



21 August 2014

Dear Shareholder

Merah Resources Limited – pro-rata non-renounceable entitlement issue

As announced on 18 July 2014 Merah Resources Limited (ACN 146 035 127) (**Merah** or the **Company**) is undertaking a 2:3 pro rata non-renounceable entitlement issue (**Entitlement Issue** or **Offer**) of up to 22,063,334 fully paid ordinary shares (**New Share**) to raise up to \$661,900. The price of New Shares under the Offer is \$0.03 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 19 August 2014.

The Offer is fully underwritten by Patersons Securities Limited (**Underwriter**). The Company must pay the Underwriter an underwriting fee of 5% of the total amount raised pursuant to the Offer. The Company must also reimburse the Underwriter for costs incidental to the Offer.

The proposed use of funds raised from the Entitlement Issue is set out in the table below.

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Acquisition costs – Oresearch Limited	\$15,000	2.3%
2.	Exploration expenditure on the Company's existing assets (Ghana)	\$100,000	15.1%
3.	Exploration expenditure – Fyre Lake Property	\$300,000	45.3%
4.	Exploration expenditure – Additional Project (Coober Pedy)	\$100,000	15.1%
5.	Expenses of the Offer	\$74,765	11.3%
6.	Working capital	\$72,135	10.9%
	Total	\$661,900	100.00%

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5.00pm (WST) on 26 August 2014, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued 22,063,334 New Shares resulting in total Shares on issue of 55,158,335.

A copy of the Prospectus is available on ASX's and the Company's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 29 August 2014. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares.

Actions required of Eligible Shareholders

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all of your rights to subscribe for New Shares pursuant to the Prospectus (**Entitlement**). To take up all or some of your Entitlements you will need to ensure your application money for the Entitlements you wish to take up is received by Security Transfer Registrars Pty Ltd (**Share Registry**) by no later than 5:00pm (WST) on 24 September 2014, by completing and returning your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure your application money for the Entitlements you wish to take up is received by the Share Registry by no later than 5:00pm (WST) on 24 September 2014, by completing and returning your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies OR making a payment by BPAY in accordance with the instructions on your Entitlement and Acceptance Form (at \$0.03 per New Share).
- You may do nothing. If you choose to do nothing with your Entitlements, while you will continue to hold the same number of Shares, your interest in the Company will be diluted and you will receive no value for your Entitlement.

Key dates for the Offer

Event	Proposed Date
Prospectus and Appendix 3B lodged with ASX	
Notification sent to Optionholders	19 August 2014
Notice of Entitlement Issue sent to Shareholders	21 August 2014
Existing shares quoted on an 'ex' basis	22 August 2014
Record date	5.00pm (WST) on 26 August 2014
Despatch of Entitlement Issue Documents to Eligible Shareholders	
Offer Period Opens	29 August 2014
Offer Period Closes	5.00pm (WST) on 24 September 2014
Shares quoted on a deferred settlement basis.	25 September 2014
Notification of under-subscriptions to ASX (if any)	26 September 2014

Shares Issued	
Holding statements despatched	29 September 2014

If you have any queries concerning the Entitlement Issue, or the action you are required to take to subscribe for New Shares, please contact your financial adviser or Suzie Foreman, Merah's Company Secretary, on +61 8 9200 4473.

Yours sincerely



David Deloub

Managing Director and Executive Chairman