

MOD Enters Agreement to Sell Sams Creek Gold Project for A\$3.8 million

- MOD to receive total consideration of A\$3.8 million for the sale of Sams Creek
- MOD to retain up to 15% interest in Sams Creek upon Condamine completing an IPO
- MOD shareholders expected to receive a priority offer for shares in Condamine

MOD Resources Ltd (ASX: MOD) is pleased to announce that it has entered into a binding Share Sale Agreement (SSA) to divest its Sams Creek Gold Project (**Sams Creek Project**) in New Zealand to Condamine Resources Ltd (**Condamine**), for a total consideration of A\$3.8 million (**Sale**). Condamine is a newly incorporated company that intends to complete an IPO to list on the ASX during this calendar year.

On successful completion of the Sale, MOD will receive cash proceeds of A\$1.75 million and 10.25 million shares in Condamine at a minimum issue price of A\$0.20 per share for a total consideration of A\$3.8 million. MOD's interest in Condamine's post IPO issued capital could be up to 15%.

The Sale is consistent with MOD's focus on developing its portfolio of copper assets in Botswana, where it is aiming to become a long-life copper producer.

The SSA covers the Sams Creek Project, including EP 40338 (80%) and EP 54454 (100%). OceanaGold Corporation (TSX/ASX: OGC) (**OceanaGold**) holds the remaining 20% in EP 40338 through a joint venture with MOD (**Joint Venture**).

The Sale is subject to a number of conditions precedent (refer to Annexure A) including the transfer and assignment of OceanaGold's interest in the Joint Venture on terms acceptable to Condamine and conditional upon the quotation of Condamine shares on the ASX.

It is anticipated that MOD shareholders will receive a priority offer for shares in Condamine as part of Condamine's IPO. Further details will be outlined in Condamine's IPO prospectus which is currently due for release in August 2017.

MOD's Managing Director, Mr Julian Hanna, considers the Sale will represent a good outcome for shareholders and should enable the management team to put all its energies into Botswana.

"The SSA provides the opportunity to monetise the Company's non-core gold assets by divesting them to a new, dedicated New Zealand-focused gold exploration company," said Mr Hanna.

"This transaction has the additional benefit of preserving MOD shareholders' exposure to an excellent gold project which has significant upside. We look forward to supporting Condamine through the IPO process," he said.

Funds from the Sale are expected to be used to retire MOD's debt (currently A\$1.0 million), and contribute to expanding exploration and development activities at the Botswana Copper Project.

PCF acted as lead adviser to MOD and Paloma Investments is the lead advisor to Condamine and its anticipated IPO.

For and on behalf of the Board.

Julian Hanna
Managing Director

Mark Clements
Executive Chairman and Company Secretary

Margie Livingston
AMN Corporate
+61 438 661 131
margie@amncorporate.com

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.

On 6 December 2016, MOD announced the results of its scoping study for an open pit mine at T3. A pre-feasibility study (PFS) commenced in early 2017 and is targeted for completion in the December quarter 2017. A revised resource for T3 to include the recently discovered Zone 2 mineralisation is targeted to be completed in July 2017. This is expected to be incorporated into an expanded PFS.

MOD is continuing with the strategy to increase mineral resources and complete a PFS for a potential open pit mine and processing plant at T3 and conduct a substantial regional exploration program exploring for satellite deposits at other priority targets around T3 and on its regional holdings.

About Sams Creek

The Sams Creek Project is a substantial undeveloped gold project in New Zealand. The project includes a +1Moz porphyry hosted gold resource which remains completely open at depth and along strike, supporting significant additional exploration potential.

The Sams Creek Project may have the potential to be developed as an underground mine and is located close to power, infrastructure and a sealed road linking it to Port Nelson.

The Project hosts a JORC (2012) compliant mineral resource of 20.5Mt @1.54 g/t Au at a 0.7 g/t Au cut-off grade. This includes an indicated resource of 10.1Mt @1.77g/t Au for 575koz.

MOD's resource consultants have also conducted an informal review of the project assuming a 2.0g/t Au cut-off grade. This has provided confidence in the potential for substantial higher grade zones within the deposit which are likely to become priority drilling targets for Condamine.

About Condamine Resources

Condamine Resources Ltd (proposed ASX:CDN) is a gold exploration and development company, focused on opportunities in New Zealand.

The company is planning to list on the ASX in the December 2017 quarter.

With a rapid pathway to commercialisation and potential bolt-on exploration opportunities, Condamine aims to become a significant gold producer in New Zealand driving long-term value for shareholders.

Condamine has an underground mining strategy to minimise environmental impact, to selectively mine, and deliver high-grade feed for processing.

For further information, please visit www.condamineresources.com.

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.

Competent Person Statement

The information in this announcement that relates to Geological Data and Exploration Results at the Sams Creek Gold Project is based on and fairly represents information compiled by Mr Paul Angus, Project Manager of Sams Creek and a Director of MOD Resources Limited's subsidiary, Sams Creek Gold Limited. Mr Angus is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Angus has approved the Statement as a whole and consents to the inclusion in this announcement 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), Business Development Manager 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.

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.

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This announcement does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons.

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Sams Creek Resource Category	Cut-Off g/t Au	Tonnes (Mt)	Grade g/t Au	Contained 000's oz Au
Indicated	0.7	10.1	1.77	575
Inferred	0.7	10.4	1.31	439
TOTAL	0.7	20.5	1.54	1,014
Indicated	1.0	7.9	2.03	515
Inferred	1.0	5.8	1.70	315
TOTAL	1.0	13.7	1.89	830
Indicated	1.5	5.0	2.48	402
Inferred	1.5	2.5	2.33	187
TOTAL	1.5	7.5	2.43	588

Table 1: Sams Creek – Current Mineral Resource at different cut off grades (announced 9 October 2013)

Annexure A:**CONDITIONS PRECEDENT**

- Completion of due diligence by Condamine within 30 days from execution of the SSA.
- Condamine raising a minimum of A\$7.5 million in proceeds under the IPO from a prospectus lodged with ASIC.
- ASX confirming that it will grant conditional quotation of Condamine's shares on the ASX.
- Transfer and assignment of OceanaGold's interest in the Sams Creek Project on terms acceptable to Condamine.
- Approval from the New Zealand Minister of Mines to proceed with the Sale.
- No event considered to be materially adverse to the Sams Creek Project taking place before completion under the SSA.
- ASX confirming that Condition 11 to Listing Rule 1.1 does not apply with respect to the 10.25 million shares in Condamine being issued to MOD in part consideration for the Sale.
- Exploration license EP 54454 being renewed.
- A new deed of access being entered into with the Minister of Conservation in NZ in respect of the Sams Creek Project.

ASX has confirmed that Chapter 11 of the Listing Rules does not apply to the Sale.

OTHER KEY COMMERCIAL TERMS

- On completion of the Sale, MOD will receive a cash consideration of A\$1.75 million and total equity consideration of A\$2.05 million through the issue of 10.25 million shares in Condamine at an issue price of A\$0.20 per share. Assuming completion of the Sale is achieved, total consideration for the Sale is expected to be A\$3.8 million.
- The 10.25 million shares are subject to a voluntary 12-month escrow period or longer if so determined by ASX.
- If MOD receives a superior offer and enters into an agreement to undertake a competing transaction there will be a break-fee of A\$50,000 up to 30 September 2017 or A\$75,000 if the agreement is undertaken between 1 October 2017 and 31 December 2017.