

23rd August, 2017

Dear Option holder,

PARTICIPATION IN PRO-RATA NON-RENOUNCEABLE ENTITLEMENT ISSUE

As announced to ASX on 8 August, 2017 IODM Limited (the '**Company**') is undertaking a pro-rata non-renounceable rights issue on the basis of three (3) fully paid ordinary shares for every eight (8) ordinary shares held by eligible shareholders registered at 5.00pm (AEST) on 25 August 2017 ('**Record Date**') at an issue price of \$0.008 each ('**Rights Issue**').

The options held by you do not entitle you to participate in the Rights Issue, unless you exercise your options and are entered onto the register as a shareholder of the Company on or before the Record Date. The purpose of this letter is to give you notice prior to the Record Date in which you may exercise your options should you wish to participate in the Rights Issue.

If you wish to participate in the Rights Issue you must exercise your options at least 1 day prior to the Record Date in accordance with their terms.

Pursuant to section 708AA of the *Corporations Act 2001* (Cth), the Company is not required, and consequently, will not issue a prospectus or other disclosure document for the Rights Issue. However, an offer document has been lodged with ASX and is available on the ASX website at www.asx.com.au. The offer document will be despatched to shareholders of the Company registered on the share register on the Record Date and who have their registered address in Australia or New Zealand.

If you do not wish to participate in the Rights Issue (in respect of your options) you do not need to take any action.

Before deciding whether to exercise all or any of your options, you should consider the terms of the Rights Issue carefully and if in any doubt, consult with your professional advisor.

Should you have any queries in relation to the Rights Issue, please do not hesitate to contact the Company on (+61 3) 8396 5890.

Yours sincerely



Petrina Halsall

Company Secretary
IODM LIMITED

