

## 20% Increase in T3 Feasibility Study Plant Throughput to 3Mtpa

- T3 plant throughput capacity increased to 3Mtpa, a 20% increase to the PFS Base Case
- Sedgman appointed as Feasibility Study (FS) process and infrastructure engineers
- Azure Capital and Terrafranca appointed as Debt Advisers to secure debt finance for T3
- FS on schedule for completion by end of March 2019

MOD Resources Limited (ASX: MOD) ('MOD', or the 'Company') is pleased to announce that following the major increase in the T3 resource announced 2 July 2018, a review of the planned throughput for the T3 process plant has been undertaken. The Feasibility Study is now based on an increase in the process plant throughput to 3Mtpa, with allowance for staged future expansion. Throughput selection was based on criteria that included the tonnes of indicated category resource, target mine life of at least 10 years and the optimal operational and financial outcome for MOD.

The Company is also pleased to announce key appointments to assist with the development and funding of the initial open pit development of the T3 Copper Project, including Sedgman Pty Ltd ('Sedgman'), a member of CIMIC Group, for Process and Infrastructure engineering, and Azure Capital ('Azure') and Terrafranca Advisory Limited ('Terrafranca') as joint debt advisers ('Joint Debt Advisers').

Managing Director Julian Hanna said "We've had a great deal of interest already in our T3 Project, following our debut presentation at the Diggers and Dealers Conference this week. We are really pleased to report this increase in the proposed plant capacity following the recent resource upgrade. The T3 Pit Feasibility Study remains on schedule for completion by the end of March 2019 and all key technical consultants are now engaged."

He continued, "The T3 Project is located at one of many 'domes' identified within the 700km<sup>2</sup> T3 Dome Complex that could, if mineable resources are discovered, utilise the proposed T3 process plant. We are continuing to fast-track exploration drilling at the nearby A4 Dome, where we announced outstanding first assay results earlier this week."

### Appointment of Process and Infrastructure Engineer

MOD has received significant levels of interest from service providers globally. A short list of four engineering groups was selected based upon their experience in copper, African capability and engineering fit relative to the capital cost of the project. Following a detailed review of the four proposals provided in response to a Request For Proposal (RFP) prepared by MOD. Sedgman, mineral processing specialists and Engineering, Procurement and Construction (EPC) Contractors was selected as process and infrastructure engineers for the FS based on the following:

- Experience with the feasibility development and delivery of copper concentrators of similar size in Botswana
- Personnel with experience on comparable projects, based in their Perth office, supported by personnel in their South African office, including those involved with previous copper projects in Botswana

Sedgman will also compile the final FS document incorporating inputs from the various consultants who are contributing to the study.





Figure 1: Proposed site layout and infrastructure for T3 Pit

Technical Director Mr Steve McGhee said “The appointment of Sedgman is a great addition to an excellent team of Feasibility Study consultants. Their highly relevant EPC experience at the Boseto copper project in Botswana provides a high degree of confidence around in-country costs and implementation that will be important aspects of the study. We look forward to working closely with Sedgman, the Debt Advisers and the rest of the team to deliver a high quality Feasibility Study and progress the financing of the T3 Pit Project.”

#### Appointment of Debt Advisers

MOD has appointed Azure and Terrafranca as Joint Debt Advisers to secure debt finance for the T3 Pit Project in Botswana. This follows a comprehensive evaluation process that included proposals from debt advisory firms based in the UK and Australia.

The appointment of Azure (based in Perth) and Terrafranca (based in London) as Joint Debt Advisers provides global coverage in securing debt finance. The Debt Advisers have an exceptional record of successfully securing debt funding for numerous mining companies over an extended period. Their experience includes a significant amount of debt financing transactions in Africa.

-ENDS-



For and on behalf of the Board.

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 Managing Director

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### About Sedgman

CIMIC Group company, Sedgman is a market leader in the design, construction and operation of mineral processing plants and associated minesite infrastructure. With a track record in successful project and operation delivery, Sedgman is focused on realising value for clients through excellence in engineering and innovative solutions.

From pre-feasibility and commissioning through to operations, Sedgman has completed close to 200 processing and materials handling projects in diverse and remote locations globally. Sedgman has a balanced commodity portfolio across base and precious metals, industrial minerals, coal and iron ore, as well as associated minesite infrastructure.

Sedgman is a wholly owned subsidiary of CIMIC Group Limited (ASX: CIM), a world-leading infrastructure, mining, services and public private partnerships group.

### About Azure Capital

Azure Capital is a leading Australian corporate advisory firm with offices in Perth and Brisbane. Established in 2004, Azure provides a range of advisory services, including in relation to mergers & acquisitions and financing transactions.

Azure's senior team has significant experience in advising on African mining project financings across a range of commodities.

### About Terrafranca

Terrafranca is a London-based, experienced debt financier focussed on the mining and metals sector with considerable experience in debt financing, including project bankability and arranging, structuring and executing financing transactions. Terrafranca's credentials comprise a substantial number of debt transactions in Africa including Botswana.

### About MOD Resources

**MOD Resources Ltd (ASX: MOD)** is an Australian-listed copper company actively exploring in the central Kalahari Copper Belt, Botswana. MOD owns 70% of a UK incorporated joint venture company, Metal Capital Limited with AIM-listed Metal Tiger Plc (30%).

Metal Capital's wholly owned subsidiary, Tshukudu Metals Botswana (Pty) Ltd (Tshukudu) is the Botswana operating company which owns 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. Tshukudu also holds the prospecting licence which covers the major part of the T3 Dome Complex.

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.

On 6 December 2016, MOD announced results of its scoping study for an open pit mine at T3. MOD announced an updated resource at T3 comprising 36Mt at 1.14% Cu containing 409kt copper, on 24 August 2017. MOD announced a further resource upgrade, comprising 60Mt @ 0.98% Cu and 14 g/t Ag containing ~590.4 Kt copper and 26.9 Moz silver, on 2 July 2018.

Results of a pre-feasibility study for a robust long life open pit mining and processing operation at T3 were announced on 31 January 2018 with the T3 Pit Feasibility Study due for completion Q1 2019.

MOD is conducting a substantial drilling program exploring for similar T3 type deposits at numerous other targets along the T3 Dome Complex. Drilling at the large A4 Dome within the T3 Dome Complex has already intersected strong visible copper mineralisation and first assay results reported on 6 August 2018 confirmed an outstanding intersection of 52m @1.5% Cu and 14g/t Ag, reminiscent of the discovery hole at T3. In addition, Tshukudu is advancing environmental approvals to conduct drilling at other high priority exploration targets at the extensive T20 Dome.

## Competent Person's Statement

The information in this news release that relates to Mineral Resource estimates (excluding prior estimates) is based on and fairly represents information and supporting documentation compiled by Dr Matthew Cobb; an employee of CSA Global Pty Ltd. Dr Cobb is a member of both The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Dr Cobb has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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". Dr Cobb consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information in this announcement that relates to Geological Data and the T3 Mineral Resource described in this release is reviewed and approved by Mr Bradley Ackroyd, BSc (Hons), Manager Mine Geology for MOD Resources Ltd. Mr Ackroyd is a registered member of the Australian Institute of Geoscientists and has reviewed the technical information in this report. Mr Ackroyd 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 of Exploration Results, Mineral Resources and Ore Reserves. Mr Ackroyd consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

## No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## 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.

Examples of forward looking statements included in this announcement are: 'The Feasibility Study is now based on an increase in the process plant throughput to 3Mtpa, with allowance for staged future expansion. Throughput selection was based on criteria that included the tonnes of indicated category resource, target mine life of at least 10 years and the optimal operational and financial outcome for MOD.' and 'The T3 Pit Feasibility Study remains on schedule for completion by the end of March 2019 and all key technical consultants are now engaged.' and 'The T3 Project is located at one of many 'domes' identified within the 700km<sup>2</sup> T3 Dome Complex that could, if mineable resources are discovered, utilise the proposed T3 process plant. We are continuing to fast-track exploration drilling at the nearby A4 Dome, where we announced outstanding first assay results earlier this week.' and 'Sedgman will also compile the final FS document incorporating inputs from the various consultants who are contributing to the study.' and 'The appointment of Sedgman is a great addition to an excellent team of Feasibility Study consultants. Their highly relevant EPC experience at the Boseto copper project in Botswana provides a high degree of confidence around in-country costs and implementation that will be important aspects of the study. We look forward to working closely with Sedgman, the Debt Advisers and the rest of the team to deliver a high quality Feasibility Study and progress the financing of the T3 Pit Project.'

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.



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**Table 1: T3 Revised Mineral Resource – at different cut-off grades**

JORC Category	Cut-off Cu%	Tonnes	Grade Cu%	Grade Ag g/t	Contained Cu (Kt)	Contained Ag (Moz)
<b>Indicated</b>	0.25	50,040,000	0.92	13.00	461.3	20.95
	0.4	36,631,000	1.14	16.00	417.0	18.60
	0.5	27,139,000	1.38	19.00	374.5	16.82
	1	14,154,000	2.06	31.00	291.9	14.30
	1.5	10,962,000	2.29	36.00	250.7	12.61
<b>Inferred</b>	0.25	27,667,000	0.68	10.00	187.3	9.18
	0.4	23,524,000	0.74	11.00	173.3	8.30
	0.5	19,884,000	0.79	11.00	156.9	7.35
	1	3,511,000	1.58	22.00	55.6	2.46
	1.5	1,640,000	2.04	29.00	33.5	1.55
<b>TOTAL</b>	0.25	77,706,000	0.83	12.00	648.6	30.14
	0.4	60,155,000	0.98	14.00	590.4	26.90
	0.5	47,023,000	1.13	16.00	531.5	24.17
	1	17,665,000	1.97	30.00	347.6	16.77
	1.5	12,602,000	2.25	35.00	284.2	14.16

The revised Mineral Resource estimate as announced on 16 July 2018 is summarised in Table 1 and includes estimates based on five different cut-off grades. The optimal marginal cut-off for Ore Reserves is under review as part of the Feasibility Study, including the consideration of a cut-off of approximately 0.4% Cu.