



15 October 2018

Dear Shareholder

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 Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at **5:00pm WST on 17 October 2018** with a registered address in Australia or New Zealand.

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, however their issue will be subject to shareholder approval.

All Shareholders who have a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdiction outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of Options to which they would otherwise be entitled.

Full details of the Entitlement Issue (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.

Application for New Shares and New Options under the Entitlement Issue may only be made by completing the Entitlement and Acceptance Form which accompanies the Prospectus. Shareholders eligible to participate in the Entitlement Issue should read the Prospectus carefully. For further information on the Entitlement Issue you should contact your professional adviser.

Yours faithfully
Amanda Wilton-Heald
Company Secretary

Rafaella Resources Limited

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