



**West Australian
Metals Ltd**

ABN: 71 001 666 600
ACN: 001 666 600

Registered & Operations Office:
Ground Floor
47 Colin Street
West Perth WA
Australia 6005

Ph: +61 8 9321 7355
Fax: +61 8 9321 7399

29 July 2008

Company Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Letter to Shareholders

Attached please find a copy of a letter which is being mailed to all Shareholders, together with a Proxy Form and a copy of the ASX Announcement dated Friday 25th July 2008 (which is mentioned within this letter).

Yours faithfully,
for WEST AUSTRALIAN METALS LTD

Leon Reigys
CHIEF EXECUTIVE OFFICER &
TECHNICAL DIRECTOR

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Important Document - Please Read in Full

29 July 2008

Dear Shareholder,

Letter to Shareholders from Requisitioning Parties

You may have recently received a two page letter dated 21 July 2008, from Vargas Holdings Pty Ltd, Kaliara Pty Ltd and Mallee Minerals Pty Ltd (**Requisitioning Parties**), entities that are controlled by Mr. Vladimir Nikolaenko.

Your Board is concerned that this letter, which the Board believes contains a number of serious material misrepresentations, might influence shareholders of West Australian Metals Limited (**Company**) to vote at the General Meeting convened for 10.00 am (Australian Western Standard Time) on Monday, 4 August 2008, in the manner suggested by a proxy form attached to that letter.

We enclose a copy of an Australian Securities Exchange (**ASX**) announcement issued by the Company and dated 25 July 2008, being when the Board became aware that the letter had been sent to shareholders, urging shareholders to take no action.

AREAS OF CONCERN

NIKOLAENKO APPEARS TO BE SEEKING CONTROL

Mr. Nikolaenko claims his companies are not seeking to take control of the Company. However, your Board is very concerned by claims attributed to Mr. Nikolaenko that he may control in excess of the takeover threshold of twenty percent (20%) of the voting shares in the Company. A German investment newsletter has recently claimed, following a lengthy interview with Mr Nikolaenko, that it believes Mr. Nikolaenko may control more than 40% of the voting shares in the Company. The Company has written to the lawyers acting for Mr Nikolaenko seeking to obtain confirmation as to the position in relation to this claim. This claim, yet to be confirmed or denied by Mr Nikolaenko or his lawyers as representing the true legal position, is consistent with claims made by Mr. Nikolaenko in conversations with current members of the Board in the lead up to the calling of the shareholders meeting, during which Mr. Nikolaenko threatened to exert "control" and claimed to control more than 20% of the Company's shares.

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INDEPENDENCE OF NIKOLAENKO NOMINEES

Mr. Nikolaenko claims his nominees to the Board are "*completely independent*" and that there is no relationship between his companies and the nominees.

Your Board is aware of the following facts:

Mr. Gary Stokes

Mr. Stokes is the Chief Executive of Magna Mining NL (formerly Reefton Mining NL). Mr. Nikolaenko resigned from the Magna Mining NL board a few weeks ago. Mr. Stokes works from Mr. Nikolaenko's offices and Magna Mining NL shares phone and fax numbers with Mr. Nikolaenko's private companies.

Mr. David Sanders

Mr. Sanders is a practice executive of the law firm which acts for the Requisitioning Parties and has written on behalf of the Requisitioning Parties. Mr Nikolaenko controls the Requisitioning Parties and holds his relevant interest in the Company through the Requisitioning Parties.

Your Board is aware of every director's responsibility to act in the interests of all shareholders. However, the Board believes that Mr. Nikolaenko claiming that the nominees to the Board are "*completely independent*" is clearly misleading.

SHARE PRICE

Mr. Nikolaenko appears to be suggesting that your Board is failing to "*properly manage and promote*" the Company, by virtue of its \$60 million market capitalisation. Mr. Nikolaenko goes on to estimate the "*in ground*" value of Marenica at \$300 million.

It is not usual for a Board to disparage an optimistic valuation of its major asset. However, Mr. Nikolaenko appears to be suggesting that your Company is not being properly promoted by virtue of the difference between his assessment and that of the market.

Your Board is deeply concerned that Mr. Nikolaenko is creating an expectation that the Company's share price could be 5 times its current value based on currently available exploration information, and believes that this assertion is misleading.

First, Mr. Nikolaenko appears to be combining the Company's JORC compliant inferred resource of 15 million pounds U308 with the company's target (not a resource) for the Priority Area of 17-27 million pounds. The ASX Listing Rules do not even allow valuations on "*in-ground values*" as they can be misleading. Nor does the ASX allow these different categories to be added together, for obvious reasons.

Secondly, or perhaps in the alternative, it appears to assume a grossly inflated valuation per pound for uranium inferred resource. The market is simply not prepared to pay such a valuation.

Thirdly, it takes no account of the fact that the Company is yet to complete a feasibility study, a necessary pre-requisite to the assumption of economic viability implicit in Mr. Nikolaenko's valuation.

None of this is to say that your Board is not working hard and diligently towards establishing the true value of the project or that shareholders should not remain optimistic about Marenica's prospects. Your Board believes that its JORC compliant resources will increase (a new statement is due out shortly, which is consistent with the Company's previous ASX announcement aiming for an end of July 2008 release) and that the uranium spot price will recover.

However, your Board is determined to manage the project and its promotion in a professional manner with the advice received from its advisers, ensuring that at all times it complies with JORC standards, and ASX resource reporting requirements.

Promoters are relatively easy to find - economic ore bodies are not!

Real shareholder wealth is generated through technical success, driven by a knowledgeable, experienced and dedicated exploration team.

MARENICA LICENCE RIGHTS

When your Company signed its original agreement with Jaco Smith, it acquired a right to 80% of the shares of Marenica Minerals (Proprietary) Limited, a Namibian company that was set up under the agreement to hold the Marenica exploration rights. This right was subject to the Company spending Namibian \$1,500,000, which it completed over twelve months ago. These rights are not disputed by Smith or Nikolaenko. The company has legal advice confirming the existence of these rights.

The Board believes it is grossly misleading and damaging to suggest that these rights and the Company's interests are not "*secure*".

The Board also believes it is misleading for Nikolaenko to suggest that he "*has been endeavouring to bring the parties together*". Mr. Nikolaenko has been actively negotiating on behalf of Mr. Smith for him to gain effective veto rights over the management of the project. This has been resisted by the Board and as a result, Mr. Nikolaenko threatened to seek the appointment of a new Chief Executive Officer. When the Board declined Mr. Nikolaenko's request for Gary Stokes to be appointed, Mr. Nikolaenko demanded the appointment of Messrs Judge and Sanders as directors within 48 hours. When your Board requested the time to assess and interview his nominees, the Requisitioning Parties requisitioned the shareholders meeting.

KEEPING SHAREHOLDERS ADEQUATELY INFORMED

The Board learned of the Requisitioning Parties letter to shareholders dated 21 July 2008, on Friday, 25 July 2008.

The Board understands that, at the date of this letter, not all shareholders have received a copy of that, or this letter.

In an endeavour to ensure that all shareholders of WME are fully informed, and have had an opportunity to consider the manner in which they wish to vote at the meeting of shareholders requisitioned by the Requisitioning Parties, the Board intends to apply to the Court seeking a short postponement of that meeting. The Board anticipates the Court will hear that application on Wednesday, 30 July 2008, or Thursday, 31 July 2008. The Board will inform shareholders, after that time, of the outcome of that application.

RECOMMENDATION

Your Board recommends that shareholders:

- (i) vote against the resolution to remove Terence Shanahan; and
- (ii) vote against the resolutions to appoint the three persons nominated by the Requisitioning Parties (Messrs Stokes, Judge and Sanders),

for the reasons set out in the Explanatory Memorandum accompanying the Notice of Meeting despatched to all of the Company's shareholders on 3 July 2008.

PROXY FORM

Attached is a copy of the proxy form that accompanied the notice of meeting that was despatched to shareholders of the Company on 3 July 2008. If you have already voted, it is possible for you to change your vote by lodging another proxy provided that it is dated after the date of your last proxy. A copy of the notice of meeting is available on the Company's website at www.wametals.com.au

If you wish the Chairman to vote on your behalf, you will need to do at least one of the following:

- (i) tick the box on the left hand side of the proxy form, in which case the Chairman of the meeting may exercise your proxy as he thinks fit; or
- (ii) direct the Chairman on how to vote on each resolution by marking the appropriate box corresponding to resolutions 1 through to 6.

Please ensure your proxy form is properly completed, dated and signed in accordance with the instructions on the form.

Please note that proxy forms must be deposited at or received at the Company's Share Registry not less than 48 hours prior to the time of the commencement of the meeting which commences at 10.00 am (Australian Western Standard Time) on Monday, 4 August 2008.

If you have not received a copy of the letter dated 21 July 2008 from the Requisitioning Parties, please contact our office in order to be provided with a copy.

Further, given the significant importance of the general meeting to the future of your Company, the Board urges you to register your vote either by proxy or at the general meeting.

Yours faithfully



Rodger Johnston
Chairman

WEST AUSTRALIAN METALS LIMITED

ABN 71 001 666 600

PROXY FORM

By Delivery

Advanced Share Registry Ltd

150 Stirling Highway

Nedlands WA 6009

By Post

P O Box 1156

Nedlands WA 6909

By Facsimile

+61 8 9389 7871

For information on returning this proxy form please see instructions over the page.

I/We¹ _____

of _____

being a Shareholder/Shareholders of the Company and entitled _____

votes in the company, hereby appoint² _____

or failing such appointment the chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the general meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday 4 August 2008 at 10.00am (WST) and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes of this proxy is authorized to exercise is * []% of the Shareholder's votes*[] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

IMPORTANT:



If the chairman of the meeting is to be your proxy and you have not directed your proxy how to vote on all Resolutions please tick this box. By marking this box you acknowledge that the chairman of the General Meeting may exercise your proxy even if he has an interest in the outcome of the Resolutions and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the chairman of the General Meeting will not cast your votes on the Resolutions and your votes will not be counted in computing the required majority if a poll is called on these Resolutions.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 and 6 and against Resolutions 2 to 5.

This proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain
Resolution 1	Approval of Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Removal of Terence John Shanahan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Appointment of Gary Wayne Stokes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Kevin Ernest Judge as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Appointment of David Grant Sanders as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Issue of Options to Falco Investments Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Authorised signature/s This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert and address of Shareholder

²Insert name and address of proxy

*Omit if not applicable

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Proxy Notes:

A Shareholder entitled to and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certificate photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Return of Proxy Forms

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Company's Share Registry as set out below not less than 48 hours prior to the time of commencement of the general meeting at 10.00am (WST) on Monday, 4 August 2008. Any Proxy Form received after that time will not be valid for the scheduled meeting.

By Delivery

Advanced Share Registry
Ltd
150 Stirling Highway
Nedlands WA 6009

By Post

P O Box 1156
Nedlands
WA 6909

By Facsimile

+61 8 9389 7871

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25 July 2008

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Australian Securities Exchange Limited
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20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Letter to Shareholders from Requisitioning Parties

The Board has become aware of a letter which has been sent to shareholders, that names the requisitioning parties (Vargas Holdings Pty Ltd, Kaliara Nominees Pty Ltd, Mallee Minerals Pty Ltd) and directs enquiries to be made to Mr Vladimir Nikolaenko. The letter refers to two proxy forms, one of which contains directions indicating how to vote.

Mr Nikolaenko is associated with parties requisitioning the removal of Mr Terry Shanahan. Those parties have proposed the appointment of Mr Gary Stokes, Mr Kevin Judge and Mr David Sanders as directors of the Company, referred to in the Notice of Meeting despatched to shareholders of West Australian Metals Ltd on 3 July 2008.

The Board strongly believes that it contains material misrepresentations.

The Board is receiving legal advice in relation to the letter and will update the market upon receiving that advice.

Shareholders are urged to disregard and take no action in regard to the letter.

If you have any queries, please contact Leon Reigys on:- + 61 (0) 8 9321 7355.

Yours faithfully,
for WEST AUSTRALIAN METALS LTD

Leon Reigys
CHIEF EXECUTIVE OFFICER &
TECHNICAL DIRECTOR

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