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23 November 2006

**Australian Stock Exchange
Company Announcements Office
Exchange Centre
Level 4, 20 Bridge Street
Sydney NSW 2000**

Dear Sir

LETTER SENT TO OPTIONHOLDERS

The attached letter was forwarded to optionholders today advising them of the non-renounceable option issue as referred to in the prospectus covered by the ASX announcement of 22 November.

Yours faithfully
Norman Grafton
Finance Director/Company Secretary



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Dear Optionholder,

NON-RENOUNCEABLE ENTITLEMENT ISSUES

Orchid Capital Limited (**Company**) has announced to Australian Stock Exchange Limited (**ASX**) a non-renounceable entitlement issue on the basis of one (1) new option for every one (1) option held by option holders of the Company as at 5.00 pm WST on 30 November 2006 at an issue price of 0.1 cents per option (**Offer**).

The Offer will result in the issue of approximately 99,255,521 new options in the Company. The options offered pursuant to the Offer will be listed and are exercisable at 5 cents each on or before 28 February 2012.

The minimum subscription in respect of the Offer is \$15,010.

The Prospectus relating this issue has been lodged with the Australian Securities and Investments Commission and ASX and is available on the ASX website at www.asx.com.au for inspection. The timetable and important dates of the issue are set out below:

Lodgment of Prospectus with ASIC and ASX	21 November 2006
Record Date for determining option holder entitlements	30 November 2006
Opening Date and Prospectus dispatched to option holders	4 December 2006
Closing date	18 December 2006
Options quoted on a deferred settlement basis	19 December 2006
Despatch date/Options entered into Option holders' security holdings	28 December 2006

The purpose of the issue is to raise approximately \$99,255 and the funds raised will be used to augment the current working capital of the Company.

The capital structure of the company on completion of the issue will be as follows:

Shares*

	Number
Shares currently on issue	174,560,713
Shares offered pursuant to the Offer	0
Total Shares on issue	174,560,713

* No Shares will be issued under the Offer.

Options

	Number
Options currently on issue (exercisable at 0.5 cents on or before 30 November 2006) ¹	99,255,521
Options offered pursuant to the Offer	99,255,521
Total Options on issue following close of Offer²	99,255,521

Notes:

1. These options are due to expire 30 November 2006.
2. Assumes all options are issued and none of the current options are exercised prior to the expiry date of 30 November 2006.

In calculating entitlements under the entitlement issue fractions will be rounded up to the nearest whole number.

The offer under the Prospectus is made to Shareholders with registered addresses in Australia and New Zealand. Overseas shareholders should contact the Company Secretary with any queries.

Full detail of the issue will be contained in the Prospectus that will be mailed to all shareholders who are registered on the record date. Shareholders eligible to participate should read the Prospectus carefully.

Yours faithfully

Alvin Tan
Director