



12 October 2018

Dear Optionholder

Non-Renounceable Pro Rata Offer

On 11 October 2018, Rafaella Resources Limited (“Rafaella” or “the Company”) lodged a prospectus with ASIC and ASX (“Prospectus”) for a 1 for 3 pro rata non-renounceable entitlement issue of up to 12,597,917 Loyalty Options (**Options**) at an issue price of \$0.01 per Option exercisable at \$0.30 on or before 31 October 2021 for every three shares held to eligible shareholders (**Offer**).

For the purposes of calculating each eligible shareholder’s entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares. New Shares will rank equally with all fully paid ordinary shares in the capital of the Company already on issue.

The Company has engaged EverBlu Capital Pty Ltd (“EverBlu”) as lead manager of the Offer. The Company has agreed to pay EverBlu \$20,000 and 4,500,000 options for providing these services. The options received by the EverBlu (or its nominee) will be on the same terms as those issued under the Offer.

The Offer will be made to Rafaella shareholders who are registered at 5:00pm WST on **17 October 2018** (“Record Date”) with a registered address in Australia or New Zealand. **As a Rafaella optionholder you are not entitled to participate in the Offer unless you exercise your options in time for new shares to be issued and to be entered on the Company’s register of members prior to the Record Date. Please contact the Company’s share registry: Automic Registry Services on 1300 288 664 or email Hello@automic.com.au for a copy of the option exercise form.** Full details of the Offer (including the use of funds) are contained in the Prospectus. The Prospectus is available on ASX’s website and the Company’s website at www.rafaellaresources.com.au.

The Prospectus together with an Entitlement and Acceptance Form will be mailed to all eligible shareholders on 22 October 2018. Other key dates which shareholders should note are as follows:

EVENT	DATE
‘Ex’ Date	16 October 2018
Record Date for determining Entitlements (5:00pm WST)	17 October 2018
Closing Date (5:00pm WST*)	31 October 2018
Issue date/New Shares and New Options entered into shareholders’ security holdings	7 November 2018

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety and contact your financial advisor or the Company if you have any queries.

Yours faithfully
Amanda Wilton-Heald
Company Secretary

Rafaella Resources Limited

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