

22 September 2015

Dear Optionholder

NON-RENOUNCABLE RIGHTS ISSUE

On 22 September 2015, MOD Resources Limited (**Company**) announced a non-renounceable pro rata offer of securities to its shareholders on the basis of one new share (**New Share**) for every five shares held at the record date, at an issue price of \$0.006, together with one free attaching option for every two New Shares subscribed for (**Offer**). If the Offer is fully subscribed a total of 206,147,294 New Shares will be issued.

The Offer is made to shareholders registered at 5.00pm WST on the record date of 29 September 2015 (**Record Date**).

Only shareholders with a registered address in Australia and New Zealand will be eligible to participate in the Offer (**Eligible Shareholders**).

The Offer is being made pursuant to a prospectus lodged with ASX Limited (**ASX**) and the Australian Securities and Investment Commission on 22 September 2015 (**Prospectus**) which is available on the Company's website www.modresources.com.au and on the ASX website at www.asx.com.au.

Optionholders

The purpose of this letter is to give you notice that as an Optionholder of the Company if you wish to participate in the Offer with respect to your options, you must exercise your options before the Record Date.

Notice of exercise of options and payment of the exercise price of the options must be received by the Company's share registry, Security Transfer Registrars Pty Limited, on or before 25 September 2015. Any notice of exercise of options received after this date cannot be assured of the allotment of shares by the Record Date.

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 approximately \$1,236,883 (before the costs of the Offer).

MOD intends to apply the funds raised under the Rights Issue to the resource extension drilling program at the Mahumo Copper/Silver Project in Botswana and progress towards proposed pre-feasibility studies. Also, as announced on 9 September 2015, on completion of the acquisition of prospecting licences in the immediate area of Mahumo, MOD and a London Stock Exchange AIM-listed investment company, propose to undertake preliminary exploration on high priority targets on the newly acquired licences.

As announced on 18 September 2015, while MOD remains strongly focused on the Botswana assets, there have been two important developments at the Sams Creek Gold Project in New Zealand. MOD increased its interest in the Sams Creek Joint Venture to 80% (at no cost to MOD) and preliminary remodelling of the current 1.0Moz gold resource at a higher cut-off grade (2.0 g/t) has identified potentially significant higher grade mineralisation within the Main Zone deposit. Part of the funds from the Rights Issue will be used to remodel the resource at the higher cut-off grade to comply with JORC Code (2012) standards. The Board is also considering a range of options with a view to maximising shareholder value at Sams Creek to enable the majority of activities to be directed to MOD's substantial copper/silver assets in Botswana.

The Board is also pleased to advise that SHL Pty Ltd has agreed to extend the repayment date of the \$2 million loan facility until 4 April 2016 with a further 3 month extension possible, subject to MOD's financial capacity to repay the loan at that time.

Indicative Timetable

The timetable for the Offer is as follows:

Indicative Timetable	Date
Lodgement of Prospectus with ASIC and ASX	22 September 2015
Notice of Offer sent to shareholders	22 September 2015
Shares quoted on an "EX" basis	25 September 2015
Record Date for determining Entitlements	29 September 2015
Prospectus and Entitlement and Acceptance Form despatched to shareholders	1 October 2015
Opening Date of Offer	1 October 2015
Closing Date of Offer	15 October 2015
Securities quoted on a deferred settlement basis	16 October 2015
Notification of Shortfall	20 October 2015
Anticipated date for issue of the Securities and despatch of holder statements	22 October 2015
Deferred settlement trading ends	22 October 2015

The dates are indicative only and the Company reserves the right to vary the dates including the right to extend the Closing Date or to withdraw the Offer (subject to the Corporations Act and the ASX Listing Rules).

Details of the Offer are contained in the Prospectus. Before deciding whether to exercise all or any of your options to participate in the Offer, you should consider the Prospectus carefully and consult with your professional advisors if you have any queries.

Yours sincerely

MARK CLEMENTS
Executive Chairman