

8 August 2018

Dear Optionholder

Tao Commodities Limited – Pro-Rata Non-Renounceable Entitlements Issue of Options

As announced on 7 August 2018, Tao Commodities Limited (ACN 618 935 372) (**TAO** or **the Company**) is undertaking a pro rata non-renounceable entitlements issue (**Options Issue** or **Offer**) of approximately 15,375,000 listed options (**Options**) at an issue price of \$0.01 each (**Issue Price**) to raise approximately \$153,750. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 6 August 2018.

Each Option will be exercisable at \$0.20, on or before the expiry date of 1 September 2020.

The purpose of the Offer is to reward seed and initial public offer investors for their loyalty, having committed their capital at or before the Company's initial public offer. The Offer will also serve to help maintain Shareholder loyalty and Share ownership for any Shareholders who have purchased Shares since the Company's Shares commenced quotation on ASX. In addition, the Offer will raise up to \$153,750 (before costs of the Offer) and provide future exploration funds for the Company's projects.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (WST) on 16 August 2018, whose registered address is in Australia or New Zealand.

Shares issued upon the exercise of the Options will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

A copy of the Prospectus is available on ASX's and TAO's website. Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 15 August 2018. Your entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of Options.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Offer unless you exercise your options in time for new shares to be issued to you and to be entered on the Company's register of members on or before 5:00pm (WST) on 16 August 2018 (**Record Date**).

To exercise your options and thereby participate in the Offer, you will need to deliver the following to the Company at 22 Townshend Road Subiaco WA 6008:

- A notice of exercise of options (attached to this letter);
- An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and



- Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to “TAO Commodities Ltd”.

To ensure that your new shares are issued prior to the Record Date, the above must be received by the Company no later than 5:00pm on 13 August 2018. If received after this date, issue of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Offer, please contact your financial adviser or the Company +61 8 6380 2470.

Yours sincerely

Patrick Glovac
Managing Director
TAO Commodities Limited
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