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**MODUN RESOURCES LIMITED**

**ACN 066 139 991**

**NOTICE OF GENERAL MEETING**

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**TIME:** 10am (WST)  
**DATE:** 20 August 2014  
**PLACE:** Suite 6, 245 Churchill Avenue  
SUBIACO WA 6008

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9217 3300.*



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## **IMPORTANT INFORMATION**

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### **Time and place of Meeting**

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Notice is given that the Meeting will be held at 10am (WST) on 20 August 2014 at:

Suite 6, 245 Churchill Avenue,  
SUBIACO WA 6008

### **Your vote is important**

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The business of the Meeting affects your shareholding and your vote is important.

### **Voting eligibility**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm (WST) on 18 August 2014.

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### **Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

### **Transfer of non-chair proxy to chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

*The information in this Notice that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Mr Dwiyo TU Taruno of CSA Global Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. This information was prepared and first disclosed under the JORC 2004 Code. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Dwiyo TU Taruno 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 Dwiyo TU Taruno consents to the inclusion in this Notice of the matters based on this information in the form and context in which it appears.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 100,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### 2. RESOLUTION 2 – PLACEMENT – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 750,000,000 Shares at an issue price of no less than 0.2 cents per Share and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 21 July 2014**

**BY ORDER OF THE BOARD**

**HUGH WARNER  
CHAIRMAN**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. BACKGROUND

The Company has, since June 2011, been focussing its attention on the exploration and development of its Mongolian coal permits at the Nuurst Coal Project, the details of which have previously been announced to ASX.

Whilst we have achieved success in generating a 478 million tonne JORC reported Coal Mineral Resource at the Nuurst Coal Project (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred), as announced to the ASX on 8 November 2012, we have not been able to convert this asset into growth in the Company's share price and to date we have not been able to bring the project into production. A change in strategy is required.

As a consequence, the Company has been considering other opportunities available to it to bring value to its Shareholders. The consideration of these opportunities has led the Directors to develop three alternative strategies, to either:

- (a) sell the Nuurst Coal Project and focus on identifying a new asset that the Directors consider could bring value to Shareholders;
- (b) keep the Nuurst Coal Project and continue to explore and develop that Project while also looking at and acting on opportunities to acquire additional assets, and develop both of those assets side by side; or
- (c) continue to explore and focus on the Nuurst Coal Project solely.

The Company has been investigating the opportunity to diversify into the technology sector via the acquisition of a technology business. The Company has been advised by ASX that, if it does pursue this strategy, then it will most likely need to re-comply with Chapters 1&2 of the Listing Rules. If the Company sells the Nuurst Coal Project it will also need to re-comply with Chapters 1&2.

Clearly we could maintain our focus on the Nuurst Coal Project and not suffer any compliance burdens, but history has demonstrated that this is not a value creating strategy and so it is not our preferred course of action.

The Directors continue to assess opportunities across the range of the alternative strategies listed above, but as at the date of this Notice of Meeting, have not entered into any transaction that could define the path going forward for the Company.

In the interim, the Company proposes to raise funds to provide adequate capital cover to enable the Company to consider all of the alternative strategies outlined above and be in a position to act on any opportunity as and when it arises.

Resolution 2 relates to the approval of Shareholders to issue up to 750,000,000 shares at a minimum of 0.2 cents per Share for this purpose.

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## 2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

### 2.1 General

On 11 June 2014 the Company issued 100,000,000 Shares to a sophisticated investor, Leilani Investments Pty Ltd < Rice Family Investments>, which is not a related party, at an issue price of \$0.002 per Share to raise \$200,000.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 100,000,000 Shares were issued;
- (b) the issue price was \$0.002 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to a sophisticated investor, Leilani Investments Pty Ltd < Rice Family Investments>, which is not a related party of the Company; and
- (e) the funds raised from this issue have been allocated towards meeting the general working capital expenses of the Company.

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## 3. RESOLUTION 2 – PLACEMENT – SHARES

Resolution 2 seeks Shareholder approval for the issue of up to 750,000,000 Shares at a minimum of 0.2 cents per Share to raise a minimum of \$1,500,000 (assuming all Shares are issued) (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### 3.1 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 750,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively;
- (c) the issue price will be not less than 0.2 cents per Share;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) as at the date of this Notice, the Company intends to use the funds raised from the Placement as follows:
  - (i) up to \$500,000 towards a new exploration and drill program at the Nuurst Coal Project for the purpose of further expanding on the already received exploration data, further coal testing and other activities to ensure that the Nuurst Coal Project can be in a form which may be attractive to any potential acquirer;
  - (ii) \$500,000 towards considering and pursuing opportunities to acquire a new business in the information technology sector, which could include expenditure on due diligence, fees associated with any transaction or general expenses or costs of doing the transaction;
  - (iii) up to \$500,000 for working capital purposes, to ensure that the Company can be properly capitalised in the event that it is required to react to any potential transaction.

Shareholders should treat the above allocation of expenditure only as a guide, particularly when taking into account the information provided in Section 1 of the Notice of Meeting referring to possible changes in business strategy which may mean a reallocation of funds to what is provided above.

### 3.2 Dilution

The closing market price for Shares on 8 July 2014 was 0.2c.

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out above are issued, the number of Shares on issue would increase from 1,274,139,534 (being the number of Shares on issue as at the date of this Notice) to 2,024,139,534 and the shareholding of existing Shareholders would be diluted by 37%.



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## GLOSSARY

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**\$** means Australian dollars.

**15% Placement Capacity** has the meaning given in section 1.1 of the Explanatory Statement.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means Modun Resources Limited (ACN 066 139 991).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Nuurst Coal Project** means a wholly owned 3,451 Ha exploration licence located 120 kms south east of Ulaanbaatar in an area with a number of operating coal mines.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Sophisticated Investor** has the meaning prescribed by the Corporations Act and refers in the instant case to s708(8).

**WST** means Western Standard Time as observed in Perth, Western Australia.



## APPOINTMENT OF PROXY FORM

MODUN RESOURCES LIMITED  
ACN 066 139 991

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10am (WST) on 20 August 2014 at Suite 6, 245 Churchill Avenue, Subiaco WA 6008 and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

Voting on business of the Meeting		FOR	AGAINST	ABSTAIN
Resolution 1	Ratification Of Prior Issue – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Placement – Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolutions 1 and 2, and, your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 2.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

**Signature of Shareholder(s):**

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail:** YES  NO

## Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Modun Resources Limited, PO Box 1557, Subiaco WA 6904 Australia; or
  - (b) facsimile to the Company on facsimile number +61 8 9388 3006; or
  - (c) email to the Company at [info@modunresources.com](mailto:info@modunresources.com),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**