



24 May 2010

ABN 14 074 009 091

Dear Option Holder,

### **PARTICIPATION IN PRO-RATA NON-RENOUCEABLE NEW OPTION OFFER**

On 20 May 2010, Ferrowest Limited ("the Company") announced a one for one non-renounceable pro-rata offer of new listed options to holders of the Company's existing listed options. A prospectus has been lodged with ASIC and ASX in regard to this offer and it is available on the ASX web site and the Company's website.

Under the terms of the offer all eligible\* holders of listed options as at 5:00PM WST on 31 May 2010 ("the Record Date") will be entitled to participate in this non-renounceable entitlement offer of options on the basis of one new listed option for every one existing listed option held.

The closing date for acceptance of the offer is 23 June 2010 unless extended at the discretion of the Board.

The subscription price for the new listed options is \$0.005 per option and the new listed options will be exercisable at \$0.25 each on or before 28 June 2012. Option holders are also offered the right to subscribe for any shortfall.

A maximum of 26,891,561 options will be offered to raise up to \$134, 457.80 before costs. The funds raised from the issue will be used for the Company's exploration and feasibility study activities to provide working capital.

The prospectus and a personalised 'Entitlement and Acceptance Application Form' will be dispatched to option holders after the Record Date. Option holder should note that this will also be after the current listed options have expired on 1 June 2010 but the expiry of the existing listed does not affect option holder's entitlements, which are established on the Record Date. As previously advised to the market, Option holders should also note that the existing listed options will cease to be quoted on the ASX at the end of trading on Tuesday, 25 May 2010 in accordance with ASX Listing Rules in respect of expiring options.

The following are key dates relating to the options offer that you need to be aware of:

<b>Key Dates</b>	
Lodgement of this Prospectus with ASIC and ASX	20 May 2010
"Ex" Date	25 May 2010
Record Date	31 May 2010
Prospectus dispatched to Options Holders	2 June 2010
Opening Date	7 June 2010
Closing Date**	23 June 2010
Company to notify ASX of under subscriptions if any**	25 June 2010
Issue Options and dispatch holding statements**	25 June 2010

\* As determined by the terms and conditions of the offer specified in the prospectus.

\*\* These dates are indicative only.

Information regarding the offer can be viewed on the ASX website. Please contact your stockbroker or financial adviser if you have any doubt as to how to proceed.

Should you have any questions in relation to the offer, please feel free to contact me.

Yours sincerely,

Brett Manning  
Managing Director

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