



22 January 2008

Dear Shareholder

### GENERAL MEETING OF SHAREHOLDERS

Golden West Resources Limited (Golden West) has become aware that an individual shareholder, Raymore Millard, has written to Golden West shareholders asking them to vote against all resolutions at the extraordinary general meeting of shareholders to be held on 5 February 2008.

It is appropriate for Golden West to communicate with you regarding the content of the letter from Mr Millard.

#### **Letter was not authorised**

Mr Millard's letter was not authorised by Golden West and does not represent the Company's position on the matter.

The Company strongly recommends that any shareholders who are unsure of their voting position should seek independent professional advice.

#### **Who is Mr Millard?**

Mr Millard is one of those Golden West shareholders who signed a pre-bid agreement to accept the inadequate scrip takeover offer from Fairstar Resources Limited (Fairstar).

Mr Millard has in fact accepted the Fairstar offer with respect to his Golden West shares.

Fairstar has indicated its intention to vote its shares against all resolutions at the meeting.

The comments of Mr Millard therefore need to be viewed in light of his clear support for the Fairstar offer and Fairstar's opposition to the resolutions.

#### **The Resolutions**

Resolutions 1 to 3 of the Notice of Meeting seek the removal of Golden West directors Alan Rudd, Michael Wilson and Constantino Markopoulos.

These resolutions have been proposed by Falak Holding LLC (Falak), not Golden West.

Golden West does however note that Mr Rudd is a director of Fairstar, while Mr Wilson is a Fairstar shareholder.

All three directors brought an unsuccessful application in the Supreme Court of Western Australia seeking to prevent Mr Geoff Wedlock from acting as an officer of GWR. The Court dismissed this application and found that there was no serious issue to be tried regarding the validity of Mr Wedlock's appointment.

As previously announced, the Company has received independent legal advice confirming the validity of Mr Wedlock's appointment and that he is entitled to act as a Director and Chairman of Golden West.

Notwithstanding independent legal advice and the comments of the Court, each of the three directors has continued to pursue legal action against the Company causing the Company considerable expense and distraction when it should be focussed on rejecting the inadequate Fairstar bid and advancing the Wiluna West Project.

Resolution 5, proposed by Falak, seeks the appointment of Mr Odeh to the Board of Directors of the Company.

Should Mr Odeh be elected he would be the first nominee of Falak on the board of Golden West. The argument of Mr Millard that Falak is somehow trying to gain control of the Company needs to be considered in this light (as well as in light of Mr Millard's association with Fairstar).

Resolutions 6 and 7 of the Notice of Meeting were proposed by the Company itself, not by Falak. I therefore recommend all shareholders vote IN FAVOUR of these resolutions.

Resolution 6 seeks the re-election of Mr Geoff Wedlock. Mr Wedlock has more than 35 years in the iron ore exploration and development industry and under his continued leadership, the Company will be well positioned to progress the Wiluna West Iron Ore Project for the benefit of all Golden West shareholders.

Resolution 7 seeks to amend Golden West's constitution to allow the Company to have up to 10 directors.

### **Recommendation of the Independent Directors**

The Independent Directors of Golden West continue to advise shareholders to REJECT the inadequate all-scrip takeover offer from Fairstar and IGNORE all correspondence you may receive from Raymore Millard, Fairstar and associated parties.

Yours faithfully

Gary Hutchinson  
Managing Director  
Golden West Resources Limited