7 June 2018

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Dear Shareholder

**PRO-RATA NON-RENOUNCEABLE RIGHTS ISSUE**

We are writing to you as a registered holder of shares in Metalsearch Limited (**Company**).

As announced to ASX on 30 May 2018, the Company is undertaking a fully underwritten pro rata non-renounceable offer of ordinary fully paid shares (**Shares**) to eligible shareholders. The offer is on the basis of one (1) new share (**New Share**) for every two (2) Shares held by eligible shareholders of the Company as at 5.00pm WST on 12 June 2018 (**Record Date**) at an issue price of $0.01 per Share, to raise up to $1,529,700 (**Offer**).

The Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth) (as amended by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84).

An Offer Document in relation to the Offer has been lodged with ASX setting out the terms and the timetable for the Offer, as shown below. A copy of the Offer Document is available on the ASX website at www.asx.com.au (ASX code: MSE) and on the Company's website at www.metalsearch.com.au.

**Underwriting and Use of Proceeds**

The Offer is fully underwritten by Westar Capital Limited. Proceeds of the capital raisings will contribute towards the continued evaluation of the Company's Kraaipan Project in Botswana and further identifying and acquiring new projects, specifically targeting project opportunities in African countries, costs of the issue and for general working capital. The cash costs of the Offer will be approximately $80,000.

**Information about the Offer**

1. The Offer is being made to eligible shareholders, being persons who are registered as shareholders of the Company on the Record Date and have a registered address in Australia or New Zealand. In calculating entitlements under the Offer, fractions will be rounded down to the nearest whole number. Shareholders who, at the Record Date, do not have an address registered in either Australia or New Zealand will not be eligible to participate in the Offer.

2. The Offer opens on 15 June 2018 and is expected to close at 5.00pm (WST) on 26 June 2018.

3. The Offer is non-renounceable which means that entitlements to participate in the Offer are not tradeable on the ASX or otherwise transferable.

4. Up to 152,970,053 New Shares may be issued under the Offer (based on the current capital structure of the Company), resulting in total ordinary fully paid shares in the Company of up to 458,910,159 shares. New Shares issued under the Offer will rank equally with the Company's existing fully paid ordinary shares.

5. There is no minimum subscription under the Offer. The Offer is fully underwritten.

6. The Underwriter may at its discretion make a placement to professional and sophisticated investors of any entitlements under the Offer which are not taken up by shareholders ("**Shortfall**"). The Underwriter has given an undertaking to ensure that no party will receive Shortfall Shares that would result in that party having a relevant interest in more than 19.9% of the total Shares on issue.

**Timetable**

The Offer is proposed to be conducted according to the following timetable:

| Event | Date |
|---|---|
| Announcement of Rights Issue and Appendix 3B | 30 May 2018 |
| Release of Offer Document and section 708AA notice to ASX | 6 June 2018 |
| Notice sent to Shareholders | 7 June 2018 |
| "Ex" Date<br>(date from which Shares commence trading without the entitlement to participate in the Offer) | 8 June 2018 |
| Record Date 5.00pm (WST)<br>(date for determining Entitlements of Eligible Shareholders to participate in the Offer) | 12 June 2018 |
| Offer Document and Entitlement and Acceptance From sent to Eligible Shareholders | 15 June 2018 |
| Offer Opening Date | 15 June 2018 |
| Last date to extend the Offer Closing Date | 21 June 2018 |
| Offer Closing Date 5.00pm (WST) | 26 June 2018 |
| Shares quoted on a deferred settlement basis | 27 June 2018 |
| ASX notified of under subscriptions | 29 June 2018 |
| Anticipated date for the issue of the New Shares | 3 July 2018 |
| Deferred settlement trading ends | 3 July 2018 |
| Normal trading (on a T+2 basis) commences | 4 July 2018 |

**Note:** The dates in the above timetable are indicative only and subject to change. Further, the dates are subject to the Listing Rules and other applicable laws. The Directors reserve the right to vary these dates.

You are not required to do anything in response to this letter. This letter is provided for your information only and does not constitute an offer of New Shares under the Offer. An offer document will be sent to eligible shareholders on about 15 June 2018.

**Further information**

For further information, please see the Company's announcements on ASX (www.asx.com.au) (ASX code: MSE) and on the Company's website (www.metalsearch.com.au) or contact the Company on (08) 6268 2622 during normal business hours.

Neville Bassett
**Company Secretary**