

3 August 2017

Dear Shareholder,

NON-RENOUNCEABLE PRO-RATA RIGHTS ISSUE – INELIGIBLE SHAREHOLDERS

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) using the Company's ASX code 'RIE', as well as the Company's website (www.riedelresources.com.au).

The purpose of this letter is to inform you about the Rights Offer and why you will not be able to subscribe for shares under the offer. This letter is not an offer to issue shares or other securities to you, nor an invitation for you to apply for any shares or other securities. You are not required to do anything in response to this letter.

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**). The Rights Offer is not extended to the Company's security holders who do not meet this criteria.

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

Ineligible shareholders

The Company's shareholders who are not eligible to participate in the Rights Offer are "Ineligible Shareholders".

The restrictions upon eligibility to participate in the Rights Offer arise because of the legal and regulatory requirements in countries other than Australia and New Zealand, and the potential costs to the Company of complying with these legal and regulatory requirements when compared with the relatively small number of shareholders in those countries, the relatively small number of existing Shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

The Company has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make or extend the Rights Offer to shareholders in certain countries outside of Australia and New Zealand.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for the Rights Offer stated above. Accordingly, the Company wishes to advise you that it will not be extending the Rights Offer to you and you will not be able to subscribe for New Shares under it. Accordingly, you will not be sent the documents relating to the Rights Offer.

Further Information

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