

5 October, 2009

ASX Announcement

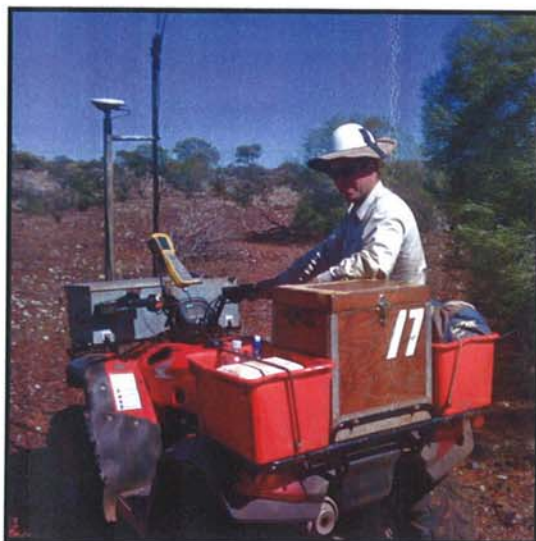
RECONNAISSANCE PROGRAMME PROGRESS AT THE WESTERN HAEMATITE PROJECT

The Company is pleased to advise that the Reconnaissance Programme for the Western Haematite Project, located on the Company's Yogi tenement package 14km east of Yalgoo in the mid west of Western Australia, is proceeding on schedule.

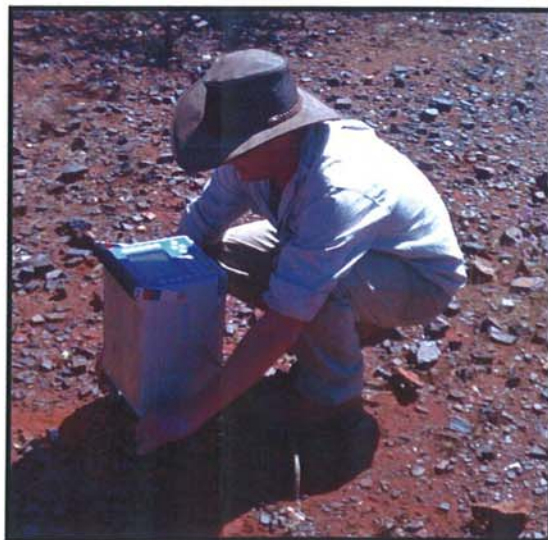
Field data collection was completed last week for both the ground magnetics survey and the ground gravity survey. Data from these surveys of the 600 hectare area covering the primary and secondary haematite targets is currently being analysed and modelled. This data will be used to improve the Company's understanding of the Haematite prospect and to target exploration drilling.

A two stage Aboriginal heritage survey programme was also completed last week over the same 600 hectare area and a proposed future haul road corridor. No sites were identified that would be expected to impact current exploration plans or the potential future mining operations.

Drilling is expected to commence within a fortnight and will initially focus on the primary target where haematite outcrops over a 2000m strike length.



Haines Surveys conducting the Ground Gravity Survey.



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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. Surface rock chip sampling along the Western Haematite Project produced an average grade of 57-58% Fe. The first target has a surface expression of 2km in length and with varying widths up to 50m wide, indicating significant potential as a DSO grade iron project.