Modun Resources Limited
(formerly TVN Corporation Limited)
ABN 95 066 139 991

Half-year report for the half-year ended
31 December 2011

CONTENTS

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 2011 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 2011

The Directors of Modun Resources Limited (formerly TVN Corporation Limited) ("the Company") present their report together with the consolidated financial statements for the half-year ended 31 December 2011.

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:

Chris Mardon – Executive Managing Director
Hugh Warner – Non-executive Chairman
Gerry Fahey – Non-executive Director
James Thompson – Non-executive Director

Principal Activities

The six month period ending 31 December has been a period of significant growth and activity for the Company. The Company has grown into an international resources company with the completion of the acquisition of 100% of the Nuurst Thermal Coal Project in Mongolia in October. Significant exploration was conducted during the period resulting in the discovery of a JORC Reportable Coal Resource of 489 million tonnes on the Nuurst Project Licence (417 Mt Indicated, 72 Mt Inferred).

The Company also continues to evaluate a number of other projects in Mongolia as it seeks to add quality coking and thermal coal opportunities into its portfolio.

Review of Operations and Results

During the period, the Company made a consolidated loss after tax of $965,191 (2010: $360,172). The increase in the loss during the period is due to the costs associated with the rapid growth of the business arising from the acquisition and subsequent exploration of the Nuurst Project Licence.

There were a number of significant achievements during the period including:

- Completing the acquisition of 100% of the Nuurst Project;
- Mobilised a drilling team that peaked at 49 people and 4 diamond drill rigs on site in early November;
- Completed 7,411m of drilling over 26 holes;
- Discovered a major coal seam development 1.5 km x 3 km in size, including 100m+ coal sequences;
- Identified over 700 m of sub-cropping coal seam development;
- Appointed key personnel:
    - Exploration Manager in Mongolia - Enkhbayar Batmunkh
    - Chief Financial Officer - Daniel Rohr;
- Obtained foreign investment approval and established an office in Ulaanbaatar;
- Appointed CSA Global to undertake the resource estimation work on the Nuurst Project
- Release of maiden JORC Reportable Coal Resource of 489 Mt within 6 months of project acquisition

The investment made in Nuurst was funded via two capital raisings during the period. On 7 July 2011, the Company issued 76,000,000 shares at $0.02 per share to raise $1,520,000. On 23 August 2011, the Company issued a further 90,000,000 shares at $0.04 per share to raise $3,600,000. As at 31 December 2011, the Company had a cash balance of $1,267,400.

The Company will continue to drive the Nuurst project towards development with the commencement of a scoping study and application for a mining lease. It will also continue to seek quality coking and thermal coal acquisition opportunities in the Mongolian region.

Events Occurring After the Balance Date

On 10 January 2012, 26,500,000 shares were issued in relation to the exercise of 26,500,000 options that were exercised just before the end of the half-year period.

On 13 January 2012, 3,500,000 shares and 3,500,000 options (exercisable at $0.10, expiring 31 December 2014) were issued as a success fee for a capital raising.

At the date of this report, there are 733,901,442 shares on issue and 34,500,000 options outstanding.

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 5.

Signed in accordance with a resolution of the directors.

On behalf of the directors

Chris Mardon
Managing Director
Perth
29 February 2012

Competent Person Statement!
The information in this report that relate to Mineral Resources is based on information compiled by Mr Dwiyoko TU. Taruno who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Dwiyoko 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 Dwiyoko 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 report related to exploration results is based on information obtained from the vendor and Cadastral archives in Mongolia and recent drilling and trenching activities on site. This information has been reviewed by Mr Geoff Richards of CSA Global Pty Ltd, Western Australia. Mr Richards 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'. Mr Richards consents to the inclusion in the report of the matters based on his information in form and context in which it appears. Gerry Fahey, is both a Non-Executive Director of Modun Resources Ltd and a Director CSA Global Pty Ltd.

Stantons International Audit and Consulting Pty Ltd
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29 February 2012

Board of Directors
Modun Resources Limited
Suite 7, 245 Churchill Avenue
SUBIACO WA 6008

Dear Sirs

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 period ended 31 December 2011, 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 sincerely

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

John P Van Dieren
Director

Stantons International Audit and Consulting Pty Ltd
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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 condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed 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 2011 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 29 February 2012.

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 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

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

As referred to in note 1 to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2011 the Company had cash and cash equivalents of $1,267,400, net working capital of $596,717. The Company also incurred a loss for the half year ended 31 December 2011 of $965,191.

The ability of the Company to continue as a going concern and to ensure the realisation of assets and the extinguishment of liabilities is dependent upon the Company raising further working capital. In the event that the Company cannot raise further equity or loan capital, the Company may not be able to meet its liabilities as they fall due and the realisable value of the Company'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 Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
29 February 2012

DIRECTORS' DECLARATION

In the opinion of the directors:

(a) the financial statements and notes set out on pages 9 to 15 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Company as at 31 December 2011 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, 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.

Chris Mardon
Managing Director

Perth
29 February 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 31 December 2011

	Consolidated Half-year ended	
	31 December 2011 $	31 December 2010 $
Continuing operations		
Revenue	18,910	6,187
Depreciation and amortisation	(4,497)	-
Employee benefits expense	(79,961)	-
Directors fees	(539,527)	(178,002)
Share based payments	-	(40,000)
Foreign exchange gain	81,675	-
Professional and consulting fees	(363,313)	-
Project assessment costs	-	(10,080)
Rental expense	(34,136)	-
Travel expense	(91,463)	-
Capitalised expenditure from prior year	169,624	-
Web sales site expenses	-	(31,500)
Other expenses	(122,503)	(106,777)
Loss before income tax	(965,191)	(360,172)
Income tax expense	-	-
Loss for the half-year	(965,191)	(360,172)
Other comprehensive income/(loss)	-	-
Total Comprehensive loss for the period	**(965,191)**	**(360,172)**
Basic and diluted loss per share (cents per share)	(0.15)	(0.09)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2011

	Note	Consolidated 31 December 2011 $	30 June 2011 $
Assets			
Current assets			
Cash and cash equivalents		1,267,400	394,923
Receivables		63,180	38,627
Prepayments		17,400	15,612
Total current assets		1,347,980	449,162
Non-current assets			
Exploration expenditure		3,530,093	4,214
Plant & equipment		100,620	2,797
Total non-current assets		3,630,713	7,011
Total assets		**4,978,693**	**456,173**
Liabilities			
Current liabilities			
Trade and other payables		738,023	52,776
Provisions		13,240	6,377
Total current liabilities		751,263	59,153
Total liabilities		**751,263**	**59,153**
Net Assets		**4,227,430**	**397,020**
Equity			
Issued capital	2	296,310,636	291,255,874
Reserves		(183,859)	75,302
Accumulated losses		(291,899,347)	(290,934,156)
Total Equity		**4,227,430**	**397,020**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2011

	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2010	290,255,797	68,570	-	(289,941,834)	382,533
Loss for the half- year	-	-	-	(360,172)	(360,172)
Shares issued	340,000	-	-	-	340,000
Share issue costs	(4,925)	-	-	-	(4,925)
Balance at 31 December 2010	**290,590,872**	**68,570**	**-**	**(290,302,006)**	**357,436**
Balance at 1 July 2011	291,255,874	75,302	-	(290,934,156)	397,020
Loss for the half- year	-	-	-	(965,191)	(965,191)
Exchange differences arising on translation of foreign operations	-	-	(259,161)	-	(259,161)
Shares issued	5,390,000	-	-	-	5,390,000
Share issue costs	(335,238)	-	-	-	(335,238)
Balance at 31 December 2011	**296,310,636**	**75,302**	**(259,161)**	**(291,899,347)**	**(4,227,430)**

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2011

	Consolidated Half-year ended 31 December 2011 $	31 December 2010 $
Cash flows from operating activities		
Payments to suppliers and employees	(862,423)	(343,009)
Interest received	17,138	4,123
Sundry refunds	-	1,661
Net cash flows used in operating activities	**(845,285)**	**(337,225)**
Cash flows from investing activities		
Payments for acquisition of property, plant and equipment	(108,088)	-
Payments for evaluation and exploration expenditure	(2,227,938)	-
Payments for acquisition of exploration assets	(1,344,106)	-
Net cash flows used in investing activities	**(3,680,132)**	**-**
Cash flows from financing activities		
Net proceeds from issue of shares and options	5,655,000	296,575
Transaction costs paid related to issue of shares	(335,038)	-
Net cash flows provided by financing activities	**5,319,962**	**296,575**
Net decrease in cash and cash equivalents	**794,545**	**(40,650)**
Cash and cash equivalents at beginning of the half-year	394,923	367,008
Effect of exchange rate fluctuations on cash held	77,932	-
Cash and cash equivalents at end of the half-year	**1,267,400**	**326,358**

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 December 2011

1. Statement of significant accounting policies

Statement of compliance

This general purpose financial report for the half-year reporting period ended 31 December 2011 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 2011 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*.

Basis of preparation

The condensed 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.

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 are confident that sufficient funding can be secured if required 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.

Adoption of new and revised accounting standards

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 Related Party Disclosures (amendment) effective 1 January 2011
- AASB 132 Financial Instruments: Presentation (amendment) effective 1 February 2010 AASB Int 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- Improvements to AASBs (May 2010)

The adoption of the standards or interpretations is described below:

AASB 124 Related Party Transactions (Amendment)
The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 Financial instruments: Presentation (Amendment)
The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 December 2011**

1. Statement of significant accounting policies (continued)

AASB Int 14 Prepayments of a Minimum Funding Requirement (Amendment)
The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to early adopt any of the new standards or amendments that are issued but not yet effective.

2. Issued Capital

	31 December 2011		30 June 2011	
Ordinary Shares	**Number of shares**	**$**	**Number of shares**	**$**
Opening balance	510,901,442	291,255,874	378,901,442	290,255,797
Placements	166,000,000	5,120,000	110,000,000	800,000
Share based payment	-	-	5,000,000	40,000
Options Exercised	27,000,000	270,000	17,000,000	170,000
Capital raising costs	-	(335,238)	-	(9,923)
Closing balance	**703,901,442**	**296,310,636**	**510,901,442**	**291,255,874**

There was a timing difference between the exercise of options and the issue of shares during the half-year. A total of 53,500,000 options were exercised during the period, however shares were issued for 27,000,000 of these options. Shares were issued on 10 January 2012 for the remaining 26,500,000 options exercised during the half-year.

In the previous reporting period, 5,000,000 shares were issued to the Company Secretary, Neil Hackett, on 3 September 2010 as consideration for his services in that capacity. The deemed consideration is based on the share price on the day of issue of 0.8 cents per share.

3. Option Premium Reserve

	31 December 2011		30 June 2011	
	Number of options	**$**	**Number of options**	**$**
Opening balance	53,500,000	-	58,000,000	-
Options exercised	(53,500,000)	-	(17,000,000)	-
Issued during period	-	-	12,500,000	-
Closing balance	**-**	**-**	**53,500,000**	**-**

At the General Meeting of shareholders held on 16 November 2011, shareholders gave approval for the granting of 48,000,000 options exerciseable at 10c per option expiring on 31 December 2014. These options were not granted during the period ending 31 December 2011 and have not been included in this half-year report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 December 2011

4. Share Based Payment Reserve

	31 December 2011		30 June 2011	
Options exercisable at 2 cents between the vesting date and expiry date	**Number of options**	**$**	**Number of options**	**$**
Opening balance	31,000,000	75,302	28,000,000	68,570
Issued during the period	-	-	3,000,000	6,732
Expensed in the period	-	-	-	-
Closing balance	**31,000,000**	**75,302**	**31,000,000**	**75,302**

5. Segment Information

The consolidated entity is an exploration company that is focusing on the development of the Nuurst Thermal Coal Project in central Mongolia. The principal activities of the project are carrying out exploration activities in Central Mongolia.

6. Events Occurring After the Balance Date

On 10 January 2012, 26,500,000 shares were issued in relation to the exercise of 26,500,000 options that were exercised just before the end of the half-year period.

On 13 January 2012, 3,500,000 shares and 3,500,000 options (exercisable at $0.10, expiring 31 December 2014) were issued as a success fee for a capital raising.

At the date of this report, there are 733,901,442 shares on issue and 34,500,000 options outstanding.

7. Contingent Assets and Liabilities

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

8. Loss Per Share

(a) Basic Loss Per Share

The calculation of basic earnings per share for the 6 months ended 31 December 2011 was based on the loss attributable to ordinary members of $965,191 (31 December 2010 2010: loss $360,172) and the weighted number of shares on issue during the 31 December 2011 half-year of 663,497,070 (31 December 2010: 383,167,132).

(b) Diluted Loss Per Share

As the company has made a loss for the half year ended 31 December 2011, the options on issue have no dilutive effect, therefore diluted earnings per share is equal to basic earnings per share.