MOD RESOURCES LTD

7 March 2018

Dear Optionholder

NON-RENOUNCEABLE RIGHTS ISSUE TO RAISE UP TO APPROXIMATELY $6.3 MILLION

On 6 March 2018, MOD Resources Limited (**Company**) announced that it would be offering shareholders the opportunity to participate in a non-renounceable pro-rata entitlement offer to raise approximately $6.3 million (before costs) (**Offer**), on the basis of one fully paid ordinary share in the capital of the Company (**New Share**) for every 16 fully paid ordinary shares held at the record date, at an issue price of $0.047 per New Share.

The Offer is fully underwritten by Blue Ocean Equities Pty Limited (**Underwriter**).

Only shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore, South Africa or the United Kingdom will be eligible to participate in the Offer (**Eligible Shareholders**).

The Offer is made to Eligible Shareholders registered at 5.00pm (Perth-time) on the record date of Wednesday, 14 March 2018 (**Record Date**).

Assuming no options are exercised before the Record Date, up to 134,504,298 New Shares will be issued under the Offer. If all of the existing options are exercised before the Record Date, up to 139,193,749 New Shares will be issued under the Offer.

As a non-renounceable offer, rights are not tradeable on the ASX or otherwise transferable. New Shares will rank equally with the Company's existing shares.

The Offer will be made by way of an offer document pursuant to section 708AA of the *Corporations Act 2001* (Cth) meaning that no prospectus needs to be prepared (**Offer Document**). The Offer Document will be available on the Company's website at www.modresources.com.au and on the ASX website at www.asx.com.au on Friday, 9 March 2018.

Optionholders

The purpose of this letter is to give you notice, as an option holder of the Company, that if you wish to participate in the Offer in relation to the shares underlying your options, you must exercise your options before the Record Date.

Notice of exercise of your options and payment of the exercise price of the options must be received by the Company's share registry, Security Transfer Australia Pty Limited, on or before Tuesday, 13 March 2018. Any notice of exercise of options received after this date cannot be assured of the allotment of shares by the Record Date. If you require an option exercise form, please contact the Company Secretary on +61 (08) 9322 8233.

There is no obligation for you to exercise your options. This letter is intended to inform you of your rights in relation to your options and the Offer. If you do not wish to participate in the Offer, you do not need to take any action.

Purpose of Offer

Successful completion of the Offer will raise up to approximately $6.3 million (before costs) and allow the Company to launch a major expansion of exploration activities along the T3 Dome, T20 Dome and across the Company's wider 12,600km^2 of regional holdings.

Indicative Timetable

The timetable for the Offer is as follows:

Event	Date
Notice of Offer sent to option holders	Wednesday, 7 March 2018
Lodgment of Offer Document with ASX	Friday, 9 March 2018
Notice of Offer sent to shareholders	Monday, 12 March 2018
Ex-Date	Tuesday, 13 March 2018
Record Date	Wednesday, 14 March 2018
Offer Document and entitlement and acceptance form dispatched to Eligible Shareholders	Friday, 16 March 2018
Opening date	Friday, 16 March 2018
Closing date	Thursday, 29 March 2018
New Shares quoted on a deferred settlement basis	Tuesday, 3 April 2018
Notification of shortfall	Thursday, 5 April 2018
Issue date. Allotment and issue of New Shares	Monday, 9 April 2018

The above timetable is indicative only and all dates may be subject to change. MOD Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

Shortfall

If Eligible Shareholders do not wish to take up any part of their entitlement they are not required to take any action. Eligible Shareholders may not apply for any shortfall shares. Any entitlements not taken up pursuant to the Offer will be dealt with in accordance with an underwriting agreement with the Underwriter as detailed in the Offer Document.

Offer Document

Details of the Offer will be contained in the Offer Document. Eligible Shareholders should consider the Offer Document carefully before deciding whether to participate in the Offer and consult with their professional advisors if they have any queries.

Yours faithfully

MARK CLEMENTS
Executive Chairman