Dear Shareholders,

Welcome to the 2019 Letter to Shareholders in which I want to introduce myself and outline my plans to take Rathdowney (the "Company") – and, more particularly – the Olza project forward.

The next two years will be both exciting and – we hope – transformative for the Company. The Olza project is a top tier asset in a space in the market – the zinc development project space – that is bereft of top tier "development" ready assets. Having been in the saddle for the last two months and to Poland twice to assess the potential to both move the project forward and reduce the development risk, I have settled on a direction that is somewhat different from the norm when trying to advance projects. As I will explain in more detail below, the Company is now embarking on a two-year plan to secure a Mining License for the project, thereby removing the number one risk factor that shareholders and potential investors have raised when I'm in meetings with them. My answer to their concerns is to address this issue "head on" and put the Olza project – and therefore the Company – in a select group of "development assets" that have a license to mine. But first, let me comment on the Olza asset itself.

The Olza asset is a large – and potentially long life – zinc mine in the making. Current inferred resources are 24 million tonnes at a grade of 7.02% (zinc plus lead)[i]; however, core drilling by the Polish State Geological Institute ("PSGI") outlined additional potentially significant deposits of zinc and lead at Olza. PSGI's historical estimate of the resources[ii] was 77 million tonnes at a grade of 6.15% combined zinc and lead. While useful for indicating exploration potential and planning drilling programs, this historical estimate does not qualify as a NI 43-101 defined resource. Additionally, a qualified person has not done sufficient work to classify the estimate as current mineral resources and we are not treating it as current. So this is illustrative only but still a very useful illustration of the Olza Project's potential.

More recently, Rathdowney commissioned a study to further assess this potential, utilizing all core drilling used for the historical estimate, but excludes the historical and new holes drilled in the area[iii] of the current mineral resource. This "Exploration Target", as defined under 43-101, is conceptual in nature and is not a mineral resource estimate. While there is no guarantee if further drilling is done that it will lead to a resource estimate, using a geostatistical method called conditional simulation, the Exploration Target Range Study[iv] outlined a "conceptual" range potential of 52 – 94 million tonnes at grades of 3.9-5.2% zinc + 1.0-1.3% lead. Obviously, this is an exciting prospect for the Company but rather than keep on drilling and still face the same questions about our ability to get a mining license, the cart is being put before the horse and we will do any necessary drilling AFTER we have our mining license.

Technically, the Olza project is rock solid – the geology is typical Mississippi Valley type ("MVT") – flat lying, limestone hosted zinc and lead mineralization. While Mother Nature will surely surprise us, this geology, coupled with Rathdowney's successful core confirmatory drilling in areas of the historical core drilling by the PSGI gives us confidence that her surprises will be manageable and will not be anything like those that polymetallic deposits can provide. The deposit is shallow – 60 to 160 metres below the surface and its flat-lying nature enables the utilization of one of mining's most "tried and trusted" mining techniques – Room and Pillar. Additionally, the MVT mineralization within the host rock tends to be clean, indicating excellent metallurgical

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recovery potential. Conventional zinc/lead processing techniques – crushing, grinding, froth flotation – can be used and, by happenstance, tests to date show that the zinc concentrate has a very low iron content and hence will be sought after by smelters worldwide.

Economically, the project is robust as outlined in the Company's Preliminary Economic Assessment ("PEA")[v], with an After-Tax Internal Rate of Return of 30%, an After Tax Net Present Value, at an 8% discount rate, of US$170 million and a 2.4-year payback period. Given the promising potential to add to the resources through infill drilling of the Polish State Geological Institute's core drilling, there is significant upside potential to these numbers. Of course, the usual cautionary language has to be attached to any estimates using inferred resources made as part of a PEA, so these numbers are indicative only and cannot be assumed to be realizable; however, these are promising numbers on which to build the new strategy.

Which brings us to infrastructure. To put it simply – if there is a "development" project worldwide that has better infrastructure, I am not aware of it. The infrastructure directly adjacent to the Olza project is without peer, and includes first class paved roads providing access almost to the projected mine gate, power lines within easy reach with power readily available, and rail lines – up to eight sidings – within a kilometer of the planned decline portal. The concentrates produced at the processing plant would have a direct rail transportation route to the port of Gdansk from which they can be shipped to smelters around the world through established shipping lanes. Local water utilities are nearby to provide or take water from the project site, two international airports (Krakow and Katowice) are within one hour's drive on paved roads, and accommodation facilities for construction and future mine operations workers and management are plentiful in the surrounding communities, negating the need for "construction camp facilities" usual to most mining development projects. This infrastructure, along with the presence locally of a highly educated mine workforce, has significant capital and operating advantages that help diminish the usual project "risks" that go along with the construction and operation of a major mine facility. And at 6,000 tonnes per day ("tpd"), Olza will be a major mine facility on a world scale.

So, why the change in strategy? First, as has been apparent of late, having a mining license is potentially the most valuable "asset" a company can have. Without it, the best project in terms of Rates of Return and Net Present Value is unable to monetize that "value" and therefore convert it to shareholder value. The mining legislation in Poland is clear and the level of work done by the Olza team is more than sufficient for Rathdowney to commence the process of applying for a mining license. The Company has retained a select group of first class consultants to guide us through the mining license process and the only thing left to do is to finish! We believe that the local communities and all levels of government will be supportive of a new zinc mine with the attendant social and economic benefits both locally and to the federal government in general. This strategy is essentially a low cost strategy to remove risk from the Olza project and, by securing a mining license, puts Rathdowney into a select group of "development" companies with the license to operate a mine. With this as a base, the Company will then seek to advance the project along traditional lines and continue to remove the more quantifiable technical risk elements such as resources, mine planning, capital and operating costs, offtake agreements, etc. Having been down this route before with the G-9 mine in Mexico - and while surprises will crop up - this part of the "mine development" process is more predictable and therefore more manageable. In addition, as we do expect the stock to receive a "mine license to operate" re-rate, any financings will – hopefully – be at higher share prices and less dilutive to current shareholders.

The immediate priority is to secure funding to implement the new strategy and to see it through to fruition with minimal share dilution in order to protect current shareholders interests in the company. We have had – and will continue to have – discussions with the banking community. A major European bank has had their technical teams visit site on several occasions and is closely following developments. We intend to have discussions with other major mining banks as the strategy unfolds, all with the intention of assessing the debt-carrying capacity of the project. Given the excellent cash flows projected in the first three years by the PEA, Rathdowney will be targeting a 70/30 debt/equity ratio and will be utilising all potential avenues to achieve this goal. Accordingly, I have initiated preliminary analysis of an "equipment" based loan, as was successfully used to help finance the G-9 mine for Farallon Mining in 2007/8. Meanwhile, expenses will be kept to a minimum and will be almost exclusively focused on advancing our efforts towards getting a mining license while keeping all licences and regulatory requirements in good standing. Consequently, we don't expect an increase in expenses over the next two years while we implement this new strategy.

While the above is in progress, shareholders can expect a series of news releases to keep shareholders up to date on the Company's progress. A full court press on getting this unique – and exciting development level – story out to the market, will be carried out in parallel with the mining license strategy. With both elements in play, I hope that we can see a material increase in shareholder value over time. Having taken a 1,500 tpd zinc mine in the Sierra Madre mountains in Mexico (with its attendant local security issues) into production and sold it for US$400 million, I am confident that a 6,000 tpd zinc mine at Olza – if we are successful in getting it operational – will possess similar intrinsic value. Whether this value is translated into shareholder value will be for the future to decide. For myself, I look forward to advancing the Olza project on this trajectory and enhancing shareholder value wherever possible.

Sincerely,

Dick Whittington

Dick Whittington
President and Chief Executive Officer
Rathdowney Resources Ltd.

Technical Information was reviewed and approved by David Copeland, PEng, a qualified person, who is also the Chairman and a director of the Company.

[i] At 2% Zn cut-off, individual grades are 5.53% Zn, 1.49% Pb, as audited and verified and restated at February 2015 by independent QP - L. Roberts, MAusIMM (CP) of SRK Consulting (UK) Ltd.

[ii] Total in C1/C2 categories for Zawiercie I and II deposits, as estimated by PSGI in 1990 and 2008.

[iii] The exploration target area of interest is inside the Zawiercie and Rokitno concessions but outside the area covered by the current mineral resource, and also outside a buffer zone surrounding the footprint of that resource. The ETR study area substantially overlaps the historical estimates, but specifically excludes the area covered by the current resource estimate.

[iv] Olza Project Exploration Target Range (ETR) Study, unpublished internal report by R. Mohan Srivastava and David Gaunt, (2019). Mr. Gaunt is a qualified person (QP) that is not independent of the company and Mr. Srivastiva is an independent QP. The exploration target ranges (ETR) of tonnages and grades were derived by completing a series of 100 equally plausible conditional simulations. A histogram of the tonnage and grade values from these simulations was completed, and the 10th and 90th percentile selected as the ETR bounds.

[v] NI 43-101 Technical Report on the Preliminary Economic Assessment of the Project Olza Zinc-Lead Project, Poland by C. Bray, MAusIMM (CP), L. Roberts, MAusIMM (CP), C. Bonson, EurGeol, PGeo., H. El Idrysy, CGeol, FGS, and K. Czajewski, PEng, of SRK Consulting (UK) Limited and L. Melis, PEng, of Melis Engineering Ltd, effective date December 31, 2014. All are independent QPs. Base Case metal prices used for zinc were US$ 1.10/lb in Year 1 and 2 and US$ 1.00/lb in remaining Life of Mine (“LOM”); and for lead are US$1.09/lb in Year 1, US$1.00/lb in Year 2 and USD 0.95/lb in remaining LOM. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.