

3 August 2017

Dear Option Holder,

NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE – OPTION HOLDERS

We refer to the announcement by Riedel Resources Limited (**Company**) dated 26 July 2017 ('Oversubscribed Placement and Proposed Rights Issue') regarding a proposed non-renounceable pro-rata rights issue to raise up to \$1,403,572 (before costs) (**Rights Offer**).

We write to you as an option holder of the Company to notify you that, on 2 August 2017, the Company lodged a prospectus (**Prospectus**) for the Rights Offer with the Australian Securities & Investments Commission and the Australian Securities Exchange (**ASX**). The Prospectus is available on the ASX website (www.asx.com.au) using the Company's ASX code 'RIE', as well as the Company's website (www.riedelresources.com.au).

Offer

The Rights Offer is a non-renounceable pro-rata offer to be made under the Prospectus on the basis of one (1) fully paid ordinary share in the Company (**New Share**) for every three (3) fully paid ordinary shares (**Share**) held by eligible shareholders (described below), at an issue price of \$0.015 each.

Eligibility

The Rights Offer does not apply to your holding of options granted by the Company (**Options**).

The Rights Offer eligibility is based on the number of Shares held by a shareholder at **5:00pm (WST) on 8 August 2017 (Record Date)**.

To be eligible to participate in the Rights Offer in respect of your Options, you will need to exercise those Options and be registered (with a registered address in Australia or New Zealand) as the holder of the underlying Shares as at the Record Date.

If you do not wish to participate in the Offer (in respect of your Options) you do not need to take any action.

To exercise some or all of your Options you will need to give notice in writing to the Company in accordance with the terms and conditions pursuant to which your Options were granted (**Option Terms**), together with payment of the exercise price for each Option that you exercise.

If you do not exercise your Options, then after the closing date of the Rights Offer, an adjustment may be made to the exercise price of your Options in accordance with any formula set out in Option Terms.

Indicative Timetable

The table below sets out the indicative timetable of key events in relation to the Rights Offer. The dates may change, subject to the ASX Listing Rules.

Event	Target Date
Announcement of Rights Offer	26 July 2017
Prospectus lodged with ASIC and ASX (Appendix 3B lodged with ASX)	2 August 2017
Notice of Rights Offer sent to option holders	3 August 2017
Notice of Rights Offer sent to shareholders	4 August 2017
Ex-date – Shares begin trading without the right to participate in the Rights Offer	7 August 2017
Record Date	8 August 2017

Prospectus and Entitlement & Acceptance Forms sent to Eligible Shareholders	10 August 2017
Opening date for Rights Offer	10 August 2017
Last date to extend closing date	16 August 2017
Closing date of Rights Offer (if not extended)	21 August 2017
New Shares quoted on a deferred settlement basis	22 August 2017
Notice to ASX of Shortfall	24 August 2017
Issue of New Shares	28 August 2017
Normal trading commences	29 August 2017
Despatch of holding statements	30 August 2017

You are encouraged to consult with your stockbroker or other professional adviser before exercising any of your Options.

Further Information

For further information, please refer to the Company's website, the ASX announcements platform, or contact the Company Secretary, Henko Vos, on +61 (0)8 9463 2463 or henko.vos@nexiaperth.com.au.