company. If shareholders approve all of the Resolutions contemplated in the Notice and then subsequently all of the proposed options are both issued and later exercised by third parties, the dilution effect of the Unlisted Options on a fully diluted basis would be approximately 2.1%.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Unlisted Options other than, if the options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Unlisted Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The value of the Unlisted Options to be issued has been calculated using the Black-Scholes Option Pricing Model ("the Model"). The value of an Unlisted Option calculated by the Model is a function of a number of variables.

The indicative value of the Unlisted Options has been prepared using the following variables:

Table 1:

Valuation Date	18 April 2012
Expiry Date	19 April 2015
Underlying Share Price	6.7 cents
Exercise Price	25 cents
Expected Life	1,095 days
Risk Free Rate	4.19%
Volatility	104%
Black-Scholes Notional Value	2.9 cents

The underlying share price of 6.7 cents is based on the closing price of the shares on 18 April 2012, the date Mr. Hughes was appointed to the Board.

Due to the fact that the Un-listed Options are not listed and non-transferable, which reduces their value, a 30% discount was applied to the Notional Value which resulted in a recalculated Notional Value of 2.03 cents. Based on the above variables, the indicative value of the Unlisted Options proposed to be issued to Mr. Hughes is \$71,050.

The Company's Shares are listed for quotation on ASX. Over the last twelve months the trading history of the shares has been as follows:

	Shares	
	Date	Price
Low	25/06/12	3.8¢
High	08/05/12	12.0¢
Latest Available Price	02/07/12	3.7¢

Director's Recommendation

Mr. Hughes has an interest in Resolution 2 and therefore does not wish to make a recommendation to members. The Directors of the Company that do not have an interest in Resolution 2 unanimously recommend approval to members in their capacity as Directors for the reasons set out in this Section 2 of the Explanatory Statement.

ASX Requirements

In compliance with the information requirements of ASX Listing Rule 10.13, members are advised of the following particulars in relation to the proposed issue of Unlisted Options under Resolution 2:

- (a) Maximum number of Unlisted Options to be issued:
3,500,000 Unlisted Options exercisable at 25 cents each
- (b) Date by which the Company will issue options:
No later than one month after shareholder approval
- (c) Price at which options to be issued:
The Unlisted Options are being issued for no consideration to remunerate Mr. Hughes
- (d) Name of the allottee:
Mr. Bryan Kevin Hughes or his nominee
- (e) Terms of issue:
The Unlisted Options will be issued on the terms and conditions as outlined in Annexure "A"
- (f) Intended use of funds raised:
The Unlisted Options will be issued for no consideration. There are no funds being raised from the allotment.

Other Information

If approval is granted at Resolution 2 under the terms of Listing Rule 10.11, then approval is not required under Listing Rule 7.1.

Shareholders should note that if this Resolution 2 is not passed by Shareholders, the existing obligation of the Company relating to Mr. Hughes' appointment and remuneration will not be met and the Company will be required to meet the shortfall due to Mr. Hughes in cash, which will reduce the funds available to the Company for the business of the Company.

3. RESOLUTION 3 – NEW ISSUE OF OPTIONS

The Company proposes to raise additional capital by making an offer to the holders that held Expired Options on 28 June 2012 ("the Relevant Date") to subscribe for new options on a one for one basis pursuant to a Prospectus ("New Options"). The Prospectus will also give holders that held expired options on the Relevant Date the right to participate in any shortfall and give the directors the right to place any shortfall. It is the intention of the Company to apply for the New Options to become a quoted class of securities in late August or early September 2012.

The implementation of this resolution is subject to the passing of Resolution 4 as set out in this Notice of Meeting and Explanatory Statement. Resolution 4 confirms the rights of Directors or related parties of the Company that would be eligible to participate in the issue under Resolution 3 if it were not for an interpretation of the Listing Rules by ASX that prevents director and related party participation without specific shareholder approval. Resolution 4 allows directors and related parties of the Company to participate in the issue contemplated under Resolution 3 on the same terms and conditions as other persons that hold Expired Options on the Relevant Date. The Directors and related parties held Expired Options that were acquired on the same commercial terms as all other option holders of that class and should be entitled to the same rights to participate in the New Option issue. If Resolution 4 is not passed by Shareholders it would be unfair for the Company to proceed with the capital raising proposed at Resolution 3 and may expose the Company to litigation. Therefore Resolution 3 is also contingent on the passage of Resolution 4 and visa versa.

ASX Listing Rule 7.1 relevantly provides that the prior approval of the Shareholders of the Company is required to an issue of equity securities (including options) if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The proposed issue of New Options will exceed the 15% threshold and therefore requires Shareholder approval.

In compliance with the information requirements of ASX Listing Rule 7.3 Shareholders are advised of the following particulars in relation to the placement:

- (a) Maximum number of securities proposed for issue:

26,891,560 New Options

- (b) Price at which the securities are proposed to be issued:

The New Options are proposed for issue at an application price of \$0.01 each.

- (c) Terms of the securities:

The New Options will be exercisable at an exercise price of \$0.25 each on or before 1 September 2014 and will be issued on the Terms and Conditions as set out in Appendix "B".

- (d) Names of the allottees and proportions of issue:

The proposed allottees of the New Options are the persons that held Expired Options on the Relevant Date on the basis of one New Option for every Expired Option held on the Relevant Date. The Company intends to offer any shortfall to those persons that held Expired Options on the Relevant Date who are not Director related parties of the Company.

- (e) Intended use of funds raised:

The funds raised from the issue of the New Options will be used to repay existing company loans and for working capital purposes.

- (f) Date of allotment:

The New Options will be issued and allotted to subscribers under the terms of the Prospectus after the closing date of the offer, which is expected to be late August 2012, and in any event no later than 3 months after shareholder approval or such later date as approved by waiver granted by ASX.

Other Information

Shareholders should note that the Voting Exclusion Statement specified in the Notice means that the Company will disregard any vote cast by any Shareholder who is also eligible to participate in the issue of New Options.

4. RESOLUTION 4 - APPROVAL FOR DIRECTORS AND RELATED PARTIES TO PARTICIPATE IN THE OPTION ISSUE AS CONTEMPLATED IN RESOLUTION 3

Resolution 4 of the Notice of General Meeting proposes approval for the Directors and related parties of the Company to participate in the offer of New Options on the same terms as other persons proposed in Resolution 3.

If approval is granted by members in respect of the requirements of ASX Listing Rule 10.11 as proposed in Resolution 4, approval is not required under ASX Listing Rule 7.1. The parties to which Resolution 4 applies are considered "related parties" for the purposes of Listing Rule 10.11 and Chapter 2E of the Act and the issue of options to them constitutes a "financial benefit" for this purpose.

Please refer to section 3 for further information in this regard.

In accordance with section 219 of the Act, the following information is provided to shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolution 4:

- (a) The Directors and related parties specified in Table 3 are the related parties to whom the proposed Resolution would permit a financial benefit to be given. Table 3 also sets out the relationship to the Company that is relevant under Section 228 of the Act.
- (b) The nature of the financial benefit to be given is the proposed issue of New Options on the terms and conditions set out in Annexure "B".
- (c) The proposed number of New Options to be issued to Directors and related parties on the same terms as other persons eligible to participate in the issue are specified in Table 3.
- (d) There is no other information known to the Directors or the Company that is reasonably required by shareholders to make a decision whether or not it is in the Company's interests to pass Resolution 2, other than as set out throughout this Explanatory Statement.

ASX Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting. In compliance with the information requirements of ASX Listing Rule 10.13 shareholders are advised of the following particulars in relation to the offer:

- (a) Number of securities proposed to be issued and allotted:
Up to 5,185,450 New Options to Directors and related parties as detailed in Table 3 based on the same criteria as other parties eligible to participate in the offer. (The New Options proposed to be issued under Resolution 4 form part of the 26,891,560 New Options total specified in Resolution 3 and are not in addition to those New Options).
- (b) Price at which the securities are proposed to be issued:
The New Options are proposed for issue at an application price of \$0.01 each.
- (c) Terms of the securities:
The Listed Options will be exercisable at an exercise price of \$0.25 each on or before 1 September 2014 and will be issued on the Terms and Conditions as set out in Appendix "B".
- (d) Names of the allottees and proportions of issue:
The proposed allottees of the New Options are Directors and related parties that held the Expired Options as at the Relevant Date for the offer on the basis of one New Option for every Expired Option held on the Relevant Date, specifically under this Resolution 4, the Directors and related parties as per Table 3.

(e) Intended use of funds raised:

The funds raised from the issue of the Options will be used to repay existing Company loans and for working capital.

(f) Date of allotment:

The Listed Options will be issued and allotted to subscribers under the terms of the Prospectus after the closing date of the offer, which is expected to be late August 2012, and in any event no later than 1 month after shareholder approval or such later date as approved by waiver granted by ASX.

Table 3:

1. Allottee's Name 2. Relationship to the Company 3. Person(s) who would receive a benefit	Maximum Entitlement
1. BL & E Manning ATF The BL & E Manning Superannuation Fund 2. A related party of Brett Manning, a Director of the Company 3. Brett Manning	61,500
1. Brett Manning 2. A Director of the Company 3. Brett Manning	255,000
1. GG & MA Johnston ATF The G & M Johnston Super Fund 2. A related party of Graeme Johnston, a Director of the Company 3. Graeme Johnston	2,312,500
1. Graeme Godsman Johnston 2. A Director of the Company 3. Graeme Johnston	5,000
1. Philip James Evers 2. A Director of the Company 3. Philip Evers	2,172,500
1. Kathleen Blanche Wyatt 2. A related party of Barry Wyatt, a Director of the Company 3. Barry Wyatt	33,000
1. Kirsten Christine Schweder 2. A related party of Philip Evers, a Director of the Company 3. Philip Evers	125,000
1. Margaret Anne Johnston 2. A related party of Graeme Johnston, a Director of the Company 3. Graeme Johnston	83,050
1. Eugenia Manning 2. A related party of Brett Manning, a Director of the Company 3. Brett Manning	137,900
	5,185,450

Other Information

Shareholders should note that:

1. the Voting Exclusion Statement specified in the Notice means that the Company will disregard any vote cast by any Shareholder who is also eligible to participate in the issue of New Options.
2. all of the Directors except Mr. Hughes have an interest in the resolution and therefore do not wish to make any recommendation to shareholders. Mr. Hughes recommends that Shareholders that support Resolution 3 should also support Resolution 4 because it preserves the same conditions for Directors and related parties that apply to all other unrelated persons.
3. The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of the New Options other than if the options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the New Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

5 RESOLUTION 5 – APPROVAL FOR THE ISSUE OF 10,000,000 SHARES TO TFA INTERNATIONAL PTY LTD

Background

The Company entered into an Investment Agreement with TFA International Pty Ltd ('Tai Feng'), an Australian subsidiary of the Sichuan Tai Feng Group Co., Ltd. of China on 19 September 2011 and after completing the Tranche 1 investment of \$2.8M at \$0.20 cents per share as contemplated in that agreement, Tai Feng was unable to secure the necessary Chinese Government approvals for the Tranche 2 investment and the agreement lapsed on 20 June 2012. To ensure continued funding was available for the Company, Tai Feng and the Company entered into a Share Subscription Agreement for 10,000,000 shares at 8 cents per share, which was at a 43% premium to the previous available closing price at the time the Subscription Agreement was concluded.

ASX Listing Rule 7.1 relevantly provides that the prior approval by the Shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period. In this case the proposed issue of 10,000,000 shares does not exceed the 15% threshold and could be issued under the Directors discretion, however, by securing shareholder approval for the proposed issue under Resolution 5, the capacity under the 15% remains available for the Company in the future, should it be required.

Basis of the Proposed Resolution

Resolution 5 of the Notice of General Meeting proposes the issue of 10,000,000 Shares to TFA International Pty Ltd, thereby satisfying the requirements of ASX Listing Rules 7.1

In compliance with the information requirements of ASX Listing Rule 7.3, shareholders are advised of the following particulars in relation to the placement:

- (a) Names of the allottees:
TFA International Pty Ltd or its nominee
- (b) Number of securities to be allotted:
10,000,000 ordinary Shares
- (c) Date by which Shares will be issued

The allotment will occur within 7 days of receiving shareholder approval and in any event, no later than 3 months after shareholder approval or such later date as approved by waiver granted by ASX.

- (d) Price at which the securities are to be issued:
8 cents per Share
- (e) Terms of the securities:
The Shares will rank equally in all respects with the existing Shares on issue.
- (f) Intended use of funds raised:
The funds raised will be used to meet ongoing project development activities and working capital expenditure.

Directors Recommendation

The Directors recommend approval of Resolution 5, noting that the funds to be raised are important to the ongoing operations of the Company and that the placement was agreed at a 43% premium to the market price at the time the agreement was reached, which are favorable terms in the current equity market.

None of the Directors have an interest in the proposed transaction.

Other Relevant Information

If Resolution 5 is not approved then no dilution of the Shareholder interests will result however the Company will not raise a substantive amount of funding (\$800,000) which will require the Company to undertake alternative capital raising activities on term that could be materially worse than those proposed in Resolution 5.

RATIFICATION OF SHARE PLACEMENT ON 18 OCTOBER 2011 – Resolution 6

The issue and allotment of Shares outlined in the following Resolutions 6 to 9 did not exceed the 15% limit, however, ASX Listing Rules 7.1 and 7.4 provide that, where a company in general meeting ratifies an issue of equity securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation. Shareholder approval is sought for Resolutions 6 to 9 so as to refresh Ferrowest's 15% equity security placement limit pursuant to ASX Listing Rule 7.1. The information required by ASX Listing Rules 7.1, 7.3 and 7.5 to be provided to shareholders is contained within this Explanatory Statement and the Notice.

Resolution 6 of the Notice of General Meeting proposes the ratification of the prior issue and allotment of 1,117,318 Shares on 18 October 2011, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5 shareholders are advised of the following particulars in relation to the placement:

- (a) Number of securities allotted:
1,117,318 Shares
- (b) Price at which the securities were issued:
5.37 cents per Share
- (c) Terms of the securities:
The Shares rank equally in all respects with the existing Shares on issue.
- (d) Names of the allottees:
HSBC Custody Nominees (Australia) Ltd (as nominee for SpringTree Special Opportunities Fund, LP)
- (e) Intended use of funds raised:
The funds raised were used for working capital purposes.

RATIFICATION OF SHARE PLACEMENT ON THE DATES SPECIFIED IN THE NOTICE – Resolution 7

Between October 2011 and January 2012 the Company announced the total issue of 5,861,883 Shares to SpringTree Special Opportunities Fund, LP, in stages, pursuant to the terms of the Share Purchase and Convertible Security Agreement. The full details of the Share Purchase and Convertible Security Agreement were announced to the ASX on 20 June 2011.

In accordance with the Share Purchase and Convertible Security Agreement the Company has issued the following shares under the \$250,000 Convertible Security:

Table 4:

Date	Funds advanced under Share Purchase and Convertible Security Agreement	Conversion Price	Number of Securities issued
10 October 2011	\$50,000	Converted at \$0.0557	897,666 Shares
12 December 2011	\$50,000	Converted at \$0.0415	1,204,819 Shares
23 January 2012	\$150,000	Converted at \$0.0399	3,759,398 Shares
Total	\$250,000		5,861,883 Shares

Resolution 7 of the Notice of General Meeting proposes the ratification pursuant to ASX Listing Rule 7.4 for the issue of the 5,861,883 Shares to SpringTree Special Opportunities Fund, LP.

In compliance with the information requirements of ASX Listing Rule 7.5 shareholders are advised of the following particulars in relation to the placement:

- (a) Number of securities allotted:
5,861,883 Shares
- (b) Price at which the securities were issued:
At the prices shown in Table 4 above
- (c) Terms of the securities:
The Shares rank equally in all respects with the existing Shares on issue.
- (d) Names of the allottees:
HSBC Custody Nominees (Australia) Ltd (as nominee for SpringTree Special Opportunities Fund, LP)
- (e) Intended use of funds raised:
The funds raised were used for working capital purposes.

RATIFICATION OF SHARE PLACEMENT ON 28 NOVEMBER 2011 – Resolution 8

Resolution 8 of the Notice of General Meeting proposes the ratification of the prior issue and allotment of 304,260 Shares on 28 November 2011, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5 shareholders are advised of the following particulars in relation to the placement:

- (a) Number of securities allotted:
304,260 Shares
- (b) Price at which the securities were issued:
4.93 cents per Share
- (c) Terms of the securities:
The Shares rank equally in all respects with the existing Shares on issue.

- (d) Names of the allottees:

Prosperity Resources Limited

- (e) Intended use of funds raised:

No funds were raised from the issue. The Shares were issued in consideration for 33.3% non-ferrous mineral rights on certain mineral tenements.

RATIFICATION OF SHARE PLACEMENT ON 13 FEBRUARY 2012 – Resolution 9

Resolution 9 of the Notice of General Meeting proposes the ratification of the prior issue and allotment of 514,388 Shares on 13 February 2012, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5 shareholders are advised of the following particulars in relation to the placement:

- (a) Number of securities allotted:

514,388 Shares

- (b) Price at which the securities were issued:

6.48 cents per Share

- (c) Terms of the securities:

The Shares rank equally in all respects with the existing Shares on issue.

- (d) Names of the allottees:

Bundear Nominees Pty Ltd <Freeman Farm A/C>

- (e) Intended use of funds raised:

No funds were raised from the issue. The Shares were issued in satisfaction of an Option Fee for proposed Eradu MPI Plant Site.

Appendix "A"

Unlisted Option Terms

The detailed terms and conditions of these Options are as follows:

- (a) Each option shall entitle the holder to subscribe for and to be allotted one (1) Ordinary Share in the capital of the Company upon exercise of the Option and payment to the Company of the Exercise Price;
- (b) Each Option will automatically lapse if not exercised on or before 5pm Western Standard Time 19 April 2015 ("the Expiry Date").
- (c) An Option may be exercised by the option holder at any time prior to the Expiry Date by sending a completed and signed Notice of Exercise, together with the payment of the Exercise Price and the Option Certificate, to the Company. If the option holder holds more than one Option, the Options may be exercised in whole or in part;
- (d) A Notice of Exercise is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds;
- (e) Subject to any restrictions in the ASX's Listing Rules, within 14 days of receipt of a properly executed Notice of Exercise and the required application moneys the number of shares specified in the notice will be allotted;
- (f) Each Option Certificate will include a suitable form of Notice of Exercise of the Options, for completion by the option holder (if required). If the Options comprised in any such Option Certificate are exercised in part only, before the Expiry Date, the Company will issue the option holder with a fresh Option Certificate for the balance of the Options held and not yet exercised;
- (g) The period during which the Options may be exercised will not be extended;
- (h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue;
- (i) If from time to time before the expiry of the Options the Company makes an issue of shares to the holders of Ordinary Shares by way of capitalisation of profits or reserves (a 'bonus issue') other than in lieu of a dividend payment, then upon exercise of an Option the option holder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options;
- (j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the option holder, will be reconstructed (as appropriate) in accordance with the ASX's Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
- (k) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued Ordinary Shares of the Company;
- (l) The Company undertakes to apply for official quotation by the ASX of all Ordinary Shares allotted pursuant to the exercise of any Options, within 10 Business Days of the date of allotment of those new Ordinary Shares; and
- (m) The Option does not confer the right to a change in Exercise Price, or a change to the number of underlying securities over which it can be exercised.

Appendix “B”

New Option Terms

The material terms and conditions of the Options proposed to be issued if approved by Shareholders are:

- (a) Each Option shall entitle the holder to subscribe for and to be allotted one Share in the capital of the Company upon exercise of the Option and payment to the Company of the exercise price;
- (b) The exercise price of each Option is 25 cents per Share;
- (c) Each Option will automatically lapse if not exercised on or before the expiry date. In this case the expiry date is 5pm WST on 1 September 2014;
- (d) A holding statement will be issued for the Options;
- (e) An Option may be exercised by the Option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, included with the holding statement, together with the payment of the exercise price to the Company's share registry. If the Option holder holds more than one Option, the Options may be exercised in whole or in part provided that a minimum of 2,000 Options are exercised in any one notice of exercise;
- (f) A notice of exercise is only effective when the Company has received the full amount of the exercise price in cash or cleared funds;
- (g) Subject to any restrictions in the ASX Listing Rules, within 14 days of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted;
- (h) The period during which the Options may be exercised will not be extended;
- (i) The Option holder is not entitled to participate in new issues of securities offered to shareholders. The Option holder can participate in new issues of securities offered to shareholders if the Option is exercised before the relevant record date for that new issue;
- (j) If from time to time before the expiry of the Options the Company makes an issue of shares to the holders of Ordinary Shares by way of capitalisation of profits or reserves (a 'bonus issue') other than in lieu of a dividend payment, then upon exercise of an Option the Option holder will be entitled to have issued to it (in addition to the shares which it is otherwise entitled to have issued to it upon such exercise) additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if immediately before that date it had exercised its Options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares allotted upon exercise of the Options;
- (k) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Options, all rights of the Option holder will be reconstructed (as appropriate) in accordance with the ASX Listing Rules applying to a re-organisation of capital at the time of the re-organisation;
- (l) Shares allotted pursuant to the exercise of the Options will rank equally with the then issued ordinary shares of the Company;
- (m) The Company undertakes to apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of any Options, within 10 Business Days of the date of allotment of those new Shares;
- (n) Notices may be given by the Company to the Option holder in the manner prescribed by the Constitution of the Company for the giving of notices to shareholders of the Company and the relevant provisions of the Constitution will apply with all necessary modification to notices to be given to Option Holders and otherwise as the Company determines; and
- (o) The Option does not confer the right to a change in exercise price, or a change to the number of underlying securities over which it can be exercised.

**FERROWEST LIMITED
GENERAL MEETING**



PROXY FORM – 6 AUGUST 2012

The Secretary
Ferrowest Limited
Unit 18, 28 Belmont Avenue
BELMONT WA 6104

I/We (full name) _____

of _____

being a member(s) of Ferrowest Limited, hereby appoint as my/our proxy:

Or ☐ the Chair of the General

Meeting or, failing the person or body corporate named above, the Chair or the General Meeting, to attend and vote for me/us at the General Meeting of the Company to be held at 11.00AM on Monday, 6 August 2012 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

RESOLUTIONS		FOR	AGAINST	ABSTAIN
1	Election of Director - Mr Bryan Kevin Hughes	☐	☐	☐
2	Approval for allotment of 3,500,000 unlisted options to Mr Hughes	☐	☐	☐
3	Approval for issue of 26,891,560 new options to raise capital	☐	☐	☐
4	Approval for Directors and related parties to participate in the option issue contemplated in Resolution 3	☐	☐	☐
5	Approval for issue of 10,000,000 shares to TFA International Pty Ltd	☐	☐	☐
6	Ratification of share placement of 1,117,318 shares on 18 October 2011	☐	☐	☐
7	Ratification of share placement of 5,681,883 shares on the dates of 10 October 2011, 12 December 2011 and 23 January 2012	☐	☐	☐
8	Ratification of placement of 304,260 shares on 28 November 2011	☐	☐	☐
9	Ratification of placement of 514,388 shares on 13 February 2012	☐	☐	☐

VOTING INSTRUCTIONS

VERY IMPORTANT – Please note that the laws relating to proxy voting have changed.

If you choose to appoint as your proxy the Chair of the General Meeting (or the Chair becomes your proxy by default), or you appoint Key Management Personnel or a Closely Related Party of them (Please see the Explanatory Statement for details) AND you do not direct your proxy how to vote in relation to any resolution in which any of these people have an interest, then your proxy will not be permitted to cast your vote on a show of hands and your vote will not be counted in determining a majority in any poll called in regard to the relevant resolution.

This restriction applies in respect of **Resolutions 2 and 4**.

Please consider directing your proxy how to vote in relation to **Resolutions 2 and 4** to ensure your vote can be counted.

If the member is an individual or joint holder:

Usual Signature

Usual Signature

Dated this day of 2012.

If the member is a Company:

Signed in accordance with the Constitution of the company in the presence of:

Director/Sole Director

Director/Secretary

Dated this day of 2012.

NOTES

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. A proxy is not entitled to vote unless the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed is either deposited at the registered office of the Company (Unit 18, 28 Belmont Avenue, BELMONT WA 6104) or sent by facsimile to that office on Fax: 08 9277 2655 to be received not less than 48 hours prior to the time of the Annual General Meeting.
5. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.
6. The Chair of the General Meeting intends to vote all undirected proxies in favour of resolutions 1, 3 and 5 to 9 and will not cast any undirected votes in respect of Resolution 2 or 4. See the Voting Instructions overleaf and the Explanatory Statement for more details.
7. Reply paid postal address (no stamp required):
Ferrowest Limited
Reply Paid 383
BELMONT WA 6984