

22 September, 2015

ASX Announcement

DEED OF CANCELLATION – YALYIRIMBI IRON PROJECT

Today Ferrowest Limited (“Ferrowest”) has entered into a Deed of Cancellation with Arafura Resources Limited (“Arafura”), Ferrowest’s joint venture partner in the Yalyirambi Iron Project and owner of the underlying mineral tenement, in order to formally unwind Ferrowest’s participation in the project.

This includes, among other things:

- Transfer of the 51% of the shares in Arafura Iron Pty Ltd held by Ferrowest back to Arafura;
- Resignation of the two Ferrowest nominee directors from the Arafura Iron Pty Ltd Board;
- Transfer of all project information and samples back to Arafura;
- Withdrawal of Ferrowest as manager of the mineral tenement on which the project is based;
- Withdrawal of the tenement environmental bond and settlement of money owed by Ferrowest to Arafura; and
- Complete cancellation of all future Ferrowest rights in the project and the tenement on which it is based.

As previously announced to the market, the Board of Ferrowest made the decision to write off the carrying value of its interest in the Yalyirambi Iron Project at 30 June 2015 in the Company’s accounts. The project proposed a 1.5 million tonne per annum haematite mining and concentrating operation but given the location of this project in central Australia, it was highly sensitive to future iron ore pricing. At the current low iron ore prices, which have persisted now for an extended period, the project would not be viable. It also seemed unlikely that this situation would change for some time into the future, hence the decision of the Company to write off the value of the project.

Some of the administrative processes involving the Northern Territory Mines Department may take a period to complete but the last of these should be complete by no later than 30 November 2015.

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