



5 May 2010

Dear Shareholder,

NOTICE TO SHAREHOLDERS OF NON-RENOUNCEABLE RIGHTS ISSUE

We are writing to you in relation to your shareholding in AuDAX Resources Ltd (**Company**).

On 3 May 2010, the Company announced to ASX a pro-rata non-renounceable rights issue of one fully paid ordinary share in the Company (**Share**) for every six Shares held by shareholders at an issue price of \$0.15 per Share to raise approximately \$7,230,760 together with one free new option to acquire a Share for every two new Shares issued exercisable at \$0.25 on or before 31 March 2011 (**Rights Issue**).

The Rights Issue is open to participation by persons holding Shares on the record date of 5.00pm (WST) on 12 May 2010.

The Company has lodged a prospectus in relation to the Rights Issue with the ASX and this document will be dispatched to shareholders of the Company on 13 May 2010 (**Prospectus**). The Prospectus outlines the terms of the Rights Issue in detail and is available for viewing on the announcements page of the ASX website (www.asx.com.au) and the Company's website (www.audax.com.au). The Rights Issue will be fully underwritten by Veritas Securities Limited.

The Rights Issue is intended to proceed in accordance with the following timetable:

Event	Date
Lodgement of Prospectus with ASIC	3 May 2010
Notice sent to shareholders	5 May 2010
Ex date	6 May 2010
Record date for determining shareholder entitlements	12 May 2010
Prospectus despatched to shareholders/opening date	13 May 2010
Closing date of Rights Issue*	28 May 2010
Securities quoted on a deferred settlement basis**	31 May 2010
Notify ASX of under-subscriptions**	3 June 2010
Despatch date/securities entered into shareholders' security holdings**	8 June 2010

* Subject to the ASX Listing Rules, the Directors reserve the right to extend the closing date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue of the securities.

** These dates are indicative only.

The capital structure of the Company upon completion of the Rights Issue shall be as follows:

Shares

Shares on issue as at the date of this letter	289,230,386
Shares offered pursuant to the Rights Issue	48,205,065
Total Shares on issue at completion of the Rights Issue	337,435,451

Options

Options on issue as at the date of this letter	15,450,000
Options offered pursuant to the Rights Issue	24,102,533
Total options on issue at completion of the Rights Issue¹	39,552,533

¹ Assumes no options are exercised prior to completion of the Rights Issue.

The Rights Issue will raise approximately \$7,230,760 before costs (assuming the Rights Issue is fully subscribed or that any shortfall is placed by the underwriter). It is intended that these funds will be used to fund the drilling costs associated with two programmed wells in Tunisia, 3-D seismic acquisition costs, geotechnical studies in Romania, new venture evaluation costs and working capital.

If you require further information in relation to the Rights Issue, please contact Mr Peter Ironside, Company Secretary on (08) 92262822.

Yours sincerely



IAN TCHACOS
Chairman