



ABN 14 074 009 091

8 May 2012

Ms. Fiona Murphy
Advisor, Listings (Perth)
ASX Limited
Level 9, Exchange Plaza
PERTH WA 6000

Dear Elizabeth,

Price and Volume Query

Following your letter of today, 8 May 2012, Ferrowest Limited ("Ferrowest" or "the Company") responds to your questions, in the same order, as follows:

1. No
2. Not Applicable
3. It is the view of the Company that its prospects have substantially improved in the last 8 months with the ongoing implementation of Investment Agreement with TFA International Pty Ltd and the works that are ongoing pursuant to that Agreement. It is the view of the Company that the appreciation in the share price of the Company's securities is recognition by the market of the value of the Company and also a re-rating based on the following matters previously announced to the market:
 - a. Execution of the Investment Agreement with TFA International Pty Ltd in September 2011, followed by the successful completion, during late 2011 and early 2012, of all conditions to that Agreement, except final Chinese Government Approval;
 - b. The issue of \$2.8M in securities to TFA International Pty Ltd at 20 cents per share between December 2011 and February 2012 (at approximately four times the share price at the time of issue);
 - c. The appointment of Mr. Bryan Hughes as non-executive Chairman of Ferrowest;
 - d. Successful in-fill drilling on the 'SAM' magnetite deposit in January and February 2012;
 - e. As announced to the market on 19 April 2012, the China Development and Reform Commission approved the Investment Agreement, leaving only two further approval steps to be completed;
 - f. Commencement of the RC drilling for potential direct shipping grade haematite iron ore in April 2012 (no assay results have yet been received); and

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- g. That upon receipt of final Chinese Government approval, TFA International Pty Ltd will subscribe for a further \$2M in Ferrowest shares at 20 cents per share and further provide \$20M in project exploration and development funding.
4. Ferrowest Limited hereby confirms it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

If you have any queries in this regard, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Brett Manning", with a large, sweeping flourish at the end.

Brett Manning
Managing Director



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8 May 2012

Mr Daniel Bredenkamp
Company Secretary
Ferrowest Limited
Unit 18, 28 Belmont Avenue
Belmont, WA 6104

By email: dbredenkamp@ferrowest.com.au

Dear Mr Bredenkamp

Ferrowest Limited (the "Company")

PRICE AND VOLUME QUERY

We have noted a change in the price of the Company's securities from a closing price of \$0.078 on 1 May 2012 to an intra-day high of \$0.11 at the time of writing today. We have also noted an increase in the volume of trading in the securities of the Company today.

In light of the price and volume change, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any other explanation that the Company may have for the price and/or volume change in the securities of the Company?

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by email to fiona.murphy@asx.com.au or on facsimile number (08) 9221 2020. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than 12.45 pm (W.S.T.) today Tuesday, 8 May 2012.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please do not hesitate to contact me.

Yours sincerely

[sent electronically without signature]

Fiona Murphy
Adviser, Listings (Perth)