

MAHUMO PROJECT – DRILLING UPDATE #2

The Board of MOD Resources Limited (ASX: MOD) is pleased to report the second update from the current drilling program at the high grade Mahumo Copper/Silver Project in Botswana.

HIGHLIGHTS

- All ten shallow drill holes completed at West Zone deposit to date intersected encouraging widths of vein and disseminated copper mineralisation dominated by chalcocite.
- Chalcocite is a high tenor copper mineral (~80% Cu) which is interpreted to occur at very shallow depth at the West Zone, below 5-9m of soil and calcrete cover
- Samples from mineralised intersections in the first seven drill holes (MO-115-D to MO-121-D) have been sent for assay with results expected early November
- Second drill rig testing for extensions below the West Zone (>200m). Three deep pre-collars completed to date, awaiting a diamond drill rig to extend holes to intersect the target
- Drilling will resume on 30 October 2014 following a 5 day Botswana general election holiday

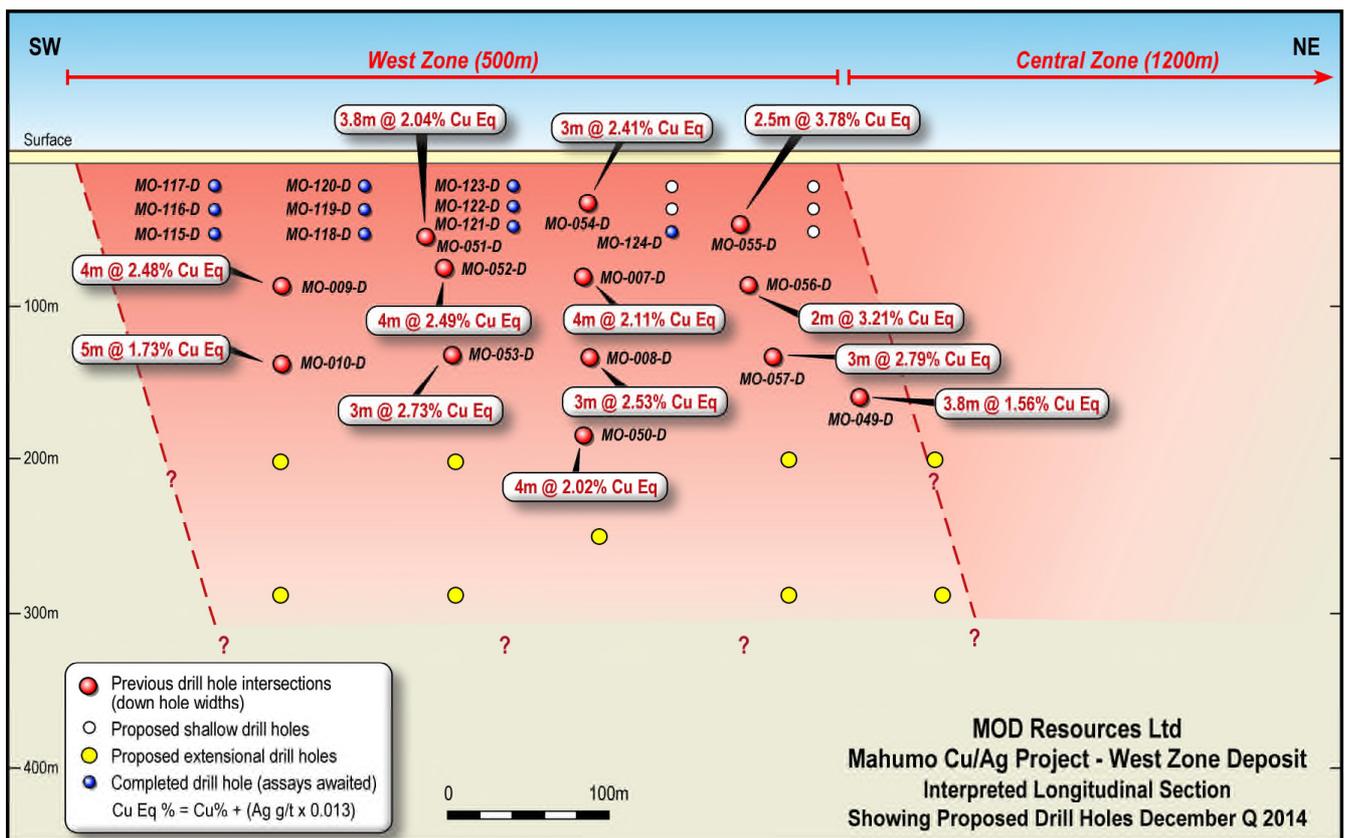


Figure 1: Interpreted longitudinal section of the Mahumo West Zone deposit showing completed and proposed drill holes

Drilling

Ten HQ diamond drill holes have been completed to date to a maximum vertical depth of approximately 50m (Table 1). The intersections are 15-20m apart on 100m spaced sections (Figure 1). The objective of this shallow drilling is to provide assay, metallurgical and geotechnical data in the area of the conceptual open pit shell at the West Zone. Shallow drilling is also planned to be carried out at the East Zone deposit.

All drill holes to date have intersected vein hosted and disseminated copper mineralisation over intervals between 4m to 9m down hole widths. Mineralisation identified in drill core appears to be dominated by chalcocite with minor malachite. Trace chrysocolla and native copper was observed in several drill holes at shallow depth. **Note:** Assay results are required to confirm the grades and widths of the copper mineralisation identified by visual logging and interpretation of the Mahumo drill core.

Assay Results

The first batch of samples has been sent for analysis with first assay results expected in early November. Because copper mineralisation identified in the drill core is dependent on confirmation by assay results, a JORC compliant Table 1 ('Reporting Exploration Results') will be included with future MOD releases when assay results are received.

Discussion

Managing Director Julian Hanna said; "MOD has already completed more than half the planned shallow drill holes within the conceptual pit shell for the West Zone. We are encouraged that vein hosted and disseminated copper mineralisation has been identified in every drill hole so far and look forward to reporting assay results when they become available."

"Deeper drilling testing for extensions below the West Zone has also commenced with the first drill hole expected to hit target in early November. Depending on results, the plan is to extend drilling coverage down to about 400m depth as part of MOD's next objective," said Mr Hanna.

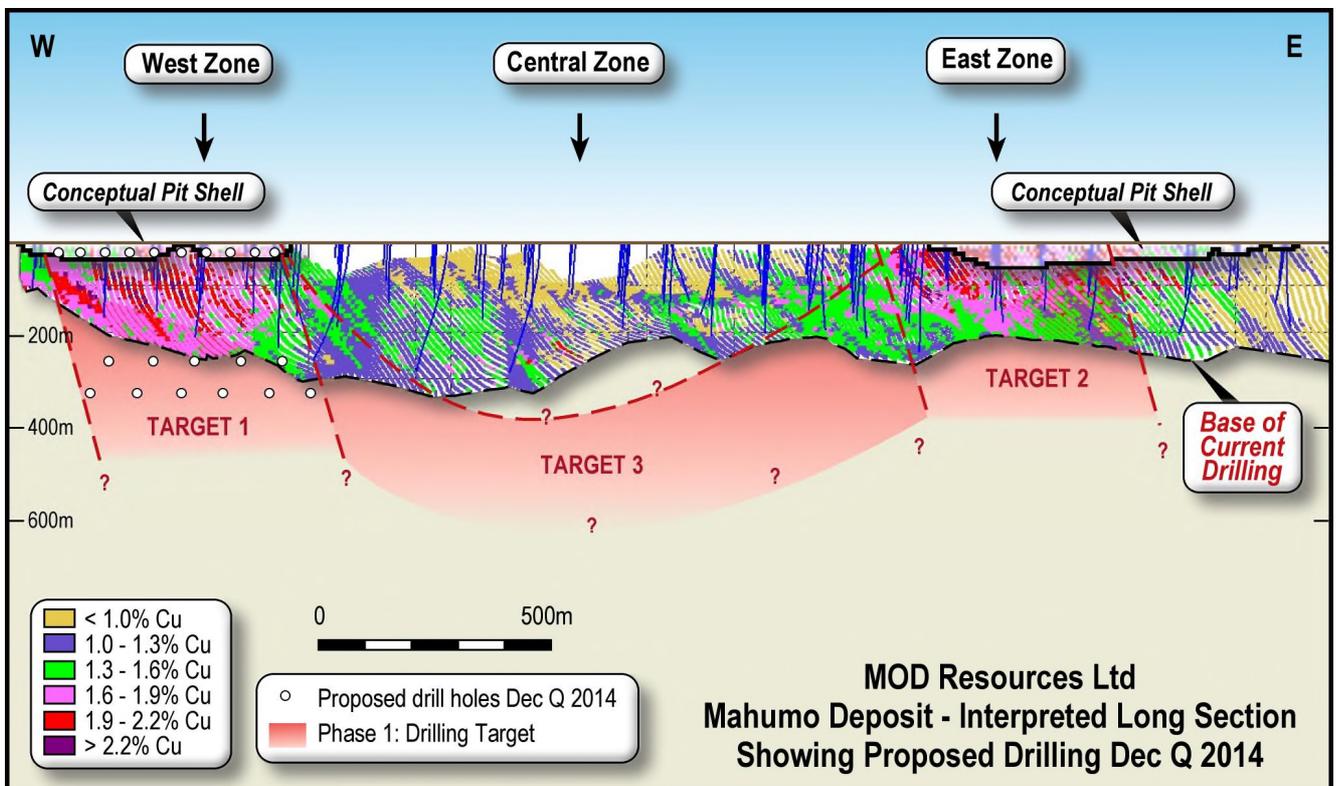


Figure 2: Interpreted 2.5km longitudinal section of the Mahumo Project showing targets and proposed drilling

| TABLE 1: DRILL HOLES COMPLETED TO 27 OCTOBER 2014 | | | | | | |
|---|----------|-----------|---------------|------------------|----------------------|-----------|
| Collar Location WGS 84 Datum Zone 34 South | | | | | | |
| Hole ID | UTM East | UTM North | Elevation (m) | Azimuth (degree) | Inclination (degree) | E.O.H (m) |
| MO-115-D | 645171 | 7658621 | 1092 | 325 | -60 | 60.9 |
| MO-116-D | 645167 | 7658628 | 1091 | 325 | -60 | 42 |
| MO-117-D | 645163 | 7658635 | 1088 | 325 | -60 | 34 |
| MO-118-D | 645262 | 7658671 | 1091 | 325 | -60 | 55.6 |
| MO-119-D | 645257 | 7658679 | 1088 | 325 | -60 | 42 |
| MO-120-D | 645252 | 7658684 | 1088 | 325 | -60 | 32 |
| MO-121-D | 645351 | 7658719 | 1090 | 325 | -60 | 56.8 |
| MO-122-D | 645347 | 7658726 | 1090 | 325 | -60 | 50.4 |
| MO-123-D | 645342 | 7658732 | 1090 | 325 | -60 | 36.9 |
| MO-124-D | 645435 | 7658768 | 1089 | 325 | -60 | 52.8 |

Table 1: Drill holes completed to 27 October 2014. Assays awaited.

For further information, please contact:**Julian Hanna**

Managing Director

MOD Resources Limited

Ph: (61 8) 9388 9449

jhanna@modresources.com.au

Mark Clements

Executive Chairman and Company Secretary

MOD Resources Limited

Ph: (61 8) 9388 9449

mclements@modresources.com.au

Competent Person's Statement

The information in this announcement that relates to Geological Data and Exploration Results at the Botswana Copper Project 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.

Information in this announcement relates to previously released exploration data disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information reviewed and approved by Jacques Janse van Rensburg, BSc (Hons), General Manager Exploration (Africa) for MOD Resources Ltd.

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. There has been insufficient exploration 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 no reference to new Mineral Resources or drill hole intersections which haven't been announced by MOD Resources Ltd previously.

Forward Looking Statements

This announcement may include 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 used in this announcement include:

‘All ten shallow drill holes completed at West Zone deposit to date intersected significant widths of vein and disseminated copper mineralisation dominated by chalcocite,’ and; ‘interpreted to occur at very shallow depth at the West Zone, below 5-9m of soil and calcrete cover,’ and; ‘All drill holes to date have intersected vein hosted and disseminated copper mineralisation over intervals between 4m to 9m down hole widths’.

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.

The announcement is for information purposes only. Neither this announcement nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. The announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

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. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent of the law, MOD Resources Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.