


# The Yalgoo Iron Project



**Adding Value to  
Australian Iron Ore**

# DISCLAIMER

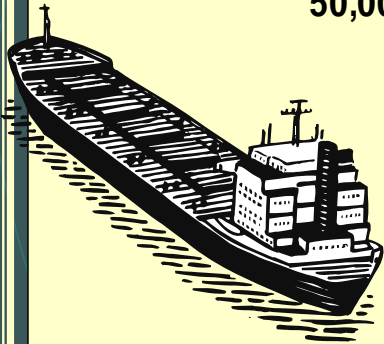
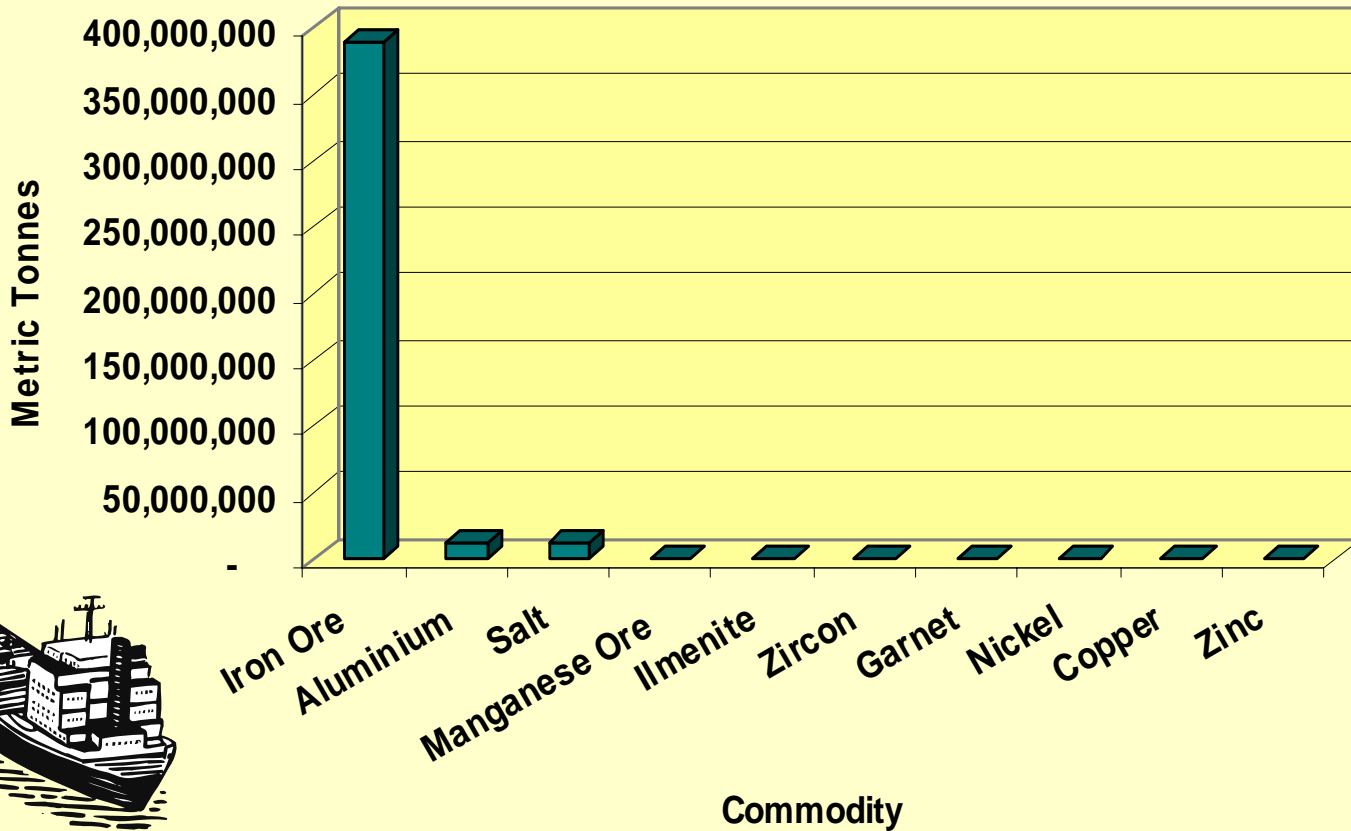


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# WA Mineral Exports



### WA Mineral Exports 2010

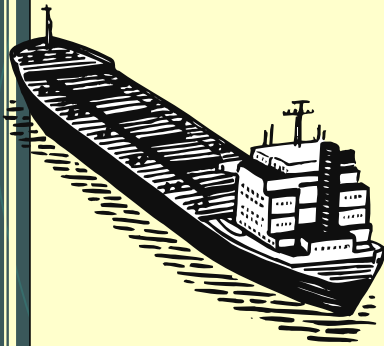
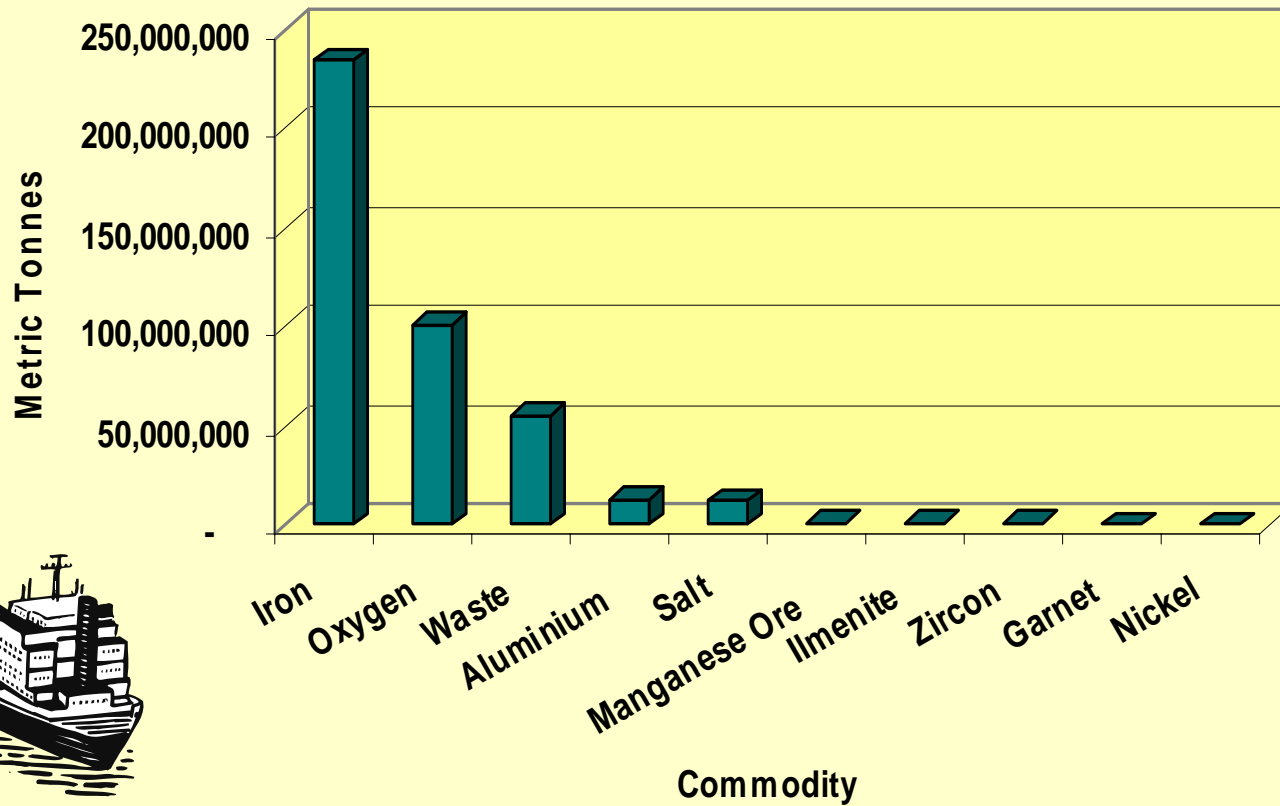


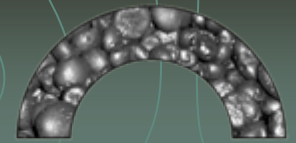
# WA Mineral Exports

(Iron ore broken into its components)



WA Mineral Exports 2010





**FERROWEST**  
LIMITED

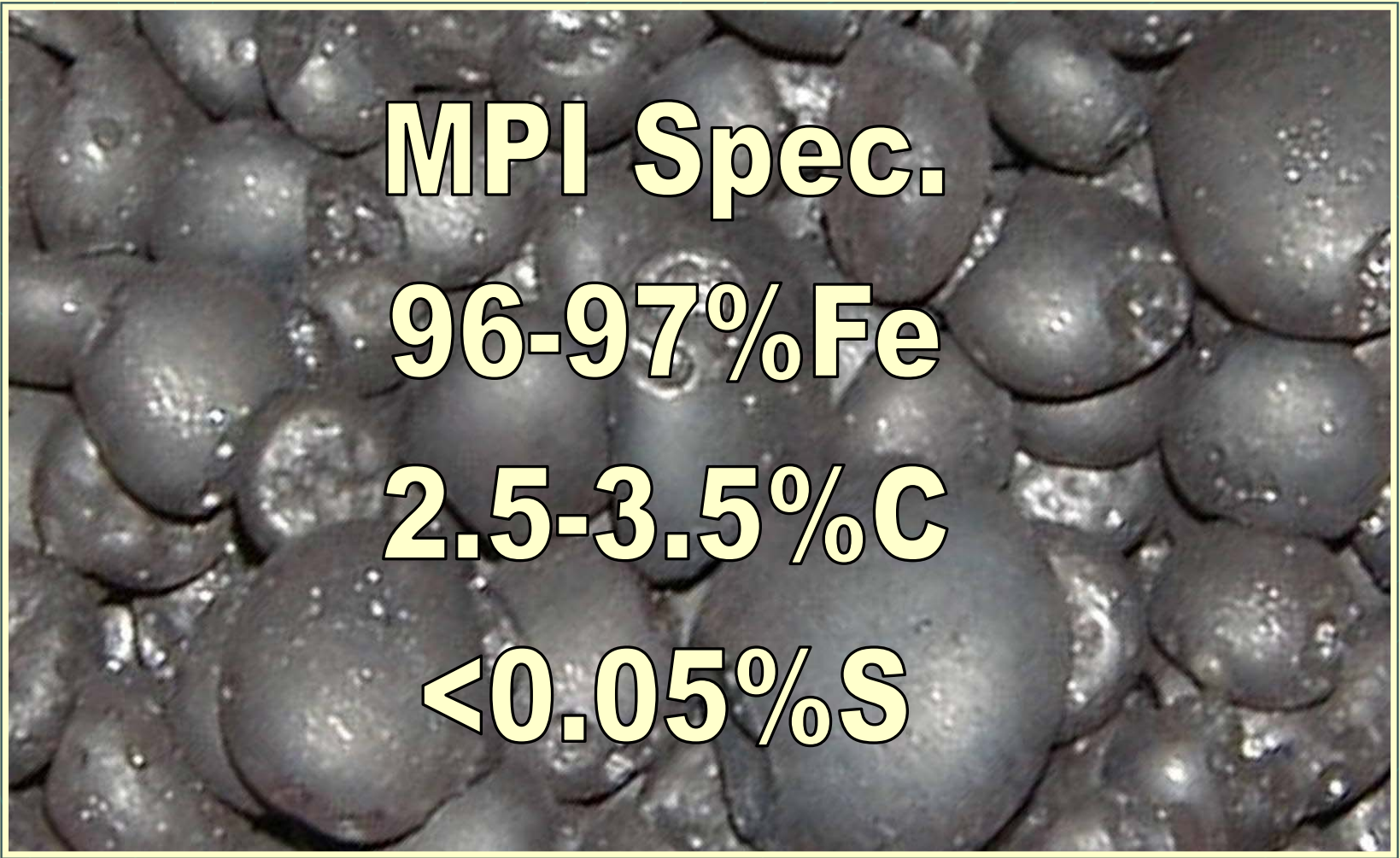
# Merchant Pig Iron (MPI)

**MPI Spec.**

**96-97%Fe**

**2.5-3.5%C**

**<0.05%S**



# Project Overview



The Yalgoo Iron Project aims to produce seaborne traded merchant pig iron (MPI) - initial production of 1,000,000 tonnes per annum.

## ● The project will include:

- an open cut magnetite iron ore mine at Yogi - 14km east of Yalgoo;
- a concentrator plant also located at Yogi, adjacent to the mine; and
- an ITmk3<sup>®</sup> MPI plant at Eradu 60Km east of Geraldton.

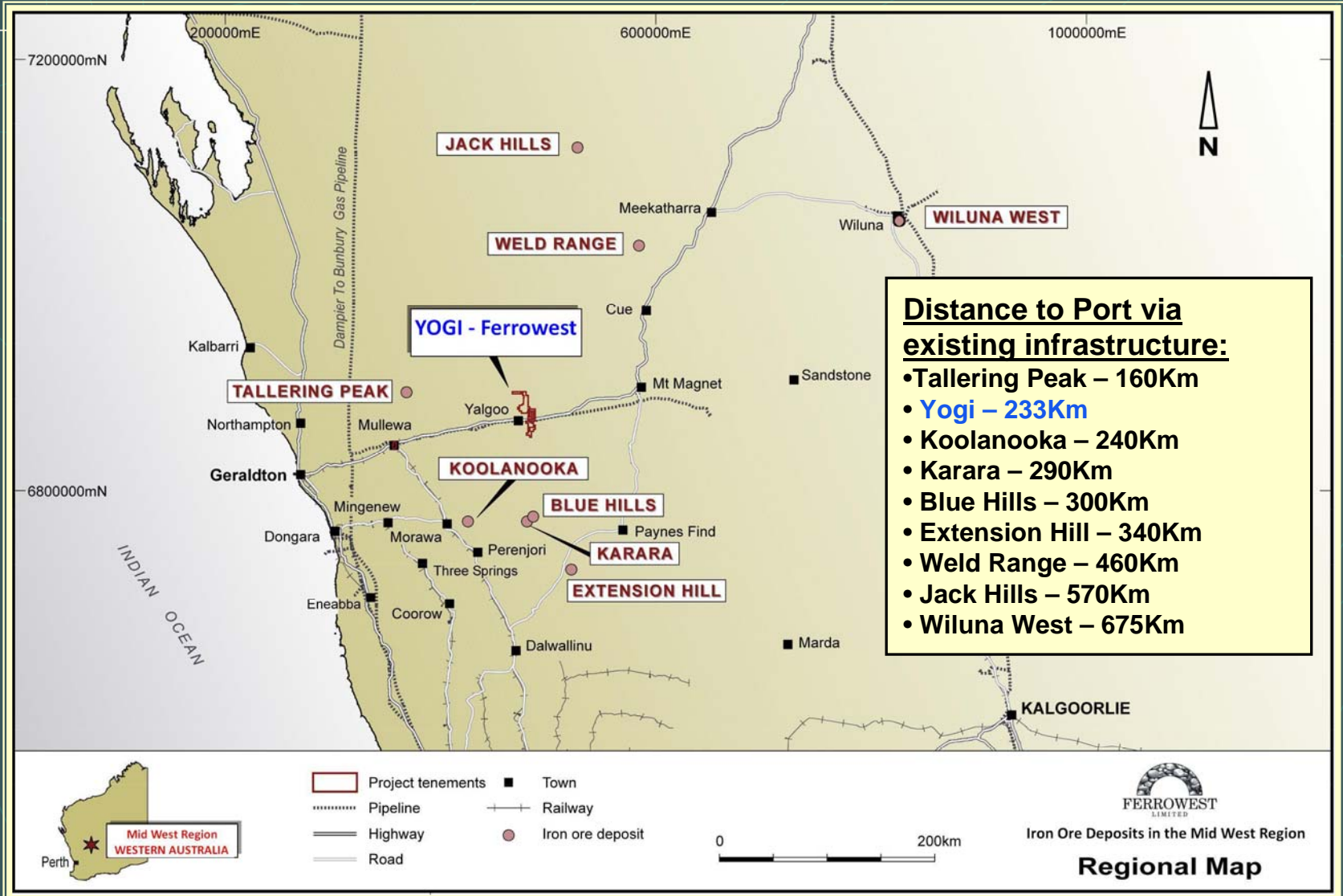
## ● The project brings together:

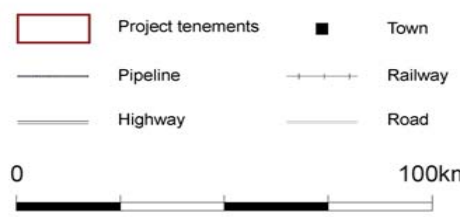
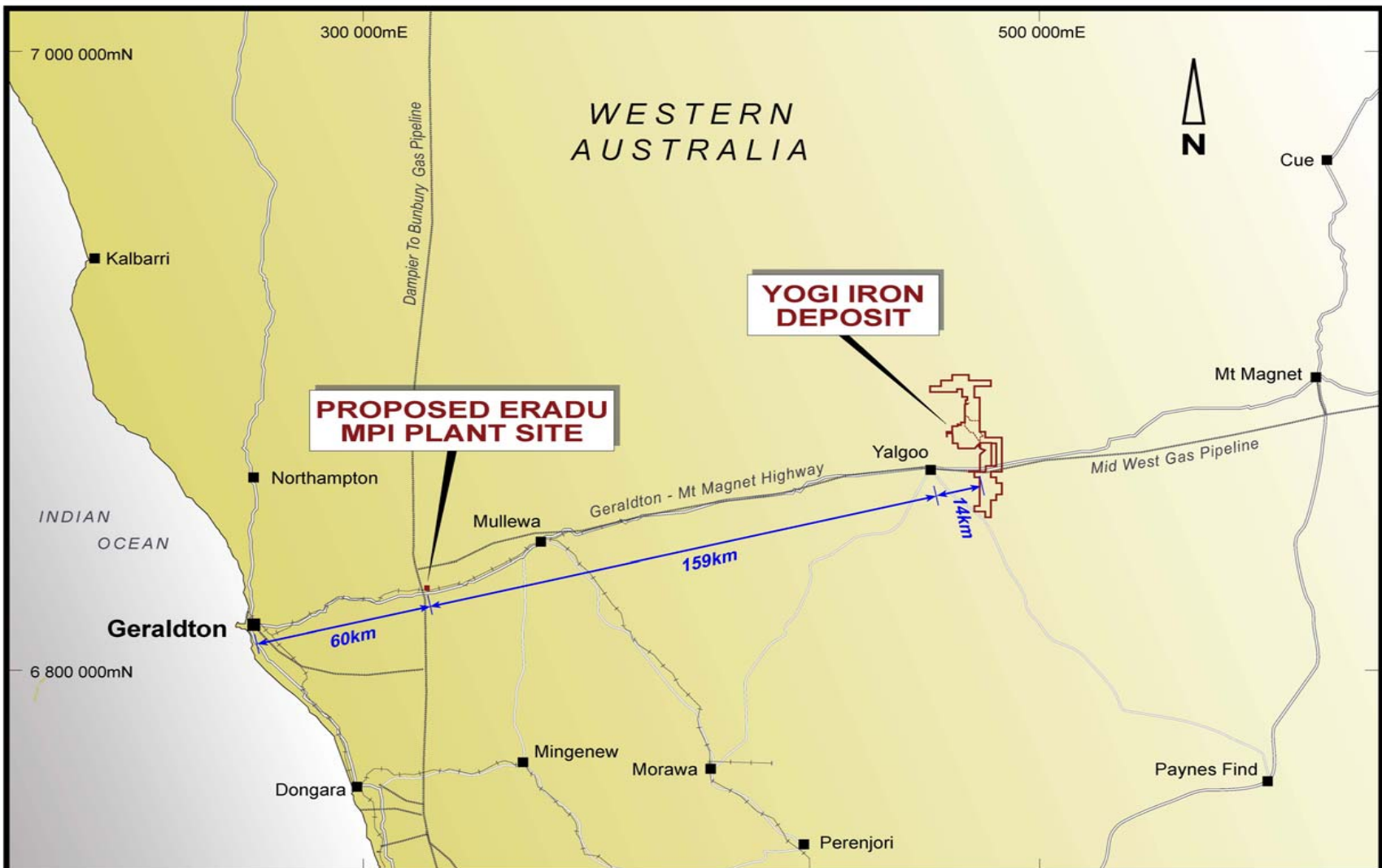
- Magnetite ore;
- Energy (natural gas);
- Leading edge technology; and
- Existing infrastructure

## ● The resulting MPI will be;

- Relatively high margin;
- High quality;
- Low volume product

# Yogi location compared to other regional iron ore deposits





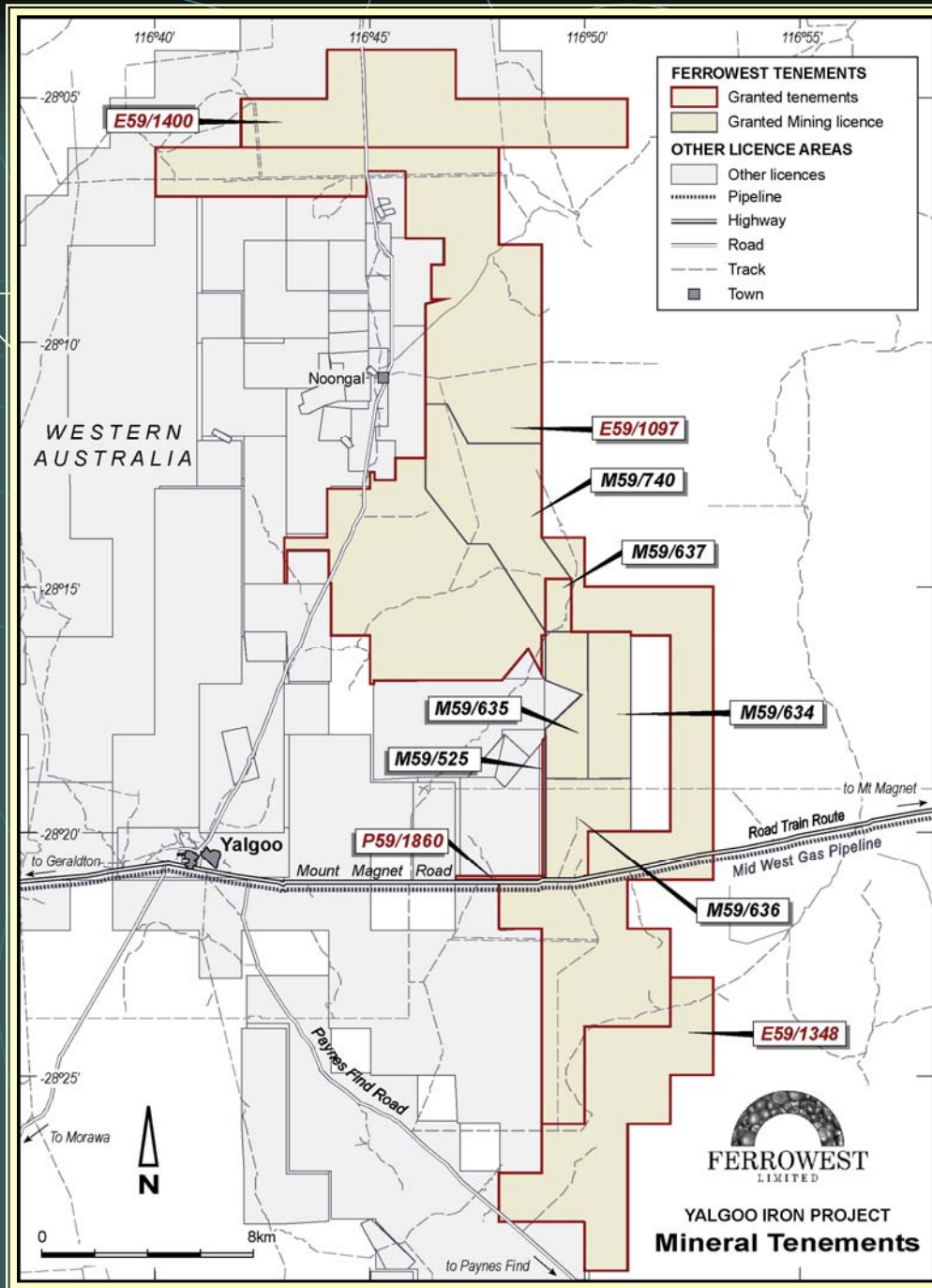
**YALGOO IRON PROJECT**  
**Regional Map**



# Yogi Tenements

- ~ 30,000Ha
- 30km magnetite strike Length
- 8000m of RC and diamond drilling completed
- JORC Inferred Resource of 572Mt @ 27.5%Fe
- Target potential# at Yogi 0.8 to 1.2 billion tonnes
- Enough iron identified for 30+ year project life

# 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 a Mineral Resource. The target potential is based upon calculations prepared by Ferrowest Limited with reference to current experience at Yogi and available data





# Inferred Resource Estimate

| Mineral Resource Estimate | Million Tonnes | Fe%          | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI%        |
|---------------------------|----------------|--------------|--------------------|----------------------------------|-------------|-------------|
|                           | (Mt)           |              |                    |                                  |             |             |
| 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 \*Material that is partially oxidised but magnetite bearing.

# Magnetite Iron Ore Concentrate Produced

| Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | TiO <sub>2</sub> % | P% (XRF)     | S% (XRF)     | Cu%          |
|-------------|--------------------|----------------------------------|--------------------|--------------|--------------|--------------|
| <b>67.0</b> | <b>5.36</b>        | <b>0.58</b>                      | <b>0.07</b>        | <b>0.012</b> | <b>0.023</b> | <b>0.002</b> |

# Merchant Pig Iron Produced

| Fe%            | C%               | S%          |
|----------------|------------------|-------------|
| <b>96 - 97</b> | <b>2.5 - 3.5</b> | <b>0.05</b> |

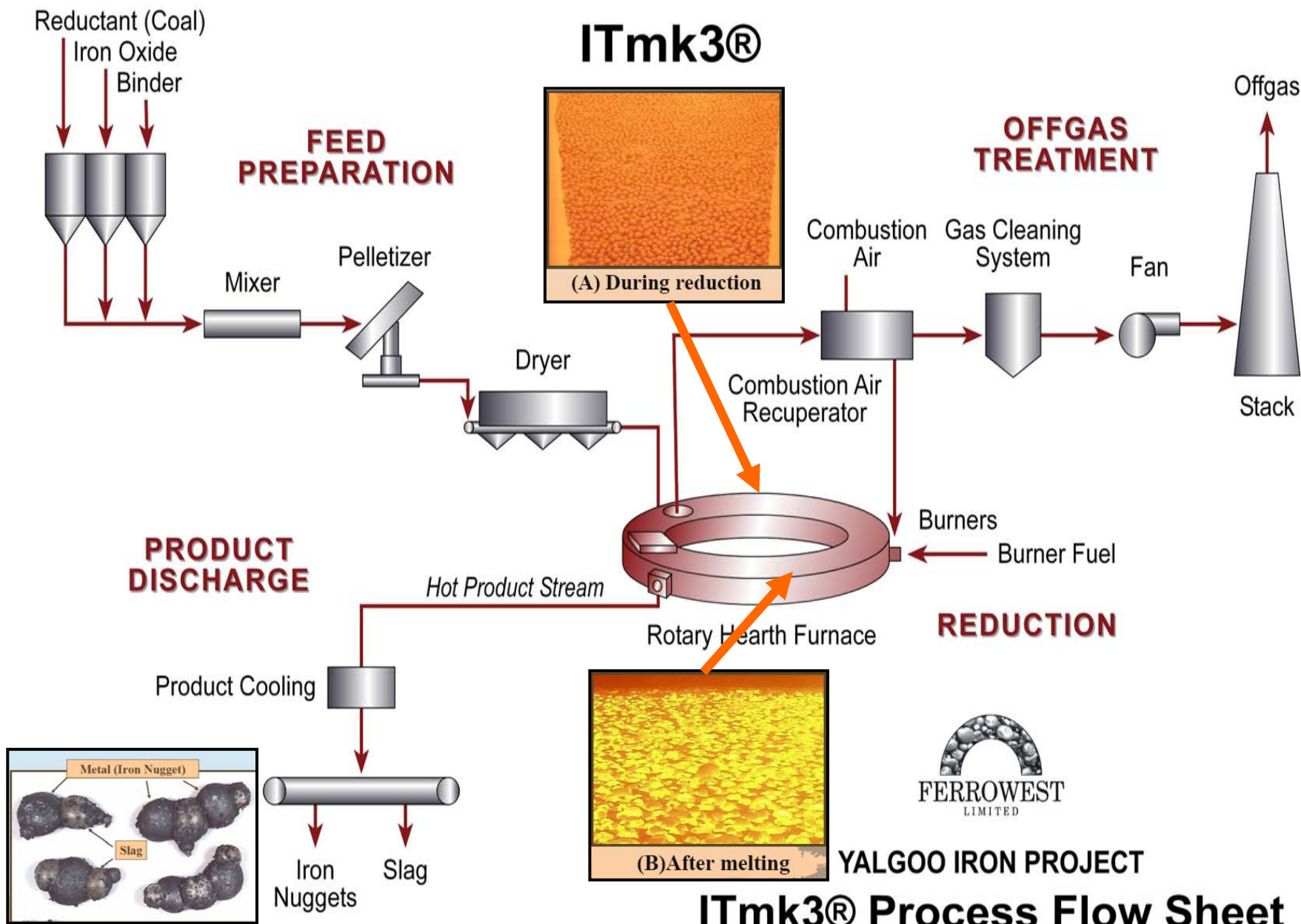


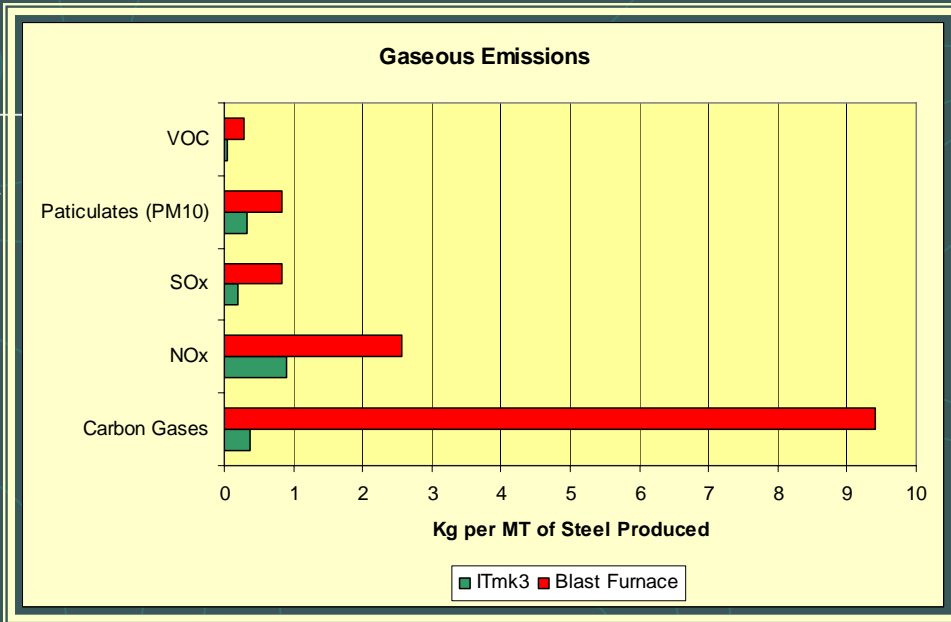
Figure 2.12

# Steel Dynamics ITmk3<sup>®</sup> Plant

(the same plant as proposed to be built at Eradu)



# Environmental Benefits



Source: US Department of Energy

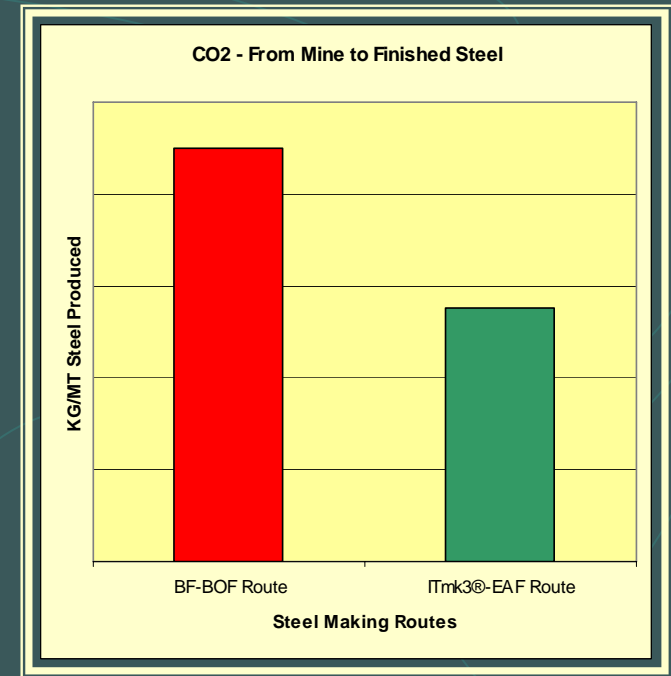


Supervisor Bill Everett shows a handful of iron nuggets produced at the Mesabi Nugget plant.

Photo: Steel Dynamic Inc.

## ITmk3® Advantages

- Lower energy consumption
- Reduced CO2 emissions
- Reduced Transportation Costs



Source: US Department of Energy



# Project Timeline

Scoping Study



Completed

Preliminary Feasibility Study



Completed

Definitive Engineering Study



Q3 2012

Bankable Feasibility Study



Q1 2013

Financing




Q2 - 2013

Commence Construction



Q3 - 2013

Production



Q2 - 2015



# Current Activities



## Partnership Discussions

- HOA Signed in June with TFA International
- Due-diligence substantially complete
- Negotiation of a detailed agreement underway



## HOA Deal

- Equity Investment in Ferrowest
- Earn-in to Project by sole funding portion of exploration and studies
- JV executed after earn-in expenditure is complete
- First right of refusal for product off-take at market prices

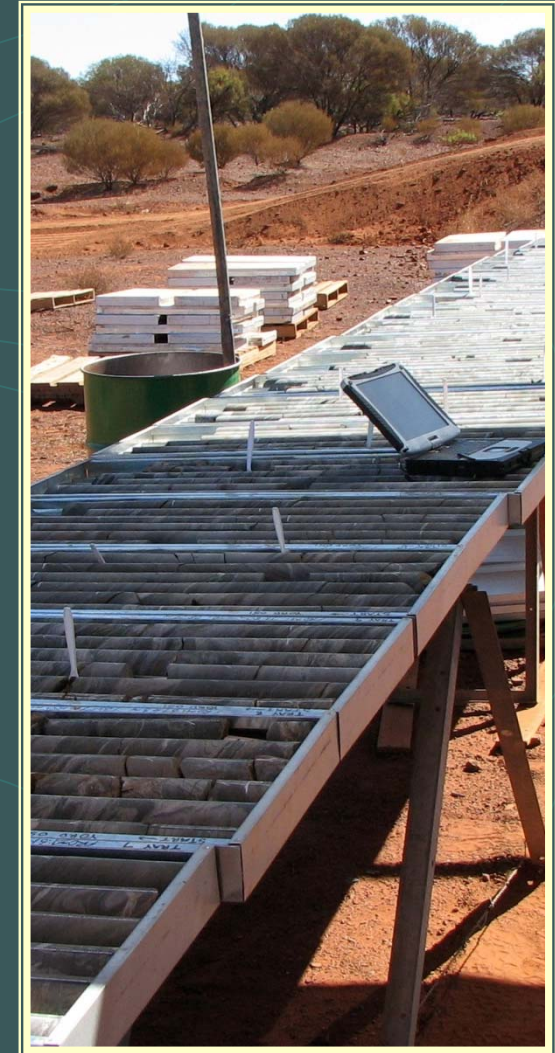
## About Taifeng Group

- Business in materials trading, real estate, industrial manufacturing and resource development
- More than 1500 employees
- 'AAA' Credit Enterprise with the Agricultural Bank of China



# The Yalgoo Iron Project

- **Right Product** ✓
  - Niche market – lack of new production capacity globally
- **Right Market** ✓
  - Close to key Asian markets – Korea, Japan, China
- **Right Project Location** ✓
  - Existing energy (gas), road, rail , port and iron ore
- **Right Business Model** ✓
  - Add value to iron before shipment to secure higher margins



Thanks for your interest!



# Reporting of geological results



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.