



WINDY KNOB RESOURCES LIMITED

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26 May 2008

[Insert name and address of Option holder]

Dear Shareholder,

NON-RENOUNCEABLE RIGHTS ISSUE

Windy Knob Resources Limited (**Company**) has announced to ASX Limited (**ASX**) a non-renounceable entitlement issue on the basis of one (1) new fully paid ordinary share (**Share**) for every one (1) Share currently held by shareholders of the Company as at 5.00pm WST on 3 June 2008 at an issue price of \$0.08 each together with one (1) attaching option for every one (1) new Share issued (**Offer**).

The Offer will result in the issue of approximately 31,250,005 new shares and 31,250,005 new options in the Company. The options will be exercisable at \$0.20 on or before 30 December 2009.

The Prospectus relating to this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at www.asx.com.au for inspection. The timetable and important dates of the issue are set out below:

Lodgement of Prospectus with ASIC	23 May 2008
Notice sent to Shareholders	26 May 2008
Ex Date	28 May 2008
Record Date for determining Shareholder entitlements	3 June 2008
Prospectus despatched to Shareholders	5 June 2008
Closing Date of Offer	23 June 2008
Securities quoted on a deferred settlement basis	June 2008
Despatch date/Shares entered into Shareholders' security holdings	26 June 2008

The purpose of the issue is to raise approximately \$2,500,000 and the funds raised will be used to fund an aggressive exploration work program on the Titiribi Project located in Antioquia, northern Colombia and for working capital purposes.

The capital structure of the Company on completion of the issue will be as follows:

Shares

	Number
Shares currently on issue	31,250,005
Shares offered pursuant to the Offer	31,250,005
Total Shares on issue after completion of the Offer	62,500,010

Options

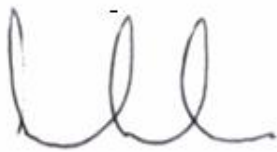
	Number
Options currently on issue	14,250,000
Options offered pursuant to the Offer	31,250,000
Total Options on issue after completion of the Offer	45,500,000

In calculating entitlements under Offer, fractions will be rounded up to the nearest whole number.

The Offer under the Prospectus is made to Shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

Full details of the Offer will be contained in the Prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully



Mathew Walker
Executive Director