

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT



Date Of Meeting: **Thursday, 20 May 2010**

Time of Meeting: **10am**

Place of Meeting: **Unit 18, 28 Belmont Ave, BELMONT WA**

Notice is hereby given that a General Meeting of Shareholders of Ferrowest Limited ("the Company") will be held on **Thursday, 20th of May 2010 at 10am, 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 form 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 18 May 2010 at 5.00pm (WST).

The following agenda item is to be considered at the Meeting and this Resolutions 1 is discussed in the Explanatory Statement to Shareholders included in this Notice.

RESOLUTION 1 – Approval of new issue of Options

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 26,900,561 options to acquire ordinary fully paid shares exercisable at \$0.25 each on or before 28 June 2012 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting."

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.

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

Dated at Perth this 19th of April 2010.

By order of the Board of Directors.



Brett Manning
Managing Director



EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the resolution 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 resolution or otherwise.

2. APPROVAL OF NEW ISSUE OF OPTIONS – Resolution 1

The Company proposes to raise additional capital by making an offer to the holders of the Existing Options to subscribe for new Options on a one for one basis pursuant to a Prospectus. The Prospectus will also give existing Option Holders the right to participate in any shortfall and give the directors the right to place any shortfall. The Existing Options expire on 1 June 2010 and it is anticipated that the new Options will be listed in late June 2010.

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 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:

26,900,561 Options.

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

The Options are proposed for issue at an application price of \$0.005 each.

(c) Terms of the securities:

The Options will be exercisable at an exercise price of \$0.25 each on or before 28 June 2012 and will be issued on the Terms and Conditions as set out in Appendix "A".

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

The proposed allottees of the Options are the Option Holders of the Company as at the Record Date for the offer. The entitlement for Option Holders will be one Option for every Existing Option held on the Record Date. The Company intends to offer any shortfall to Option Holders who are not related parties of the Company.

(e) Intended use of funds raised:

The funds raised from the issue of the Options will be used to fund the Company's ongoing exploration activities and for working capital expenditure.

(f) Date of allotment:

The 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 23 June 2010, 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:

1. the Voting Exclusion Statement specified in the Notice means that the Company will disregard any vote cast by any Shareholder who is also an Option Holder.
2. all the directors approved the proposal to put the resolution to Shareholders as outlined in the Notice of General Meeting and to prepare this Explanatory Statement.
3. 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 1, other than as set out throughout this Explanatory Statement.

GLOSSARY

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 means Ferrowest Limited (ABN 14 074 009 091).

Corporations Act means the Corporations Act 2001 (Cth), as amended from time to time.

Directors means a director of the Company as at date of the Notice.

Existing Options means options of the Company that are quoted on the ASX (ASX Code: FWLO) with a 25 cent exercise price and expiring on 1 June 2010.

Explanatory Statement means the explanatory statement to the Notice.

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

Notice means the notice of meeting accompanying this Explanatory Statement.

Option means a new option to acquire a Share on the terms and conditions specified in this Explanatory Statement.

Option Holder means a holder of Existing Options on the Record Date.

Record Date means 31 May 2010.

Resolution means a resolution contained in the Notice.

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

Shareholder means a holder of a Share.

Appendix "A"

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 28 June 2012;
- (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
PROXY FORM



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

of _____

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the general meeting of the Company to be held at **10:00AM on Thursday, 20 May 2010** 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.

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	Approval of new issue of options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

INSTRUCTIONS AS TO VOTING

If the Chairperson of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect to the resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chairperson of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and that votes cast by the Chairperson of the meeting other than as proxy holder will be disregarded because of that interest.

If you do not mark the box, and you have not directed your proxy how to vote, the Chairperson cannot cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

If the member is an individual or joint holder:

Usual Signature

Usual Signature

Dated this _____ day of _____ 2010.

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 _____ 2010.

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 meeting.
5. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.
6. The Chairperson intends to vote all undirected proxies in favour of all resolutions.