11 November 2011

Ms Elizabeth Harris
Principal Advisor, Listings (Perth)
ASX Compliance Pty Limited
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

(Sent via email: Elizabeth.Harris@asx.com.au)

Dear Ms Harris,

RE: RESPONSE TO ASX QUERY

In reference to your letter of 3 November 2011, the responses to your queries in number order are as follows:

1. The Company confirms that in the Directors' opinion the 2011 Annual Report:
   a) Complies with Australian Accounting Standards;
   b) International Financial Reporting Standards; and
   c) Gives a true and fair view of the financial performance of the Company.

2. The Company considers the financial condition is sufficient in the current circumstances to warrant continued listing on the ASX in accordance with the requirements of Listing Rule 12.2.

3. The Company is compliant with Listing Rule 12.2 on the basis that the Company has restarted production from its Sullivan City wells and is also selling its produced oil inventory. We further advise that the Company is reviewing well workover options that may generate additional operating cashflows for the Company. As announced on 20 September 2011, the Company has executed a mandate to raise up to $1,250,000 by way of converting loan to provide further working capital subject to shareholder approval and is in the process of arranging a meeting of shareholders for that purpose.

4. Not Applicable.

5. The Company has made significant efforts to complete the US audit and satisfy the auditors with regard to information requests. BDO Houston, our auditors, are in the process of completing the audit of the US subsidiaries and the Company will give an update as soon as their work is complete.

6. Subsequent to the end of the Annual Report period (i.e. the period subject to the auditor's opinion) the Company has raised funds, sold crude oil inventory, generated revenue from services to third parties, and will receive revenue from recently recommenced production.

The Company has various further fund raising alternatives potentially available to it including the placement of equity securities utilising available capacity under the 15% Rule of Chapter 7 of the Listing Rules. The Company will also consider using the remaining portion of the $10 million funding facility it has in place with Truestone Capital Ltd and/or other funding alternatives such as debt instruments.

The Company is currently reviewing its assets, the market in which it operates, and is preparing a business plan as the basis for determining potential future funding possibilities.

7. The Company does believe that the information contained in the announcement relating to the expiry of the leases was material to the Company.

8. Not applicable.

9. The notification dates of the lease expiries as detailed in the Company's announcement of 10 October 2011 ("**Announcement**") and again on page 3 of its 2011 Annual Report indicate the Company became aware of the lease expiries when it was under the stewardship of the previous Board of Directors. The current Board of Directors of the Company, all of whom were appointed on or after 19 September 2011, first became aware of the information relating to the expiry of the leases as part of its preparatory work for the Annual Report, which was one of a number of activities the new Board commenced after their appointment. The current Board promptly commenced investigations in the United States to confirm this information and establish its materiality to the Company. Upon receipt of confirmation of the information and its materiality to the Company, and upon realising that this information had not been previously disclosed to the market, the Board, rather than merely including the information in the 2011 Annual Report, advised the market promptly of the information by way of the separate Announcement made on 10 October 2011 together with other information it had uncovered. The information was also included as part of the 2011 Annual Report.

10. The Company first announced the expiry of the leases to the ASX on 10 October 2011.

11. Refer to Point 10 above.

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12. The decision not to make an announcement to the market at the time the Company was first notified of the lease expiries was made by the previous Board of Directors. The current Board of Directors, all of whom were appointed on or after 19 September 2011, was not privy to any decisions of the previous Board regarding whether or not to make an announcement of the lease expiries. The current Board only became aware of the information during the course of its investigations for the purposes of preparing the 2011 Annual Report. As noted in the Announcement, a priority of the current Board is to engage the relevant authorities to recover the leases.

13. The Company is in compliance with the listing rules and in particular, listing rule 3.1.

Please do not hesitate to contact me with any queries in relation to the above responses.

Yours sincerely,
MODENA RESOURCES LIMITED

Cosimo Damiano
Chairman

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3 November 2011

Justin Mouchacca
Modena Resources Limited
Suite 304 22 St Kilda Road
MELBOURNE VIC 3182

Dear Justin

Modena Resources Limited (the "Company")

We refer to the following:

1. The Company's 2011 Annual Report, lodged with ASX Limited ("ASX") on 10 October 2011 (the "2011 Annual Report");

2. The Company's Financial Report for the Half Year ended 31 December 2010 lodged with ASX on 17 March 2011 (the "Half Year Report").

3. The Company's announcement of 10 October 2011 in which the Company advised that the Company had suffered a net loss of $35.2 million due to the loss of important leases as the Company had failed to meet its production target of 14,900mcfpd by 30 June 2011 ("Announcement"). The Announcement stated that the leases expired on the following dates:

   - Dunn- McCampbell 4 May 2011
   - State Tract 938 1 February 2009
   - South Sprint State Gas Unit- 1 June 2011.

   (together the "Leases")

As you are aware, trading in the securities of the Company was suspended on 3 October 2011 due to the Company's failure to lodge its accounts within the required time period under Listing Rule 4.5.1. The Company's securities have not been reinstated to official quotation due to the Disclaimer of Auditor's Opinion in the 2011 Annual Report (the "Disclaimer"), whereby because of the existence of the limitation on the scope of the auditor's work, and the effects of any adjustments if any, as might have been determined to be necessary had the limitation not existed, the Auditor was unable to and did not express an opinion as to whether the financial report of the Company is in accordance with the Corporations Act 2001, including;

(a) giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date;

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
(c) the financial report complying with *International Financial Reporting Standards* as disclosed in note 1.

The limitation of scope arose because the audits in relation to Modena Petroleum LLC, Modena Operating LLC, Modena Oil & Gas LLC, Modena Oilfield Services LLC and Blackgate Resources LLC being 100% owned subsidiaries of the Company for the relevant reporting period, had not been completed at the date of the audit report. Due to this limitation of scope, the auditors were unable to determine whether any required adjustments would have been necessary in respect of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of cashflows and all related disclosures in the financial report.

We also note the material uncertainty regarding continuation as a going concern due to the net working capital deficiency of $12,405,075 as at 30 June 2011. The existence of this and the matters relating to the Disclaimer creates material uncertainty which may cast significant doubt on the consolidated entity's ability to continue as a going concern.

We further note the qualified opinion in relation to the Auditor's Report on the Remuneration Report as the report was limited to testing the remuneration disclosures made. As a result the auditors were unable to perform adequate procedures concerning the completeness of the disclosure within the Remuneration Report.

The half year report for the half year ended 31 December 2010 which was released to the market on 17 March 2011, also contained a qualified opinion in relation to the inability of the auditor to obtain sufficient appropriate audit evidence in relation to the Company's operating subsidiaries operating in USA.

Relevant listing rules and guidance

We also refer to the following:

- Listing rule 3.1, which requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information.

- Listing rule 12.2, which states that an entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

- Listing Rule 19.11A, which requires accounts given to ASX under the requirements of the listing rules, to be prepared to Australian accounting standards and if the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.

We would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

> *"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance* of their duties as a director or executive officer of that entity."

Furthermore, paragraph 18 of Guidance Note 8 states:

> *"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."*

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

> *"3.1A.1 A reasonable person would not expect the information to be disclosed.*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.

3.1A.3 One or more of the following applies.

- *It would be a breach of a law to disclose the information.*
- *The information concerns an incomplete proposal or negotiation.*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
- *The information is generated for the internal management purposes of the entity.*
- *The information is a trade secret."*

Questions for response

In light of the information contained in the 2011 Annual Report and the 2010 Half Year Report and the Announcement and having regard to the listing rules referred to above, please respond to the following questions:

1. Is the Company able to confirm that in the Directors' opinion the 2011 Annual Report:

   (a) complies with Australian Accounting Standards; and
   (b) International Financial Reporting Standards
   (c) gives a true and fair view of the financial performance of the Company?

2. Does the Company consider that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2?

3. If the answer to question 2 is "Yes", please explain the basis on which the Company has formed the conclusion that the financial condition of the Company is sufficient to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2.

4. If the answer to question 2 is "No", please explain what steps the Company has taken, or proposes to take, to warrant continued listing on ASX in accordance with the requirements of listing rule 12.2.

5. Given the Disclaimer relates to a limitation of scope in respect of an ongoing inability to provide sufficient and appropriate audit evidence which impacted the assessment of Going Concern, what steps does the Company intend to take to obtain an unqualified audit report for the 30 June 2011 period and in future periods?

6. Given the material uncertainty regarding continuation as a going concern, and the Company's negative working capital position contributing to the material uncertainty, what steps does the Company intend to take to (a) avoid the material uncertainty leading to an adverse or otherwise qualified audit opinion in future periods, and (b) remain a going concern for the next financial period, meeting the requirements of listing rules 12.1, 12.2 and 12.5.

7. Does the Company believe that the information contained in the Announcement relating to the expiry of the Leases was material to the Company?

8. If the answer to question 6 is "no", please advise the basis on which the Company does not consider the information contained in the Announcement relating to the expiry of the Leases to be material.

9. If the answer to question 1 is "yes", when did the Company first become aware of the information contained in the Announcement relating to the expiry of the Leases?

10. If this was before the Announcement, please identify any earlier Announcement from the Company relating to the expiry of the Leases.

11. If this was before the Announcement, please identify any earlier Announcement from the Company relating to the expiry of the Leases.

12. If there was no earlier announcement, and the Company became aware of the expiry of the Leases prior to the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

13. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, no later than 4:00pm WST on Wednesday, 9 November 2011.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market. Accordingly, please prepare your response in a form suitable for release to the market.

If you have any queries regarding any of the above, please call me.

Yours sincerely

[Sent electronically without signature]

Elizabeth Harris
Principal Adviser, Listings (Perth)