

ASX ANNOUNCEMENT

6 December 2016

ASX: MOD

MOD Resources Limited (ASX: MOD) is pleased to announce the results of the scoping study for an open pit mine at its 70%-owned T3 copper-silver deposit in the Kalahari Copper Belt, Botswana following the completion of the regulator's review of the announcement.

This announcement serves to remove the voluntary suspension of the Company's securities.

-ENDS-

For and on behalf of the MOD Board.

Julian Hanna
Managing Director

Mark Clements
Executive Chairman and Company Secretary

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MOD DELIVERS ROBUST SCOPING STUDY FOR T3 PROJECT

MOD Resources Ltd (ASX: MOD) is pleased to announce results of the scoping study for a proposed open pit mine at its 70%-owned T3 copper-silver deposit in the Kalahari Copper Belt, Botswana. The project economics are highly encouraging and highlight MOD's potential to become a long-life copper producer in Botswana. Due to the robust financial outcomes indicated by the scoping study, MOD and joint venture partner, Metal Tiger Plc (30%) will proceed with a pre-feasibility study (PFS) commencing early 2017.

Scoping Study Parameters - Cautionary Statements

The scoping study referred to in this announcement has been undertaken to determine the potential viability of an open pit mine and sulphide flotation processing plant constructed onsite at T3 and to reach a decision to proceed with more definitive feasibility studies commencing in early 2017.

It is a preliminary technical and economic study of the potential viability of the T3 deposit. It is based on low-level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation work and appropriate studies are required before MOD will be able to estimate any ore reserves or to provide any assurance of an economic development case.

Approximately 88% of the total LOM production target is in the Indicated Resource category with 12% in the Inferred Resource Category. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further infill drilling of the T3 resource will result in the determination of indicated mineral resources or that the production target itself will be realised.

The scoping study is based on the material assumptions outlined elsewhere in this announcement. These include assumptions about the availability of funding. While MOD considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the scoping study will be achieved.

To achieve the range of proposed feasibility studies and potential mine development outcomes indicated in the scoping study, additional funding will likely be required. Investors should note that there is no certainty that MOD will be able to raise funding when needed. The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement and believes that it has a "reasonable basis" to expect it will be able to fund the development of the project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the scoping study.

BACKGROUND

On 26 September 2016, six months after the discovery of T3, MOD announced a maiden resource at T3 comprising 28.36Mt grading 1.24% copper and 15.7g/t silver, containing approximately 350,200t copper (~772Mlbs copper) and >14Moz silver. The T3 resource includes 18Mt grading 1.35% Cu and 16.7g/t Ag in the Indicated Resource category which represents 64% of the total resource. The resource is open along strike west of current drilling and extension drilling is planned in early 2017.

T3 mineralisation consists of disseminated and vein hosted copper sulphides including chalcopyrite, bornite and chalcocite occurring within a shallow dipping sequence of sediments up to 50m true width. As part of the PFS, MOD intends to conduct infill drilling around areas of high-grade vein mineralisation within the resource. The purpose is to define the extent of this high grade mineralisation which may provide opportunities for improving the grade of current production targets at an early stage of mining.

The PFS will also consider optimisation of the mining schedule and reducing project capital and operating costs with a view to further enhancing the already robust metrics of the T3 project.

Independent consultants located in Australia, South Africa and Botswana have completed a scoping study for a potential open pit mining and processing operation at T3. The study has indicated potential for strong financial outcomes which will be further evaluated during the PFS starting in early 2017.

In parallel with the PFS, exploration will also increase in early 2017, initially to test a large area (~250km²) within the T3 Dome directly north of T3 for similar type sediment hosted deposits. The T3 Dome is interpreted to be extend over 50km in length and is covered by MOD and Metal Tiger joint venture prospecting licences.

Drilling has already commenced testing for shallow mineralization along strike from T3 and a 3D IP survey will start in early 2017 to help define targets for deeper drilling. MOD is expanding the technical team in Botswana to support the step change in activity next year.

T3 is ideally located within 12km of the Ghanzi Highway in an area of freehold cattle farms. MOD has been advised by Botswana Power Corporation that grid power is planned to be extended along the Ghanzi Highway in mid 2019.

The Company is already in advanced discussion with a number of parties regarding staged funding of the PFS, definitive feasibility study (DFS), resource extension drilling, exploration programs and potentially the pre-production capital depending on the successful outcome of the DFS.

KEY OUTCOMES OF THE SCOPING STUDY

Key components of the scoping study and the material assumptions used in the study are included elsewhere in this announcement. Information includes preliminary mine designs and estimated mine production schedules, metallurgical recoveries from test work on sulphide ores, and costs based on comparison with similar operations and estimates provided by mining and engineering contractors.

The scoping study includes an optimised pit design to approximately 220m vertical depth and construction of a processing plant to treat **2Mtpa of ore with low cost expansion optionality if required**. Pre-stripping of the first stage of the planned open pit is scheduled to commence in 2019 with ore processing targeted to commence later in 2019.

Total indicative mine life is approximately 10 years with **9.25 years of ore production** with estimated life of mine (LOM) average production of approximately **21.8ktpa copper and 665kozpa silver**.

Two preliminary scoping level models have been generated using two different copper price assumptions, as follows:

A. Preliminary Base Case Model

A preliminary base case model has been prepared using a consensus copper price of **US\$2.53/lb Cu**.

The consensus price used in the preliminary base case model is approximately 6% lower than the copper spot price (approximately US\$2.69/lb Cu) at the time of this announcement.

The base case model indicates robust financial metrics which include an estimated average annual pre-tax cash flow of approximately **US\$44M pa**, a pre-tax NPV_{10%} of approximately **US\$180M** and an IRR of approximately **31%**. LOM C1 costs are estimated to be **US\$1.29/lb Cu** including silver credits.

The estimated **project cost (+35%) is US\$135M** (MOD share US\$94.5M), including **US\$18M capital** for pre-strip costs and **US\$18.3M contingency**. The expected payback period is **2.6 years**.

B. Preliminary Upside Case Model

A preliminary upside case model has been prepared using an elevated price of **US\$3.00/lb Cu**.

This elevated price is in line with recent UBS Global Research price projections for 2019 and is approximately 20% above the base case Cu price assumption. This is considered by the MOD Board to be a reasonable forward estimate to use as a basis for the upside case model.

The upside case model indicates outstanding financial metrics which include an estimated average annual pre-tax cash flow of approximately **US\$65M pa**, a pre-tax NPV_{10%} of approximately **US\$297M** and an IRR of approximately **42%**. C1 costs are estimated to be **US\$1.31/lb Cu** including silver credits. The expected payback period is approximately **2 years**.

Each US10 cent/lb rise in the Cu price is estimated to add approximately **\$US25M to pre-tax NPV**.

DISCUSSION

MOD Resources Managing Director, Mr Julian Hanna, said the scoping study clearly demonstrates the project's strong commercial potential as well as the opportunity for significant upside.

"T3 is a significant new sediment hosted copper and silver deposit which has progressed from discovery to completion of a positive scoping study in just nine months. Total cost from discovery to completion of the scoping study was only ~US\$2.5M, confirming the outstanding efforts and commitment of the exploration and scoping study teams as well as the quality of the deposit."

"T3 is also exciting from a geological standpoint because it opens up a wider potential for further discoveries in this extensive area of the Kalahari Copper Belt which remains untested."

OVERVIEW OF SCOPING STUDY

Mr Royce McAuslane, an independent consultant from Independent Metallurgical Operations, compiled the preliminary assumptions, projections, and conceptual financial models for the T3 scoping study. The scoping study uses information and assumptions provided by a range of independent Australian, Botswana and South African specialist consultants who have consented to the information used in the context in which it appears this announcement.

The following consultants contributed to the key components of the Scoping Study;

Consultant	Scope of Work
Mr A I Pretorius (South Africa)	Resource Estimate
Independent Metallurgical Operations Pty Ltd (IMO) (Australia)	Metallurgical Testwork
Sound Mining Solution (Pty) Ltd (South Africa)	Mining Study (Mine Design and Scheduling)
Minnovo Pty Ltd (Australia)	Process Engineering and Infrastructure
Karunya Efforts (Pty) Ltd trading as Karunya Consulting (Botswana)	Environmental and Social Permitting and Baseline

KEY COMPONENTS OF THE SCOPING STUDY

1. Resource Estimate

MOD announced results from the T3 resource estimate on 26 September 2016 as per Table 1 below.

Table 1: T3 Resource Table

JORC Category	Cut-off Cu%	Tonnes	Grade Cu%	Grade Ag g/t	Contained Cu (tonnes)	Contained Ag (oz)
Indicated	0.5	18,071,000	1.35	16.7	244,320	9,724,550
	1.0	10,103,000	1.84	24.2	186,198	7,848,794
	1.5	6,773,906	2.12	29.6	143,675	6,450,935
Inferred	0.5	10,287,000	1.03	13.7	105,853	4,546,534
	1.0	3,162,296	1.82	26.0	57,396	2,640,127
	1.5	1,706,001	2.30	34.5	39,221	1,892,814
TOTAL (Indicated & Inferred)	0.5	28,358,000	1.24	15.7	350,221	14,271,083
	1.0	13,265,000	1.84	24.6	243,678	10,488,664
	1.5	8,479,907	2.16	30.6	182,912	8,343,592

The maiden mineral resource comprises a total 28.36Mt containing approximately 350kt of copper (~772Mlbs copper) and 14.27Moz of silver (Table 1). This includes a high-grade resource using a 1.5% copper cut-off grade, which consists of 8.48Mt grading at 2.16% copper and 30.6g/t silver, containing approximately 183kt of copper and 8.34Moz of silver.

Approximately 64% of the total T3 resource (0.5% Cu cut-off) is in the Indicated Resource category and 88% of the total Scoping Study production target is in the Indicated Resource category.

2. Metallurgical Testwork

MOD announced results from testwork of T3 sulphide ores on 4 October 2016.

The preliminary metallurgical testwork conducted by IMO confirmed excellent composite copper recoveries up to 96.5% into high-grade copper concentrates (up to 47.3% Cu).

The results also demonstrated high concentrate grades, between 33% and 60.6% Cu, can be achieved at high recoveries, between 93.8% and 98.7% Cu, for all three copper sulphide domains (chalcopyrite, bornite and chalcocite) in disseminated and vein hosted mineralisation within the T3 resource. Silver recoveries were also excellent (up to 97.5%) from samples of high-grade chalcocite ores.

The concentrates were low in deleterious elements (e.g. arsenic up to 279ppm As) and were generally well below penalty levels for smelters. Additional testwork is required to optimise recoveries and concentrate grades and provides an opportunity for further improvements at the pre-feasibility stage.

Preliminary results of Bond Work Index tests indicate that power requirements for grinding the ore are expected to be relatively low.

Table 2: T3 Flotation Testwork Results

Composite	Mass Pull %	Calc Head		Copper		Silver		Bond WI kWh/t
		Cu %	Ag ppm	% Rec	Conc Grade %	% Rec	Conc Grade ppm	
Chalcopyrite	4.1	1.40	7	96.5	33.0	65.9	111	14.5
Bornite	3.1	1.54	38	94.7	47.3	90.2	1101	12.3
Chalcocite	3.3	1.26	17	93.8	36.0	88.8	453	14.1
HG* Chalcopyrite	11.3	4.09	40	98.0	35.5	96.3	340	-
HG* Bornite	8.6	4.25	93	96.3	47.6	92.3	996	-
HG* Chalcocite	11.2	6.86	149	98.7	60.6	97.5	1304	-

Note*: HG = high grade Cu composite samples (>4.0% Cu and >40pp Ag)

3. Mining Study

The unusual geometry of the T3 deposit with wide and continuous zones of shallow dipping mineralisation provided the ideal opportunity for potential low cost, open pit mining. Sulphide mineralisation is continuous from shallow depth to the current limit of drilling at around 270m depth and appears suited to open pit mining.

Pit optimisations have been performed by South African mining consultants Sound Mining using NPV Scheduler[®] software based on a Mine Design Criteria (MDC) compiled in agreement with MOD. The optimisations used a LOM copper price of US\$2.53/lb.

The pit design enables a staged mine development producing an annualised ore mining rate of 2Mtpa with the first stage targeting shallow high grade ore with the objective to pay back capital within 2-3 years. The production target is 18.13Mt of ore @ 1.16% Cu and 13.9g/t Ag for a total of 201Kt Cu and 6.1Moz Ag. Total mine life is approximately 10 years with 9.25 years of ore production. Approximately 88% of the production target is in the Indicated Resource category. Importantly, 95% of the production target is in the Indicated Resource category for the first three years of production.

Block Models were generated based on a Small Mining Unit (SMU) block size of 7.5m x 7.5m x 2.5m, which takes account planned ore grade dilution. In addition, a 95% ore recovery and unplanned dilution of 10% were included in the model giving total estimated ore dilution of 17% and yielding fully diluted LOM ore grade of 1.16% Cu and LOM strip ratio of 6.13. Considering the widths and consistency of ore zones within the deposit, a review of mining methods and cut-off grades will be undertaken during the PFS with the objective to minimise ore grade dilution.

Approximately 9.5Mt of near surface waste rock is planned for removal as a pre-strip before production commences. Based on a review of available geotechnical information, Sound Mining has estimated the preliminary overall slope angles for pit optimisation. In addition, an allowance for dewatering has been made in the order of 5 to 25l/s over the LOM, for mine optimisation and design purposes.

Open pit ore and waste mining is planned to be conducted by contractors. Ore and waste mining costs used in preliminary financial models were derived from comparison with similar operations and estimates provided by South African mining contractors.

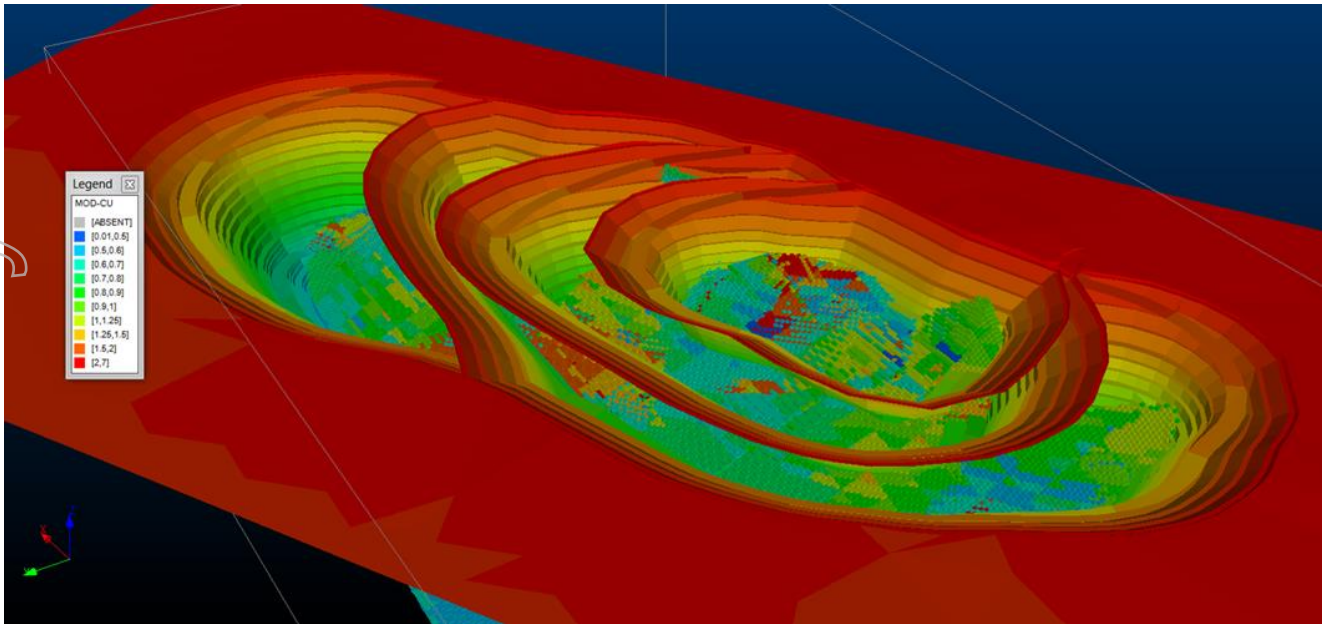


Figure 1: T3 Proposed 4-Stage Pit Looking South

4. Process Engineering

Perth-based engineering consultants Minnovo Pty Ltd has conducted a scoping level study including a review of processing options, which has resulted in a conceptual plant design for a 2Mtpa flotation plant and associated infrastructure constructed on site at T3 (Figure 2). The proposed plant design is relatively simple and conventional, reflecting the favourable metallurgical characteristics of T3 ores.

The process plant and associated service facilities will process run-of-mine (ROM) ore at a rate of 2Mtpa, to produce a copper concentrate and tailings. The process consists of crushing and grinding of the ore followed by sequential rougher and cleaner flotation. Concentrate will be thickened, filtered and stockpiled prior to being loaded into containers for storage and subsequent transport to third-party smelters. The flotation tailings will be dewatered by thickening and disposed of at the Tailings Storage Facility. The plant has potential to be up-scaled to around 3Mtpa in the event production is increased at T3 or additional ore is sourced from satellite deposits in the region.

Copper mineral proportions across the deposit are assumed to be 3:1:1 for Chalcopyrite, Bornite, Chalcocite respectively. On this basis and using metallurgical testwork data, recoveries are assumed to be 95.6% Cu and 75.3% Ag; yielding concentrates grading approximately 36.5% Cu and 370ppmAg.

Estimated metal in concentrate production for the first three years of the project is 22ktpa Cu and 660kozpa Ag, with LOM average 21.8ktpa Cu and 665kozpa Ag.

Preliminary testwork indicates potential to produce high-grade copper/silver concentrates, which are proposed to be stored on site and transported in half height containers. Containerisation of concentrates provides several potential logistical, commercial and environmental benefits, which will be further evaluated during the PFS.

Utilities allow for on-site diesel power generation with a total installed capacity of 12.5MW. MOD has been advised by the Botswana Power Corporation (BPC), the government owner entity responsible for grid power generation and transmission in Botswana, that grid power will be available at the Ghanzi Highway, 12km from site, by mid-2019. Allowance has been made to connect the site to grid power in 2020 with the commensurate reduction in unit power costs.

The study assumes personnel will be based in the town of Ghanzi ~85km west of T3 along the Ghanzi Highway. MOD is considering options to build a more substantial operations base in Ghanzi.

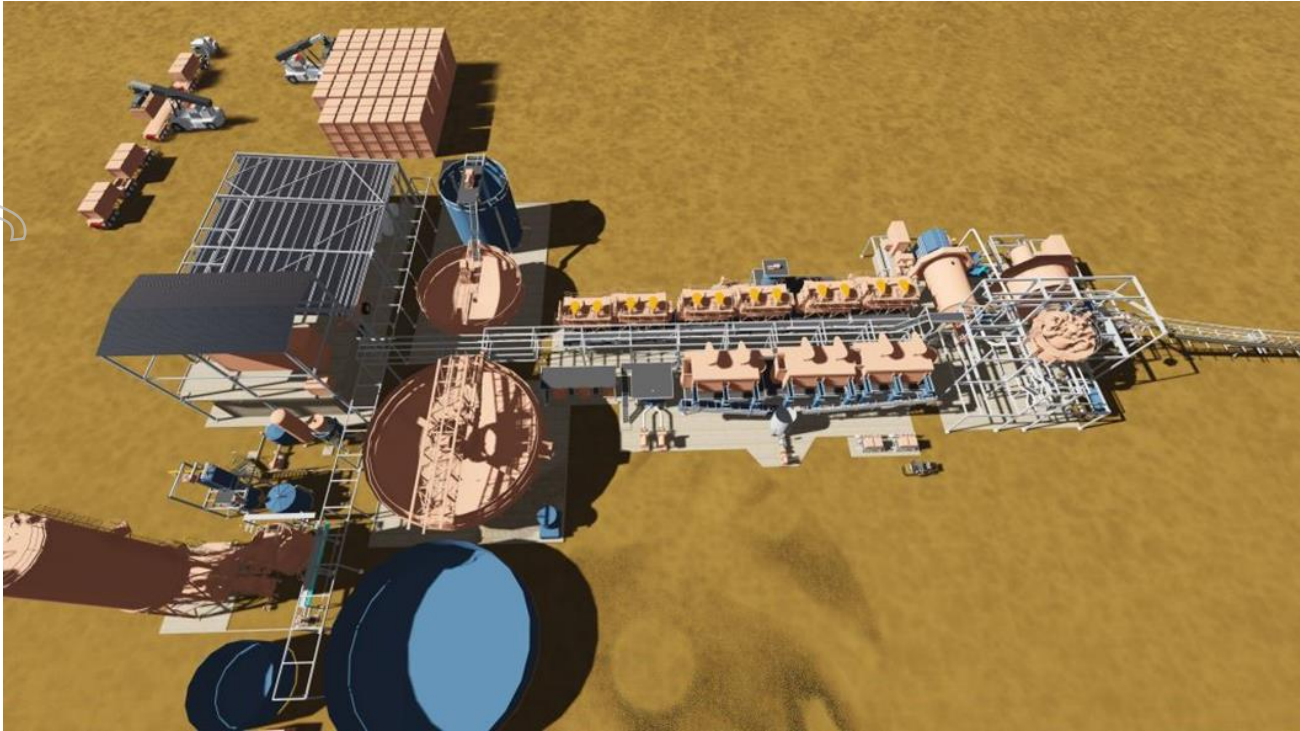


Figure 2: T3 Proposed 2Mtpa Sulphide Flotation Plant

5. Environmental and Social Permitting and Baseline Requirements

Scoping level studies were carried out to evaluate the permitting requirements to bring the T3 Project into production in Botswana. These studies also included identifying any additional activities required to comply with the Equator Principles and the International Finance Corporation (IFC) Performance Standards.

As the T3 Copper Project is a greenfields project and the first large scale mining project in the Ghanzi district in Botswana, the Environmental and Social Impact Assessment (ESIA) and permitting requirements have been developed during the Scoping Study as a priority.

Karunya Consulting, an independent environmental and social consultant based in Botswana, carried out a study to establish the Botswana (and international) environmental and social permitting and baseline requirements as well as the high level environmental and social risks for the T3 Project.

Preliminary water studies have identified multiple areas as potential supply options for process water. Key risks relating to water supply are associated with the nature of the aquifers and the sustainable drawdown capacity. Current work has highlighted a water resource (Ghanzi aquifer) in the area surrounding the T3 project as a potential supply that requires early fieldwork to establish sustainable supply capacity. Hydrological tests in the T3 area are planned starting early 2017.

6. Funding

MOD will utilise a staged funding approach for the ongoing development of the T3 project.

The first funding stage will be for a PFS and DFS. MOD has budgeted approximately US\$1M to fund its 70% share of the PFS for the T3 project commencing early 2017. In the event the PFS is positive and the joint venture decides to continue with a DFS, the Company has budgeted an additional US\$1.9M to fund its 70% share of the DFS, with targeted completion by Q1 2018.

The Board believes that there are strong “reasonable grounds” to assume that future funding will be available for funding MOD’s share of pre-production capital for the development of T3 as envisaged in this announcement, on the following basis;

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- (a) MOD’s Board has a financing track record and experience in developing projects. Mr Julian Hanna, MOD’s Managing Director, was previously the Managing Director of Western Areas Ltd, where he led that company’s substantial project financing and its growth from small-cap company into a S&P/ASX 200 nickel miner.
 - (b) MOD is confident there is a strong possibility that it will continue to increase mineral resources at the project to extend the mine life beyond what is currently assumed in the scoping study. Resource extension drilling is planned early during the PFS stage. The T3 deposit is located within the Kalahari Copper Belt which is highly prospective and hosts a substantial endowment of copper mineralisation including nearby copper resources containing an estimated total of >5.0Mt Cu. Botswana has an internationally respected mining industry, Mining Act and English language based commerce.
 - (c) The copper price is currently trading at approximately US\$2.69/lb which compares favourably to the project’s base case price assumption (US\$2.53/lb Cu) from 2019 onwards. The recent improvement in market conditions and an encouraging outlook for the global copper market enhance the Company’s view of the fundability of the project. It is also possible that MOD could pursue other ‘value realisation’ strategies such as a partial sale of the project or a forward sale of part of the significant silver production estimated in the scoping study, to assist project funding.
 - (d) MOD has previously demonstrated its ability to raise exploration funding for the T3 project. In March 2016, MOD undertook a capital raising of A\$2M via a placement to sophisticated and professional investors managed by MOD’s corporate advisors, Blue Ocean Equities. In September 2016, MOD completed an entitlement issue that closed heavily oversubscribed with applications received totaling approximately A\$4.3M, approximately 39% above the target A\$3.1M. As the offer was heavily oversubscribed, a scale-back was necessary and a total of A\$1.2M was refunded to shareholders. The funds raised by the offer enabled further drilling and scoping studies and built upon the Company’s investor base in the UK.
 - (e) The strong production and economic outcomes delivered in the T3 scoping study are considered by MOD Board to be sufficiently robust to provide confidence in the Company’s ability to fund its share of pre-production capital through conventional debt and equity financing.
- MOD is already in advanced discussions with a number of substantial mining investment funds in the UK and Australia to fund T3 in stages into production. The funding models include a combination of equity and debt financing, convertible notes and offtake related funding from future production from T3 on terms comparable to similar mining projects. These financiers have extensive track records of funding similar stage companies through the PFS and DFS stages, construction financing and into commercial production.
- (f) MOD Board is also considering potential suitable long-term cornerstone investors to enable:
 - (i) access institutional investors globally;
 - (ii) access debt funding relationships;
 - (iii) provide additional human resources to maximise value of MOD’s portfolio;
 - (iv) define new resources and make further discoveries across MOD’s substantial holdings in the Kalahari Copper Belt and;
 - (v) create a long-term partnership with MOD.

Sensitivity

The following table demonstrates the sensitivity of the pre-tax NPV_{10%} to copper price, silver price and operating costs. MOD's Board considers that a range of sensitivities of $\pm 20\%$ in both copper and silver pricing and operating costs is a reasonable basis for a scoping level study.

Sensitivity	NPV (US\$M)				
	-20%	-10%	Current	+10%	+20%
Copper Price	52	116	180	244	308
Silver Price	168	174	180	186	192
Operating Cost	220	200	180	160	140

NEXT STEPS

- Commence a PFS in early 2017 drawing on the extensive work already completed
- Commence baseline environmental studies
- Conduct hydrological testing and modelling of potential aquifer in area surrounding T3
- Conduct further geotechnical testing in area of planned pit
- Firm up process plant design criteria via metallurgical testwork
- Search for second hand plant and equipment to potentially reduce plant capital
- Drill for potential resource extensions at the western end of the current planned pit
- Accelerate exploration along strike and down dip from T3 and along T3 Dome

PRELIMINARY SCHEDULE

The following preliminary schedule is subject to available funding, positive outcomes for the PFS and DFS and favourable timelines for permitting;

Milestone	Target Timeline (CY)
Commence PFS	Q1 2017
Completion of PFS	Q2 2017
Completion of DFS	Q1 2018
Decision to Mine	Q1 2018
Target Date to Commence Production	Q4 2019

CONSENTS

All consultants engaged by MOD in the T3 Scoping Study have provided their consent to the data and interpretations contained in this announcement.

ABOUT T3 PROJECT

The T3 Project is located on the Kalahari Copper Belt in northern Botswana and is part of the MOD/Metal Tiger joint venture Botswana copper/silver project. T3 is located within an interpreted 10-20km wide structural zone (Mahumo Structural Corridor) that hosts MOD's Mahumo Project (~20km NE of T3) and Cupric Canyon Capitals' Banana Zone Deposit (~32km NE) and Zone 5 Project (~100km NE).

In March 2016, the joint venture announced the discovery of significant copper/silver mineralisation in drilling at shallow depth at T3. Mineralisation at T3 consists of vein hosted and disseminated chalcopyrite, bornite and chalcocite within a 35-60m wide sequence of shallow dipping green siltstones and marl units. There is no outcrop or previous drilling at T3, which is interpreted from magnetic data to form part of a large and potentially shallow dipping regional structural dome (T3 Dome).

Since the discovery of T3, MOD has conducted a substantial resource drilling campaign along a 1km strike length at T3, which lead to the announcement of a maiden resource in September 2016.

-ENDS-

For and on behalf of the MOD Board.

Julian Hanna
Managing Director

Mark Clements
Executive Chairman and Company Secretary

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About MOD Resources

MOD Resources Ltd (ASX: MOD) is an Australian-listed copper company actively exploring in the Kalahari Copper Belt, Botswana. The Company has a joint venture with AIM-listed Metal Tiger Plc (30%) which includes the T3 copper/silver deposit where a discovery RC drill hole intersected 52m @ 2.0% Cu and 32g/t Ag from shallow depth in March 2016.

MOD announced a substantial maiden copper/silver resource at T3 on 26 September 2016. Total cost of discovery of T3 and delineation of the maiden resource was an exceptionally low US\$1.7 million, equivalent to only US 0.22 cents/lb copper contained within the resource.

MOD continues with T3 extension drilling and a regional exploration program exploring for satellite deposits at other priority targets around T3.

Competent Person's Statement

The information in this announcement that relates to Mineral Resource estimation and classification of the T3 Copper/Silver Project was conducted and approved by Mr A.I. Pretorius, MSc. Pri.Sci.Nat. Mr Pretorius is an independent consultant to MOD Resources Ltd and a member of the South African Council for Scientific Professionals (SACNASP Membership Number 400060/91). Mr Pretorius has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pretorius consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

The information in this announcement that relates to Geological Data and Exploration Results at the Botswana Copper/Silver Project which includes T3 is reviewed and approved by Jacques Janse van Rensburg, BSc (Hons), General Manager Exploration (Africa) for MOD Resources Ltd. He is registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions (SACNASP) No. 400101/05 and has reviewed the technical information in this report. Mr Janse van Rensburg has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity, which it is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Janse van Rensburg consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

The Competent Person responsible for the interpretation of the metallurgical test work results from the T3 Copper/Silver Project is Mr Daryl Evans, who is a full-time employee of Independent Metallurgical Operations and a fellow of AusIMM. Mr Evans has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Evans consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Exploration Targets and Results

This announcement refers to Exploration Targets as defined under Sections 18 and 19 of the 2012 JORC Code. The Exploration Targets quantity and quality referred to in this announcement are conceptual in nature. Apart from the T3 mineral resource announced on 26 September 2016, there has been insufficient exploration at other Exploration Targets mentioned in this announcement to define a Mineral Resource and it is uncertain if further exploration will result in the Exploration Targets being delineated as a Mineral Resource. This announcement includes drill hole intersections, which have been announced by MOD Resources Limited previously.

Forward Looking Statements and Disclaimers

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of MOD Resources Limited.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, MOD Resources Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

This announcement has been prepared by MOD Resources Limited. The document contains background information about MOD Resources Limited current at the date of this announcement. The announcement is in summary form and does not purport to be all-inclusive or complete.

Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

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Material assumptions

Material assumptions used in the estimation of the production target and associated financial information are set out in the following table.

Criteria	Commentary																		
Mineral resource estimate underpinning the production target	<p>The Mineral Resource estimate declared on 26 September 2016 underpins the production target. This estimate was prepared by a Competent Person in accordance with the JORC Code 2012.</p> <p>The production target is 18.13Mt of ore @ 1.16% Cu and 13.9g/t Ag for a total of 201Kt Cu and 6.1Moz Ag.</p> <p>Approximately 88% of the total production target is in the Indicated Resource category. Importantly, over 95% of the production target is in the Indicated Resource category for the first three years of production. The remainder of the production target is in the Inferred Resource category.</p>																		
Site Visits	<p>Mr Janse van Rensburg, the Competent Person for Geological Data and Exploration Results as part of this study was on site full time.</p> <p>No site visit was undertaken by either Mr A. I. Pretorius (Resource Estimate) or Mr Evans (Metallurgical Testwork).</p>																		
Study status	<p>The production target and financial information in this release are based on a scoping study. The scoping study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realised.</p>																		
Capital costs	<p>The pre-production capital cost estimated as part of the scoping study is shown below:</p> <table border="1"> <thead> <tr> <th>Activity</th> <th>US\$(m)</th> </tr> </thead> <tbody> <tr> <td>Mining</td> <td>2.0</td> </tr> <tr> <td>Processing</td> <td>62.7</td> </tr> <tr> <td>Tailings storage</td> <td>3.8</td> </tr> <tr> <td>Infrastructure</td> <td>23.0</td> </tr> <tr> <td>Contingency</td> <td>18.3</td> </tr> <tr> <td>Owner's costs</td> <td>7.6</td> </tr> <tr> <td>Mining pre-strip</td> <td>17.6</td> </tr> <tr> <td>Total</td> <td>135.0</td> </tr> </tbody> </table> <p>The accuracy of the capital cost estimates is based on a number of studies to support the range of scenarios considered. Significant bodies of work were completed to underpin the cost estimate, by either confirmed costs obtained through specific quotations or historical data for recent comparable projects. The overall estimate accuracy is determined to be $\pm 35\%$.</p> <p>The final scope of the project requires further definition and additional study to ensure the value of the project is optimised and that a prefeasibility study estimate can be stated.</p> <p>Tailings capex assumed at US\$0.5m establishment and US\$0.50/t storage capacity.</p> <p>Water supply capex assumes site water will be available close to T3.</p>	Activity	US\$(m)	Mining	2.0	Processing	62.7	Tailings storage	3.8	Infrastructure	23.0	Contingency	18.3	Owner's costs	7.6	Mining pre-strip	17.6	Total	135.0
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Cut-off parameters	A cut-off of 0.5% Cu was applied to the JORC resource.																		
Mining factors or assumptions	<p>The production target has been developed assuming conventional open pit mining methods using 8.5-18.3m³ excavators, 80-100t rigid haul trucks and 12m³ Front End Loaders.</p> <p>10m benches have been allowed for in the Waste zone and 5m benches in the mineralised zone in order to minimise ore loss and dilution.</p> <p>A minimum mining width of 70m has been allowed for in the study.</p> <p>A Small Mining Unit block size of 7.5m x 7.5m x 2m has been used which takes account of ore grade dilution. Ore recovery of 95% and dilution of 10% yield fully diluted LOM ore grade of 1.16% Cu at a total grade dilution of 17%.</p> <p>Based on a review of the limited available geotechnical information, preliminary overall slope angles ranging from 33-36° (Weathered) to 37-56° (Fresh).</p> <p>Allowance has been made for in-pit production grade control when operating in mineralised areas of the pit.</p> <p>Allowance has been made for appropriate workshops, laydown areas, washdown bays and fuel supply to support mining operations.</p> <p>The percentage of Indicated and Inferred Resource that relate the production schedule is given in the table below;</p> <table border="1" data-bbox="432 1126 935 1406"> <thead> <tr> <th>Cumulative Years</th> <th>Indicated %</th> <th>Inferred %</th> </tr> </thead> <tbody> <tr> <td>Yr 1</td> <td>93.9</td> <td>6.1</td> </tr> <tr> <td>Yr 1-2</td> <td>94.7</td> <td>5.3</td> </tr> <tr> <td>Yr 1-3</td> <td>95.5</td> <td>4.5</td> </tr> <tr> <td>Yr 1-5</td> <td>91.2</td> <td>8.8</td> </tr> <tr> <td>LOM</td> <td>88.4</td> <td>11.6</td> </tr> </tbody> </table>	Cumulative Years	Indicated %	Inferred %	Yr 1	93.9	6.1	Yr 1-2	94.7	5.3	Yr 1-3	95.5	4.5	Yr 1-5	91.2	8.8	LOM	88.4	11.6
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Metallurgical factors or assumptions	<p>A conventional crush, grind and selective flotation process has been proposed to produce a saleable copper concentrate with silver grades. Metallurgical testwork supports this process which is well proven and in operation across the mining industry.</p> <p>The metallurgical recoveries assumed are shown below and were based on a theoretical blend of the major copper minerals present which in turn were tested as separate composites.</p> <table border="1" data-bbox="437 1742 863 1861"> <thead> <tr> <th>Metal</th> <th>Recovery %</th> </tr> </thead> <tbody> <tr> <td>Copper</td> <td>95.6</td> </tr> <tr> <td>Silver</td> <td>75.3</td> </tr> </tbody> </table> <p>Metallurgical characterisation testwork results established by IMO supplied as raw data to Minnovo. The testwork composites were based on the known dominant mineralisation zones of deposit at the time of the testwork. No deleterious elements were present in sufficient quantities to require allowances in downstream smelting and refining.</p>	Metal	Recovery %	Copper	95.6	Silver	75.3												
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Environmental	Preliminary studies carried out as part of the Scoping study established the Botswana (and international) environmental and social permitting and baseline requirements as well as the high level environmental and social risks for the T3 Project. The studies included a focus on early long term water supply options for the project.												
Infrastructure	There is little existing infrastructure at T3. The infrastructure required to support the 2Mtpa processing plant includes; on-site power generation with installed capacity of 12.5MW with conversion to grid power in 2020 consistent with Botswana Power Corporation advice; raw water supply from a bore field close to T3; initial tailings storage facility with a capacity of 6MT; buildings including offices, work-shops, warehouse, laboratory, crib room and ablutions; communications and; mobile equipment excluding mining fleet.												
Costs	<p>All costs in the estimation of the production target and the associated financial information were estimated to a scoping study level of accuracy.</p> <p>Mining schedule and costs sourced from Sound Mining based on optimised pit shell using a US\$2.50/lb copper price, 19.87/oz silver price and other MDC inputs. These mine operating costs were developed from other similar projects and adjusted for location. In addition, the mining study team has verified the Scoping Study mining contractor cost assumptions with an independent mining contractor operating throughout Southern Africa.</p> <p>Process Plant capital and operating costs supplied by Minnovo and were based on a combination of first principle build up and current pricing and labour costs developed for T3 specifically or from recent similar projects in the region. Water supply opex assumed at US\$0.25/m³ all in cost.</p> <p>Fuel price used for diesel-fired gensets based on wholesale prices received from regional suppliers. Average price quote of US\$0.64/L.</p> <p>Additional infrastructure and operating costs (G&A etc.) supplied by IMO.</p> <p>Treatment and Refining charges are based on available information for treatment and refining copper concentrates at a regional smelter.</p> <p>Government royalties of 3% and 5% for Copper and Silver respectively have been applied. It has been assumed a 2-year copper royalty holiday will be granted by Botswanan government. No private royalties have been allowed for.</p>												
Revenue factors	<table border="1" data-bbox="414 1579 1066 1841"> <thead> <tr> <th>Parameter</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>Copper</td> <td>US \$2.53 / lb</td> </tr> <tr> <td>Silver</td> <td>US \$19.72 / oz</td> </tr> <tr> <td>TC/RC charges</td> <td>US \$0.4 / lb Cu</td> </tr> <tr> <td>Ag credit</td> <td>US \$0.25 / lb Cu</td> </tr> <tr> <td>Exchange rates</td> <td>AU\$1 / US\$0.75 US\$1 / BWP10.2 US\$1 / ZAR13.4</td> </tr> </tbody> </table> <p>Ramp up production schedule supplied by Minnovo allows for degraded availability, throughput and recovery over the first 3 quarters of processing.</p> <p>Concentrate transport charges of US\$0.1/tkm have been applied to concentrate haulage. All other transport charges were grossed up as part of the supply unit costs.</p>	Parameter	Units	Copper	US \$2.53 / lb	Silver	US \$19.72 / oz	TC/RC charges	US \$0.4 / lb Cu	Ag credit	US \$0.25 / lb Cu	Exchange rates	AU\$1 / US\$0.75 US\$1 / BWP10.2 US\$1 / ZAR13.4
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	<p>Mid-2019 start date is targeted by MOD in comparison with current conservative permitting and construction timelines indicating a Q1 2020 start date. This is subject to revision and optimisation during PFS in 2017.</p> <p>Consensus commodity prices as per "PCF Resources Thermometer October 2016".</p> <p>Spot Commodity Prices as per LME spot price 23 November 2016.</p> <p>Cashflow model is a project level cashflow model and excludes the following;</p> <ul style="list-style-type: none"> - Pre-cursor and project sunk costs prior to project sanction - Corporate and joint venture overheads - Finance and Taxation costs associated with the project - Co-payment arrangement for power infrastructure other than allowance for 12km HV power line from Ghanzi highway - Escalation of costs across time - Escalation of commodity prices across time - Board reserve allowance - Equity raising and subsequent costs
Market Assessment	<p>The copper market is a mature market with the key drivers for copper concentrate demand including national inventory restocking policies, industrial growth, availability of scrap and general consumer demand, particularly in developing countries. Based on the industry research outlined in "Revenue Factors" MOD has formed the opinion that future copper demand will outweigh supply supporting prices during the proposed production period for the T3 project.</p>
Economic	<p>A preliminary project level cashflow model has been developed for the Scoping Study. The Preliminary Base Case assumes consensus copper pricing (US\$2.53/lb) and the Preliminary Upside Case assumes an elevated copper price (US\$3.00/lb).</p> <p>The model assumes a 2Mtpa open pit mining operation commencing mid 2019 with on-site processing resulting in a mine life of approximately 10 years (LOM) with 9.25 years of production. Estimated production for first three years is 22ktpa Cu and 660kozpa Ag, with LOM average 21.8ktpa Cu and 665kozpa Ag.</p> <p>Total project capital is estimated at approximately US\$135M. A discount rate of 10% has been used in the model.</p>
Social	<p>An exploration access agreement is in place relating to the freehold farm surrounding.</p>
Other	<p>There are no known naturally occurring material risks to the T3 project. There are no material legal or marketing agreements in place. The tenements are in good stead and no expectation that this will change. Preliminary discussions with the Botswana government indicate necessary approvals can be obtained once due process is followed.</p>

<p>Classification</p>	<ul style="list-style-type: none"> • Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). • The classification of Mineral Resources was completed based on the geological complexity, estimation performance, number of drill samples, drill hole spacing and sample distribution. The Competent Person is satisfied that the result appropriately reflects his view of the deposit. • Continuous zones meeting the following criteria were used to define the resource class: <u>Indicated Resource</u> Drill spacing up to approximately 100m by 100m Estimation performance: Weighted average between 1.0 and 1.4 <u>Inferred Resource</u> Drill spacing wider than 100 m by 100 m Estimation performance: Weighted average above 1.4 blocks estimated in the third pass Limited number of drill holes.
<p>Audits or reviews</p>	<p>The mining and processing and infrastructure components of the scoping study were independently reviewed by MOD specialist consultants. No material issues were identified by the reviewers.</p>

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