

31 January 2019

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE TO RAISE UP TO APPROXIMATELY \$5.2 MILLION

On 21 January 2019, 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 \$5.2 million (before costs) (**Offer**), on the basis of one fully paid ordinary share in the capital of the Company (**New Share**) for every 13 fully paid ordinary shares held at the record date, at an issue price of \$0.24 per New Share.

The Offer is fully underwritten by Ashanti Capital Pty Ltd (**Underwriter**) and sub-underwritten by Australian Super Pty Ltd.

Only shareholders with a registered address in Australia, New Zealand, Hong Kong, Singapore, Switzerland 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 Monday, 4 February 2019 (**Record Date**). Assuming no options are exercised before the Record Date, up to 21,685,073 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 Wednesday, 30 January 2019.

Purpose of Offer

Successful completion of the Offer will raise up to approximately \$5.2 million (before costs).

The Company has also completed an equity placement to raise a total of \$10 million (less associated costs). The placement involved the issue of 33,333,333 shares at an issue price of \$0.30 per share and was undertaken within the Company's existing Listing Rule 7.1 placement capacity (**Placement**).

The funds raised through the Placement and the Offer are to be used to progress the T3 Copper Project through the Feasibility Study and towards production, provide working capital to fund exploration activities to define additional resources within the surrounding T3 Expansion Project area, as well as test regional priority targets to further assess the potential copper-belt scale opportunity of the under-explored Kalahari Copper Belt.

Ineligible Shareholders

The Company has determined that it would be unreasonable to extend participation in the Offer to shareholders who do not have a registered address in Australia, New Zealand, Hong Kong, Singapore, Switzerland or the United Kingdom (**Ineligible Shareholders**) having regard to:

- (a) the number Ineligible Shareholders;
- (b) the number and value of the New Shares that would otherwise be offered to Ineligible Shareholders; and
- (c) the cost of complying with overseas legal and regulatory requirements.

Unfortunately, according to our records, you do not satisfy the criteria for an Eligible Shareholder, accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Corporations Act, the Company wishes to advise that it is unable to extend to you the opportunity to participate in the Offer. If our records are incorrect on this matter, please contact the Company Secretary on +61 8 9322 8233. You will not be sent an Offer Document or be able to subscribe for New Shares under the Offer.

Notwithstanding the above, the Company may agree to extend the Offer to certain institutional investors, subject to compliance with applicable laws.

Yours sincerely

MARK CLEMENTS
Executive Chairman