

Modun Resources Limited
ABN 95 066 139 991

**Half-year report for the half-year ended
31 December 2014**

MODUN RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Mike Hill – Executive Chairperson
Hugh Warner – Executive Director
Philip Kapp - Non-executive Director
Andrew Gray - Non-executive Director
Neil Hackett – Non-executive Director

Company Secretary

Neil Hackett

Auditors

Stantons International
Level 2
1 Walker Avenue
West Perth WA 6005

Solicitors

Steinepreis Paganin
Level 4
The Read Buildings
16 Milligan Street
Perth WA 6000

Bankers

Westpac Banking Corporation
109 St George's Terrace
Perth WA 6000

Registered Office

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245 Churchill Ave
Subiaco WA 6008

Telephone: +61 8 9217 3300
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Share Registry

Computershare Limited
Level 2
45 St Georges Terrace
PERTH WA 60000

Investor Enquiries: 1300 850 505
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Stock Exchange Listing

Securities of Modun Resources Limited are listed on the Australian Securities Exchange.

ASX Code: MOU

Web Site: www.modunresources.com

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Modun Resources Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

DIRECTORS' REPORT

31 December 2014

The Directors of Modun Resources Limited ("the Company") present their report together with the consolidated financial statements for the half-year ended 31 December 2014.

Directors

The names of the directors of the Company in office during the half-year and until the date of this report are as follows:

Mike Hill – Executive Chairperson; appointed 1 September 2014
Hugh Warner – Executive Director
Philip Kapp – Non-executive Director; appointed 1 September 2014
Andrew Gray – Non-executive Director; appointed 1 September 2014
Rick Dalton – Non-executive Director; resigned 1 September 2014
Neil Hackett – Non-executive Director – appointed 31 January 2014

Principal Activities

The principal activities of the entities within the consolidated entity during the year were focusing on the exploitation of its Nuurst Thermal Coal Project (Nuurst Project) in Mongolia. The consolidated entity also continues to evaluate a number of other opportunities outside of the mining industry to bring value to shareholders.

Operating Results

During the period, the Company made a consolidated loss after income tax of \$1,166,044 (2013: \$866,407).

Review of Operations

Since June 2011, Modun has been focusing on the exploration and development of the Nuurst Thermal Coal Project (Nuurst Project) in Mongolia. Despite the success the Company has achieved in generating a 478 million tonne 2004 JORC Compliant Coal Mineral Resource at the Nuurst Project (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred) and culminating in the granting a mining licence in July 2013, Modun has not been able to convert this asset into growth in the Company's share price nor has it been able to secure the finance to bring the project into production.

As a consequence, the Company has been considering other opportunities available to it to bring value to its Shareholders. The Company has been investigating the opportunity to diversify into other industries including the technology sector via the acquisition of a technology business. The Company has been advised by ASX that, if it does pursue this strategy, then it will most likely need to re-comply with Chapters 1&2 of the Listing Rules. Shareholder approval will be required to sell the Nuurst Project.

During the period, Modun appointed new members to the board to assist the Company implement its new strategy. On 1 September 2014, Mike Hill, Andrew Gray and Philip Kapp were appointed as Directors. This provides Modun with more than 30 years private equity investment experience that will be used to accelerate the transformation of Modun into a high growth and strong cash-flow generating business. The Directors will continue to assess opportunities across the range of the alternative strategies listed above.

On 24 November 2014, the Company entered into a highly conditional agreement to sell 100% of the issued share capital of its subsidiary, Modun Resources LLC (Modun LLC), which owns 100% of the Nuurst Project. The consideration for the sale is US\$8m payable as to US\$1,000,000 in cash and US\$7,000,000 in deferred (royalty) payments, paid on the basis of \$0.50 per tonne for the first 14 millions tonnes of coal extracted and sold by the purchaser.

DIRECTORS' REPORT
31 December 2014

The Agreement is subject to a number of conditions including:

- a) The purchaser completing, to its satisfaction, legal, accounting and technical due diligence by 30 April 2015;
- b) The granting of any necessary consents, approvals, exemptions, authorisations and regulatory approvals including:
 - the approval of Modun shareholders
 - the consent from the Government of Mongolia's Mineral Resources Authority of Mongolia regarding the transaction (if required by Mongolian Law).

The due diligence process by the purchaser remains ongoing at the date of this report.

Events Occurring After the Balance Date

On 5 February 2015, the Company agreed to extend the exclusive due diligence period for the prospective purchaser of Modun LLC for a further 8 weeks in order to finalise information requirements and advance contractual negotiations. The revised expiry date for the exclusive period is 30 April 2015.

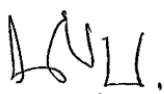
There have been no other events subsequent to the balance date, which would have a material effect on the Group's financial statements.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires the Company's auditors, Stantons International, to provide the directors with an independence declaration in relation to the review of the half year financial report. This independence declaration forms part of the Directors' Report and is included on page 8.

Signed in accordance with a resolution of the directors.

On behalf of the directors



Hugh Warner
Director
Perth
10 March 2015

Competent Person Statement

The information in this report 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.

10 March 2015

Board of Directors
Modun Resources Limited
Suite 6, 245 Churchill Avenue
Subiaco WA 6008

Dear Directors

RE: MODUN RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Modun Resources Limited.

As Audit Director for the review of the financial statements of Modun Resources Limited for the six months ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Samir Tirodkar
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MODUN RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Modun Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Modun Resources Limited (the consolidated entity). The consolidated entity comprises both Modun Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Modun Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Modun Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Modun Resources Limited on 10 March 2015.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Modun Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Capitalised Exploration Costs

Without qualification to the audit review conclusion expressed above, attention is drawn to the following matter.

As described in Note 3, the recoupment of costs carried forward in relation to the area of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas. The area of interest was an exploration license until 30 June 2013 and subsequently after the 30 June 2013 reporting date it was converted to a mining license which now requires adequate funding for it to be commercially developed. The recoverability of consolidated entity's carrying value of capitalised exploration and acquisition costs of \$4,708,911 is dependent on the ability of the consolidated entity's to commercially develop the area of interest. In the event that the consolidated entity's is not successful in commercially developing the area of interest, the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

Inherent Uncertainty Regarding Going Concern

Without qualification to the audit review conclusion expressed above, attention is drawn to the following matters:

As referred to in note 1(e) to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2014 the consolidated entity had cash and cash equivalents of \$1,383,721 and net working capital of \$1,149,090. The consolidated entity also incurred a loss for the half year ended 31 December 2014 of \$1,166,044. The directors remain confident that sufficient funding can be secured from existing shareholders to enable the consolidated entity to continue as a going concern.

The ability of the consolidated entity to continue as a going concern and to ensure the realisation of assets and the extinguishment of liabilities is dependent upon the consolidated entity raising further working capital. In the event that the consolidated entity cannot raise further equity or loan capital, the consolidated entity may not be able to meet its liabilities as they fall due and the realisable value of the consolidated entity's assets may be significantly less than book values

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International
Green

Samir Tirodkar
Director

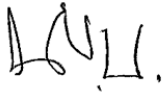
West Perth, Western Australia
10 March 2015

DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 10 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Hugh Warner
Director

Perth
10 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2014

	Consolidated Half-year ended	
	31 December 2014	31 December 2013
	\$	\$
Continuing operations		
Revenue	11,024	12,310
Depreciation and amortisation	(7,483)	(12,346)
Employee benefits expense	(42,810)	(200,081)
Directors fees	(112,000)	(184,885)
Share based payments	(770,000)	-
Foreign exchange gain	13,328	616
Professional and consulting fees	(83,876)	(284,450)
Rental expense	(26,093)	(48,221)
Travel expense	(62,049)	(48,380)
Other expenses	(86,085)	(100,970)
Loss for the period before income tax	(1,166,044)	(866,407)
Income tax expense	-	-
Loss for the period after income tax	(1,166,044)	(866,407)
Other comprehensive profit/(loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	500,334	(428,585)
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-
Other comprehensive profit/(loss) for the period, net of tax	500,334	(428,585)
Total comprehensive loss for the period	(665,710)	(1,294,992)
Loss attributable to:		
Equity holders of the Company	(1,166,044)	(866,407)
Loss for the period	(1,166,044)	(866,407)
Other comprehensive loss attributable to:		
Equity holders of the Company	500,334	(428,585)
Total comprehensive loss for the period	(665,710)	(1,294,992)
Basic and diluted loss per share (cents per share)	(0.08)	(0.10)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As at 31 December 2014

	Note	Consolidated	
		31 December 2014 \$	30 June 2014 \$
Assets			
Current assets			
Cash and cash equivalents		1,383,721	601,440
Receivables		10,376	9,049
Prepayments		11,761	17,558
Total current assets		1,405,858	628,047
Non-current assets			
Exploration expenditure	3	4,708,911	4,179,533
Plant & equipment		4,590	21,705
Total non-current assets		4,713,501	4,201,238
Total assets		6,119,359	4,829,285
Liabilities			
Current liabilities			
Trade and other payables		238,629	56,654
Provisions		18,139	14,330
Total current liabilities		256,768	70,984
Total liabilities		256,768	70,984
Net Assets		5,862,591	4,758,301
Equity			
Issued capital	4	302,879,339	301,879,339
Reserves		1,104,276	(166,058)
Accumulated losses		(298,121,024)	(296,954,980)
Total Equity		5,862,591	4,758,301

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 For the half-year ended 31 December 2014

	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2014	301,879,339	962,202	(1,128,260)	(296,954,980)	4,758,301
Comprehensive loss for the period					
Loss for the period	-	-	-	(1,166,044)	(1,166,044)
Exchange differences arising on translation of foreign operations	-	-	500,334	-	500,334
Total comprehensive profit/(loss) for the period	-	-	500,334	(1,166,044)	(665,710)
Shares issued	1,000,000	-	-	-	1,000,000
Options issued	-	770,000	-	-	770,000
Balance at 31 December 2014	302,879,339	1,732,202	(627,926)	(298,121,024)	5,862,591
Balance at 1 July 2013	300,760,089	962,202	157,198	(295,807,225)	6,072,264
Comprehensive loss for the period					
Loss for the period	-	-	-	(866,407)	(866,407)
Exchange differences arising on translation of foreign operations	-	-	(428,585)	-	(428,585)
Total comprehensive loss for the period	-	-	(428,585)	(866,407)	(1,294,992)
Shares issued	415,000	-	-	-	415,000
Balance at 31 December 2013	301,175,089	962,202	(271,387)	(296,673,632)	5,192,272

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2014

		Consolidated Half-year ended	
	Note	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities			
Payments to suppliers and employees		(338,749)	(684,634)
Interest received		18,052	7,480
Net cash flows used in operating activities		(320,697)	(677,154)
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment		-	(2,668)
Proceeds from sale of property, plant and equipment		550	-
Deposit for exclusive due diligence period for sale of Nuurst Thermal Coal Project		115,580	-
Payments for evaluation and exploration expenditure		(15,057)	(368,182)
Net cash flows from (used in) investing activities		101,073	(370,850)
Cash flows from financing activities			
Net proceeds from issue of shares and options	4	1,000,000	375,000
Net cash flows provided by financing activities		1,000,000	375,000
Net increase/(decrease) in cash and cash equivalents		780,376	(673,004)
Cash and cash equivalents at beginning of the half-year		601,440	933,457
Effect of exchange rate fluctuations on cash held		1,905	(43)
Cash and cash equivalents at end of the half-year		1,383,721	260,410

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2014

1. Statement of significant accounting policies

a) Statement of compliance

This general purpose financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

b) Basis of preparation

The consolidated financial statements are prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars.

c) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

d) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Modun Resources Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 8.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

e) Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the Company. The directors remain confident that sufficient funding can be secured from existing shareholders to enable the Company to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described above. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2014

2. Segment Information

The consolidated entity is an exploration company that is focusing on the exploration and development of the Nuurst Thermal Coal Project in central Mongolia. The consolidated entity classifies these activities under a single operating segment being Mongolian exploration activities.

3. Exploration

	Consolidated 31 Dec 2014 \$	Consolidated 30 June 2014 \$
Opening book value	4,179,533	5,212,924
Direct exploration expenditure	15,902	203,089
Effect of exchange rate movements	513,476	(1,236,480)
Total exploration expenditure	<u>4,708,911</u>	<u>4,179,533</u>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

4. Share Capital

Movement in Share capital for the half year ended 31 December 2014:

		31 December 2014	
		Number of shares	\$
Ordinary Shares			
1 July 2014	Opening balance	1,274,139,534	301,879,339
17 September 2014	Placement	347,500,000	695,000
29 October 2014	Placement	152,500,000	305,000
31 December 2014	Closing balance	<u>1,774,139,534</u>	<u>302,879,339</u>

5. Share Based Payments

Movement in share based payments reserve and options on issue during the half year ended 31 December 2014:

		31 December 2014	
		Number of options	\$
Opening balance as at 1 July 2014		121,500,000	962,202
Issued during the period		350,000,000	770,000
Expired during the period		(17,500,000)	-
Closing balance as at 31 December 2014		<u>454,000,000</u>	<u>1,732,202</u>

350,000,000 (2013: nil) options were issued to Directors of Modun pursuant to the approval of shareholders at a General Meeting held on 21 October 2014. The grant date fair value of the share options was measured using the Black-Scholes formula.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2014

5. Share Based Payments (continued)

The inputs to the model used to determine the fair value of options granted during the period were:

Effective Date of grant	21/10/14
Market price of shares at grant date	0.3 cents
Exercise price	0.2 cents
Expiry date	21/10/17
Volatility	231%
Risk free rate	2.54%
Fair value at grant date	0.22 cents

On 31 December 2014, 17,500,000 options with an exercise price of 10c expired. The balance of options outstanding as at 31 December 2014 is represented by:

Number of options outstanding	Exercise Price	Expiry Date
36,000,000	4 cents	31 December 2015
36,000,000	6 cents	31 December 2015
32,000,000	10 cents	31 December 2015
350,000,000 **	0.2 cents	21 October 2017

** These Options do not vest until the Company's Shares have traded at \$0.005 on a 20 day VWAP basis.

Each option gives the option holder the right to subscribe for one ordinary share. There are no voting rights attached to the options.

6. Events Occurring After the Balance Date

On 5 February 2015, the Company agreed to extend the exclusive due diligence period for the prospective purchaser of Modun LLC for a further 8 weeks in order to finalise information requirements and advance contractual negotiations. The revised expiry date for the exclusive period is 30 April 2015.

There have been no other events subsequent to the balance date, which would have a material effect on the Group's financial statements.

7. Contingent Assets and Liabilities

Contingent Assets

There has been no change in contingent assets since the last annual reporting date.

Contingent Liabilities

The Mongolian Tax Authority (The Authority) has conducted a tax review on the Company's wholly owned subsidiary, Modun Resources LLC (Modun LLC). Following the completion of the review, the Authority has lodged a claim against Modun LLC for additional withholding tax to be paid as a result of the acquisition of the Nuurst Licence in 2011. The group does not believe any additional withholding tax is required to be paid and is defending its position through the appeals and mediation process in place in Mongolia. The group considers that it is probable that the judgement will be in its favour and have therefore not recognized a provision in relation to this claim. The potential undiscounted amounts that the Group could be required to pay if there was an adverse judgement against Modun LLC is estimated to be approximately \$360,000 (exclusive of legal costs).

The Executive Service Agreements of Rick Dalton and Daniel Rohr were terminated in January 2014 and were replaced with new service agreements to reflect the part-time nature of their on-going responsibility. The Company reached agreement with both executives that entitlements due to them as a result of the termination of their initial agreements of up to \$100,925 for Rick Dalton and up to \$94,365 for Daniel Rohr, will be paid out of the proceeds of the sale or part sale of the Nuurst Project. No accrual has been made for these payments as they are contingent upon the sale or part-sale of the Nuurst Project.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the half-year ended 31 December 2014

8. Loss Per Share

(a) Basic Loss Per Share

The calculation of basic earnings per share for the 6 months ended 31 December 2014 was based on the loss attributable to ordinary members of \$1,166,044 (31 December 2013: loss \$866,407) and the weighted number of shares on issue during the 31 December 2014 half-year of 1,526,024,780 (31 December 2013: 896,964,672).

(b) Diluted Loss Per Share

As the company has made a loss for the half year ended 31 December 2014, the options on issue have no dilutive effect, therefore diluted earnings per share is equal to basic earnings per share.

9. Group Entities

	Country of incorporation	Interest 2014	Interest 2013
Parent entity			
Modun Resources Limited	Australia		
Subsidiaries			
Modun Resources LLC	Mongolia	100%	100%
Modun Resources Pte Ltd	Singapore	100%	100%
Nuurst Mineral Corporation LLC	Mongolia	100%	100%