

3 August 2017

Dear Shareholder,

## **NON-RENOUCEABLE PRO-RATA RIGHTS ISSUE - UNDERWRITTEN**

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 a shareholder 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](http://www.asx.com.au)) using the Company's ASX code 'RIE', as well as the Company's website ([www.riedelresources.com.au](http://www.riedelresources.com.au)).

The purpose of this letter is to provide you with key information about the Rights Offer before the Prospectus for the Offer is sent to eligible shareholders, in accordance with the requirements of ASX. Shareholder approval is not required for the Rights Offer.

### **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. Fractional entitlements will be rounded to the nearest whole New Share.

All New Shares will rank equally in all respects with other Shares then on issue.

### **Use of Proceeds**

The funds raised under the Rights Offer, together with the \$549,223 (before costs) raised under the Company's recent share placement announced on 26 July 2017 (**Placement**), will be applied by the Company to accelerate its exploration and development activities at the Cármenes Project in northern Spain. Please refer to the Company's announcement to ASX dated 26 July 2017 ('RIE to Acquire Historical High Grade Cobalt Project in Spain').

### **Eligibility**

The record date for determining eligibility to participate in the Rights Offer (**Record Date**) is **5:00pm (WST) on 8 August 2017**. All shareholders with a address in Australian or New Zealand who are registered as the holders of Shares on this date will be eligible to participate in the Rights Offer (**Eligible Shareholders**).

### **No Rights Trading**

Eligible Shareholders may not trade their entitlement under the Rights Offer as those rights are non-transferrable. Entitlements of Eligible Shareholders who do not elect to participate in the Rights Offer will lapse.

### **Shortfall Offer**

The Company will make a separate offer to Eligible Shareholders and the general public for any New Shares for which valid applications are not received by the closing date of the Rights Offer (**Shortfall**), at the same issue price as the Rights Offer.

Eligible Shareholders may apply for additional Shares under the Shortfall by specifying the total number of Shares they wish to apply for on their entitlement and acceptance form (to be provided). Additional Shares will only be allocated to the extent that there is a Shortfall. The directors of the Company have reserved their right to determine who is to receive any additional Shares under the Shortfall.

### **Underwriting**

The Rights Offer is fully underwritten by Oracle Securities Pty Ltd (**Underwriter**) on a conditional basis.

All Shares subscribed under the Shortfall will go in relief of the Underwriter's underwriting commitment.

For managing the Placement, the Rights Offer and underwriting the Rights Offer, the Underwriter is entitled to a fee of 7% plus GST of the amount underwritten and the amount raised under the Placement (i.e. \$136,695 plus GST). This fee will be satisfied by issue of 9,113,049 Shares and cash payment of the GST component. As the Underwriter is controlled by former director of the Company, Luke Mathews, and is therefore a related party, the issue of these Shares is subject to shareholder approval.

Further details of the underwriting arrangements will be set out in the Prospectus.

### Effect on Capital Structure

An estimated maximum of 93,571,495 New Shares will be issued under the Rights Offer. This number excludes New Shares which may be issued on exercise of options before the Record Date. This number is also subject to a final reconciliation and rounding of Eligible Shareholder entitlements.

After closing of the Rights Offer, it is estimated that 374,285,980 Shares will be on issue, all of which will be quoted on ASX.

### Dividends

The Company does not have a dividend policy. Payment of future dividends will depend upon future profitability and the financial position of the Company.

### 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

### Further Information

For further information, please contact the Company Secretary, Henko Vos, on +61 (0)8 9463 2463 or [henko.vos@nexiaperth.com.au](mailto:henko.vos@nexiaperth.com.au).