

ASX Announcement



ASX Code: **FWL**

11 February 2009

MERCHANT PIG IRON TECHNOLOGY

As shareholders are aware, the Company proposes to use the ITmk3[®] technology for the manufacture of merchant pig iron in its proposed Yalgoo Iron Project ("The Project"). The ITmk3[®] process has been developed by Kobe Steel of Japan and US based Midrex Technologies Inc. (Kobe's wholly owned subsidiary). The first full scale ITmk3[®] plant is currently under construction in the USA for Steel Dynamics Inc. and the plant is scheduled to commence operations in the 3rd Quarter of 2009.

The successful commissioning of this first full scale plant later this year will confirm the effectiveness of the ITmk3[®] process and provide the Company with the opportunity to adopt a bankable technology that is on the leading edge of energy efficiency and environmental performance for MPI production. It will also provide additional technical information for the Company's ongoing feasibility studies into the Project.

Shareholders interested in viewing the progress at the Steel Dynamics plant can follow the link below to photographs and a video news report publically available on the Steel Dynamics web site.

http://www.steeldynamics.com/index.php?page_id=117

● *Media inquiries should be directed to: 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 Prospect – Outline

Ferrowest Limited has identified a potential zone 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. The prospect is to the west of the main magnetite ore body that forms the basis of the Yalgoo Iron Project. With a surface expression of 2km in length and with varying widths up to 50m wide it has significant potential as a DSO project. Surface rock chip sampling along the Western Haematite Prospect produced an average grade of 57%Fe.

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