

ASX Announcement  
11 July 2013

ASX Code: MOU

## **MINING LICENCE APPROVED FOR THE NUURST PROJECT IN MONGOLIA**

### **Highlights:**

- **The Mineral Resources Authority of Mongolia (MRAM) has granted approval for a mining licence for the Nuurst Project**
- **Mining Licence No MV-017349 issued covering 2497 hectares issued for 30 years plus the potential for two 20 year extensions**
- **Detailed feasibility study to commence on strength of Initial Mining Study**

Coal explorer Modun Resources Ltd (**ASX: MOU**) (**Modun**) is pleased to announce that the MRAM has approved its application for a mining licence over the Nuurst Thermal Coal Project (**Nuurst Project**).

The mining licence has been granted over a total area of 2497 hectares covering the planned open pit mine plus an encompassing area for surface infrastructure. The licence area also includes the Resource area that remains open to the North of the planned mine.

Rick Dalton, the Managing Director of Modun said "this is a significant achievement and critical milestone for Modun as we move towards the development of the mine and keeps us on a 12-18 month time-frame towards first production of coal. It is the culmination of a tremendous effort by the Mongolian Team, with Perth management support and confirms the willingness of the Mongolian Government to support the development of high quality projects such as Nuurst."

"The Nuurst project met all the key criteria of technical, economic and environmental sustainability as set out by the MRAM governing body. The approval of the mining licence provides us with greater certainty over the time frame to progress with the development of a mine. This enables us to further advance discussions with potential customers and to aggressively pursue other commercial opportunities we have been exploring. This includes the negotiations for the off-take agreement as a preferred supplier of briquettes to the Mongolian Government as part of their clean air initiative."

Modun will now commence the feasibility work for the Nuurst project which will expand on the Initial Mining Study (previously announced to the ASX on 5 March 2013). The feasibility work will seek to confirm the overall infrastructure and mine costs and the final mine plan in order to maximise the economic benefits from the mine. This will include some hydrogeological drilling on site. The feasibility work is also an important step for obtaining the financing required for the mine development.

### **Initial Mining Study**

The Initial Mining Study was independently prepared by the Bluefield Group Pty Ltd (**Bluefield**). It identified the potential for an 84.7Mt mine of sub-bituminous thermal coal for a 30 year mining operation, with production ramping up to 3Mt per annum by the 4th year of operation. Indicative production costs are estimated at \$US13 per tonne over the life of the

mine, at today's costs, reflecting the low overall mining ROM strip ratio of 2.3:1.

Nuurst is located 6 kilometres from existing railway infrastructure, 120 kilometres south of the Mongolian capital, Ulaanbaatar, and is 600 kilometres by rail from the Chinese border. Other major infrastructure in the vicinity includes a 35kV power supply within 6km of the project. A 220kV powerline runs approximately 22km from the licence boundary.

Mr Dalton further said "With low operating costs and great proximity to existing rail infrastructure linking the Nuurst Project with Ulaanbaatar and Northern China, Modun is well placed to deliver strong shareholder returns from the development of a profitable, well managed operating mine".

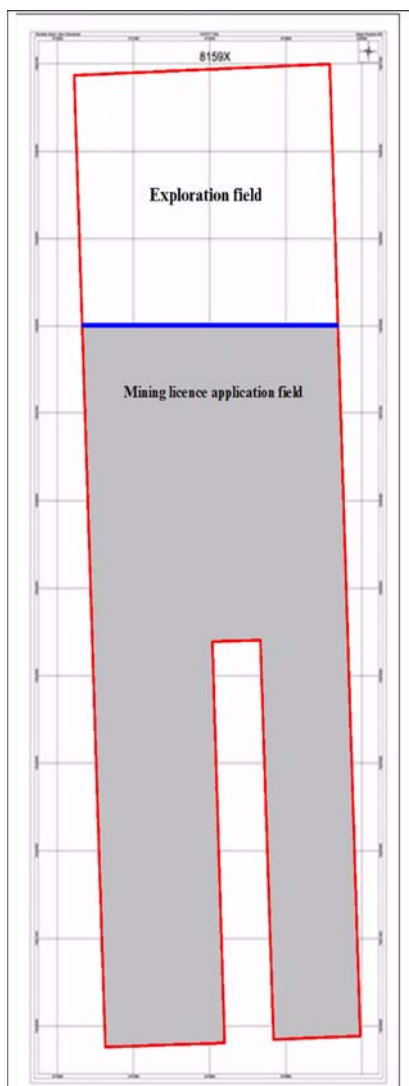


Figure 1: Mining licence area mapped onto existing exploration licence

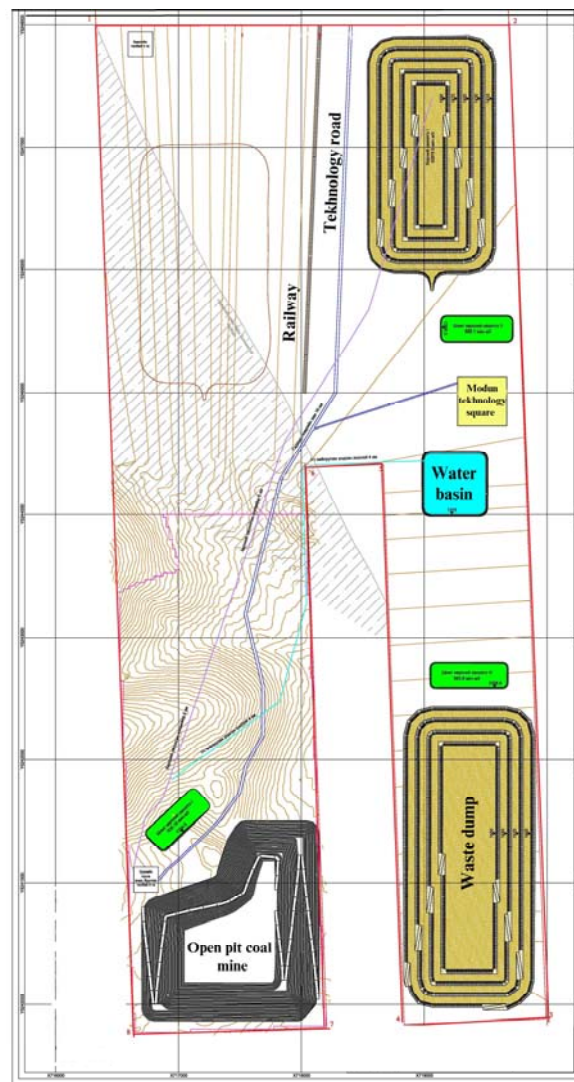


Figure 2: Mine design and pit layout for mining licence

## Market Opportunities

The demand for energy in Mongolia and Northern China continues to grow rapidly. Thermal coal remains the most economic source of energy in the region and it remains in high demand. Chinese thermal coal imports for the first quarter of 2013 increased by 33% to 53Mt compared to the first quarter in 2012 (source: Salva Report). Modun continues to work with potential customers in Mongolia and China (through our off-take partner, Tennant Metals). The negotiations with the Mongolian Government for a Product Sale and Purchase Agreement for the supply of Nuurst coal briquettes (announced previously on 12 June 2013) in relation to the Governments Clean Air Initiative to help reduce pollution levels in Ulaanbaatar are progressing.

With the greater certainty provided by the granting of the Mining Licence, Modun will be seeking to accelerate these discussions towards finalising contracts with customers for our coal off-take.

**For further information, please contact:**

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**About Modun Resources**

ASX-listed Modun Resources (ASX: MOU) is developing the 100%-owned Nuurst Coal Project in central Mongolia. Nuurst is a thermal coal project, which encompasses a 2497 hectare mining licence area. In November 2012, Modun announced a 478 million tonne JORC reported Coal Resource at Nuurst (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred). The Nuurst Coal Project is located 120 kilometres south of Mongolia's capital Ulaanbaatar and six kilometres from existing rail infrastructure which links directly into China.

**Competent Person Statement**

*The information in this announcement that relates to the Nuurst Coal Resource is based on information compiled by Mr Dwiyo TU. Taruno of CSA Global Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Dwiyo 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 Dwiyo TU. Taruno consents to the inclusion of such information in this report in the form and context in which it appears.*

*The information in this announcement that related to exploration results is based on information obtained from drilling and trenching activities on site undertaken by Modun in 2011 & 2012. This information has been reviewed by Ms Dierdre Westblade of CSA Global Pty Ltd, Western Australia. Ms Westblade is a member of the Australian Institute of Geoscientists and has sufficient experience which is 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 Exploration Results, Mineral Resources and Ore Reserves'. Ms Westblade consents to the inclusion in the report of the matters based on his information in form and context in which it appears*