22 September 2015

Dear Shareholder

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.

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).

Shortfall Offer

If all shareholders do not accept their full entitlement pursuant to the Offer, the Directors reserve the right, subject to any restrictions imposed by the Corporations Act 2001 (Cth) and the ASX Listing Rules, to issue any shortfall shares (and attaching options) (**Shortfall Shares**) at their sole discretion.

The offer of the Shortfall Shares is a separate offer made pursuant to the Prospectus. The Shortfall Shares will be issued at a price of $0.006, together with one free attaching option for every two New Shares subscribed for, being the same terms as the New Shares issued to shareholders under the Offer.

The offer of Shortfall Shares will be made at the absolute discretion of the Directors. Eligible Shareholders can apply for Shortfall Shares through oversubscriptions to their entitlement under the Offer. The Directors may determine, in their absolute discretion, to make the offer of Shortfall Shares available to some or all Eligible Shareholders.

Prospectus

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

Yours sincerely

MARK CLEMENTS
Executive Chairman