

ASX Code: MOU
24 April 2012

Extension of SouthGobi Transaction to 31 December 2012, Mongolia

Modun Resources Ltd (**ASX: MOU**) (**Modun**) is pleased to announce that it has agreed to extend the time to complete the proposed acquisition of licences from SouthGobi Resources Ltd (**TSX: SGQ, HK: 1878**) (**SouthGobi**) from 1 June 2012 to 31 December 2012.

On 16 April 2012, SouthGobi announced that the Mineral Resources Authority of Mongolia (MRAM) had requested SouthGobi suspend exploration and mining activity on certain licences owned by SouthGobi Sands LLC, a wholly-owned division of SouthGobi. According to its announcement, SouthGobi considers that MRAM's request is in connection with the Mongolian government review of the proposed proportional takeover bid by Aluminium Corporation of China Limited for up to 60% of SouthGobi.

At present, it remains unclear whether MRAM's actions include the two licences proposed to be acquired by Modun (Tsagaan Tolgoi Mining Licence and the Ajlyn Talbai Exploration Licence) however the extension of time to complete the proposed acquisition provides Modun and SouthGobi with additional time to resolve any issues prior to completion.

Commenting on the extension, Modun's Managing Director, Chris Mardon said:

"The extension is a very positive outcome for Modun as it provides time to resolve the current uncertainty surrounding the status of the Tsagaan Tolgoi Mining licence. Modun will continue to have access to the licence areas to comply with the obligations of the mining licence. We remain confident that the agreement will proceed and continue to be excited about the prospects of this licence.

In any event, Modun continues to progress our Nuurst Project in Central Mongolia (Current JORC reported Coal Resource of 489 million tonnes consisting of 417 Mt Indicated and 72 Mt Inferred), from an exploration licence to a mining licence which is continuing to progress well and remains on-track."

Alexander Molyneux, President and CEO of SouthGobi added:

"We remain committed to completing this transaction. We continue to believe that Modun is well placed to be able to bring Tsagaan Tolgoi into production in a timely manner."

Material terms of the extension include:

- Extending the time for completion from 1 June 2012 to no later than 31 December 2012. It has been agreed that a shareholder meeting to approve the transaction will be held by no later than 31 October 2012.

- Immediate release of ALL funds from escrow with such funds to be used for Modun's existing working capital requirements. The company's current available cash balance (including the released escrow funds) is \$4.2m.
- The issue of shares to SouthGobi at completion will be calculated at the 30 day volume weighted average share price of Modun prior to completion.
- Access to the Tsagaan Tolgoi Licence to comply with the obligations of the mining licence.
- No break fee is payable by either party if the condition precedents are not satisfied.
- All other key terms and conditions of the Agreement remain the same.

Status of Capital Raising

Concurrent with the proposed acquisition, Modun raised \$7.5 million through the issue of up to 187.5 million shares at 4c to facilitate the acquisition and provide working capital to advance all projects within the Modun portfolio (Placement). The Placement was made in 2 tranches with up to 105 million shares being issued (raising \$4.2 million before fees) ("Tranche One") pursuant to the Company's 15% capacity under ASX Listing Rule 7.1 and the balance of up to 82.5 million shares being issued (raising \$3.3 million) ("Tranche Two"), subject to shareholder approval and completion of the Acquisition on or before 1 June 2012.

Modun and SouthGobi have agreed that 100% of the funds raised under Tranche One is to be released and is available for Modun to fund working capital on the Nuurst Coal Project or for any other acquisition opportunities that may arise. Unless advised by individual applicants, applications for the Tranche Two Placement funds of \$3.3m will be refunded to the institutional and sophisticated investor clients of Hartleys Limited (Lead Broker to the Offer) and DJ Carmichael Pty Ltd in accordance with the terms and conditions of the Placement offer. The Company intends to offer to all applicants under Tranche 2, the right to complete the Tranche 2 placement on the same pricing terms. Any funds raised will be allocated to general working capital.

With total cash reserves in excess of \$4 million, Modun continues to seek further quality coking and thermal coal opportunities in Mongolia. Modun will also continue with its stated aim of expanding the portfolio of licences in the South Gobi region. Whilst acquisition negotiations are continuing on a number of new projects, such negotiations are incomplete and may not eventuate in agreed terms.

Modun will continue to keep the market informed of any material developments.

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For further information, please contact:

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About Modun Resources Limited

ASX-listed Modun Resources (ASX: MOU) is developing the 100%-owned Nuurst Project in central Mongolia. Nuurst is a thermal coal project, which encompasses a 34.5 square kilometre licence area. In late 2011, Modun announced a maiden 489 million tonne JORC reported resource at Nuurst (417 million tonnes indicated, 72 million tonnes inferred). The Nuurst Project is located 120 kilometres south of Mongolia's capital Ulaanbaatar and six kilometres from existing rail infrastructure.

In 2012, Modun will continue its exploration program at Nuurst, as well as a Scoping Study, to drive the Project towards development.

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About SouthGobi Resources Ltd

SouthGobi Resources is focused on exploration and development of its Permian-age metallurgical and thermal coal deposits in Mongolia's South Gobi Region. The company's flagship coal mine, Ovoot Tolgoi, is producing and selling coal to customers in China. The company plans to supply a wide range of coal products to markets in Asia.

Competent Person Statement

The information in this presentation that relates to the Nuurst Coal Resource is based on information compiled by Mr Dwiyoiko TU. Taruno of CSA Global Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Dwiyoiko TU. Taruno has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dwiyoiko TU. Taruno consents to the inclusion of such information in this report in the form and context in which it appears.