

23rd August, 2017

Dear Shareholder,

PARTICIPATION IN PRO-RATA NON-RENOUCEABLE ENTITLEMENT ISSUE

As announced to ASX on 8 August, 2017, IODM Limited ('IODM' or 'the Company') is undertaking a pro-rata non-renounceable entitlement issue of fully paid ordinary shares in the capital of IODM ('Entitlement Offer'). The Company lodged an offer document setting out the terms and conditions of the Entitlement Offer ('Offer Document') with ASX Limited ('ASX') on 22 August, 2017 and will be despatched to all eligible shareholders together with a personalized Entitlement and Acceptance Form on 28 August, 2017.

This letter gives shareholders brief details of the Entitlement Offer, certain information required under the ASX Listing Rules, proposed use of funds and the important dates of the Entitlement Offer. The Entitlement Offer is non-renounceable which means that rights cannot be traded or sold.

The Entitlement Offer is only open to eligible shareholders of the Company ('Shareholders'), being shareholders whose registered address is in Australia and New Zealand at 5.00pm (AEST) on 25 August 2017 ('Record Date').

Key Details

Details of the Entitlement Offer are as follows:

Type of issue	Pro-rata non-renounceable entitlement issue of fully paid ordinary shares (Shares) of 3 Shares for every 8 Shares held.
Issue price	\$0.008 (0.8 cents) per Share.
Number of shares to be issued	Up to 124,276,295 Shares.
Amount to be raised	Up to approximately \$1,000,000.
Rights trading	Rights cannot be traded or sold.
Additional Shares and shortfall	Shareholders can apply for additional Shares in excess of their entitlement. Additional Shares will be allocated in accordance with the allocation policy set out in the Offer Document. Any entitlement and additional Shares not taken by eligible shareholders will form part of the shortfall. The directors of the Company reserve the right to place the shortfall Shares at their absolute discretion.
Shortfall	The Company has entered into an underwriting agreement with Domain Capital Pty Ltd ACN 113 004 078 (' Domain Capital ') under which Domain Capital has agreed to partially underwrite any shortfall of the Entitlement Offer up to \$700,000, subject to terms and conditions of the underwriting agreement.
Listing	The Company has applied to ASX for quotation of the Shares.



Key indicative dates

The proposed timetable for the Entitlement Offer is as follows:*

Lodgement of Offer Document, cleansing notice & Appendix 3B with ASX	22/08/2017
Notice sent to shareholders	23/08/2017
Notice sent to Option holders	23/08/2017
Notice sent to ineligible shareholders	23/08/2017
Ex date	24/08/2017
Record Date for determining entitlements (5:00pm AEST)	25/08/2017
Offer Document despatched to Shareholders & Company announces this has been completed	28/08/2017
Last day to extend the Closing Date	05/09/2017
Closing Date (5:00 pm AEST)	08/09/2017
Shares quoted on a deferred settlement basis	11/09/2017
Notify ASX of under subscriptions	13/09/2017
Issue date	15/09/2017
Quotation of Shares issued under the Entitlement Offer	18/09/2017

These dates are subject to change and are indicative only. Subject to the ASX Listing Rules, the Corporations Act 2001(Cth) and the terms and conditions of the Underwriting Agreement, the Directors reserve the right to vary the dates for the Entitlement Offer at their discretion.

The funds raised from the Entitlement Offer are planned to be used for administration and operating expenses, working capital requirements and to pay the costs of the issue.

Ineligible Shareholders

The Company has determined that it would be unreasonable to make offers under the Entitlement Offer to all shareholders with addresses outside of Australia or New Zealand ('**Ineligible Shareholders**') having regard to the Company's current shareholding and the costs of complying with legal and regulatory requirements in those jurisdictions. Accordingly, the Entitlement Offer is not being extended to Ineligible Shareholders. Any entitlements to such shares will lapse and the relevant shares will form part of the additional shares and shortfall under the Entitlement Offer.

If you hold shares in the Company as nominee or custodian of an Ineligible Shareholder(s), the Company requests you not to:

- (a) send any Offer Document to Ineligible Shareholders; and
- (b) submit any Entitlement or Acceptance Form for the Entitlement Offer or otherwise purchase shares under the Offer Document on behalf of any such Ineligible Shareholder.

Full details of the Entitlement Offer are contained in the Offer Document which is available on the ASX website by searching under the ASX Code "IOD" and a copy of which will be mailed to all Shareholders who are registered on the Record Date. Shareholders eligible to participate should read the Offer Document carefully.

Should you have any queries in relation to the Entitlement Offer, please do not hesitate to contact the Company on (+61 3) 8396 5890.

Yours sincerely



Petrina Halsall

Company Secretary
IODM LIMITED

