

MOD Steps Up Activities Along T3 Dome

- Drilling has commenced at T3 and is testing multiple exploration targets
- 11 RC and diamond drilling targets planned to be drilled during March Quarter 2017
- Magnetic Inversion, 3D IP and Cu soils to generate new targets along ~60km T3 Dome
- MOD well-funded to conduct substantial exploration and T3 PFS programs

MOD Resources Ltd (ASX: MOD) is pleased to provide the following update on activities planned for the March Quarter 2017 at the Company's copper/silver projects in Botswana.

The Company's T3 Project Area, part of a joint venture with AIM-listed Metal Tiger Plc (30%), will be the focus of MOD's exploration and T3 development campaign during 2017 (Figure 1). T3 is a new discovery which may potentially form part of a much larger sediment hosted copper footprint in the Kalahari Copper Belt.

The 2017 drilling program commenced on 7 January, initially using two diamond core and one RC drill rigs, with three additional rigs available on site as needed. Eleven exploration targets have been identified for drilling within the 983km² T3 Project Area during the Quarter. A substantial soil geochemical program covering the T3 Project Area is also underway and a state of the art 3D IP survey commences today to 'map' the T3 host sequence and identify deeper structural targets.

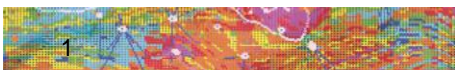
As part of the T3 PFS, a program of geotechnical and metallurgical drilling for the planned T3 pit has commenced. Pump testing of existing and planned water bores is also expected to start mid-February to identify potential sources of process water for the planned treatment plant.

Exploration priorities include:

- Resource extension drilling directly east and west of planned T3 pit
- Diamond drilling to follow up base metal (Pb/Zn) sulphides intersected up to 2km west of T3
- RC drilling to target the T3 host sequence at shallow depth in five areas along T3 Dome
- ~11,000 sample soil geochemical program to cover entire ~60km long T3 Dome
- 3D IP trial survey across T3 Dome to map host sequence and define new targets
- 3D inversion modelling of low altitude, close spaced magnetic data underway
- Diamond drilling to test existing and new magnetic, IP and Cu soil anomalies at depth

T3 PFS priorities include:

- HQ diamond drilling to provide geotechnical information to assist pit design
- Resource infill drilling to test extent of high grade bornite vein zone within planned pit
- Metallurgical drilling for further test work on the three sulphide ore domains
- Drilling and pump testing of proposed process water bores in area of T3 pit
- Baseline environmental studies and preparation of environmental management plan



Managing Director, Mr Julian Hanna said, “The exploration team will be drilling a wide range of high quality targets with the objective to make another discovery along the T3 Dome while the T3 Project is moving through the PFS and DFS stages towards becoming our first mine.”

“Not only does the T3 production start-up target in 2019 align with a possible uplift in copper prices, we are now in a strong position to unlock the value of any new discoveries along the T3 Dome.”

Exploration Program Outline – March Quarter 2017

The first RC drilling for 2017 is testing three separate soil anomalies which occur over ~5km along the northern flank of a distinctive magnetic feature, approximately 3km northwest of T3. RC drilling will then test a 4km long zone of folding of the host sequence interpreted from magnetics approximately 6km west along strike from T3. There is no drilling in either of these areas.

Three additional RC drilling targets have been identified based on existing untested Cu soil anomalies along the T3 Dome. Further RC targets are expected to be generated from the soil sampling program which is planned to comprise approximately 11,000 samples covering T3 Dome.

Diamond drilling will initially test down dip from disseminated base metal sulphides (galena, sphalerite, pyrite and chalcopyrite) intersected within the interpreted T3 host sequence in widely spaced RC drill holes extending up to 2km west of T3, and separately 1km southeast of T3. Most of these RC holes were drilled in late 2016. By analogy with the T3 deposit, although the base metals are unlikely to represent economic grades, they may be a pathfinder for deeper copper mineralisation.

Further diamond drilling is then planned to test the large IP anomaly interpreted approximately 1km down dip from T3 (at approximately 500m depth). Assay results received recently for the second diamond drill hole MO-3R-02D (previously MO-T3U-02D) to test this target were very positive.

MO-3R-02D intersected disseminated and narrow vein hosted chalcocite and bornite mineralisation which produced an intersection of **8m @ 0.74% Cu and 10g/t Ag** from 491m downhole depth, including **1.0m @ 1.1% Cu and 15g/t Ag** from 498m. This intersection is considered encouraging given the size of this as-yet poorly defined anomaly and the occurrence of veining and bornite within the host sequence. Drilling is expected to resume when results from the 3D IP survey are available.

Five diamond drill holes will be drilled to infill the high grade bornite vein zone in the western part of the T3 pit which remains widely drilled. Six additional holes will be drilled to test extensions 100m east and west of the current resource which remains open. Depending on the success of this infill and extension drilling, further drilling may be carried out on adjacent sections.

Diamond drilling is also planned to commence later in the March Quarter to test for potential depth extensions to MOD's 100% owned high grade T1 (Mahumo) resource. The objective is to scope out the potential for a substantial increase in the size of the resource below current drilling.

MOD's strategy is to progress development and exploration simultaneously to drive shareholder value. Following the placement announced on 19 December 2016, MOD now has sufficient funds to conduct a very active exploration and PFS campaign.

The MOD/Metal Tiger JV has also strengthened its position by gaining two year extensions over the majority of its substantial licence holdings and by expanding the two experienced and committed teams to develop T3 and explore for the next significant discovery in the Kalahari Copper Belt.

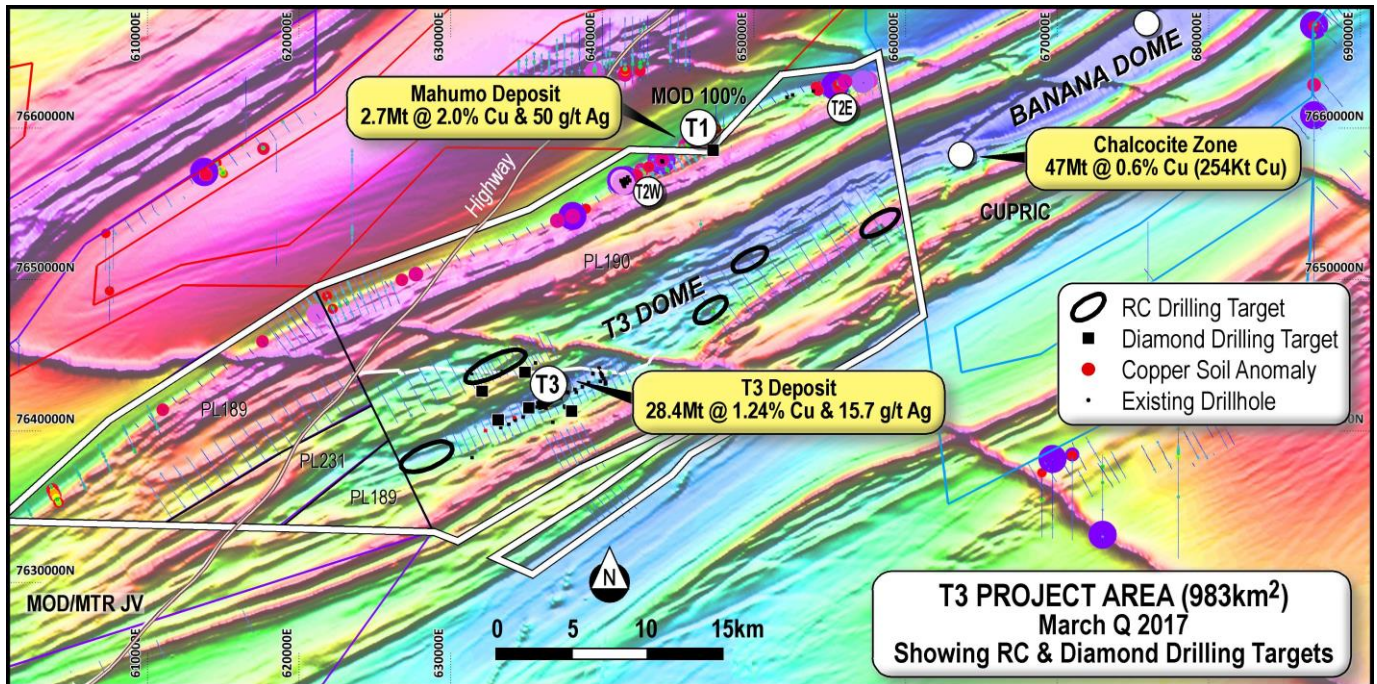


Figure 1: Magnetic image showing T3 Project Area and planned drilling targets for March Quarter 2017

- ENDS -

For and on behalf of the Board.

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Managing Director

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Executive Chairman and Company Secretary

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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 with a 2Mtpa processing plant, an indicative mine life of 10 years and an average production rate of 21,800tpa of copper and 665,000tpa of silver. A pre-feasibility study (PFS) commenced in early 2017.

MOD is continuing with the strategy to test extensions to T3 and conduct a regional exploration program exploring for satellite deposits at other priority targets around T3.

Competent Person's Statement

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.

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.

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. Apart from T3 and T1, there has been insufficient exploration at other Exploration Targets (for example the "T3 Dome") mentioned in this announcement to define a Mineral Resource and it is uncertain if further exploration will result in the Exploration Targets along the T3 Dome being delineated as a Mineral Resource. This announcement includes drill hole intersections, which have been announced by MOD Resources Limited previously.

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: 'T3 is a new discovery which may potentially form part of a much larger sediment hosted copper footprint in the Kalahari Copper Belt' and '3D IP survey commences today to 'map' the T3 host sequence and identify deeper structural targets' and 'The exploration team will be drilling a wide range of high quality targets with the objective to make another discovery along the T3 Dome' and 'T3 production start-up target in 2019 align with a possible uplift in copper prices, we are now in a strong position to unlock the value of any new discoveries along the T3 Dome' and 'RC drilling will then test a 4km long zone of folding of the host sequence interpreted from magnetics' and 'By analogy with the T3 deposit, although the base metals are unlikely to represent economic grades, they may be a pathfinder for deeper copper mineralisation' and 'Drilling is expected to resume when results from the 3D IP survey are available' and 'The objective is to scope out the potential for a substantial increase in the size of the resource below current drilling'.

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.

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HOLE_ID	WGS84_34S_E	WGS84_34S_N	AZI	DIP	DEPTH EOH (m)
MO-3R-02D (previously MO-T3U-02D)	636114	7642543	160	-80	550.77

Table 1: Drilling parameters for drill holes described in this announcement

JORC Code, 2012 Edition
Table 1 Reporting Exploration Results from Botswana Copper/Silver Project
Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</i> 	<ul style="list-style-type: none"> • Drill core was sampled in 1m intervals or as appropriate to align with the geological contacts • All samples were geologically logged by a suitably qualified geologist on site • Samples are submitted to Setpoint Laboratories in Johannesburg
Drilling techniques	<ul style="list-style-type: none"> • <i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i> 	<ul style="list-style-type: none"> • The diamond drilling referred to in this release was either drilled by HQ diameter drill core or NQ diameter drillcore
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> 	<ul style="list-style-type: none"> • Diamond drilling recorded recovery. Core recovery was good

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • During the core logging geologists follow MOD's standard operating procedure for RC and Diamond logging processes. The metre interval (from and to) is recorded and the data below is described within the drill logs: <ul style="list-style-type: none"> • Major rock unit (colour, grain size, texture) • Weathering • Alteration (style and intensity) • Mineralisation (type of mineralisation, origin of mineralisation, estimation of % sulphides/oxides) • Veining (type, style, origin, intensity) • Data is originally recorded on paper (hard copies) and then transferred to Excel logging sheets • Logging is semi quantitative based on visual estimation • For diamond drilling the geological logging process documents lithological and structural information as well as geotechnical data such as RQD, recovery and specific gravity measurements
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • All NQ diameter core samples for the drill hole intersections were taken as half core samples. HQ diameter drill core samples were taken as quarter core samples • MOD took photos of all core samples on site • MOD has implemented an industry-standard QA/QC program. Drill core is logged, split by sawing and sampled at site. Samples are bagged, labelled, sealed and shipped to the Set Point prep-laboratories in Johannesburg, SA, by the project manager • Field duplicates, blanks and standards are inserted at a ratio of 1:10. Setpoint also has its own internal QA/QC control to ensure assay quality
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> 	<ul style="list-style-type: none"> • Field duplicates, blanks and standards are inserted at a ratio of 1:10 on site • At the lab the split for analysis is milled to achieve a fineness of 90% less than 106 µm (or a fineness of 80 % passing 75 µm. Prep QC: At least one out of every 10 samples of every batch is screened at 75µm or 106µm, whichever is applicable, to check that 80% of the material passes. The % loss for samples screened should be <2%

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Analysis for 5 elements by determination of 3 acid digest followed by ICP-OES finish as well as A S Cu: PROCEDURE: One gram of pulp material is digested using a combination of three acids (HNO₃, HClO₄ and HCl) and made up to a volume of 100ml. The resulting solutions are analysed for metals by the technique of ICP-OES (Inductively Coupled Plasma – Optical Emission Spectrometry) REPORTING: A detection limit of <10ppm is reported. Values >10ppm are reported with no decimals and when the midpoint (5) between rounded off values is reached the number is rounded up. Below the midpoint, the number is rounded down All reported results are down hole widths
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic protocols). Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> 15-20% QA/QC checks are inserted in the sample stream, as lab standards, blanks and duplicates
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> The collar coordinates of the drill holes were taken by hand held GPS and are reflected in Table 1 Down hole surveys have been done on all diamond holes
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Samples of drill core for assaying were throughout taken at 1m intervals
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. 	<ul style="list-style-type: none"> Drilling planned at right angles to known strike and at best practical angle to intersect the target mineralisation at approximately right angles

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Sample bags were tagged, logged and transported to Setpoint laboratory in Johannesburg by Project Manager
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> MOD's sampling procedure is done according to standard industry practice

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> PL190/2008 is a granted Prospecting Licence held by 100% by Discovery Mines (Pty) Ltd which is wholly owned by Tshukudu Metals Botswana (Pty) Ltd which is wholly owned by Metal Capital Limited which is owned 70% MOD Resources Ltd and 30% Metal Tiger Plc. In November 2016, the Minister of Minerals, Water and Energy extended the licence date to 31 December 2018
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Limited previous exploration in the area of drilling apart from widely spaced soil sampling conducted by Discovery Mines, as well as two previously drilled, diamond drill holes
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The visible copper mineralisation intersected in drill holes on PL190/2008 is interpreted to be a Proterozoic or early Palaeozoic age vein related sediment-hosted occurrence similar to other known deposits and mines in the central Kalahari Copper Belt
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth 	<ul style="list-style-type: none"> All information relating to the diamond and RC drill holes described in this announcement are listed in Table 1 of the release All diamond drill holes are surveyed RC drill holes are not surveyed There is no material change to this drill hole information

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> ○ hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	
Data aggregation methods	<ul style="list-style-type: none"> • In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high-grades) and cut-off grades are usually Material and should be stated. • Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. • The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> • Significant copper and silver intersections will be compiled and reported by MOD as received from the laboratory
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> • These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> • True widths are not quoted • Down hole widths are used throughout
Diagrams	<ul style="list-style-type: none"> • Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> • An image of T3 Project area showing current resources is shown at Figure 1
Balanced reporting	<ul style="list-style-type: none"> • Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high-grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> • The accompanying document is considered to be a balanced report with a suitable cautionary note
Other substantive exploration data	<ul style="list-style-type: none"> • Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; 	<ul style="list-style-type: none"> • All substantive data is reported

Criteria	JORC Code explanation	Commentary
	<p><i>metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></p>	
Further work	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Any further work on PL190/2008 will be dependent on results from the soil sampling, RC and diamond drilling programs and IP traverses within the T3 Host Sequence along strike and down dip from the T3 deposit