ANNUAL REPORT

For the year ended 31 December 2017

MOD Resources Limited
ABN 78 003 103 544

CORPORATE DIRECTORY

Directors

Mr Mark Clements	(Executive Chairman)
Mr Julian Hanna	(Managing Director)
Mr Steven McGhee	(Technical Director)
Mr Simon Lee AO	(Non-Executive Director)
Ms Bronwyn Barnes	(Non-Executive Director)

Secretary

Mr Mark Clements

Registered Office

First Floor, 1304 Hay Street
WEST PERTH WA 6005
Telephone: (61 8) 9322 8233
Facsimile: (61 8) 9322 8077
E-mail: administrator@modresources.com.au
Website: www.modresources.com.au

Share Registry

Security Transfer Australia Pty Ltd
Suite 511, The Trust Building
155 King Street
SYDNEY NSW 2000
Telephone: 1300 992 916
facsimile: (61 8) 9315 2233
E-mail: registrar@securitytransfer.com.au

ASX CODE: MOD

Auditors

Grant Thornton Audit Pty Ltd
Central Park
Level 43, 152-158 St Georges Terrace
PERTH WA 6000

CONTENTS

Dear Shareholder

On behalf of the Board of Directors of MOD Resources Limited, ("MOD" or "the Company") it is my pleasure to present the Company's Annual Report for the period ending 31 December 2017.

Over the past twelve months, your Company completed another successful year with many achievements in exploration and culminating in the recently announced Pre-Feasibility Study (PFS) for the proposed open pit copper mine at the T3 Pit Project.

Dedication and hard work has gone into preparing the PFS and the outcome, confirming a robust, long-life copper mine, is a credit to all who contributed to the study.

Due to the robust financial outcomes indicated by the PFS, the Boards of MOD and joint venture partner Metal Tiger Plc (30%) have agreed to proceed with a Feasibility Study that commenced in Q1 2018.

In addition to the T3 Pit Project, confidence has grown in the potential of the T3 Underground Project which has prompted a systematic drilling program with the objective to drill-out an underground resource.

Other highlights throughout the year included the revised Mineral Resource announced in the September quarter which delivered a 16% uplift to more than 400,000 tonnes of contained copper. The T3 Project planned plant throughput capacity was also upgraded to 2.5Mtpa (a 25% increase on the scoping study plant capacity) with potential for expansion up to 4.0Mtpa.

The September quarter saw the doubling of the exploration budget to A$10M in recognition of the significant untested potential within the Company's regional licence holdings. We have a big year planned for 2018 with a number of drilling programs on the T3 Dome and T20 Dome as soon as environmental approvals have been obtained plus resource extension drilling at T1 Underground and T3 Underground and Scoping Studies for both underground projects.

We believe it is our regional exploration potential, which has so many different targets outside T3, which may prove to be the game changer for MOD.

Subsequent to year end we completed an oversubscribed placement of $12M (before costs) and as at the date of this report shareholders have the ability to participate in a fully underwritten rights issue to raise a further $6.3M (before costs) at the same issue price as the placement.

The global outlook for copper producers is positive. Copper is currently in a supply deficit which is likely to increase over the next three years. Key factors affecting production of new copper are declining grades (with fewer high-grade discoveries) and not enough new mine production to meet demand. A recent McKinsey Global Institute report signalled strong growth for copper over the next two decades, alongside a depletion of copper ores after 2025 further exacerbating constrained supply.

This means that demand for copper will remain strong and MOD is well positioned to potentially become a lead player in the supply of copper from its projects in the Kalahari Copper Belt.

In the September quarter MOD entered into a Share Sale Agreement to sell the Sams Creek Gold Project in New Zealand for A$3.8 million, providing the opportunity to monetise the Company's non-core assets and focus development activities at the Botswana Copper Project.

We also strengthened our Board in 2017 with the appointment of independent Non-Executive Director Ms Bronwyn Barnes. Bronwyn's significant experience with African mining projects and broad experience in the resources sector are important assets to MOD during this period of rapid activity and growth.

With the many achievements in 2017 and a large schedule planned for 2018, I would like to thank MOD's management teams in Australia and Botswana, all staff, technical advisors and consultants who have helped us reach our successes to date. I would also like to thank all shareholders for your ongoing support.

We are well funded to pursue our aggressive exploration program and believe the development of the T3 mine is just the start of another positive year ahead.

MARK CLEMENTS
Executive Chairman

Dear Shareholder

It is my pleasure to inform you that 2017 was a successful and positive year for your Company and we will continue to focus on the vast opportunities across our projects in the Botswana Copper Belt.

MOD's strategy over the past 12 months has been to focus on continued exploration success, progressing T3 rapidly towards production and sensible capital management. This strategy remains in place and considering the success achieved to date, coupled with what we have planned for the coming twelve months, I believe it is undeniable that your Company is charging ahead in all three areas.

The T3 Project was a main focus for the Company over the past 12 months and we enjoyed further exploration success, an increased Mineral Resource and I'm delighted to report that on 31 January we completed the Pre-Feasibility Study (PFS) for the T3 Open Pit project.

MOD presented two cases for the PFS with the Base Case established on a Proved and Probable Ore Resource and an Expansion Case with a Production Target utilising the Base Case Ore Reserve and additional production from existing Inferred, Measured and Indicated Mineral Resources from year 4 onwards.

The PFS Base Case with plant throughput of 2.5Mtpa indicated a technically sound and financially robust project generating approximately US$730 million (~A$960m) EBITDA over nine years. The Expansion Case has the potential to have an EBITDA in excess US$1.1 billion (~A$1.45B) over approximately twelve years.

Due to the robust financial outcomes indicated by the PFS, the Boards of MOD and joint venture partner Metal Tiger Plc (30%) agreed to proceed to a Feasibility Study which commenced in Q1 2018. This is a huge step forward as we progress towards becoming a substantial copper producer in Botswana and I would like to thank everyone who provided input and advice in delivering these outstanding results.

The T3 resource remains open along strike and at depth. The program of resource extension drilling is still in progress at T3 and is generating additional positive results with the revised resource estimate due to be presented during the first half of 2018. Potential exists at the T3 Underground Project and with a diamond drilling program currently underway we hope to move towards a resource estimate and scoping level study in 2018.

Another exciting development for MOD is that the Board approved a 50% increase in the exploration budget taking it up to A$10 million.

This is a result of the enormous exploration success which MOD achieved in 2017 with an AEM survey completed at T3 Dome identifying numerous new targets for drilling as well as the intersection of copper west and east of the planned T3 pit.

The potential for exploration success outside T3 is huge. MOD's footprint in the copper belt is substantial and we have identified a zone of soil and EM anomalies extending over more than 140 kilometres along our Central Structural Corridor. This includes the 50km long T3 Dome hosting the T3 deposit and 60 kilometre long zone hosting numerous soil anomalies within the T20 Dome. Exploration continues and will be ramped up at several targets including T4 and T12.

In addition, MOD has allocated about A$2.5 million of the expanded exploration budget to accelerate exploration specifically targeting extensions to the high-grade T1 resource and the potential of the extensive T7 Dome area held 100% by MOD.

The focus on all these exploration targets may lead to a further substantial increase in the exploration budget compared with the A$10 million announced in September 2017.

Your Board is committed to, and believes in, the potential that exploration can deliver to your Company. We believe we have only just scratched the surface of the prospective value in our landholdings and we are excited for the future and what we will uncover in Botswana.

Of course, current successes and current and future exploration is only achieved with hard work, commitment and optimism. The teams we have established in both Perth and Botswana are all three: hard-working, committed and optimistic. I would like to take this opportunity to thank all our managers, employees and consultants for an outstanding year of dedication and results. As Managing Director, I am very proud of the teams we have established and those who have helped lay the foundations for our success today, tomorrow and into the future.

MOD's Botswana operating company Tshukudu became fully operational during the first quarter of 2017 and now employs all in-country staff. Tshukudu is owned 70% by MOD via its equity interest in the joint venture company, Metal Capital Ltd and holds 18 prospecting licences including the T3 Project. Tshukudu is an important part of MOD's plan to build a successful operating company in Botswana.

MOD's dual focus on rapid development of a new copper mine and aggressive exploration to build on the standout T3 discovery and PFS has, attracted the interest of investors in Australia and internationally during 2017. Our investor relations program going forward will continue to focus on both Australia and abroad as the global copper outlook remains favourable and copper's star rises in the marketplace.

It is certainly exciting times for MOD and I would like to thank my fellow Board members for their advice and direction as we embark on another year of great achievements and head further towards our aim of becoming a significant copper producer in Botswana.

JULIAN HANNA
Managing Director

The Directors submit their report together with the financial report of MOD Resources Limited ("Consolidated Entity" or "Group") for the year ended 31 December 2017 and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the financial year are:

Mr Mark Clements (Executive Chairman and Company Secretary)
Mr Clements has over 20 years' experience in corporate accounting and public company administration. He is a Fellow of the Institute of Chartered Accountants in Australia and a Member of the Australian Institute of Company Directors. Since 1997, Mr Clements has held the roles of Chief Financial Officer and Company Secretary of Medical Corporation Australasia Limited (which changed its name to MOD Resources Limited in July 2011) and has been responsible for the financial and corporate administration of the Company. Mr Clements was appointed Chief Operating Officer of the Company in 2005 and became an Executive Director in 2006. Mr Clements was a Director of Indigo Properties Australia Limited and is currently a Non-Executive Director of MSM Corporation International Ltd and Company Secretary for a number of diversified ASX listed companies. Mr Clements previously worked for an international accounting firm. Mr Clements was appointed Chairman of the Company on 30 April 2014. Mr Clements is also a Director of Tshukudu Metals Botswana (Pty) Ltd.

Mr Julian Hanna (Managing Director)
Mr Hanna is a geologist with over 35 years' experience in a wide range of activities including project acquisitions, exploration, development, mining and corporate growth. This includes 15 years in senior management roles with a number of gold mining companies in Western Australia. Mr Hanna was the Managing Director of Western Areas NL for 12 years before stepping down from that position in January 2012. He was a co-founder of Western Areas and led the company during its transformation from a $6 million junior explorer to become Australia's third largest nickel mining company capitalised at more than $800 million. Mr Hanna was a Non-Executive Director of Western Areas NL until May 2016. Mr Hanna was appointed Non-Executive Director of the Company on 22 January 2013 and was then appointed Managing Director on 19 March 2013. Mr Hanna is also a Director of Metal Capital Limited and Tshukudu Metals Botswana (Pty) Ltd.

Mr Steve McGhee (Technical Director)
Mr McGhee is a metallurgist with over 30 years' experience in the mining industry covering, testwork management, project development, engineering, commissioning and process plant management. He has held senior management operations and project roles throughout Australia, South East Asia and South America with particular emphasis on gold and base metals. He is also a Director of Perth-based Independent Metallurgical Operations. Mr McGhee was appointed Non-Executive Director on 30 April 2014 and moved to an executive role effective 1 January 2017.

Mr Simon Lee AO (Non-Executive Director)
Mr Lee AO has a successful track record in the resources industry spanning 27 years. He was instrumental in building gold mining houses Great Victoria Gold NL, Samantha Gold NL and Equigold NL – which was taken over by Lihir Gold for $1.1 billion. In 1993, Mr Lee AO received the Advance Australia Award for his contribution to commerce and industry and in 1994 he was bestowed an Officer of the Order of Australia. During his corporate career, Mr Lee AO has been involved in a diverse range of business enterprises which have seen him based in Asia, England, Canada and Australia. He is a former Board Member of the Australian Trade Commission (AUSTRADE), Chairman of the Western Australian Museum Foundation Trust and former President of the Western Australian Chinese Chamber of Commerce. Mr Lee is also Chairman of Emerald Resources NL. Mr Lee was appointed Director of the Company on 13 January 1997 and was Chairman of the Company from the date of appointment until April 2011.

Ms Bronwyn Barnes (Non-Executive Director)
Ms Barnes has had an extensive range of experience across mining in Australia and overseas for companies ranging from BHP Billiton to emerging juniors in director, leadership and operational roles. Most recently she was Executive Chair of Windward Resources Ltd where she oversaw the successful on market takeover of Windward by Independence Group NL and before this spent 4 years as Deputy CEO of AMC Bauxite Ltd, operating in Guinea, West Africa. Ms Barnes is the non-executive Chair of Auris Minerals Limited (ASX: AUR) and Indiana Resources Limited (ASX: IDA) and formerly a non-executive Director of JC International Ltd (ASX: JCI). She is also a member of the Executive Council of the Association of Mineral and Exploration Companies (AMEC) and a member of the Advisory Council for the Curtin University School of Business. Ms Barnes was appointed Director of the Company on 18 September 2017.

CORPORATE INFORMATION

Corporate Structure

MOD Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. It is the ultimate parent entity. MOD Resources Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the Group's controlled entities at Note 23.

Nature of Operations and Principal Activities

The principal activities of the consolidated entity during the financial year ended 31 December 2017 were exploration for copper and silver in Botswana.

Operating Result

The consolidated net loss for the year ended 31 December 2017 was $3,320,669 (2016 net loss: $1,920,772).

MOD's cash on hand as at 31 December 2017 was A$10 million. As at 31 December 2017, debt was A$0.5 million. Post the end of the quarter, debt reduced to A$0.25 million following repayment of A$0.25 million made in early January 2018.

BOTSWANA COPPER/SILVER PROJECT

JOINT VENTURE LICENCES (MOD 70%; Metal Tiger Plc 30%)

T3 Project (MOD 70%)

T3 is located within the central part of the T3 Dome (approximately 1,000km^2) which is the focus of rapidly increasing exploration activity.

The T3 deposit was discovered in March 2016, when an RC drill hole intersected 52m @ 2.0% Cu and 32g/t Ag from shallow depth, immediately below a low order copper soil anomaly (28ppm Cu). In September 2016, six months after the discovery of T3, MOD announced a maiden resource at T3 comprising 28.36Mt grading 1.24% copper and 15.7g/t silver, containing approximately 350Kt copper (~772Mlbs copper) and >14Moz silver.

The maiden resource included 18Mt grading 1.35% Cu and 16.7g/t Ag in the Indicated Resource category which represented 64% of the total resource, announced 26 September 2016. This resource formed the basis of a scoping study, announced on 6 December 2016, for an open pit mine. The scoping study indicated potential for strong financial outcomes.

The T3 resource is open along strike to the west and at depth. A program of resource infill and extension drilling commenced in February 2017 and this led to the discovery of the underlying Zones 2 and 3. The program of resource infill and extension drilling is still in progress at T3 and is generating additional positive results.

On 24 August 2017, MOD announced a revised Mineral Resource estimate comprising 36Mt, grading 1.14% copper and 12.8g/t silver, containing approximately 409Kt of Cu and 14.8Moz silver. The total revised resource represented a 27% increase in resource tons at a cut-off grade of 0.5%. The revised resource model highlighted exceptional horizontal widths of >1% Cu mineralisation, up to 180m across the planned pit. Details of the revised Mineral Resource estimates at different cut-off grades, including an additional largely Inferred low-grade resource containing approximately 47.6Kt copper using a cut-off grade of 0.25% Cu, are summarised below (Table 1).

JORC Category	Cut-off Cu (%)	Quantity (t)	Grade Cu (%)	Grade Ag (g/t)	Contained Cu (Kt)	Contained Ag (Moz)
Measured	0.25	10,290,000	1.15	11.59	154	3.83
	0.5	8,954,000	1.27	12.50	113	3.60
	1.0	6,548,000	1.45	13.58	95	2.86
	1.5	2,179,000	1.90	17.91	41	1.25
Indicated	0.25	14,161,000	1.01	10.93	143	4.98
	0.5	11,202,000	1.19	12.50	133	4.50
	1.0	7,240,000	1.42	14.07	103	3.28
	1.5	2,200,000	1.89	18.07	42	1.28
Inferred	0.25	25,620,000	0.76	9.98	195	8.22
	0.5	15,810,000	1.03	13.09	162	6.65
	1.0	6,786,000	1.42	16.59	96	3.62
	1.5	2,108,000	1.91	20.66	40	1.40
TOTAL (Measured, Indicated) & Inferred)	**0.25**	**50,071,000**	**0.92**	**10.58**	**461**	**17.03**
	0.5	**35,966,000**	**1.14**	**12.79**	**409**	**14.79**
	1.0	**20,574,000**	**1.43**	**14.73**	**293**	**9.74**
	1.5	**6,487,000**	**1.90**	**18.84**	**123**	**3.93**

Table 1: T3 Resource Table

The T3 resource remains open along strike and at depth. Further excellent resource drilling results were announced 5 January 2018, with significant widths of high-grade vein hosted copper and silver. Results included hole MO-G-94D which returned a record intersection of 18m @ 4.3% Cu and 94g/t Ag from 146m downhole depth within a wide zone of 53.9m @ 2.0% Cu and 40g/t Ag from 128.5m downhole depth (Figure 1). This intersection occurred in the middle of the T3 Pit Project, approximately 100m above an intersection of 72.6m @ 1.5% Cu and 27g/t Ag from 250m downhole depth in MO-G-65D, below the planned pit design (Figure 1).

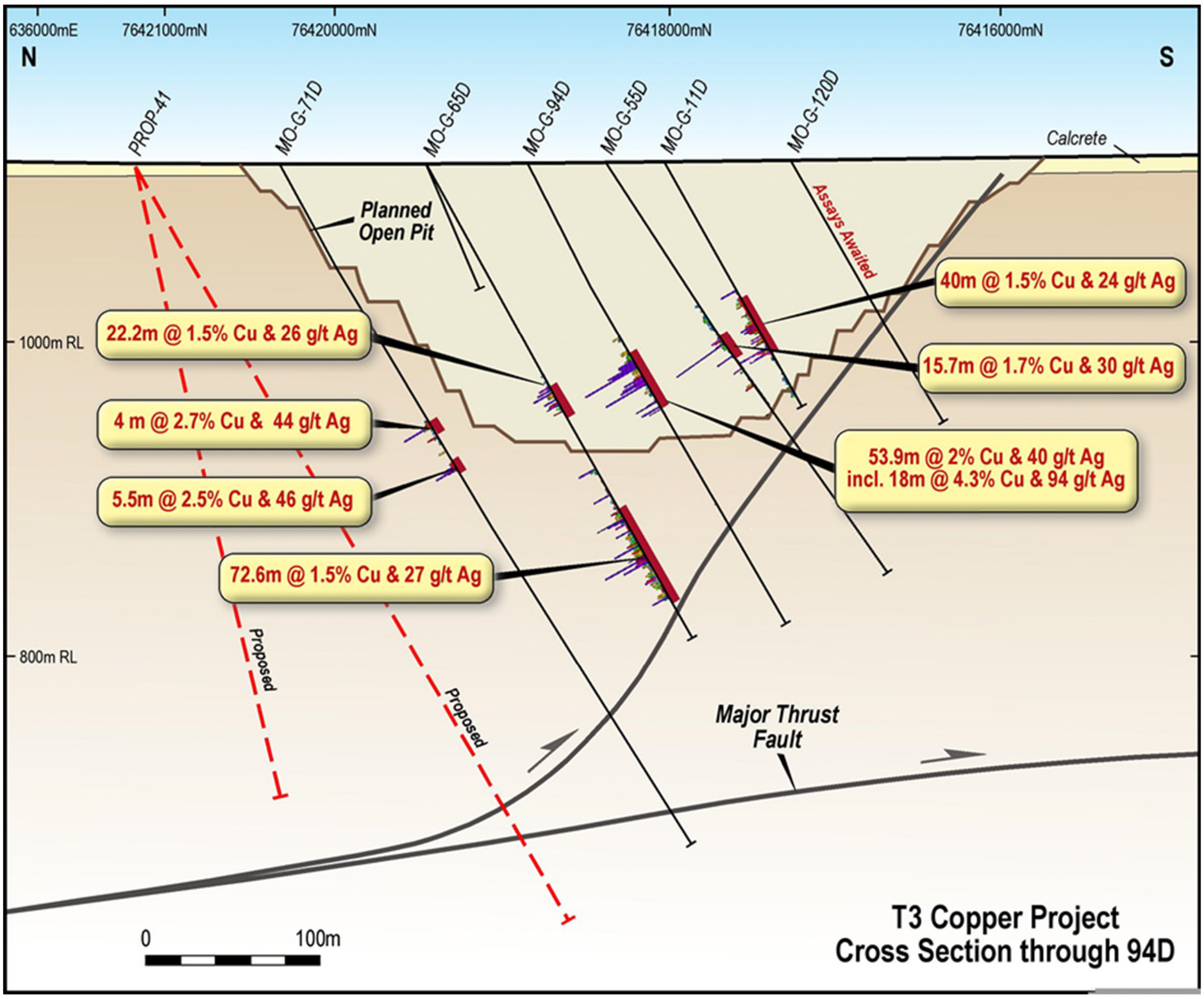

Figure 1: Simplified cross section through planned T3 Pit showing significant intersections including MO-G-94D and MO-G-65D announced previously.

A revised resource estimate will be announced during the second quarter of 2018.

T3 Pit Project – Pre-Feasibility Study (PFS)

Subsequent to the reporting period, MOD announced on 31 January 2018 that the PFS for its proposed open pit mine and copper concentrator at T3 Pit Project had delivered outstanding results.

MOD has presented two cases for the PFS, with the **Base Case** based on a Proved and Probable Ore Reserve and an **Expansion Case** with a Production Target utilising the Base Case Ore Reserve and additional production from existing Inferred, Measured and Indicated Mineral Resources from Year 4.

The PFS Base Case with plant throughput of 2.5Mtpa indicates a technically sound and financially robust project generating ~**US$730m (~A$960m) EBITDA** over 9 years.

Due to the robust financial outcomes indicated by the PFS, the boards of MOD and joint venture partner, Metal Tiger Plc (30%) have agreed to proceed with a Feasibility Study (FS) commencing Q1 2018.

Highlights – Base Case

The PFS Base Case assumes open pit mining and conventional flotation ore processing with a plant throughput of 2.5Mtpa and ore supply from Proved and Probable Ore Reserves.

Strong Project Economics[1]

- NPV of US$281m (A$370m) pre-tax, using long term US3.00/lb Cu and 8% real discount rate
- Net cashflow of US$530m (A$697m) pre-tax, inclusive of development capital
- Annual free cash flow US$77m (A$101m) pre-tax, from production start
- Payback 2.7 years from production start

Low Cost Operations

- Estimated average C1 costs of US$1.22/lb Cu including silver credits
- All in sustaining unit costs (AISC) of US$1.36/lb Cu including silver credits
- LOM cash break-even copper price of US$1.78/lb Cu on an undiscounted basis

Capital Costs and Infrastructure

- Pre-production capital expenditure of US$155m including US$17m contingency
- Low LOM sustaining capital expenditure of US$31m
- Assumes grid power expected January 2022 adding ~US$10m EBITDA pa

Project Parameters

- Maiden Ore Reserve containing 218kt Cu and 7.1Moz Ag
- Base Case 8.8 year mine life from production start
- Average production of 23kt pa Cu and 690koz pa Ag in concentrate
- Waste to Ore ratio 4.76

.

[1] Unless otherwise stated, all financial numbers quoted on the PFS are in US$ and based on 100% of the project and not subject to inflation or escalation factors. All years are calendar years. All cash costs are calculated on 100% payability basis. NPV and cashflow numbers quoted in this section include a US$17m capital contingency allowance.

Cautionary Statement: The Base Case is based on Proved and Probable Ore Reserves derived from Measured and Indicated Mineral Resources respectively. No Inferred Mineral Resource was included in the estimation of Ore Reserves. The Base Case was prepared to an overall level of accuracy of ±25%. It is based on material assumptions outlined elsewhere in this announcement and in the Material Assumptions Base Case included in the announcement dated 31 January 2018. The Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement.

Highlights – Expansion Case

The PFS Expansion Case assumes open pit mining and conventional flotation processing with a plant throughput of 2.5Mtpa for the first three years from production start. Assuming the Expansion Case proceeds, the plant will be upgraded to enable it to treat 4Mtpa during Year 4 onwards.

The first three years of production (estimated capital payback period) are based on processing Proved and Probable Ore Reserves. The Expansion Case includes processing of currently existing Inferred Mineral Resources in addition to Measured and Indicated Mineral Resources. Drilling is ongoing to upgrade existing Inferred Mineral Resources to Measured and Indicated Mineral Resources with a revised resource estimate expected in the second quarter of 2018.

Assuming the Expansion Case proceeds, the PFS indicates a potential for generating in excess of **~US$1.1 billion (~A$1.45 billion) EBITDA** over approximately 12 years.

Strong Project Economics[1]

- NPV of US$402m (A$529m) pre-tax, using long term US3.00/lb Cu and 8% real discount rate
- Net cashflow of US$840m (A$1,105m) pre-tax, inclusive of development capital
- Annual free cash flow of US$85m (A$112m) pre-tax, from production start
- Payback of 3.3 years from production start

Low Cost Operations

- Estimated average C1 costs of US$1.30/lb Cu including silver credits
- All in sustaining unit costs (AISC) of US$1.46/lb Cu including silver credits
- LOM cash break-even copper price of US$1.77/lb Cu on an undiscounted basis

Capital Costs and Infrastructure

- Low expansion capital of US$37m for plant upgrade from 2.5Mtpa to 4.0Mtpa
- Low LOM sustaining capital expenditure of US$54m

Project Parameters

- LOM Production Target containing 353kt Cu and 12.3Moz Ag
- Expansion Case 11.7 year mine life from production start
- Average LOM production of 28kt pa Cu and 903koz pa Ag
- Waste to Ore ratio 4.28

[1] Unless otherwise stated, all financial numbers of the PFS are in US$ and based on 100% of the project and not subject to inflation or escalation factors. All years are calendar years. All cash costs are calculated on 100% payability basis. NPV and cashflow numbers quoted in this section include a US$21m capital contingency allowance.

Cautionary Statement: The Expansion Case assumes open pit mining and conventional flotation processing with a plant throughput of 2.5Mtpa for the first three years. Assuming the Expansion Case proceeds, the plant will then be upgraded to 4Mtpa in Year 3 to enable the throughput rate to increase from Year 4.

The Expansion Case includes material that is currently in the Inferred Mineral Resource category. Inferred Mineral Resources represent approximately 34% of the Expansion Case Production Target by tonnage. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that in-fill drilling of the T3 deposit will result in confirmation of additional Measured and Indicated Mineral Resources or that the Expansion Case Production Target will be realised. A substantial in-fill drilling program is in progress with the objective to upgrade current Inferred Mineral Resources to Measured and Indicated Mineral Resource categories.

The Expansion Case is based on a Production Target using the material assumptions outlined elsewhere in this announcement and summarised in the Material Assumptions Expansion Case included in the announcement dated 31 January 2018. While MOD considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated in the Expansion Case will be achieved. The Company has concluded it has a reasonable basis for providing the forward looking statements included in this announcement.

Given the uncertainties involved, investors should not make any investment decisions based solely on the Expansion Case.

PFS – BASE CASE

Table 2: Key Project Metrics (for 100% of the project)

Ore Reserve	Quantity (Mt)	Grade Cu (%)	Grade Ag (g/t)	Contained Cu (Kt)	Contained Ag (Moz)
Proved	8.78	1.13	11.1	98.95	3.14
Probable	12.65	0.94	9.7	118.64	3.93
Total Reserve	**21.43**	**1.02**	**10.3**	**217.59**	**7.07**

Capital Costs	PFS
Development Capital	$155m
Comprising: CY2018	$9m
CY2019	$101m
CY2020	$45m

Base Case Production Parameters	
Life of Mine	9.6 years
Ore Tonnes Mined	21.4Mt
Inferred Resource in Mine Schedule	0%
Waste: Ore ratio	4.76
Copper Grade	1.02%
Copper cut-off grade (excluding silver credit)	0.34%
Silver Grade	10.3g/t
Processing Life	8.8 years
Processing Plant Capacity (July 2020 to Sept 2023)	2.5Mtpa
Processing Plant Capacity (Oct 2023 onwards)	2.5Mtpa
Copper in concentrate – LOM	203kt
Copper in concentrate – LOM	447Mlb
Copper in concentrate – Annual average	23kt
Copper in concentrate – Annual average	51Mlb
Silver in concentrate – LOM	6,097koz
Silver in concentrate – Annual average	690koz

Base Case Life of Mine Financial Economics	
Base Case Copper Price (consensus long term average)	US$3.00lb[1]
Exchange Rate (AUD: USD) (consensus)	0.76
Revenue	US$1,410m
C1 Cash Costs[2]	US$1.22/lb
All in Sustaining Costs[3]	US$1.36/lb
EBITDA	US$734m
Net Cash Flow (pre-tax)	US$530m
Undiscounted Cash Breakeven Copper Price	US$1.78/lb
Pre-tax NPV (8% real)	US$281m
Pre-tax NPV (8% real)	A$370m
IRR (pre-tax)	39%
Capital Payback Period (from first production)	2.7 years

[1] **Copper prices** in year 1 and 2 of production averages 3.20 US$/lb Cu and 3.00 US$/lb after that
[2] **C1 cash costs** means operating cash costs including mining, processing, geology, OHSE, site G&A, concentrate transport, TC and RC costs less by-product credits, divided by copper in concentrate produced (100% payable basis).
[3] **All-in sustaining cash costs** are cash operating costs (C1 cash cost including royalties) plus sustaining capital.

PFS – EXPANSION CASE

Table 3: Key Project Metrics (for 100% of the project)

Mineral Resources (0.25% Cu cut-off)	Quantity (Mt)	Grade Cu (%)	Grade Ag (g/t)	Contained Cu (Kt)	Contained Ag (Moz)
Measured Resources	10.29	1.15	11.59	118.34	3.83
Indicated Resources	14.16	1.01	10.93	143.02	4.98
Inferred Resources	25.62	0.76	9.98	194.71	8.22
Total Resources	**50.07**	**0.91**	**10.58**	**456.07**	**17.03**

Production Target Parameters	Base Case	Expansion Case
Life of Mine from production start	9.6 Yr(s)	12.4 years
Ore Reserve – Base Case	21.4Mt	-
Production Target – Expansion Case	-	41Mt
Inferred Mineral Resource in Mine Schedule	0%	34%
Waste: Ore ratio	4.76	4.28
Copper Grade	1.02%	0.86%
Copper cut-off grade (excluding silver credit)	0.34%	0.27%
Silver Grade	10.3g/t	9.3g/t
Processing Life	8.8 Yr(s)	11.7 years
Processing Plant Capacity (July 2020 to Sept 2023)	2.5Mt	2.5Mt
Processing Plant Capacity (Oct 2023 onwards)	2.5Mt	4.0Mt
Copper in concentrate – LOM	203kt	325kt
Copper in concentrate – LOM	447Mlb	718Mlb
Copper in concentrate – Annual average	23kt	28kt
Copper in concentrate – Annual average	51Mlb	62Mlb
Silver in concentrate – LOM	6,097koz	10,530koz
Silver in concentrate – Annual average	690koz	903koz

Life of Mine Financial Economics	Base Case	Expansion Case
Base Case Copper Price (consensus long term average)	US$3.00/lb	US$3.00/lb[1]
Exchange Rate (AUD: USD) (Consensus)	0.76	0.76
Revenue	US$1,410m	US$2,268m
C1 Cash Costs[2]	US$1.22/lb	US$1.30/lb
All in Sustaining Costs[3]	US$1.36/lb	US$1.46/lb
EBITDA	US$734m	US$1,103m
Net Cash Flow (pre-tax)	US$530m	US$840m
Undiscounted Cash Breakeven Copper Price	US$1.78/lb	US$1.77/lb
Pre-tax NPV (8% real)	US$281m	US$402m
Pre-tax NPV (8% real)	A$370m	A$529m
IRR (pre-tax)	39%	38%
Capital Payback Period (from first production)	2.7 years	3.3 years

[1] **Copper prices** in year 1 and 2 of production averages 3.20 US$/lb Cu and 3.00 US$/lb after that
[2] **C1 cash costs** means operating cash costs including mining, processing, geology, OHSE, site G&A, concentrate transport, TC and RC costs less by-product credits, divided by copper in concentrate produced (100% payable basis).
[3] **All-in sustaining cash costs** are cash operating costs (C1 cash cost including royalties) plus sustaining capital.

T3 Underground Project

The T3 infill and extension drilling program commenced in August 2017 to test the potential for additional resource extensions both within, and outside the planned 10-year open pit mine.

Many of the holes announced in the December 2017 quarter intersected between two to four shallow dipping high grade veins (V1-V4) identified below, down dip and along strike from the planned pit (announced 24 October 2017 and 7 December 2017). The same high-grade veins are commonly associated with wide zones of disseminated copper mineralisation within the T3 Pit resource. Further assay results are awaited from vein intersections outside the pit.

South African mining consultants have conducted a preliminary evaluation of the high grade veins to explore the potential for underground mine development concurrent with the planned pit. Conceptual work to date assumes good continuity between the mineralised veins, relatively low cost in-ore development and room and pillar mining. There could be substantial benefits in developing T3 underground simultaneously with the open pit mine and using shared infrastructure, including the planned T3 processing plant.

The underground potential at T3 has prompted a systematic ~30-hole diamond drilling program to test this potential initially along ~1.5km strike length. Drilling commenced in the December quarter and is continuing. If results are positive it is expected the T3 Underground Project will move towards a resource estimate and scoping level study in 2018.

In addition to the T3 Pit resource drilling and holes targeting high grade veins outside the pit, several widely spaced holes were deepened to intersect the deeper Ngwako Pan contact mineralisation (Zone 3). This mineralisation comprises generally lower grade disseminated copper sulphides, including chalcocite, within a flat dipping shear zone (potentially a major regional thrust) approximately 300m below the top of the T3 resource.

Zone 3 is interpreted to occur on the same contact that hosts high grade vein related deposits in the eastern part of the Kalahari Copper Belt including Cupric Canyon's Zone 5 deposit (~2% Cu), and MOD's T1 deposit (~2% Cu and 50g/t Ag) 20km northeast of T3. For this reason, Zone 3 is considered a valid target in areas of regional structural complexity.

REGIONAL EXPLORATION (MOD 70%)

Tshukudu's extensive landholding in the Kalahari Copper Belt includes numerous regional soil and AEM anomalies that occur scattered within a zone extending over >140kms along the Central Structural Corridor (Figure 2). This includes the 50km long T3 Dome hosting the T3 deposit and the interpreted ~60km long anomalous soil zone within the T20 Dome.

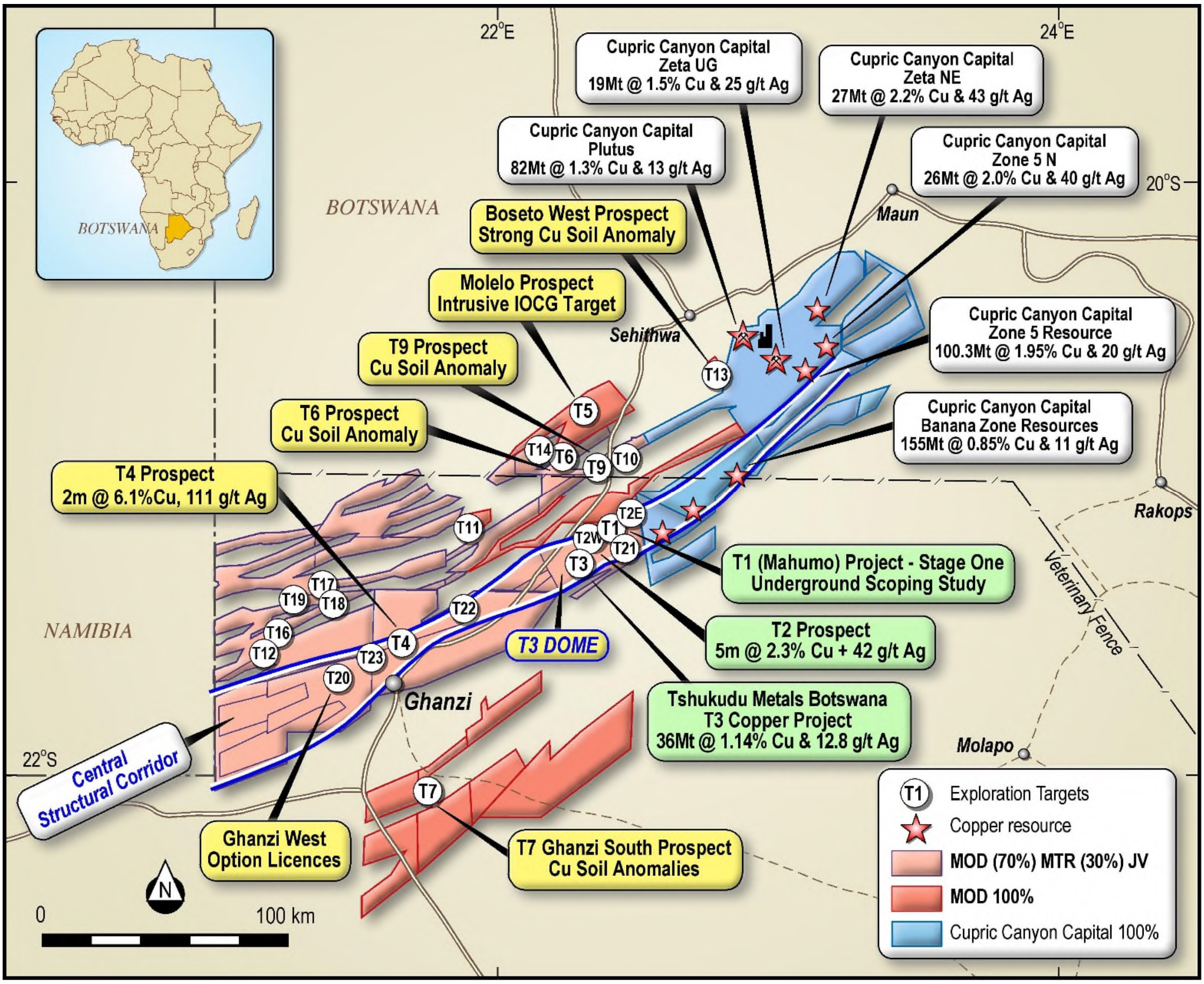

Figure 2: Licence plan showing MOD joint venture and 100% prospects, and location of copper soil and EM anomalies along the Central Structural Corridor of the Kalahari Copper

T3 Dome

In January 2017 Tshukudu commenced a substantial soil sampling program consisting of approximately 11,000 samples to cover the ~1,000km^2 T3 Dome, with the objective to define potential copper soil anomalies to target drilling. Throughout January and February 2017, the Ghanzi region experienced very heavy rains which restricted access throughout the T3 Dome. Soil sampling resumed in the June quarter. Approvals were granted from the Department of Environmental Affairs (DEA) and from cattle farmers for the soil sampling programs to proceed at both T3 Dome and T20 Dome.

In March 2017 Tshukudu Metals applied for approval for the next phase of exploration drilling at T3 and was notified by DEA that an Environmental Impact Assessment (EIA) would be required for T3. Subsequent to that the DEA advised that the level of environmental assessment for all drilling applications have been reduced to an Environmental Management Plan (EMP).

During the June quarter, a high resolution airborne electro-magnetic survey (AEM) survey was completed along the central axis of the interpreted T3 Dome by contractors NRG Geophysics using a state of the art helicopter borne EM data collection and processing system. The objective of the survey was to confirm if the AEM technique could detect T3 at depth and to identify other conductive anomalies that could be potential targets for vein hosted mineralisation similar to T3.

Preliminary interpretation of the AEM data identified 19 new EM anomalies (refer ASX Release 21 July 2017) and the geological team prioritised targets and prepared a drilling program to test these targets.

Tshukudu has submitted an EMP with the DEA for drilling to proceed at the T3 Dome. The EMP is based on the targets that were identified during the AEM survey completed in June with interpretation of the AEM data ranking four anomalies (A1 to A4) as the highest, partly because they are associated with large, deeper formational anomalies showing some similarities to T3.

The AEM technique has proved a very effective tool to identify numerous drilling targets along the T3 Dome. During the December quarter, AEM coverage along the T3 Dome was extended at the eastern and southern parts of the T3 Dome, including areas with well-defined copper-soil anomalies. Results from this survey will be reported once interpretation is complete.

Re-interpretation of the original T3 Dome AEM data during the December quarter defined in some detail, the 3D geometry of the T3 host sequence to approximately 500m below surface. This is seen as a possible break-through in understanding the structure of the T3 Dome which may be key to finding more high-grade vein deposits. It also confirmed the potential of many of the individual AEM targets, planned for drill testing.

To verify the 3D model, drilling commenced late in the December quarter to determine the source of an 11km long, conductive domal structure named T-Rex, extending 4 to 5kms either side of T3.

Drilling is continuing at T-Rex and if results are positive, this is likely to result in drilling several other large conductive anomalies, similar to T-Rex, located within the wider T3 Dome (Figure 3). This is in addition to drilling planned to test the many discrete AEM anomalies (e.g. A1-A9) identified in the original survey announced 21 July 2017.

T20 Dome

The T20 Dome, located approximately 100km west of the T3 Dome and interpreted to occur within the same structural corridor, is also a high priority for the 2018 drilling program. T20 Dome includes multiple copper and zinc soil anomalies, several with similar or higher values to those associated with the original T3 discovery. Copper and zinc anomalies from soil sampling completed to date occur in a ~60km long zone extending from the T20 Dome to the T4 copper prospect. These results were announced on 20 June 2017 and on 25 January 2018.

T20 Dome is interpreted to be underlain by shallow dipping sediments including the prospective D'Kar Formation and Ngwako Pan Formation contact. This contact hosts high-grade structurally related copper deposits in the eastern part of the Kalahari Copper Belt. The combined strike length of the zone that hosts the T20 Dome soil anomalies and the T3 Dome EM anomalies is interpreted to extend >140km.

A surface calcrete layer covers large areas of the T20 Dome and there is no known previous exploration drilling apart from at the adjacent T4 prospect. From experience gained at T3, it appears that zinc is more mobile than copper in the weathering profile and may be detected above the calcrete layer more readily than copper. The peak soil value that led to the discovery of T3 at shallow depth below calcrete was 28ppm Cu, with 27ppm Zn.

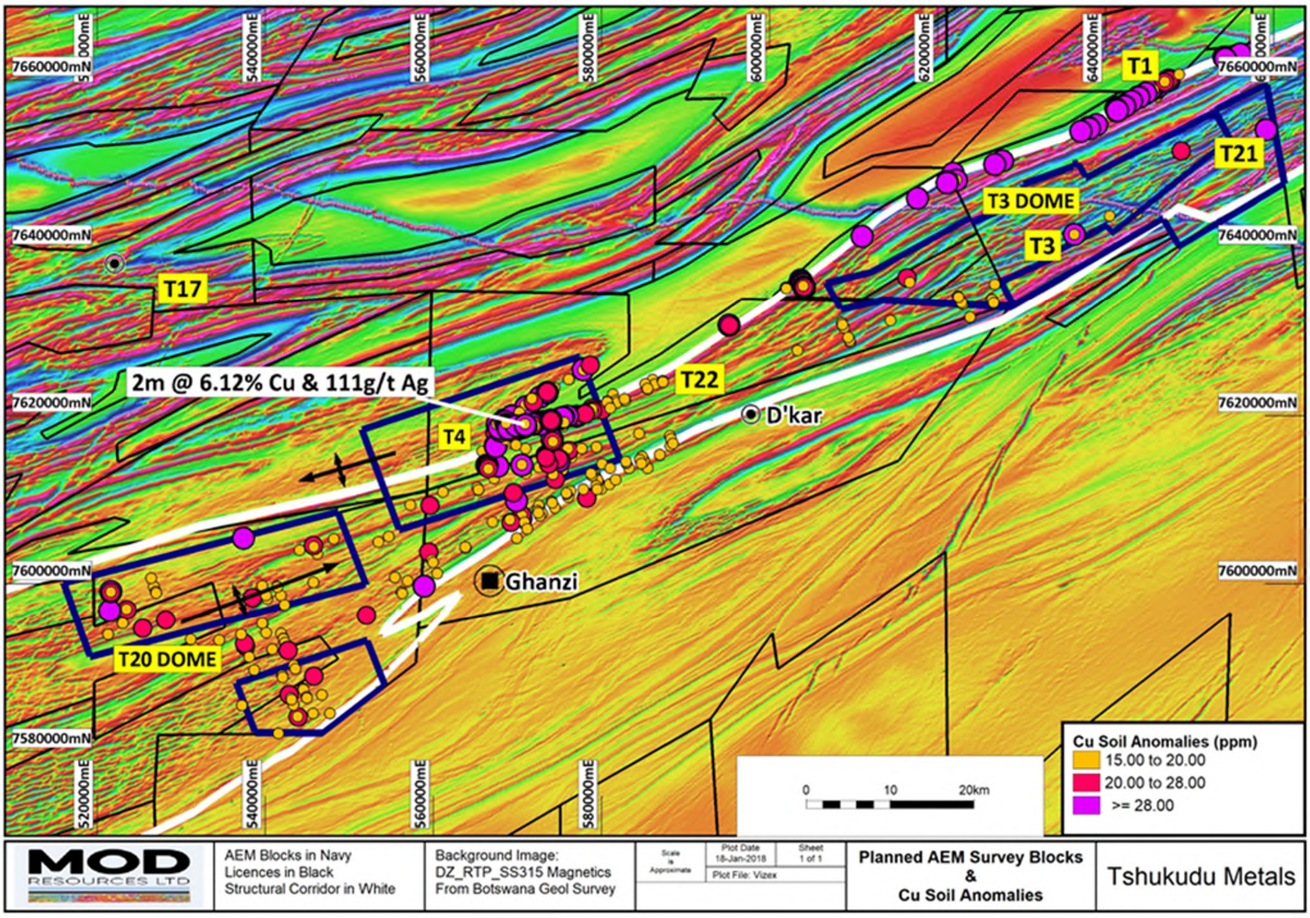

Figure 3: Magnetic image of T20 Dome and T3 Dome showing copper soil anomalies, and three AEM blocks flown at T20 Dome and T4 in February 2018

In March 2017, a soil sampling program at T20 Dome identified five surface copper anomalies. Peak copper values in the anomalies ranged from 16ppm Cu to 23ppm Cu with associated zinc values up to 45ppm Zn. At least two anomalies coincided with regional ENE trending structures interpreted from magnetics. During the December quarter, infill soil sampling was stepped up along the T20 Dome and the size of the zone which includes anomalous copper and zinc values was extended to approximately 60km east-west and up to 20km north south (Figure 3) (Announced 25 January 2018).

Following the success using AEM along the T3 Dome, a substantial AEM survey commenced in February 2018 on the T20 Dome to identify possible conductors, which may potentially be associated with surface copper anomalies discovered from the ongoing soil sampling program. The AEM survey also covered the adjacent prospective T4 area. Results of this AEM survey are currently being interpreted and will be announced once available.

T17

In the December quarter assays were received from a soil sampling program over a regional anticline feature interpreted from magnetics, located approximately 50kms north of T20 Dome, with encouraging copper anomalies detected. Infill soil sampling is planned to provide additional knowledge, prior to drilling commencing.

T4

The nearest known copper occurrence to T20 is at the T4 prospect, 25km northeast of the T20 Dome. In April 2016, an intersection at T4 was announced of 2m @ 6.12% Cu and 111g/t Ag from 101m down hole depth associated with a 2km long soil anomaly. No further drilling was carried out because T4 was eclipsed by the discovery of T3 in March 2016.

The T20 Dome soil sampling program is being extended to the east and north of Ghanzi Town to overlap anomalies at T4 and T22 (Figure 3). This should result in near continuous coverage of soil sampling over >100km within Tshukudu licences.

REGIONAL EXPLORATION (MOD 100%) – T1, T5, T7, T9, T10, T13

MOD has allocated approximately A$2.5 million of the expanded exploration budget to accelerate exploration specifically targeting extensions to the high-grade T1 resource and the potential of the extensive T7 Dome area.

T1 Underground Project (Mahumo Project)

T1 is located approximately 20kms north of the planned processing plant at T3. A 20-hole diamond drilling program commenced in February 2018 to establish the potential for an expanded resource on the Mahumo high-grade copper and silver deposit. This follows approval of an EMP and access agreements signed with the relevant farmers.

Drilling is planned to test potential extensions to the existing shallow high grade copper/silver resource of 2.7Mt @ 2.0% Cu and 50g/t Ag (announced 25 March 2015).

MOD's consultants previously completed a conceptual underground mining study on T1 which concluded that the project could be viable with a larger resource base.

T5

T5 is an exploration target associated with a distinctive and isolated magnetic anomaly interpreted to be an intrusion of unknown type. One drill hole was completed during the September quarter and analysis of the drill core was undertaken.

During the December quarter a specialist geological consultant was employed to review drill core from T5 and further work is planned during the March quarter.

T7

MOD expanded its holdings with an additional prospecting license covering prospective geology east of T7 during 2017. The Company now holds a 100% interest in four licences with a combined area of 3,625km^2 at the T7 exploration area, ~50km south of Ghanzi. T7 licences cover a number of domes and potentially prospective geological contacts interpreted from magnetics.

Widely spaced soil sampling identified anomalous copper soil results and preliminary RC drilling intersected favourable sediments, similar to the T3 sequence. A trial AEM survey across T7 is planned in April 2018 to identify possible conductors.

REGIONAL EXPLORATION PROGRAM

Subsequent to year end, MOD released a six month program timeline (starting January 2018) for three resource projects and four main exploration areas (announced 25 January 2018) (Figure 4).

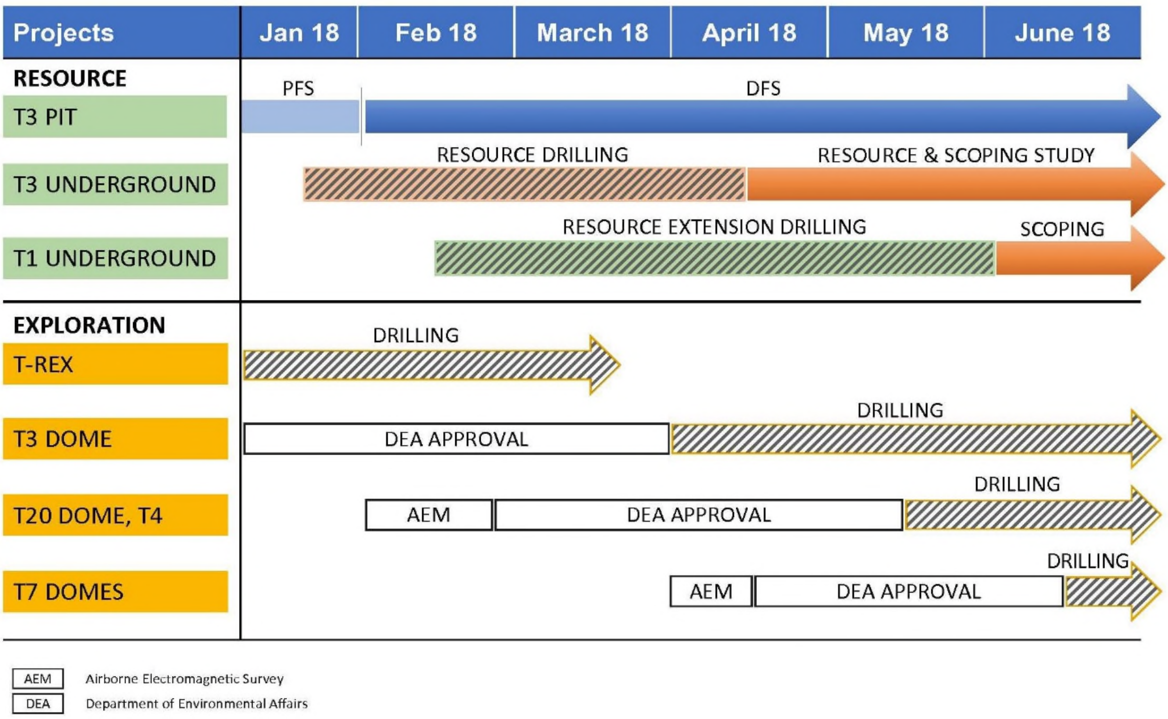

Figure 4: Six month program for three resource projects and four regional exploration areas

SAFETY

Several key safety initiatives were implemented in the September quarter to manage the significant increase in activity relating to the drilling and soil sampling programs. Management focussed upon road safety and ongoing health and safety training continued with all employees obtaining First Aid and Fire Training certification.

There was only one lost time injury for the year in the December quarter when a drilling contractor suffered a minor hand injury that required medical attention. The contractor fully recovered and is back working.

Various new safety initiatives were introduced during the December quarter and daily safety meetings are held at the Ghanzi operations office.

HUMAN RESOURCES

Planning commenced in the December quarter for managing the increasing requirement for local employment, with Tshukudu to establish an office in Ghanzi which will manage Human Resources and community relations.

ENVIRONMENT

During the September quarter, four new exploration access agreements were executed for farms associated with EM targets surrounding T3 and at MOD's 100% owned T1 deposit and an exploration access agreement for the farm which the T3 Project is located on was extended to 30 April 2018. This is an important step towards gaining approval from the DEA for drilling high priority EM targets along the T3 Dome and also demonstrates the widespread support for Tshukudu Metal's exploration activities in Ghanzi District.

In the December quarter, the DEA approved drilling on a farm north of T3, doubling the approved area to approximately 100km^2 and opening up additional targets for drilling. The DEA also approved an EMP at T1 for a 20-hole diamond drilling program.

Also during the December quarter, Tshukudu submitted a Project Brief for the substantial T3 Dome drilling program. The Project Brief was approved and Tshukudu submitted an EMP for authorisation by the DEA which will be followed by a four-week public review process. Further access agreements were signed with local farmers expanding the area where drilling can proceed along many targets within the T3 Dome, once the EMP is approved.

Approval was also received from the Civil Aviation Authority of Botswana for the T3 Dome AEM to fly a 193km^2 extension, east and south of the previous T3 Dome AEM survey area. This was completed during December and data is currently being interpreted. Baseline flora, fauna and biodiversity studies in the T3 area were completed during the December quarter.

INFRASTRUCTURE

Sample Preparation Facility

The sample preparation facility was completed at the end of December and following installation of telecommunications commissioned in February 2018.

The sample preparation facility will improve logistics, reduce assay turnaround times, simplify export procedures, and enable increased options for analysing pulps in the future. It will be managed by certified analytical laboratory, ALS. To comply with Tshukudu's guiding principles and employment policy, ALS will manage a training program to build skilled local employment to benefit Tshukudu's exploration and future planned mining operations.

Accommodation Village

During the December quarter, Tshukudu received environmental and Ghanzi District Council approval for Tshukudu's accommodation village located on the highway, 5km east of Ghanzi. Construction is now progressing with concrete footings and flooring for the main accommodation, office and kitchen units already complete. Target completion of the first stage of the village is the June 2018 quarter. Additionally, significant progress was also made on improving facilities at Tshukudu's office and core yard complex in preparation for a further expansion of activities in 2018.

COMMUNITY AND GOVERNMENT RELATIONS

Botswana operating company, Tshukudu was incorporated in late 2016 and became fully operational during the March 2017 quarter and now employs all in-country staff. Tshukudu is owned 70% by MOD via its equity interest in the joint venture company, Metal Capital Limited and holds 18 prospecting licences including the T3 Project. Tshukudu is an important part of MOD's long term plan to build a successful operating company in Botswana.

During the March quarter, Mr Boikobo Paya was appointed as Chairman of Tshukudu. In Setswana, the official language of Botswana Tshukudu means rhinoceros which has been incorporated into the subsidiary's new logo.

MOD is committed to work collaboratively with Government. In February 2017, MOD's Managing Director Mr Julian Hanna presented at the Mining Investment Botswana conference in Gaborone, Botswana. He provided an update on the T3 Project, discussed investor perceptions of Botswana mining projects and capital allocation strategies. The conference was attended by ministers, mining companies and investors from Africa and internationally.

During the June quarter, numerous meetings were held with local farmers, community groups and government agencies in Ghanzi District. The attendees were supportive of the potential development of T3 and the increased local employment and training opportunities this should provide.

Tshukudu and MOD Botswana are the largest explorers and licence holders in the central and western parts of the Kalahari Copper Belt.

In the September and December quarters Tshukudu developed stakeholder engagement policies and commenced baseline social studies to enable consistent and fair treatment of all stakeholders associated with exploration and development activities in Botswana.

As part of the EIA process for the planned T3 Mine, formal meetings were held with key stakeholder groups in Ghanzi District during December. These included a community meeting in Ghanzi attended by approximately 180 people, two community meetings in D'Kar and Kuke villages approximately 20km from T3 and a meeting with local farmers from the Ghanzi Beef Producers Association. Tshukudu Metals was represented by directors Mr Boikobo Paya, Mr Gaba Chinyepi and Mr Julian Hanna, and by hydrology consultants, Water Surveys Botswana, and environmental consultants, Loci Environmental.

The meetings included presentations from Tshukudu and its consultants followed by lengthy Q&A sessions and inputs from local community leaders and Ghanzi District councillors. The meetings were well received with the main areas of interest relating to local employment, training and community involvement, and the potential impact of mining on the water table. Tshukudu has already established policies to support local employment and training and has opened an office in Ghanzi and will be employing a Community Liaison Officer to manage community relations. Water Surveys Botswana demonstrated at the meetings that based on recent water bore testing around T3, the mine is expected to have only a very localised impact on the water table which will be closely monitored throughout the mine life as a condition of the EIA and mine permit.

SAMS CREEK GOLD JV, NZ (MOD 80%, OceanaGold Corporation 20%)

On 3 July 2017, MOD Resources Ltd entered into a binding Share Sale Agreement (SSA) to divest its Sams Creek Gold Project to newly incorporated Condamine Resources Ltd (Condamine) for a total consideration of A$3.8 million.

Condamine intends to complete an IPO to list on the ASX with its prospectus expected for lodgement in the first half of 2018. MOD's interest in Condamine's post IPO issued capital could be up to 15%. It is anticipated that MOD shareholders will receive a Priority Offer for shares in Condamine as part of the IPO.

The SSA is subject to a number of conditions precedent including the transfer and assignment of OceanaGold Corporation's (TSX/ASX: OGC) 20% interest in the Joint Venture on terms acceptable to Condamine and the quotation of Condamine shares on the ASX.

Funds from the sale of MOD's interest in Sams Creek will be used to contribute to expanding exploration and development activities in Botswana.

CORPORATE

MOD's dual focus on rapid development of a new copper mine in Botswana and aggressive exploration to build on the standout T3 discovery underpinning project development studies attracted the interest of investors in Australia and internationally during 2017.

On 17 March 2017, MOD announced it had raised A$14.6 million (before costs) in an oversubscribed share placement to institutions, professional and sophisticated investors. The placement involved receiving commitments from investors for 235.42 million fully paid ordinary shares at $0.062 per share to raise $14.6 million before costs. The placement was done using the Company's existing placement capacity and the offer price represented a discount of approximately 2.2% to the 15-day VWAP. Blue Ocean Equities acted as the Lead Manager to the Placement.

In February 2017 and 2018, MOD presented at the 121 Mining Investment Forum in Cape Town, South Africa exposing the Company to a variety of new international mining funds.

During the March quarter, the Company strengthened its executive team. MOD Director, Mr Steve McGhee, transitioned to an executive role as part of a planned strategy to progress development and exploration simultaneously to drive shareholder value. Additionally, Mr Stef Weber was appointed as MOD's Chief Financial Officer (CFO).

On 20 February 2017, MOD held a General Meeting at which all resolutions put to shareholders were passed on a show of hands. Following this approval, MOD Directors subscribed for 10,344,825 fully paid ordinary shares at $0.029 per share on the same terms and conditions as the placement announced 19 December 2016 and 47,000,000 Performance Rights were issued to thirteen key management personnel, including directors, staff and select contractors operating on the Company's exploration, development, administrative, financial and corporate activities in Australia and Botswana. The Performance Rights expire five years from the date of issue and are conditional upon the Company achieving market capitalisation milestones of $120 million and $180 million for a period of 30 consecutive days.

On 21 February 2017, the Company also issued 1,400,000 fully paid ordinary shares pursuant to the acquisition of a further 20% interest in PL141/2012 and PL044/2012.

During the March quarter, MOD's JV partner, AIM-listed Metal Tiger Plc, exercised 29,166,667 listed $0.01 options in MOD.

Also during the March quarter, a further 145,167 listed $0.01 options expiring 1 May 2018 and 450,139 unlisted $0.06 options expiring 15 April 2019 were exercised and 63,000,000 unlisted $0.06 options exercisable on or before 4 March 2017 expired without exercise.

On 25 May 2017, MOD held the Annual General Meeting in Perth, Western Australia. All resolutions put to shareholders at the Annual General Meeting were passed unanimously.

In June, MOD's Managing Director, Mr Julian Hanna and Tshukudu Metals Exploration Manager, Mr Kebalemogile Tau, presented at Botswana's largest annual investment conference, the Botswana Resource Sector Conference (BRSC) in Gaborone. They provided an update on the T3 Project, discussed investor perceptions of Botswana mining projects and capital allocation strategies. The conference was well attended by ministers, government departments, mining companies and investors from Africa and internationally.

On 20 June 2017 MOD advised that 2,000,000 unlisted $0.075 options exercisable on or before 20 June 2017 expired without exercise.

The Company also issued 3,000,000 Performance Rights to CFO, Mr Stef Weber under the terms of the Performance Rights Plan as approved by shareholders on 20 February 2017 and issued 23,000,000 fully paid ordinary shares following the exercise of 23,000,000 vested Performance Rights by twelve Eligible Participants including Directors, Key Management Personnel, staff and select contractors operating in the Company's exploration, development, administrative, financial and corporate activities in Australia and Botswana.

In early September, MOD exhibited and presented at the Africa Down Under conference in Perth, Western Australia. MOD's Managing Director, Julian Hanna and Tshukudu's Director and Country Manager, Gaba Chinyepi presented an update on the latest developments at the T3 Copper Project followed by an evening event with Botswanan government officials.

Later in September, MOD appointed Ms Bronwyn Barnes as a new Non-Executive Director. Ms Barnes brings with her significant experience in African mining projects and community engagement and is a welcome addition to the Board at this time of rapid development.

In November 2017, MOD attended the 121 Mining Investment London Spring 2017 Conference. MOD's Technical Director, Mr Steve McGhee, Business Development Manager, Mr Jacques Janse van Rensburg and Chief Financial Officer, Mr Stef Weber, held numerous meetings with new and existing investors and presented an update on the latest developments at the T3 Copper Project.

During the December quarter, Australian Super Pty Ltd increased its equity holding to 8.91%, 2,003,790 fully paid ordinary shares were issued following the exercise of MODO (listed $0.01 options expiring 1 May 2018) and 1,500,000 fully paid ordinary shares were issued following the exercise of vested performance rights.

MOD's cash on hand as at 31 December 2017 was A$10 million. As at 31 December 2017, debt was A$0.5 million. Post the end of the quarter, debt reduced to A$0.25 million following repayment of A$0.25 million made in early January 2018.

On 6 March 2018 MOD announced that it will raise $18m through an oversubscribed share placement and fully underwritten rights placement. The share placement will raise $12m before costs through the issue of 255,319,148 shares at an issue price of $0.047. The non-renounceable rights issue will entitle shareholders to one new share for every 16 shares held at the same issue price as the placement.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year, other than as described in the Review of Operations.

ENVIRONMENTAL REGULATION

The Company's exploration activities are subject to significant environmental regulations under Botswana and New Zealand legislation.

The Company is committed to achieving a high standard of environmental performance. The Board is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The Company aims to minimise the impact on the environment which results from our operations. The Company believes that all employees, contractors, consultants and persons associated with the Company have to be involved in achieving environmental objectives and targets.

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements.

OCCUPATIONAL HEALTH AND SAFETY

MOD recognises that the health and safety of its workforce underpins its ability to achieve its strategic goals and considers that effective management of health, safety and environmental performance is an essential component to long term success.

MOD strives to achieve and sustain a position of excellence in the management of health and safety issues affecting its work environments and has implemented comprehensive safety management systems which include detailed standards and procedures, to ensure it complies with all applicable occupational health and safety legislation and industry standards.

The Company also recognises that it is the duty of its Board and Management to act as role models by being proactive in ensuring compliance with legislation requirements and implementing a safety culture through regular consultation and communication with all employees and contractors about health and safety matters.

Additionally, all employees and contractors have a responsibility to take reasonable care for their own health and safety, comply with MOD's health and safety systems and to ensure that their actions or omissions do not adversely affect the health and safety of others.

In January 2017, a full-time Health, Safety and Environmental officer was appointed by Tshukudu Metals to oversee activities relating to HSE issues at the Company's Botswana operating base in Ghanzi. At the same time Tshukudu Metals introduced daily reports from site detailing the wide range of HSE, Exploration and Feasibility activities that occur on site.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 5 January 2018 the Company announced a record high grade intersection at the T3 Project of 18m at 4.3%Cu and 94 g/t Ag. The record intersection forms part of MOD's T3 resource infill drilling program. The significant widths of high grade vein hosted copper and silver should positively impact the large T3 Pit Project Resource.

The Pre-Feasibility Study for the T3 Open Pit Mine was released at the end of January 2018. MOD presented two cases for the PFS, with the Base Case determined on a Proved and Probable Ore Reserve. The Expansion Case has a Production Target utilising the Base Case Ore Reserve and additional production from existing Inferred, Measured and Indicated Mineral Resources from Year 4 of production.

The PFS Expansion Case assumes open pit mining and conventional flotation processing with a plant throughput of 2.5Mtpa for the first three years from production start. Assuming the Expansion Case proceeds, the plant will be upgraded to enable it to treat 4Mtpa during Year 4 onwards.

The Base Case had an NPV of US$281m(A$370m) pre-tax whilst the expansion case had a NPV of US$ 402m(A$529M) pre-tax. Due to the robust financial outcomes indicated by the PFS, the boards of MOD and joint venture partner, Metal Tiger Plc (30%) have agreed to proceed with a Feasibility Study which has commenced in Q1 2018.

MOD announced on 26 February 2018 that a 20 hole resource extension drilling program has commenced at its 100%-owned T1 deposit (Mahumo Project).

On 6 March 2018 MOD announced that it will raise $18m through an oversubscribed share placement and fully underwritten rights placement. The share placement will raise $12m before costs through the issue of 255,319,148 shares at an issue price of $0.047. The non-renounceable rights issue will entitle shareholders to one new share for every 16 shares held at the same issue price as the placement.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the controlled entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As outlined in the Review of Operations and Significant Events After the Reporting Date sections of the Directors' Report, the Directors consider the following as a summary of the likely developments and expected results for the next 12 months;

Botswana Copper/Silver Project

The MOD Board considers that the Company is now well positioned to progress the T3 Pit Project to a decision to mine and benefit from the regional exploration upside of the Company's significant licence holding in the Kalahari Copper Belt.

Immediate priorities include;

- Complete T3 Pit Project Feasibility Study and consider a decision to mine
- Finalize the updated resource for the T3 Pit Project
- Explore for major regional discovery outside T3 Project Area
- Commence exploration in Q2 2018 on the T3 Dome
- Finalize AEM results on T4 &T20 Dome and apply for environmental approval with a view to commence drilling late in Q2 2018 or Q3 2018
- Evaluate potential underground mine at T1, 20km north of T3
- Build local employment, community and government relationships

Corporate

The Board intends to continue operating at a level of expenditure designed to ensure that there are at all times sufficient funds in hand to continue operations for the foreseeable future, whilst at the same time progressing the exploration and potential development of its mineral exploration projects in an effective manner and will consider capital raising opportunities to fund future exploration and development programs or retire debt.

EARNINGS PER SHARE	**CENTS**
Basic loss per share	(0.18)
Diluted loss per share	(0.18)

DIVIDENDS

In respect of the financial year ended 31 December 2017, no dividends were declared and paid (2016: Nil).

OPTIONS

The Company did not issue any options during 2017.

REMUNERATION REPORT (AUDITED)

REMUNERATION COMMITTEE

The Company has a Remuneration Committee. The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, senior executives and directors themselves. The Remuneration Committee's role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies.

The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages. An independent remuneration advisor was engaged subsequent to year end.

The members of this Committee during the year were non-executive directors, Mr Lee AO and Ms Barnes. There was one Remuneration Committee meeting held during the year.

The Company's broad remuneration policy is to ensure that remuneration levels are competitively set to be commensurate with director and executive responsibilities and to attract and retain appropriately qualified and experienced directors and senior executives.

PERFORMANCE RIGHTS PLAN (PLAN)

On 20 February 2017 shareholders approved a long term incentive plan. The Plan is intended to assist the Company to attract and retain key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Plan will:

(a) enable the Company to incentivise and retain existing key management personnel and other eligible participants needed to achieve the Company's business objectives;
(b) enable the Company to recruit, incentivise and retain additional Key Management Personnel and other eligible participants needed to achieve the Company's business objectives;
(c) link the reward of key staff with the achievement of strategic goals and the long-term performance of the Company;
(d) align the financial interest of participants of the Plan with those of shareholders; and
(e) provide incentives to participants of the Plan to focus on superior performance that creates shareholder value.

Following shareholder approval of the Plan, the Board granted 47,000,000 performance rights to fourteen (14) eligible participants including Directors, Key Management Personnel, employees and select contractors operating on the Company's exploration, development, administrative, financial and corporate activities in Australia and Botswana.

An additional 3,000,000 performance rights were issued in June 2017, whilst non-executive director Ms Bronwyn Barnes will be issued with 5,000,000 performance rights subject to shareholder approval at the 2018 annual general meeting.

The Board considers that the grant of performance rights is a cost effective and efficient reward for the Company to make to appropriately incentivise continued performance and is consistent with the strategic goals and targets of the Company.

The performance rights were granted with the following milestones and expiry dates:

Tranche	Milestone	Expiry Date
1.	The Company achieving a market capitalisation of $120 million for a period of 30 consecutive days	21 February 2022
2.	The Company achieving a market capitalisation of $180 million for a period of 30 consecutive days	21 February 2022

The milestones represented a premium of 89% and 183% to the market capitalisation of the Company at the time the Plan was submitted to shareholders to approve.

REMUNERATION REPORT (AUDITED) (CONTINUED)

SHORT TERM INCENTIVE BONUS SCHEME (STIB)

A short term incentive bonus scheme was implemented for the 2017 financial year. The STIB is the cash component of the at-risk remuneration, payable based on a mix of Company performance objectives relating to corporate, development and exploration milestones. At-risk remuneration strengthens the link between pay and performance. The purpose of the scheme is to reward employees for performance relative to expectations of their accountabilities, required behaviours and KPI's in relation to the delivery of annual business objectives. A reward structure that provides at-risk remuneration is also necessary as a competitive remuneration package in the Australian and global marketplace.

Performance criteria are assigned for both individual and Company performance and may vary from year to year.

Reflecting the importance attached to role clarity within MOD, individual performance criteria will be drawn directly from the role accountabilities in the participant's role description and demonstrated adherence to MOD's values. The performance criteria for the Managing Director are set by the Board and for employees are set by the Managing Director and reviewed by the Board. Corporate performance criteria are set by the Board at the commencement of each financial year and may vary from time to time to include other aspects of performance for which there is shared accountability and which the Company wishes to emphasise.

Each performance criterion may be allocated a weighting for each year that reflects the relative importance of each performance criterion for the year.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration packages contain the following elements;

(i) Short Term benefits – salary/fees, cash benefits and non-cash benefits.
(ii) Post-employment benefits – includes superannuation and prescribed retirement benefits.
(iii) Share based payments – includes issue of shares, performance rights or unlisted options.

There is no relationship between the entity's performance over the past five years and the board policy for KMP remuneration.

Under the Company's Remuneration Policy, non-executive directors will receive a retirement benefit on retirement, resignation or termination, for any reason other than termination due to wilful misconduct. These arrangements are considered appropriate as an incentive to retain the requisite knowledge, skills and expertise within the organisation. These arrangements are reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

The following tables disclose the compensation of key management personnel as at 31 December 2017:

		Short Term		*Post-Employment*		*Share Based Payments*				
		Salary & Fees	***STI Bonus***	***Super Contributions***	***Retirement Benefits***	***Options***	***Shares***	***Performance Rights***	***Total***	***Value of shares as proportion of remuneration***
Directors		**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Mark Clements (i),(ii)	**2017**	**264,000**	**21,120**	**-**	**-**	**-**	**-**	**165,980**	**451,100**	**37%**
Executive Chairman & Company Secretary	2016	108,000	-	-	-	88,656	-	-	196,656	45%
Julian Hanna (i)	**2017**	**350,000**	**28,000**	**33,250**	**-**	**-**	**-**	**207,474**	**618,724**	**34%**
Managing Director	2016	160,000	-	15,200	-	106,388	-	-	281,588	38%
Steve McGhee (i)	**2017**	**198,000**	**31,680**	**1,568**	**-**	**-**	**-**	**165,980**	**397,228**	**42%**
Executive Director	2016	48,000	-	4,560	-	35,463	-	-	88,023	40%
Simon Lee AO (i)	**2017**	**60,000**	**-**	**5,700**	**-**	**-**	**-**	**103,737**	**169,437**	**61%**
Non-Executive Director	2016	48,000	-	2,850	-	-	-	-	50,850	-
Bronwyn Barnes (iii) **– appointed 18 September 2017**	**2017**	**17,637**	**-**	**-**	**-**	**-**	**-**	**14,451**	**32,088**	**45%**
Non-Executive Director	2016	-	-	-	-	-	-	-	-	-
Totals	**2017**	**889,637**	**80,800**	**40,518**	**-**		**-**	**657,622**	**1,668,577**	
	2016	364,000	-	22,610	-	230,507	-	-	617,117	

REMUNERATION REPORT (AUDITED) (CONTINUED)

		Short Term		*Post-Employment*		*Share Based Payments*				
Executives		***Salary & Fees*** ***$***	***STI Bonus*** ***$***	***Super Contributions*** ***$***	***Retirement Benefits*** ***$***	***Options*** ***$***	***Shares*** ***$***	***Performance Rights*** ***$***	***Total*** ***$***	***Value of shares as proportion of remuneration*** ***%***
Stef Weber (iv) **– appointed 3 May 2017**	**2017**	**166,667**	**20,000**	**15,833**	**-**	**-**	**-**	**84,390**	**286,890**	**29%**
Chief Financial Officer	2016	-	-	-	-	-	-	-	-	-
Jacques Janse van Rensburg (i), (v)	**2017**	**200,004**	**32,000**	**-**	**-**	**-**	**-**	**124,485**	**356,489**	**35%**
Business Development Manager	2016	166,251	-	-	-	88,656	-	-	254,907	35%
Paul Angus (v)	**2017**	**72,466**	**-**	**-**	**-**	**-**	**-**	**-**	**72,466**	**-**
Project Manager Exploration (New Zealand)	2016	34,819	-	-	-	-	-	-	34,819	-
Totals	**2017**	**439,137**	**52,000**	**15,833**	**-**	**-**	**-**	**208,875**	**715,845**	
	2016	201,070	-	-	-	88,656	-	-	289,726	

REMUNERATION REPORT (AUDITED) (CONTINUED)

Notes:

(i) On 21 February 2017, key management personnel were issued 37 million performance rights in two equal tranches all expiring on 21 February 2022 following shareholder approval at a general meeting held 20 February 2017.

(ii) Director and company secretarial services were provided by an associated company of Mr Clements. The director and company secretarial services were provided in the ordinary course of business and on normal commercial terms and conditions.

(iii) Ms Barnes is entitled to 5 million performance rights subject to shareholder approval at the 2018 annual general meeting. These performance rights will expire on 21 February 2022. In accordance with the accounting standards these performance rights are expensed from the date Ms Barnes was appointed (18 September 2017).

(iv) Mr Weber received 3 million performance rights on 21 June 2017 in two equal tranches all expiring on 21 February 2022.

(v) Consulting services were provided by an associated company of Messrs Janse van Rensburg and Angus in the ordinary course of business and on normal commercial terms and conditions.

Summary of executive contractual arrangements

The Remuneration Committee reviews and agrees Executive Service and Employment Agreements for Key Management Personnel on a periodic basis. The Remuneration Committee is also assisted, where appropriate, by external consultants specialising in remuneration reviews and other employment issues.

The following employment agreements were in place at 31 December 2017 and as at the date of this report, unless otherwise noted, based upon the following terms;

Mr Julian Hanna (Managing Director)

(i) Annual Salary of $383,250, inclusive of statutory superannuation;
(ii) Termination by the Company is no less than 3 months' notice or paying the aggregate of amounts which, but for such termination, would otherwise have been payable for a period of 3 months. Termination by Mr Hanna is with immediate effect.
(iii) In the event of a takeover or merger involving MOD which results in the termination of Mr Hanna's role as Managing Director, Mr Hanna will be paid in advance the equivalent of 12 months remuneration calculated at the annual rate at the time the takeover announcement is made.

Mr Stef Weber (Chief Financial Officer)

(i) Annual Salary of $273,750, inclusive of statutory superannuation;
(ii) Termination by the Company is no less than 3 months' notice or paying the aggregate of amounts which, but for such termination, would otherwise have been payable for a period of 3 months. Termination by Mr Weber is 3 months written notice of resignation.
(iii) In the event of a takeover or merger involving MOD which results in the termination of Mr Weber's role as Chief Financial Officer, Mr Weber will be paid in advance the equivalent of 6 months base salary.

The following Executive Services Agreements were in place at 31 December 2017 and as at the date of this report based upon the following terms;

Mr Mark Clements (Executive Chairman and Company Secretary)

(i) Monthly fees of $22,000;
(ii) Termination is not less than 1-month notice by either party of its intention not to renew the agreement.

Mr Steve McGhee (Technical Director)

(i) Monthly fees of $16,500, adjusted effective 1 January 2018 to $22,222;
(ii) Termination is not less than 1-month notice by either party of its intention not to renew the agreement.

Mr Jacques Janse van Rensburg (Business Development Manager)

(i) Monthly fees of $16,666;
(ii) Termination is not less than 3-month notice by either party of its intention not to renew the agreement.

Mr Paul Angus (Project Manager Exploration (New Zealand))

(i) Hourly rate of NZ$220 for project management services;
(ii) Termination is not less than 1-month notice by either party of its intention not to renew the agreement.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key Management Personnel Holdings of Shares and Options

Option holdings of Key Management Personnel - 2017

	Balance 1.1.2017	Granted as Remuneration	Performance Rights Vested	Net Change Other	Balance 31.12.2017	Vested at 31 December 2017 Total	Vested at 31 December 2017 Exercisable
Directors							
M Clements (i)(iv)	7,637,586	8,000,000	(4,000,000)	.	11,637,586	7,637,586	7,637,586
J Hanna (ii) (iv)	8,763,855	10,000,000	(5,000,000)	-	13,763,855	8,763,855	8,763,855
S Lee AO (iv)	4,186,650	5,000,000	(2,500,000)	-	6,686,650	4,186,650	4,186,650
S McGhee (iii) (iv)	21,244,328	8,000,000	(4,000,000)	(18,409,098)	6,835,230	2,835,230	2,835,230
B Barnes (vi)	-	5,000,000	-	-	5,000,000	-	-
Executives							
S Weber (iv)	-	3,000,000	(1,500,000)	-	1,500,000	-	-
J Janse van Rensburg (iv)	7,000,000	6,000,000	(3,000,000)	(2,000,000)	8,000,000	5,000,000	5,000,000
P Angus	13,000	-	-	-	13,000	13,000	13,000
	48,845,419	45,000,000	(20,000,000)	(20,409,098)	53,436,321	28,436,321	28,436,321

Notes:

(i) Mr Clements is a director of Balion Pty Ltd which is the holder of 5,606,141 unlisted $0.06 options expiring 15 April 2019 and 2,020,470 listed $0.01 options expiring 1 May 2018.

(ii) Mr Hanna is the spouse of Mrs Patricia Hanna who is the holder of 3,332,699 unlisted $0.06 options expiring 15 April 2019. Mr Hanna is the direct beneficiary of J Hanna Superannuation Fund which is the holder of 1,620,120 listed $0.01 options expiring 1 May 2018 and 811,036 unlisted $0.06 options expiring 15 April 2019.

(iii) Mr McGhee is a director and shareholder of McGhee Investment Holdings Pty Ltd which is the holder of 835,230 unlisted $0.06 options expiring 15 April 2019.

(iv) On 21 February 2017, key management personnel were issued 37 million performance rights in two equal tranches all expiring on 21 February 2022 following shareholder approval at a general meeting held 20 February 2017.

(v) On 21 June 2017 Mr Weber were issued 3 million performance rights in two equal tranches all expiring on 21 February 2022.

(vi) Ms Barnes performance rights is subject to shareholder approval at the 2018 annual general meeting but is included as required by accounting standards.

Shareholdings of Key Management Personnel – 2017

	Balance 1.1.2017	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 31.12.2017
Directors					
M Clements (i)	26,781,635	4,000,000	-	1,724,137	32,505,772
J Hanna (ii)	50,324,311	5,000,000	-	3,172,413	58,496,724
S Lee AO (iii)	134,119,053	2,500,000	-	3,448,275	140,067,328
S McGhee (iv)	36,750,093	4,000,000	2,784,098	2,000,000	45,534,191
B Barnes	-	-	-	-	-
Executives					
S Weber	-	1,500,000	-	-	1,500,000
J Janse van Rensburg	20,097,068	3,000,000	-	-	23,097,068
P Angus	120,000	-	-	72,000	192,000
	268,192,160	20,000,000	2,784,098	10,416,825	301,393,083

Notes:

(i) Mr Clements is a director of Balion Pty Ltd which is the holder of 32,394,337 shares.

(ii) Mr Hanna is a trustee and beneficiary of the J Hanna Superannuation Fund which is the holder of 43,857,979 shares and the spouse of Mrs Patricia Hanna who is the holder of 14,638,745 shares.

(iii) Phoenix Properties International Pty Ltd is a Trustee of the Wellington Place Property Trust which is the holder of 92,906,477 shares. Mr Lee AO is not a director, shareholder or involved in the management of Phoenix Properties International Pty Ltd as trustee for the Wellington Place Property Trust. He is only a direct and indirect contingent beneficiary of this trust.

(iv) Mr McGhee is a director and shareholder of McGhee Investment Holdings Pty Ltd which is the holder of 42,750,293 shares.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Other Transaction and Balances with Key Management Personnel

Transactions with Directors

On 8 July 2013, MOD secured a $2 million loan from SHL Pty Ltd, a company controlled by a related party of MOD director Mr Lee, AO. The $2 million loan was unsecured for an initial 12-month period at an interest rate of 8% per annum, payable monthly in arrears. MOD was not required to pay an establishment fee for the loan and has the right to repay the loan early without incurring any penalty.

A Deed of Extension and Variation was signed on 5 May 2014 so as to extend the Initial Facility Period to end on 4 January 2015. MOD exercised its option to extend the term of the loan for a further 12-month period at a reduced interest rate of 7% per annum with the loan secured against the unencumbered assets of MOD subject to shareholder approval.

On 19 October 2015, MOD entered into a Deed of Amendment with SHL Pty Ltd to extend the repayment date for its existing $2 million loan to 4 April 2016. If MOD does not have the capacity to repay the loan on this date, the parties have agreed that the repayment date for the loan will be extended a further three months to 4 July 2016.

On 25 May 2016, MOD entered into a Deed of Extension and Variation with SHL Pty Ltd which stipulated that the Company was to repay a minimum of $0.5 million and outstanding interest payments owing to SHL by 4 July 2016. This condition was met by MOD and both parties agreed to review the financial capacity of the Company to repay the balance of the SHL Loan on a rolling 3-month basis.

During the year, capital repayments of $1 million was made and interest of $67,083 was paid to this entity (2016: $253,750). As at 31 December 2017, the capital amount outstanding was $500,000 and $2,917 of interest was payable (2016: $8,750). Subsequent to 31 December 2017, the Company repaid a further $0.25 million to SHL.

Director and company secretarial services of $264,000 were provided by a company associated with Mr Clements (2016: $108,000), in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $21,971 was payable (2016: $13,173).

Director services of $181,500 (2016: Nil) and consulting services of $447,671 (2016: $197,260) for PFS metallurgical test work and project management were provided by Independent Metallurgical Operations Pty Ltd, a company associated with Mr McGhee in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $67,636 was payable (2016: $16,170).

Director services of $17,637 (2016: N/A) and consulting services of $21,017 (2016: N/A) were provided by a company associated with Ms Barnes, in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $20,171 was payable (2016: N/A).

As at 31 December 2017, the amount payable for other director fees is $29,589; consisting of $22,964 to Mr Hanna (2016: $18,250) and $6,625 to Mr Lee (2016: $5,475).

Transactions with Executives

Consulting services of $200,004 (2016: $166,251) were provided by an associated company of Mr Jacques Janse van Rensburg. The consulting services were provided in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $17,031 was payable (2016: $15,378).

Consulting services of $72,466 (2016: $34,819) were provided by an associated company of Mr Angus. The consulting services were provided in the ordinary course of business and on normal commercial terms and conditions.

As at 31 December 2017, the amount payable to Mr Weber for executive fees is $20,833 (2016: N/A).

Short Term Incentive Bonus Scheme ("STIB")

The total amount payable at 31 December 2017 to directors and key management personnel for the achievement of key performance indicators was $132,800.

- End of Remuneration Report -

DIRECTORS' MEETINGS

The number of directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors' of the Company during the financial year are:

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B
M Clements	6	6	2	2	1	1
J Hanna	6	6	2	2	1	1
S Lee AO	5	6	2	2	1	1
S McGhee	6	6	2	2	1	1
B Barnes	2	2	-	-	-	-

A: number of meetings attended
B: reflects the number of meetings held during the time the directors were in office during the year.

In addition to the above, the directors met by circular resolution on 20 occasions during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has not, during or since the financial year, in respect to any person who is or has been an officer of the Company or related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the year the Company paid insurance premiums of $36,956 to insure directors and officers against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by the Corporations Act 2001.

AUDIT COMMITTEE

The Company has an Audit Committee. The members of this committee during the financial year were Messrs Lee AO and Ms Barnes, whose qualifications are outlined in the Directors' Report. Ms Barnes was appointed after the second audit committee meeting in 2017. The external auditors and Executive Directors are invited to Audit Committee meetings at the discretion of the Committee. The Audit Committee meets as required. The Committee met on two occasions during the year.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and

- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 19 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 30 of this financial report and forms part of this Directors' Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Directors.

MARK CLEMENTS
Executive Chairman

27th March 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration to the Directors of MOD Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of MOD Resources Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner - Audit & Assurance

Perth, 27 March 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of MOD Resources is a strong advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for a company of MOD Resources size and complexity.

The 3rd edition of the ASX Corporate Governance Principles and Recommendations was introduced on 27 March 2014 and took effect for a listed entity's first full financial year ending on or after 31 December 2014. Accordingly, this Corporate Governance Statement has been prepared on the basis of disclosure under the 3rd edition of these principles.

This statement describes how MOD Resources has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practices on an "if not, why not" basis.

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. The information in this Statement is current as at 27 March 2018.

The following governance-related documents can be found on the Company's website at www.modresources.com.au under the section marked "Corporate Governance – Policy Manual":

Charters
- Board
- Audit Committee
- Remuneration Committee

Policies and Procedures
- Board Performance Evaluation
- Code of Conduct
- Shareholder Communications
- Continuous Disclosure Policy
- Securities Trading Policy
- Diversity Policy
- Risk Management and Internal Control Policy
- Health & Safety Policy
- Environment Policy

Principle 1: Lay solid foundations for management and oversight
"Establish and disclose the respective roles and responsibilities of board and management."

BOARD OF DIRECTORS

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholders value. To fulfil this role, the Board is responsible for the overall corporate governance of the consolidated entity, including formulating its strategic direction, approving and monitoring capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

It is also responsible for approving and monitoring financial and other reporting. Details of the Board Charter are set out on the Company's website.

The Board has delegated responsibility for operation and administration of the Company to the Executive Directors and senior executives.

Board Processes

To assist in the execution of its responsibilities, the Board has established a Remuneration Committee and an Audit Committee. The committees have written mandates which are reviewed on a regular basis. The Board has also established a framework for the management of the consolidated entity including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

Composition of the Board

The Board as at the date of this report are:

Mr Mark Clements, Executive Chairman and Company Secretary
Mr Julian Hanna, Managing Director
Mr Steven McGhee, Technical Director
Mr Simon Lee AO, Non-Executive Director
Ms Bronwyn Barnes, Non-Executive Director

The composition of the Board is determined using the Statement of Selection and Appointment of New Directors contained in the Board Charter on the Company's website.

The names, skills, experiences, expertise, and appointment dates of the directors of the Company in office at the date of this report are set out in the Directors' Report.

Independent Professional Advice and Access to Company Information

Each director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the consolidated entity's expense. A copy of the advice received by the Director must be made available to all other members of the Board.

Term of office

The Company's constitution specifies that all Directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a Director may stand for re-election. Ms Barnes will retire and offer herself for re-election and Mr McGhee will seek re-election via rotation at the 2018 AGM.

Principle 2: Structure the Board to add value
"Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."

DIRECTORS' INDEPENDENCE

The Company does not have a majority of independent directors appointed at present.

The Board recognises the value of independence and has established clear protocols for handling conflicts of interests.

Ms Bronwyn Barnes (Non-executive Director appointed on 18 September 2017) is considered an independent director of the Company.

Mr Mark Clements (Executive Chairman and Company Secretary - appointed Executive Director 15 March 2016), Mr Hanna (Managing Director appointed 22 January 2013) and Mr McGhee (Technical Director appointed 30 April 2014), are not considered Independent Directors as they are executives of the Company.

Mr Simon Lee AO (appointed 13 January 1997) is not considered an independent director as he is a direct and indirect contingent beneficiary of the Wellington Place Property Trust, which its trustee, Phoenix Properties International Pty Ltd was a substantial shareholder of the Company during the year.

Directors have been chosen for their skills, expertise, and the value they can add to the Board at this time. The Board considers that it is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its shareholders from both a long-term strategic and day-to-day operations perspective. Under the Company's Directors and Executives Code of Conduct, all directors have agreed not to participate in any decision in which they are conflicted. The Board is of the view that it has achieved an appropriate balance between independent representation and maintaining sufficient experience for the Board to fulfil its responsibilities.

Chairman and Chief Executive Officer

The roles of Chairman and Managing Director are separated. The roles and responsibilities are set out in the Company's Board Charter and Code of Conduct.

Nomination Committee

There is no separate Nomination Committee as a sub-committee. The functions to be performed by a nomination committee under the ASX Corporate Governance Council's Principles and Recommendations are currently performed by the full Board and this is reflected in the written policy setting out the responsibilities of the Board. Having regard to the number of members currently comprising MOD's Board, the Board does not consider it appropriate to delegate these responsibilities to a sub-committee of the Board. These arrangements will be reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

Performance Assessment

The Board undergoes periodic formal assessments, as and when considered appropriate.

Principle 3: Promote ethical and responsible decision-making

"Actively promote ethical and responsible decision making."

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the consolidated entity. Every employee has a senior executive to whom they may refer any issues arising from their employment. The Board reviews the ethical standards related policies regularly and processes are in place to promote and communicate these policies.

CODE OF CONDUCT

The consolidated entity has advised each director, senior executive and employee that they must comply with the Company's Code of Conduct. The Code may be viewed at the Company's website, and it covers the following:

- the pursuit of the highest standards of ethical conduct in the interests of shareholders and other stakeholders;
- usefulness of financial information by maintaining appropriate accounting policies and practices and disclosure;
- employment practices such as employment opportunity, the level and structure of remuneration, and conflict resolution;
- responsibilities to the community;
- compliance with all legislation affecting the operations and activities of the consolidated entity, both in Australia and overseas;
- conflicts of interest;
- corporate opportunities such as preventing directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- protection and proper use of the Company's assets;
- compliance with laws; and
- reporting of unethical behaviour.

CONFLICT OF INTEREST

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

All directors have an obligation to immediately advise the Company of all changes to their interests in shares, options and debentures, if any, in the Company and its associates for reporting to the ASX by the Company Secretary.

Directors and employees may not deal in securities of the Company when in possession of any information which, if made publicly available, could reasonably be expected to materially affect the price of the Company's securities, whether upwards or downwards. Legal advice will be obtained by the Company Secretary on behalf of the Director and employees in circumstances where any doubt exists.

The Trading Policy may be viewed at the Company's website.

DIVERSITY

The Board is committed to having an appropriate blend of diversity on the Board and in all areas of the Group's business. The Board has established a policy regarding gender, age, ethnic and cultural diversity. Details of the policy are available on the Company's website.

Diversity Policy

The Company and all its related bodies corporate are committed to workplace diversity.

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

To the extent practicable, the Company will address the recommendations and guidance provided in the ASX Corporate Governance Council's *Principles and Recommendations*.

The Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

The key objectives of the Diversity Policy are to achieve:

(a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;

(b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;

(c) improved employment and career development opportunities for women;

(d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and

(e) awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity,

(collectively, the **Objectives**).

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

Diversity Reporting

The Group's gender diversity as at the end of the reporting period is as follows:

	31 December 2017				31 December 2016			
Gender representation	**Female**		**Male**		**Female**		**Male**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Board representation	1	20	4	80	-	-	4	100
Group representation	8	16	43	84	9	27	24	73

The following senior positions with the Group are currently held by female employees:

- Group Accountant
- Office Manager

The Company's proposed diversity objectives for the 2018 financial year are to continue to assess and proactively monitor gender diversity at all levels of MOD's business and report to the Board and to continue to assess and monitor the implementation and effectiveness of the Company's diversity initiatives and programs.

Principle 4: Safeguard integrity in financial reporting
"Have a structure to independently verify and safeguard the integrity of the company's financial reporting."

AUDIT COMMITTEE

The Audit Committee has a documented charter approved by the Board. All members of the Audit Committee must be non-executive directors, consist of majority of independent directors, is chaired by an independent director and has at least three members. The committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the consolidated entity. The external auditors and Executive Directors are invited to Audit Committee meetings at the discretion of the Committee. The Audit Committee meets as required.

The two members of this committee during the year were Ms Bronwyn Barnes, who is an independent non-executive director (appointed 18 September 2017) and non-executive director, Mr Simon Lee AO. As the Company is not a S&P All Ordinaries Top 300 Company, it is exempt under ASX Listing Rule 12.7 from maintaining an Audit Committee and thus in compliance with Recommendation 4.1. The Company acknowledges that the Audit Committee did not consist of at least three members during the year. The Board will continue to assess the effectiveness of the Committee having regard to the number of members currently comprising MOD's Board. The Company continues to have an Audit Committee as a principle of best practice.

The Managing Director and Chief Financial Officer have declared in writing to the Board that the Company's financial reports for the year ended 31 December 2017 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

The Audit Committee's charter is available on the Company's website.

Responsibilities of the Audit Committee

The responsibilities of the Audit Committee include reporting to the Board on:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholder needs;
- assessing corporate risk assessment processes;
- reviewing the Company's policies and procedures for convergence with International Financial Reporting Standards;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence.
- reviewing the appointment and performance of the external auditor;
- assessing the adequacy of the internal control framework and the Company's code of conduct; and
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements.

The Audit Committee reviews the performance of the external auditors on an annual basis and normally meets with them during the year to:

- discuss the audit plans, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements;
- review the half-year and preliminary final report prior to lodgement with the ASX, and any other significant adjustments required as a result of the auditor's findings and to recommend Board approval of these documents, prior to announcement of results; and
- review the draft financial report and recommend Board approval of the financial report.

Information on procedures in relation to these matters may be viewed in the Audit Committee Charter on the Company's website.

Grant Thornton Audit Pty Ltd, who is the current external auditor, has an independence policy of rotating the audit partner at least every 5 years.

Principle 5: Make timely and balanced disclosure
"Promote timely and balanced disclosure of all material matters concerning the company."

CONTINUOUS DISCLOSURE TO ASX

The Company's shares are listed on the ASX and as such the Company is required to comply with the continuous disclosure requirements set out in the ASX Listing Rules. The Managing Director is responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX on the day they are discovered and all senior executives are responsible for monitoring the Group's internal and external environment for information or events potentially requiring disclosure.

In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy.

The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market. The detail of this policy is available on the Company's website.

Principle 6: Respect the rights of shareholders
"Design a communications policy for promoting effective communication with shareholders."

COMMUNICATION WITH SHAREHOLDERS

The Board provides shareholders with information using a Continuous Disclosure Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website, and issuing media releases. More details of the policy are available on the Company's website.

In summary, the Continuous Disclosure policy operates as follows:

- the annual report is distributed to all shareholders (unless a shareholder has opted not to receive the document), including relevant information about the operations of the consolidated entity during the year, changes in the state of affairs and details of future developments. The annual report is posted on the Company's website;
- the half-yearly report and preliminary final report contain summarised information and a review of the operations of the consolidated entity during the period. The half-year reviewed financial report and full year audited financial report are lodged with the ASX and sent to any shareholder who requests a copy. The half-yearly report is posted on the Company's website;
- proposed major changes in the consolidated entity which may impact on share ownership rights are submitted to a vote of shareholders;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Company's website after they are released to the ASX;
- transcripts of analyst and media presentations are placed on the Company's website; and
- the external auditor is requested to attend the annual general meeting to answer any questions concerning the audit and the content of the auditor's report.

Principle 7: Recognise and manage risk
"Establish a sound system of risk oversight and management and internal control."

OVERSIGHT OF THE RISK MANAGEMENT SYSTEM

The Board oversees the establishment, implementation and annual review of the Company's risk management system. Management has an established approach for assessing, monitoring and managing operational, financial reporting, and compliance risks for the consolidated entity.

The Managing Director has declared in writing to the Board that the risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The Risk Management and Internal Control Policy may be viewed at the Company's website.

Risk Profile
Major risks for the consolidated entity arise from such matters as exchange rates, political and economic climate in areas of investments, operational risks and financial reporting.

Risk Management and Compliance and Control

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. The consolidated entity has established a system of internal controls which takes account of key business exposures. The system is designed to provide reasonable assurance that assets are safe-guarded, proper accounting records are maintained and financial information is reliable. The system is based upon detailed financial and operating reporting, written procedures, policies and guidelines, organisational structures that provide an appropriate division of responsibility and the careful selection and training of qualified personnel.

Operating practices have been established to ensure:

- major capital expenditure commitments obtain prior Board approval;
- financial exposures are controlled, including the use of derivatives;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and environmental regulation compliance.

Financial Reporting

In accordance with section 295A of the Corporations Act, the Managing Director and Chief Financial have declared in writing to the Board that the Company's financial reports are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

"Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is clear."

REMUNERATION COMMITTEE

The Remuneration Committee has a documented charter approved by the Board. The Remuneration Committee should consist of non-executive directors of which a majority should be independent directors, is chaired by an independent director and has at least three members. The Remuneration Committee meets as required. The Committee attendance is disclosed in the Directors' Report.

The Chairman of this committee is independent non-executive director, Ms Bronwyn Barnes (appointed 18 September 2017) and includes non-executive director, Mr Simon Lee AO. The Company acknowledges that the Remuneration Committee did not consist of at least three members during the year. The Board will continue to assess the effectiveness of the Committee having regard to the number of members currently comprising MOD's Board. The Company continues to have a Remuneration Committee as a principle of best practice.

The Remuneration Committee's charter is available on the Company's website.

Remuneration of directors and executives

The Remuneration Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the executive directors, senior executives and directors themselves. This role also includes responsibility for share option schemes, incentive performance packages, superannuation entitlements, retirement and termination entitlements, fringe benefit policies and professional indemnity and liability insurance policies.

Remuneration Policies

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executives. The Remuneration Committee, when deemed necessary, obtains independent advice on the appropriateness of remuneration packages.

The Remuneration Committee meets as required.

Under the Company's Remuneration Policy, non-executive directors will receive a retirement benefit on retirement, resignation or termination, for any reason other than termination due to wilful misconduct. These arrangements are considered appropriate as an incentive to retain the requisite knowledge, skills and expertise within the organisation. These arrangements are reviewed periodically by the Board to ensure that they continue to be appropriate to the Company's circumstances.

As at 31 December 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	5	10,004,190	5,546,079
Trade and other receivables	6	644,518	245,259
Other current assets		83,968	49,333
		10,732,676	5,840,671
Assets held-for-sale	8	3,428,296	-
TOTAL CURRENT ASSETS		14,160,972	5,840,671
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	9	21,431,176	15,735,511
Property, plant and equipment	10	773,808	71,398
Other non-current assets		36,500	-
TOTAL NON-CURRENT ASSETS		22,241,484	15,806,909
TOTAL ASSETS		36,402,456	21,647,580
CURRENT LIABILITIES			
Trade and other payables	11	1,935,273	603,172
Metal Tiger contributions to Joint Venture		3,124,016	1,106,500
Interest bearing liabilities	12	500,000	1,500,000
Employee benefits provision	13	79,554	30,492
		5,638,843	3,240,164
Liabilities directly associated with the assets held for sale	8	65,196	-
TOTAL CURRENT LIABILITIES		5,704,039	3,240,164
NON-CURRENT LIABILITIES			
Trade and other payables	11	44,443	-
TOTAL NON-CURRENT LIABILITIES		44,443	-
TOTAL LIABILITIES		5,748,482	3,240,164
NET ASSETS		30,653,974	18,407,416
EQUITY			
Issued capital	14	88,125,636	72,736,019
Share option reserves	15	511,507	354,720
Foreign currency translation reserves	16	1,568,100	1,610,205
Accumulated losses	17	(59,612,539)	(56,314,903)
Equity attributable to equity holders of the Parent		30,592,704	18,386,041
Non-controlling interest	26	61,270	21,375
TOTAL EQUITY		30,653,974	18,407,416

The above financial statements should be read in conjunction with the accompanying notes.

For the year ended 31 December 2017

	Note	2017 $	2016 $
Continuing operations			
Interest income	3	283,885	18,825
Foreign exchange gain		205,214	-
Share-based payments	3	(1,073,974)	(319,163)
Administrative expenses	3	(2,551,169)	(1,080,642)
Exploration and evaluation expenditure expensed		(50,203)	-
Impairment loss on exploration and evaluation expenditure	3	(15,928)	(395,732)
Loss on disposal of plant and equipment	3	-	(6,572)
Interest expense	3	(61,250)	(122,500)
Loss before income tax from continuing operations		(3,263,425)	(1,905,784)
Income tax benefit	4	-	-
Net loss for the year from continuing operations		(3,263,425)	(1,905,784)
Discontinued operations			
Loss after tax for the year from discontinued operations	8	(57,244)	(14,988)
Net loss for the year		(3,320,669)	(1,920,772)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences attributed to parent		(42,105)	368,784
Foreign currency translation differences attributed to non-controlling interest		42,589	28,348
Other comprehensive income for the year, net of tax		484	397,132
Total comprehensive loss for the year		(3,320,185)	(1,523,640)
Net loss for the year attributable to:			
Equity holders of the parent		(3,317,975)	(1,890,309)
Non-controlling interest		(2,694)	(30,463)
		(3,320,669)	(1,920,772)
Total comprehensive loss for the year attributable to:			
Equity holders of the parent		(3,360,080)	(1,521,525)
Non-controlling interest		39,895	(2,115)
		(3,320,185)	(1,523,640)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	18	(0.18)	(0.14)
Loss per share for continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	18	(0.18)	(0.14)
Loss per share for discontinued operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share (cents per share)	8	(0.00)	(0.00)

The above financial statements should be read in conjunction with the accompanying notes.

For the year ended 31 December 2017

	Note	Issued Capital $	Share Option Reserves $	Foreign Currency Translation Reserves $	Accumulated Losses $	Total $	Non-controlling Interest $	Total Equity $
At 1 January 2017		72,736,019	354,720	1,610,205	(56,314,903)	18,386,041	21,375	18,407,416
Net loss for the year		-	-	-	(3,317,975)	(3,317,975)	(2,694)	(3,320,669)
Other comprehensive loss		-	-	(42,105)	-	(42,105)	42,589	484
Total comprehensive loss for the year		-	-	(42,105)	(3,317,975)	(3,360,080)	39,895	(3,320,185)
Transaction with owners in their capacity as owners								
Issuance of shares	14(b)	16,245,391	(896,848)	-	-	15,348,543	-	15,348,543
Share-based payments - Options	15(b)	-	1,073,974	-	-	1,073,974	-	1,073,974
Options lapsed and exercised	15(a)	-	(20,339)	-	20,339	-	-	-
Capital raising costs	14(b)	(855,774)	-	-	-	(855,774)	-	(855,774)
At 31 December 2017		88,125,636	511,507	1,568,100	(59,612,539)	30,592,704	61,270	30,653,974
At 1 January 2016		62,780,151	490,798	1,241,421	(54,879,835)	9,632,535	23,490	9,656,025
Net loss for the year		-	-	-	(1,890,309)	(1,890,309)	(30,463)	(1,920,772)
Other comprehensive loss		-	-	368,784	-	368,784	28,348	397,132
Total comprehensive loss for the year		-	-	368,784	(1,890,309)	(1,521,525)	(2,115)	(1,523,640)
Transaction with owners in their capacity as owners								
Issuance of shares	14(b)	10,543,902	-	-	-	10,543,902	-	10,543,902
Share-based payments - Options	15(a)	-	319,163	-	-	319,163	-	319,163
Options lapsed and exercised	15(a)	-	(455,241)	-	455,241	-	-	-
Capital raising costs	14(b)	(588,034)	-	-	-	(588,034)	-	(588,034)
At 31 December 2016		72,736,019	354,720	1,610,205	(56,314,903)	18,386,041	21,375	18,407,416

The above financial statements should be read in conjunction with the accompanying notes.

For the year ended 31 December 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,276,025)	(1,324,740)
Net cash used in operating activities	5(b)	(2,276,025)	(1,324,740)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(8,296,657)	(4,311,355)
Interest income received		279,543	16,683
Acquisition of plant and equipment		(651,419)	(32,396)
Proceeds from sale of plant and equipment		-	26,164
Net cash used in investing activities		(8,668,533)	(4,300,904)
Cash flows from financing activities			
Proceeds from issuance of shares		14,896,160	10,589,549
Proceeds of exercise of share options		389,383	236,853
Metal Tiger contributions to joint venture		2,120,425	1,106,500
Repayment of interest bearing liabilities		(1,000,000)	(500,000)
Interest expense paid		(67,083)	(253,750)
Capital raising costs		(876,128)	(553,965)
Net cash provided by financing activities		15,462,757	10,625,187
Net increase in cash and cash equivalents		4,518,199	4,999,543
Net foreign exchange differences		(44,103)	93,983
Cash and cash equivalents at the beginning of the financial year		5,546,079	452,553
Cash and cash equivalents at the end of the financial year	5(a)	10,020,175	5,546,079

The above financial statements should be read in conjunction with the accompanying notes.

1. Corporate Information

The consolidated financial report of MOD Resources Limited for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of directors on 27 March 2018.

MOD Resources Limited (the “Company” or “Parent”) is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. MOD Resources Limited and its subsidiaries (the **“**Group”) are a for-profit entity.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for other financial assets at fair value through statement of profit or loss and other comprehensive income that have been measured at fair value.

The financial report is presented in Australian dollars.

The financial report also complies with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

(b) New and revised standards that are effective for these financial statements

(i) Changes in accounting policy and disclosures

There have been no major standards coming into effect for the first time for the year ending 31 December 2017.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 31 December 2017 are outlined in the table below:

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 9 Financial Instruments (December 2014)	AASB 139 Financial Instruments: Recognition and Measurement	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 9 *Financial Instruments (December 2014)* continued	(as above)	e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI') • the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.		
AASB 15 *Revenue from Contracts with Customers*	AASB 118 *Revenue* AASB 111 *Construction Contracts* Int. 13 *Customer Loyalty Programmes* Int. 15 *Agreements for the Construction of Real Estate*	AASB 15: replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations: – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue. .	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 15 *Revenue from Contracts with Customers* continued	Int. 18 *Transfer of Assets from Customers* Int. 131 *Revenue – Barter Transactions Involving Advertising Services* Int. 1042 Subscriber Acquisition Costs in the Telecommunications Industry			
AASB 16 *Leases*	AASB 117 *Leases* Int. 4 *Determining whether an Arrangement contains a Lease* Int. 115 *Operating Leases—Lease Incentives* Int. 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*	AASB 16: • replaces AASB 117 *Leases* and some lease-related Interpretations • requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases • provides new guidance on the application of the definition of lease and on sale and lease back accounting • largely retains the existing lessor accounting requirements in AASB 117 • requires new and different disclosures about leases	1 January 2019	The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	None	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	1 January 2018	Refer to the section on AASB 15 above.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	None	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	Refer to the section on AASB 9 above.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	None	The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128.	1 January 2018	When these amendments are first adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	None	The amendments clarify the application of AASB 15 in three specific areas to reduce the extent of diversity in practice that might otherwise result from differing views on how to implement the requirements of the new standard. They will help companies: 1 Identify performance obligations (by clarifying how to apply the concept of 'distinct'); 2 Determine whether a company is a principal or an agent in a transaction (by clarifying how to apply the control principle); 3 Determine whether a licence transfers to a customer at a point in time or over time (by clarifying when a company's activities significantly affect the intellectual property to which the customer has rights). The amendments also create two additional practical expedients available for use when implementing AASB 15: 1 For contracts that have been modified before the beginning of the earliest period presented, the amendments allow companies to use hindsight when identifying the performance obligations, determining the transaction price, and allocating the transaction price to the satisfied and unsatisfied performance obligations. 2 Companies applying the full retrospective method are permitted to ignore contracts already complete at the beginning of the earliest period presented.	1 January 2018	Refer to the section on AASB 15 above.
AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*	None	This Standard amends AASB 2 *Share-based Payment* to address: a The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; b The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	1 January 2018	When these amendments are first adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*	None	This Standard amends AASB 4 *Insurance Contracts* to confirm that in Australia compliance with AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts* ensures simultaneous compliance with AASB 4. AASB 1023 and AASB 1038 address all aspects of recognition, measurement and disclosure of general and life insurance contracts. These Standards address a wider range of accounting requirements than AASB 4. This Standard also amends AASB 4 to ensure that the relief available to issuers of insurance contracts set out in AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9* Financial Instruments *with AASB 4* Insurance Contracts can be applied by an entity applying either AASB 1023 or AASB 1038 if the entity otherwise meets the qualifying criteria.	1 January 2018	When these amendments are first adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.
AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*	None	AASB 2017-4 amends AASB 1 *First-time Adoption of Australian Accounting Standards* to add paragraphs arising from AASB Interpretation 23 *Uncertainty over Income Tax Treatments.*	1 January 2019	When these amendments are first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	None	AASB 2017-5 defers the mandatory effective date of amendments to AASB 10 and AASB 128 that were originally made in AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2022 instead of 1 January 2018. The amendments in AASB 2014-10 originally applied to annual reporting periods beginning on or after 1 January 2016, but were later deferred by the IASB indefinitely. Due to legal implications, the AASB was unable to defer the amendments indefinitely, and instead deferred the amendments to apply to annual reporting periods beginning on or after 1 January 2018 through AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*. As the IASB's amendments continue to be deferred indefinitely, this Standard further defers the amendments to annual reporting periods beginning on or after 1 January 2022. This Standard also makes various editorial corrections to Australian Accounting Standards.	1 January 2018	When these amendments are first adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.
AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*	None	AASB 2017-6 amends AASB 9 *Financial Instruments* (2014) to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss.	1 January 2019	When this interpretation is adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*	None	AASB 2017-7 amends AASB 128 *Investments in Associates and Joint Ventures* to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 *Financial Instruments* before applying the loss allocation and impairment requirements in AASB 128.	1 January 2019	When these amendments are first adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.
Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	None	Interpretation 22 looks at what exchange rate to use for translation when payments are made or received in advance of the related asset, expense or income. Although AASB 121 *The Effects of Changes in Foreign Exchange Rates* sets out requirements about which exchange rate to use when recording a foreign currency transaction on initial recognition in an entity's functional currency, the IFRS Interpretations Committee had observed diversity in practice in circumstances in which an entity recognises a non-monetary liability arising from advance consideration. The diversity resulted from the fact that some entities were recognising revenue using the spot exchange rate at the date of the receipt of the advance consideration while others were using the spot exchange rate at the date that revenue was recognised. Interpretation 22 addresses this issue by clarifying that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.	1 January 2018	When this interpretation is adopted for the year ending 31 December 2018, there will be no material impact on the financial statements.
Interpretation 23 Uncertainty Over Income Tax Treatments	None	Interpretation 23 clarifies how the recognition and measurement requirements of AASB 112 Income Taxes are applied where there is uncertainty over income tax treatments.	1 January 2019	The entity has not yet assessed the full impact of this Interpretation.

2. Summary of Significant Accounting Policies (continued)

(ii) Accounting standards and Interpretations issued but not yet effective (continued)

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after ….)	Likely impact on initial application
Standards issued by the IASB, but not yet by the AASB				
Annual Improvements to IFRS Standards 2015–2017 Cycle	None	This standard makes a number of relatively minor amendments to IFRS 3 *Business Combinations*, IFRS 11 *Joint Arrangements*, IAS 12 *Income Taxes* and IAS 23 *Borrowing Costs*.	1 January 2019	When this interpretation is adopted for the year ending 31 December 2019, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries as of 31 December 2017. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Statement of profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's Statement of profit or loss and other comprehensive income and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(d) Foreign currency translation

The consolidated financial statements are presented in Australian dollars ($) which is both the functional and presentation currency of the Parent. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of the overseas subsidiaries are Botswana Pula (BWP) and New Zealand Dollar (NZD) which are translated to the presentation currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulated amount is reclassified to Statement of profit or loss and other comprehensive income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the items (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(ii) Group companies

On consolidation the assets and liabilities of foreign operations are translated into Australian Dollars (presentation currency) at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2. Summary of Significant Accounting Policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and other receivables

Trade receivables, which are generally on a 30-day term, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(g) Joint Operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Where the Group's activities are conducted through joint operations, the Group recognises its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditure include costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditure is capitalised on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of profit or loss and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit is not larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development. No amortisation is charged during the exploration and evaluation phase.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

2. Summary of Significant Accounting Policies (continued)

(i) Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. The Group has not designated any financial assets as held-to-maturity investments, or as derivatives designated as hedging instruments in an effective hedge. The Group's financial assets include trade and other receivables, other financial assets and available for sale financial assets.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes from fair value adjustments of financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income. Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the statement of profit or loss and other comprehensive income in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity.

Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

2. Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate (EIR). Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss and other comprehensive income.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

ii) Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available for sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost." Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income – is removed from other comprehensive income and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on equity investments are not reversed through the statement of profit or loss and other comprehensive income; increases in their fair value after impairment are recognised directly in other comprehensive income.

iii) Financial liabilities
Initial recognition and measurement
Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables.

Subsequent measurement
The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria are satisfied.

2. Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

v) Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:
- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 24.

(j) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The depreciation rates used for the current and previous years is as follows:
- Office leasehold improvements 33%
- Property and equipment 10% - 40%
- Motor vehicles 20%

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Trade and other payables

Trade payables and other payables are carried at amortised cost due to their short term nature and are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessment of the time value of money and the risks specific to the liability.

2. Summary of Significant Accounting Policies (continued)

(n) Employee benefits

Short-term employee benefits
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The Group's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

(o) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income
Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of the financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental revenue
Rental revenue from sub-leases is recognised as income in the periods in which it is earned.

Dividend income
Revenue is recognised with the Group's right to receive the payment is established.

(p) Leases

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

(q) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current and deferred income tax expense (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax
Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

2. Summary of Significant Accounting Policies (continued)

(q) Income tax (continued)

Deferred tax
Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation
MOD Resources Limited and its wholly-owned Australian subsidiary have formed an income tax consolidated entity under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 January 2002. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2. Summary of Significant Accounting Policies (continued)

(s) Share-based payment transactions

Equity-settled compensation
The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the options granted is recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(t) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(v) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss and other comprehensive income.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

2. Summary of Significant Accounting Policies (continued)

(w) Critical accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Exploration and Evaluation Expenditure
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether the activities have not reached a state which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since exploration programs in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $21,431,176 (2016: $15,735,511) (Note 9).

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of exploration and evaluation assets
The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

Share-based payments
The Group is required to use assumptions in respect of the fair value models used in determining share-based payments to employees in accordance with the requirements of AASB 2 Share–based payment. Further information regarding share-based payments and the assumptions used is set out in Note 16. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Recovery of Deferred Tax Assets
Deferred tax assets are recognised for deductible temporary differences and tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences and tax losses. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next year.

2. Summary of Significant Accounting Policies (continued)

(x) Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst the Group has achieved exploration success with its mineral projects, the Directors recognise that the Group will have to seek additional funding in order to continue to exploit and develop its projects.

During the year, the Group incurred a net loss of $3,320,669 (2016: $1,920,772). Net cash outflows from operations was $2,276,025 (2016: net cash outflows of $1,324,740).

The directors believe that the going concern basis of preparation continues to be appropriate for the following reasons:

- continued cash management according to exploration success;
- successful capital raising of $18m via a placement and rights issue subsequent to year end (Note 27);
- future exploration and evaluation expenditure are generally discretionary in nature (i.e. at the discretion of the directors having regard to an assessment of the progress of works undertaken to date);
- subject to meeting certain expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Group's working capital;
- the historical ability of the Company to raise capital via equity placements and capital raisings given the prospectivity of the Group's current projects.

(y) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. Revenues and Expenses

	Note	2017 $	2016 $
Interest income			
- Bank		283,885	18,825
		283,885	18,825
Share-based payments			
- Performance rights expense	15	(1,073,974)	-
- Issue options to key management personnel	15	-	(319,163)
		(1,073,974)	(319,163)
Administrative expenses			
- Professional Fees		(317,351)	(185,412)
- Salaries and wages		(929,155)	(280,017)
- Conference expenses		(160,744)	(82,440)
- Financial services		(60,000)	(60,000)
- Rental expense on leases		(121,540)	(44,571)
- Directors fees		(258,006)	(87,861)
- Investor relations		(210,266)	(73,056)
- New projects/opportunities		(16,445)	(731)
- Travel and accommodation		(44,573)	(8,911)
- Insurance		(36,564)	(28,190)
- AGM/Annual Report expenses		(34,985)	(15,583)
- Depreciation expense		(40,093)	(11,324)
- Other administrative expenses		(321,447)	(202,546)
		(2,551,169)	(1,080,642)
Impairment loss on exploration and evaluation expenditure			
- Botswana Copper/Silver Project		(15,928)	(390,228)
- MOD/MTR JV licences		-	(5,504)
	9	(15,928)	(395,732)
Loss on disposal of plant and equipment		-	(6,572)
Interest expense on shareholder loan		(61,250)	(122,500)

4. Income Tax

	2017 $	2016 $
Recognised in the statement of profit or loss and other comprehensive income		
Current tax (benefit)		
Current year	-	-
Total income tax (benefit)	-	-
Numerical reconciliation between tax (benefit) and pre-tax net loss		
Loss before tax	(3,320,669)	(1,920,772)
Income tax benefit using the domestic corporation tax rate of 28.5% (2016: 28.5%)	(946,391)	(547,420)
Increase in income tax (benefit) due to:		
Effect of overseas tax rate	4,929	36,222
Share-based payments	306,082	90,962
Non-deductible expenses	92,995	27,183
Non-assessable non-exempt income	-	-
Australian operations current year losses where deferred tax assets are not recognised	533,152	313,959
Foreign operations current year losses where deferred tax assets are not recognised	1,411,384	153,695
Current year temporary differences for which no deferred tax asset was recognised	(1,402,151)	(74,601)
Income tax (benefit) on pre-tax net profit at effective income tax rate of Nil% (2016: Nil%)	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2017 $	2016 $
Deductible temporary differences - Australia	132,225	215,879
Revenue tax losses – Australia	2,508,252	2,015,739
Capital tax losses – Australia	144,890	144,890
Deductible temporary differences - Foreign	6,556	6,556
Revenue tax losses – Foreign	6,447,480	4,007,443
Assessable temporary differences - Foreign	(4,784,344)	(2,451,638)
	4,455,059	3,938,869

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits there from. Revenue and capital tax losses are subject to relevant statutory tests.

	2017 $	2016 $
Income Tax Payable	-	-

Tax consolidation

MOD Resources Limited and its wholly owned subsidiaries formed a tax consolidated group which have elected to consolidate and be treated as a single entity for income tax purposes. The head entity of the tax consolidated group is MOD Resources Limited. Members of the tax consolidated group have not entered into a tax funding arrangement. Hence no compensation is receivable or payable for any deferred tax asset or current tax payable (receivable) assumed by the head company and the assumption of these amounts is instead treated as a contribution/distribution to equity.

5. Cash and Cash Equivalents

(a) Reconciliation of cash

	2017 $	2016 $
Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	2,004,190	1,196,079
Short term deposits	8,000,000	4,350,000
	10,004,190	5,546,079
Cash at bank attributable to discontinued operations (Note 8)	15,985	-
Cash and cash equivalents	10,020,175	5,546,079

(b) Reconciliation of the net loss after income tax to the net cash used in operating activities

	2017 $	2016 $
Loss from ordinary activities after income tax	(3,320,669)	(1,920,772)
Interest income received	(279,543)	(16,683)
Interest expense paid	67,083	253,750
Add non-cash items:		
Impairment loss on assets held-for-sale (Note 8)	16,393	-
Impairment loss on exploration and evaluation expenditure (Note 9)	15,928	395,732
Exploration and evaluation expenditure expensed	50,203	-
Share-based payments	1,073,974	319,163
Foreign exchange gain	(177,352)	-
Loss on disposal of plant and equipment	-	6,572
Depreciation expense	40,093	11,324
	(2,513,890)	(950,914)
Changes in assets and liabilities:		
Receivables	(24,813)	(15,384)
Other current assets	(32,455)	(9,042)
Other non-current assets	(36,500)	-
Payables	282,571	(368,231)
Employee benefits provision	49,062	18,831
Net cash used in operating activities	(2,276,025)	(1,324,740)

(c) Non-cash financing and investing activities

Details of non-cash financing activities are disclosed in Note 14.

(d) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 24.

6. Trade and Other Receivables

	2017 $	2016 $
Current		
Other debtors [(i)]	644,518	245,259
	644,518	245,259

[(i)] Other debtors include accrued interest income and GST/VAT receivables.

6. Trade and Other Receivables (continued)

A provision for impairment loss is recognised when there is objective evidence than an individual receivable is impaired. No impairment loss on other debtors is recognized in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (2016: Nil).

Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Interest rate risk
Detail regarding interest rate risk exposure is disclosed in Note 24.

7. Information relating to MOD Resources Limited ("the parent entity")

	2017 **$**	2016 $
Current assets	10,061,967	5,573,612
Non-current assets	21,786,176	14,449,523
Total assets	31,848,143	20,023,135
Current liabilities	1,314,736	1,904,792
Non-current liabilities	44,443	-
Total liabilities	1,359,179	1,904,792
Issued capital	88,125,636	72,736,019
Reserves - options	511,507	354,720
Accumulated losses	(58,148,179)	(54,972,396)
	30,488,964	18,118,343
Loss of the parent entity	(3,196,122)	(1,771,145)
Total comprehensive loss of the parent entity	(3,196,122)	(1,771,145)

Refer to Note 20(a) for operating lease commitments and Note 25 for contingent liabilities.

8. Assets Held-for Sale

On 3 July 2017, MOD Resources Ltd announced that it entered into a binding Share Sale Agreement (**SSA**) to divest its Sams Creek Gold 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 the first half of the 2018 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-term copper producer.

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

The Sale is subject to a number of conditions precedent 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.

The MOD Board believe that the Sale will complete in the 2nd quarter of 2018. A number of conditions precedent have already been satisfied including the renewal of the Barrons flat licence (EP 54454) and the completion of the due diligence.

8. Assets Held-for Sale (continued)

The results of Sams Creek Gold Project for the year are:

	2017 $	2016 $
Revenues	-	-
Impairment loss on assets held-for-sale (Note 5)	(16,393)	-
Expenses	(40,851)	(14,988)
Loss before tax	(57,244)	(14,988)
Tax expense	-	-
Loss after tax for the period from discontinued operation	(57,244)	(14,988)

The net cash flows by Sams Creek Gold Project for the period:

Operating	(39,855)
Investing	(296,250)
Financing	344,795
Net cash outflows	8,690

Loss per share:

– basic and diluted loss per share (cents per share) from discontinued operation	0.00

At 31 December 2017, the assets and liabilities of Sams Creek Gold Project have been classified as assets and liabilities held for sale.

	2017 $
Assets held-for-sale	
Exploration and evaluation expenditure (Note 9)	3,410,145
Cash in bank (Note 5)	15,985
Other assets	2,166
Total assets held-for-sale	3,428,296
Liabilities directly associated with assets held-for-sale	
Trade and other payables	12,637
Oceana Gold contributions	52,559
Total liabilities directly associated with assets held-for-sale	65,196

9. Exploration and evaluation expenditure

	2017 $	2016 $
Exploration and evaluation expenditure	21,431,176	15,735,511

(a) Movements in exploration and evaluation expenditure

	2017	2016
At 1 January	15,735,511	11,321,429
Acquisition of MOD/MTR JV licenses (i)	-	138,357
Expenditure during the period	9,029,054	4,199,070
Transfer to assets held-for-sale (Note 8)	(3,410,145)	-
Impairment loss of exploration and evaluation expenditure	(15,928)	(395,732)
Impairment loss on assets held-for-sale	(16,393)	-
Foreign exchange difference	109,077	472,387
Ending balance	21,431,176	15,735,511

(i) During the year MOD paid an amount of $138,357 (US$100,000) which was an obligation in terms of the agreement to acquire the Discovery Mining Pty Ltd licences. This amount became payable on the declaration of a copper resource and after the MOD capital raising announced on 19 December 2016.

9. Exploration and evaluation expenditure (continued)

At 31 December 2017, the future recoverability of capitalised exploration and evaluation expenditure incurred on the Botswana Coper Project and MOD/MTR Joint Venture ('JV') Project were assessed and an impairment loss of $15,928 (2016: $395,732) was recognised being the expenditure incurred on PL 203/2014 and PL044/2012 that were relinquished during the year. The Sams Creek Gold Project exploration expenditure was assessed and an impairment loss of $16,393 included in net loss after tax of discontinued operations (Note 8). The capitalised exploration and evaluation expenditure of Sams Creek Gold Project was transferred to assets held-for-sale as a result of the agreement to sell this project (refer Note 8).

(b) Exploration and evaluation expenditure Projects

	2017 **$**	2016 $
MOD/MTR JV licences (MOD 70%)	13,007,680	4,310,705
Botswana Copper/Silver Project	8,423,496	8,167,711
Sams Creek Gold Project (Note 8)	-	3,257,095
Total exploration and expenditure	21,431,176	15,735,511

The recoverability of the carrying amount of exploration assets is dependent on the success of mineral exploration.

10. Property, Plant and Equipment

	2017 **$**	2016 $
Land	130,091	-
Office leasehold improvements		
- Gross carrying value - cost	100,000	-
- Accumulated depreciation	(22,224)	-
Net carrying amount	77,776	-
Property and equipment		
- Gross carrying value – cost	312,710	227,143
- Accumulated depreciation	(191,943)	(155,745)
Net carrying amount	120,767	71,398
Motor vehicles		
- Gross carrying value - cost	212,141	28,595
- Accumulated depreciation	(49,930)	(28,595)
Net carrying amount	162,211	-
Construction in progress – Gross carrying value - cost	282,963	-
Net carrying amount	773,808	71,398
Reconciliation of property, plant and equipment		
Land		
Opening net carrying amount	-	-
Additions	125,161	-
Exchange difference	4,930	-
Closing net carrying amount	130,091	-
Office leasehold improvements		
Opening net carrying amount	-	-
Additions	100,000	-
Disposals/transfers	-	-
Depreciation expense	(22,224)	-
Exchange difference	-	-
Closing net carrying amount	77,776	-

10. Property, Plant and equipment (continued)

	2017 $	2016 $
Plant and equipment		
Opening net carrying amount	71,398	16,114
Additions	81,865	32,396
Transfer from assets held-for-sale	-	78,300
Disposals/transfers	-	(32,875)
Depreciation expense	(17,869)	(11,324)
Depreciation expense transferred to exploration and evaluation expenditure	(16,571)	(14,230)
Exchange difference	1,944	3,017
Closing net carrying amount	120,767	71,398
Motor vehicles		
Opening net carrying amount	-	2,254
Additions	175,004	-
Disposals/transfers	-	-
Depreciation expense transferred to exploration and evaluation expenditure	(20,447)	(2,275)
Exchange difference	7,654	21
Closing net carrying amount	162,211	-
Construction in progress		
Opening net carrying amount	-	-
Additions	269,389	-
Transfers	-	-
Exchange difference	13,574	-
Closing net carrying amount	282,963	-
Net carrying amount	773,808	71,398

11. Trade and Other Payables

	Note	**2017 $**	2016 $
Current			
Trade Creditors		1,274,092	311,164
Payables to related parties (i)	21	326,293	82,671
Payable on MOD/MTR JV licences	9	-	138,357
Other payables – lease liability (ii)		33,333	-
Other creditors and accruals		301,555	70,980
		1,935,273	603,172
Non-Current			
Other payables – lease liability (ii)		44,443	-
		44,443	-

Trade, Related Parties and Other Creditors and Accruals are non-interest bearing. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Notes:

(i) Payments owing to Directors, Director related entities and other key management personnel of $326,293 (31 December 2016: $82,671).

(ii) Reflects the liability (current and non-current) that needs to be recognised in terms of accounting standards for leasehold improvements made to MOD's corporate offices during the period under review.

12. Interest-bearing liabilities

	2017	2016
	$	$
Loan	500,000	1,500,000

On 8 July 2013, MOD secured a $2 million loan from SHL Pty Ltd, a Company controlled by a related party of MOD director Simon Lee, AO. The $2 million loan was unsecured for an initial 12-month period at an interest rate of 8% per annum, payable monthly in arrears.

A Deed of Extension and Variation was signed on 5 May 2014 so as to extend the Initial Facility Period to end on 4 January 2015. MOD exercised its option to extend the term of the loan for a further 12-month period at a reduced interest rate of 7% per annum with the loan secured against the unencumbered assets of MOD subject to shareholder approval.

On 19 October 2015, MOD entered into a Deed of Amendment with SHL Pty Ltd to extend the repayment date for its existing $2 million loan to 4 April 2016. The parties agreed that MOD did not have the capacity to repay the loan on this date and so agreed that the repayment date for the loan will be extended a further three months to 4 July 2016.

On 25 May 2016, the Company entered into a Deed of Extension and Variation with SHL Pty Ltd which stipulated that the Company was to repay a minimum of $0.5 million and outstanding interest payments owing to SHL by 4 July 2016. This condition was met by the Company and both parties agreed to review the financial capacity of the Company to repay the balance of the SHL Loan on a rolling 3-month basis.

During the year, capital repayments of $1,000,000 (2016: $500,000) was made ($250,000 per quarter) and interest of $67,083 was paid to this entity (2016: $253,750) and $2,917 was payable as at 31 December 2017 (31 December 2016: $8,750). Subsequent to 31 December 2017, the Company repaid a further $0.25 million to SHL.

13. Employee Benefits Provision

	2017	2016
	$	$
Provision for employee entitlements	79,554	30,492

14. Issued Capital and Other Capital

	2017 $	2016 $
Issued capital		
Issued and fully paid ordinary shares	88,125,636	72,736,019
	88,125,636	72,736,019

	Number of Shares 2017	2016
(a) Fully paid ordinary shares		
Issued and fully paid ordinary shares	1,895,997,625	1,589,134,144

(b) Ordinary shares

	31 December 2017		31 December 2016	
Movement in Ordinary Shares on Issue	**Number of Shares**	**$**	Number of Shares	$
Beginning of the period	1,589,134,144	72,736,019	1,184,603,328	62,780,151
Issued during the year				
- shares issued following options exercised (i)	35,196,727	389,383	-	-
- shares issued pursuant to placement (ii)	10,344,825	300,000	-	-
- shares issued pursuant to licence acquisition (ii)	1,400,000	63,000	-	-
- shares issued to institutional investors (iii)	235,421,929	14,596,160	-	-
- shares issued under Performance Rights Plan (iv)	24,500,000	896,848	-	-
- shares issued pursuant to placement	-	-	66,666,667	2,000,000
- shares issued to corporate advisor	-	-	6,500,000	78,500
- shares issued following options exercised	-	-	18,685,394	186,853
- shares issued pursuant to non-renounceable rights issue	-	-	6,500,000	39,000
- shares issued pursuant to rights issue	-	-	127,927,043	3,070,249
- shares issued pursuant to placement	-	-	178,251,712	5,169,300
- capital raising costs	-	(855,774)	-	(588,034)
End of the period	1,895,997,625	88,125,636	1,589,134,144	72,736,019

Notes:
(i) The Company issued fully paid ordinary shares at various dates during the period following the exercise of listed $0.01 options (MODO) expiring 1 May 2018 and unlisted $0.06 options expiring 15 April 2019.
(ii) On 21 February 2017, the Company allotted 10,344,825 fully paid ordinary shares pursuant to participation in the Company's placement as announced on 23 December 2016. It also issued 1,400,000 fully paid ordinary shares pursuant to the terms and conditions of a sale agreement with Mokgweetsi Mining (Pty) Ltd to acquire the remaining 20% interests in PL 141/2012 and PL 044/2012.
(iii) The Company issued 235,421,929 fully paid ordinary shares to institutional investors pursuant to the placement as announced on 17 March 2017.
(iv) On 21 June 2017, the Company allotted 23,000,000 shares following performance rights being vested and exercised. A further allotment of 1,500,000 shares was made on 7 November 2017.

(c) Capital management

The Group's objective in managing capital is to continue to provide shareholders with attractive investment returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital consists of equity attributable to equity holders of the Parent plus net debt. At 31 December 2017, the Group was in a net cash position of $9,504,190 (2016: $4.0 million). Gearing ratio is Nil (2016: Nil).

There are no externally imposed capital requirements.

15. Share Option Reserves

	2017 $	2016 $
Option reserves – share based payments[a]	334,381	354,720
Performance rights expense[b]	177,126	-
	511,507	354,720

Share-based payment transactions
The share-based payment transaction reserve is used to recognise the value of equity-settled share-based payment transactions provided to consultants and employees, including key management personnel, as part of their remuneration.

(a) Share-based payments

The number of unlisted options outstanding over unissued ordinary shares at balance date is as follows:

	2017 $	2016 $
Balance at beginning of year	354,720	490,798
Key Management Personnel Options		
25 May 2016: 18,000,000 unlisted options exercisable at $0.06; expiring on 15 April 2019	-	319,163
Options issued during the period	-	319,163
Key Management Personnel Options		
20 June 2017: expiry of 2,000,000 unlisted options exerciseable at $0.075	(20,339)	-
12 June 2016: expiry pf 21,000,000 unlisted options exerciseable at $0.20	-	(434,328)
Corporate Advisor Options		
21 May 2015: 5,000,000 unlisted options exercisable at $0.01; expiring on 21 May 2018	-	(20,913)
Options lapsed and exercised during the year	(20,339)	(455,241)
Balance at end of period	334,381	354,720

Summaries of options granted as share based payments to directors and employees:

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the period:

	2017 No.	2017 WAEP	2016 No.	2016 WAEP
Outstanding at beginning of year	23,250,000	0.05	23,000,000	0.20
Granted during the period	-	-	21,250,000	0.04
Exercised during the period	-	-	-	-
Expired during the period	(2,000,000)	0.075	(21,000,000)	(0.20)
Outstanding at end of period	21,250,000	0.05	23,250,000	0.05

On 4 March 2017, 63,000,000 unlisted $0.06 options expired without being exercised.

Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 31 December 2017 is 1 year and 2 months (2016: 1 year and 7 months).

15. Share Option Reserves (continued)

Range of exercise price

The range of exercise prices for share-based payment options outstanding at the end of the year was $0.01 - $0.06 (2016: $0.01 - $0.075).

Weighted average fair value

There were no share options granted during the year. For the comparative year the fair value of the options on issue was $0.05.

Fair value basis

The fair value of these options are recognised, from their date of grant, over their vesting period; fair value is determined as at date of grant using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the underlying share price as at date of grant, the expected price volatility of the underlying shares and the risk-free interest rate for the term of the option. The Company is required to expense the options on the basis that the fair value cost at date of grant is apportioned over the vesting period applicable to each option.

The model inputs for assessing the fair value of options granted during the period are as follows:

a) Options are granted for no consideration and vest as described in the table above;
b) Exercise price is as described in the table above;
c) Grant date is as described in the table above;
d) Expiry date is as described in the table above;
e) Share price is based on the last bid price on ASX as at date of grant, as described in the table above;
f) Expected price volatility of the Company shares is based on independent assessments;
g) Expected dividend yield is nil;
h) Risk-free interest rate is based on the 3-year Commonwealth bond yield, as described in the table above.

(b) Performance Rights

	2017 $	2016 $
Balance at beginning of year	-	-
Performance rights		
Performance rights expense during the period	1,073,974	-
Shares issued under the performance rights plan	(896,848)	-
Balance at end of period	177,126	-

The shareholders approved the Company's Performance Rights Plan on 20 February 2017. The Company issued 47,000,000 Performance Rights to Eligible Participants on 21 February 2017 including Directors, Key Management Personnel, staff and select contractors operating in the Company's exploration, development, administrative, financial and corporate activities in Australia and Botswana.

The Performance Rights issued pursuant to the Company's Performance Rights Plan which vest and become exercisable in two equal tranches, expiring 21 February 2022:

(a) Tranche 1: vest upon the Company achieving a market capitalisation of $120 million for a period of 30 consecutive calendar days.

(b) Tranche 2: vest upon the Company achieving a market capitalisation of $180 million for a period of 30 consecutive calendar days.

On 21 June 2017, the Company issued 23,000,000 fully paid ordinary shares following the exercise of 23,000,000 ($820,660) vested Performance Rights by twelve (12) Eligible Participants including Directors, Key Management Personnel, Staff and Select Contractors operating in the Company's exploration, development, administrative, financial and corporate activities in Australia and Botswana.

The Company further issued 3,000,000 Performance Rights on 21 June 2017 to Chief Financial Officer, Mr Stef Weber under the terms of the Performance Rights Plan as approved by shareholders on 20 February 2017. On 6 November 2017, the Company issued 1,500,000 fully paid ordinary shares following the exercise of 1,500,000 ($76,188) vested Performance Rights to Mr Weber.

The Company, subject to shareholder approval, will issue non-executive director, Ms Bronwyn Barnes, 5,000,000 Performance Rights exerciseable on or before 21 February 2022, vesting on a market capitalisation milestone, on the same terms and conditions as the Performance Rights issued to other Directors and Key Management Personnel. In terms of accounting standards, an expense needs to be recognized for Ms Barnes proposed performance rights although shareholder approval still needs to be obtained. An amount of $14,451 was recognised as an expense for Ms Barnes proposed performance rights for the year ended 31 December 2017.

15. Share Option Reserves (continued)

Fair value basis

The fair value of these performance rights are recognised, from their date of grant, over their vesting period; fair value is determined as at date of grant using the Black-Scholes pricing model that takes into account the exercise price, the term of the performance rights, the underlying share price as at date of grant, the expected price volatility of the underlying shares and the risk-free interest rate for the term of the performance rights. The fair value of performance rights granted during the year ended 31 December 2017 was estimated on the date of grant using the following assumptions:

- Expected volatility (%): 122
- Risk-free interest rate (%): 2.01 - 2.38
- Expected life of performance rights (years): 4.67 - 5
- Weighted average share price ($) 0.05

For the year ended 31 December 2017, the Group recognised $1,073,974 of performance rights expense in the statement of profit or loss (2016: nil).

16. Reserves

	2017 $	2016 $
Foreign currency translation reserves	1,568,100	1,610,205
At the beginning of the financial year	1,610,205	1,241,421
Foreign currency translation during the year	(42,105)	368,784
At the end of financial year	1,568,100	1,610,205

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

17. Accumulated Losses

	Note	**2017 $**	2016 $
Accumulated losses at the beginning of the financial year		(56,314,903)	(54,879,835)
Net loss attributable to members of MOD Resources Limited		(3,317,975)	(1,890,309)
Options lapsed and exercised	15	20,339	455,241
Accumulated losses at end of financial year		(59,612,539)	(56,314,903)

18. Earnings Per Share

	2017 $	2016 $
Net loss attributable to ordinary equity holders of the Parent for basic and diluted loss per share	(3,317,975)	(1,890,309)

Weighted average number of shares used in calculation of:	**Number of Shares**	Number of Shares
Loss per share (cents per share) for continuing operations attributable to the ordinary equity holders of the Company:		
- Basic and diluted loss per share	1,824,270,875	1,312,939,842
Loss per share for loss (cents per share) attributable to the ordinary equity holders of the Company:		
– Basic and diluted loss per share	1,824,270,875	1,312,939,842

As the options outstanding at 31 December 2017 would have reduced the loss per share from continuing operations on conversion, the potential ordinary shares were not considered dilutive. As the loss per share would have reduced by the options outstanding, the directors' options have not been included in the determination of diluted earnings per share as these are not considered dilutive.

19. Auditors' Remuneration

	2017 **$**	2016 $
Amounts paid or payable to Grant Thornton Audit Pty Ltd for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	55,855	69,010
Amounts paid or payable to a related practice of Grant Thornton Audit Pty Ltd for:		
- other services provided by Grant Thornton Australia Limited	17,587	4,600
	73,442	73,610
Amounts paid or payable to other Grant Thornton firms:		
- an audit or review of the financial report of the subsidiaries	20,192	13,174

20. Expenditure Commitments

(a) Lease commitments	**2017** **$**	2016 $
Operating Lease Commitments - contracted but not provided for and payable:		
Office accommodation		
- not later than one year	146,000	5,273
- later than one year and not later than five years	194,667	-
	340,667	5,273

(b) Capital expenditure commitments

Botswana Copper/Silver Project
As at 31 December 2017, the minimum exploration expenditure commitments over the licence term on the MOD Licences, MOD JV Licences (MOD 80%) and MOD/MTR JV Licences (MOD 70%; MTR 30%) total BWP24,631,894 ($3.257 million). The Botswana government will retain a levy of 3% NSR (royalty on net smelter return) on base metals and a 5% NSR on precious metals. Furthermore, they also have the right to acquire a 15% working interest upon issuance of a mining licence.

Under certain circumstances these commitments are subject to adjustment and/or timing. They are however expected to be fulfilled in the normal course of operations. The amount disclosed above is estimated only.

Sams Creek Gold Project
The Group has no capital expenditure commitments on the licences for Sams Creek Gold Project as at 31 December 2017.

(c) Finance, lease and hire purchase commitments

There was no finance, lease and hire purchase commitments as at 31 December 2017 (2016: Nil).

21. Key Management Personnel

(a) Details of Key Management Personnel for the year ended 31 December 2017

Directors

Mr Mark Clements (Executive Chairman and Company Secretary)
Mr Julian Hanna (Managing Director)
Mr Steven McGhee (Technical Director)
Mr Simon Lee AO (Non-Executive Director)
Ms Bronwyn Barnes (Non-Executive Director)

Executives

Mr Stef Weber (Chief Financial Officer)
Mr Jacques Janse Van Rensburg (Business Development Manager)
Mr Paul Angus (Project Manager Exploration (New Zealand))

(b) Remuneration of Key Management Personnel

Details of the key management personnel are as follows:

	2017 **$**	2016 $
Short term employee benefits	1,461,574	565,070
Post-employment benefits	56,350	22,610
Share-based payments	866,497	319,163
	2,384,421	906,843

(c) Other Transaction and Balances with Key Management Personnel

Transactions with Directors

On 8 July 2013, MOD secured a $2 million loan from SHL Pty Ltd, a company controlled by a related party of MOD director Mr Lee, AO. The $2 million loan was unsecured for an initial 12-month period at an interest rate of 8% per annum, payable monthly in arrears. MOD was not required to pay an establishment fee for the loan and has the right to repay the loan early without incurring any penalty.

A Deed of Extension and Variation was signed on 5 May 2014 so as to extend the Initial Facility Period to end on 4 January 2015. MOD exercised its option to extend the term of the loan for a further 12-month period at a reduced interest rate of 7% per annum with the loan secured against the unencumbered assets of MOD subject to shareholder approval.

On 19 October 2015, MOD entered into a Deed of Amendment with SHL Pty Ltd to extend the repayment date for its existing $2 million loan to 4 April 2016. If MOD does not have the capacity to repay the loan on this date, the parties have agreed that the repayment date for the loan will be extended a further three months to 4 July 2016.

On 25 May 2016, MOD entered into a Deed of Extension and Variation with SHL Pty Ltd which stipulated that the Company was to repay a minimum of $0.5 million and outstanding interest payments owing to SHL by 4 July 2016. This condition was met by MOD and both parties agreed to review the financial capacity of the Company to repay the balance of the SHL Loan on a rolling 3-month basis.

During the year, capital repayments of $1 million was made and interest of $67,083 was paid to this entity (2016: $253,750). As at 31 December 2017, the capital amount outstanding was $500,000 and $2,917 of interest was payable (2016: $8,750). Subsequent to 31 December 2017, the Company repaid a further $0.25 million to SHL.

Director and company secretarial services of $264,000 were provided by a company associated with Mr Clements (2016: $108,000), in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $21,971 was payable (2016: $13,173).

Director services of $181,500 (2016: Nil) and consulting services of $447,671 (2016: $197,260) for PFS metallurgical test work and project management were provided by Independent Metallurgical Operations Pty Ltd, a company associated with Mr McGhee in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $67,636 was payable (2016: $16,170).

Director services of $17,637 (2016: N/A) and consulting services of $20,671 (2016: N/A) were provided by a company associated with Ms Barnes, in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $20,171 was payable (2016: N/A).

As at 31 December 2017, the amount payable for other director fees is $29,589; consisting of $22,964 to Mr Hanna (2016: $18,250) and $6,625 to Mr Lee (2016: $5,475).

21. Key Management Personnel (continued)

(c) Other Transaction and Balances with Key Management Personnel (continued)

Transactions with Executives

Consulting services of $200,004 (2016: $166,251) were provided by an associated company of Mr Jacques Janse van Rensburg. The consulting services were provided in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2017, $17,031 was payable (2016: $15,378).

Consulting services of $72,466 (2016: $34,819) were provided by an associated company of Mr Angus. The consulting services were provided in the ordinary course of business and on normal commercial terms and conditions.

As at 31 December 2017, the amount payable to Mr Weber for executive fees is $20,833 (2016: N/A).

Short Term Incentive Bonus Scheme ("STIB")

The total amount payable at 31 December 2017 to directors and key management personnel for the achievement of key performance indicators was $132,800.

22. Segment Information

Identification of reportable segments
The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Board of Directors review the results on a consolidated basis during their meetings.

The Group has one reportable segment based on the projects held in Botswana which the Directors monitor the performance separately. New Zealand, which consists of the Sams Creek Gold Project, is no longer classified as a separate reportable segment following the agreement announced on 3 July 2017 to sell this Project (Refer Note 8).

Africa-MOD/MTR Joint Venture Project
Comprises operations carried on in the centre of the Kalahari Copper Belt, North-West Botswana subject to a 70/30 joint venture with Metal Tiger Plc.

Africa-Botswana Copper/Silver Project
Comprises operations carried on in the centre of the Kalahari Copper Belt, North-West Botswana and 100% owned by MOD.

(a) Accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, capitalised exploration and evaluation expenditure, plant and equipment, net of allowances and accumulated depreciation. Most assets can be directly attributed to individual segments. Segment liabilities consist principally of payables, and accrued expenses. Segment assets and liabilities do not include deferred income taxes. Unless stated otherwise, all amounts reported to the Board of Directors in relation to operating segments are determined in accordance with the accounting policies consistent with those adopted in the annual financial statements of the Group.

22. Segment Information (continued)

(b) Intersegment transfers

Segment revenues, expenses and results include transfers between segments. There are no charges on intersegment transactions. Sams Creek Gold Project is not included in the 2017 numbers as a result of the agreement to sell the project (Refer Note 8).

(i) Segment performance

	MOD/MTR JV Project $	Botswana Copper/Silver Project $	Sams Creek Gold Project $	Total $
For the year ended 31 December 2017				
Interest revenue	339	1	-	340
Total group revenue				340
Segment loss				
Reconciliation of segment result to group net loss before tax	(8,983)	(58,320)	-	(67,303)
Other items				
- Other expenses not allocated				(3,479,667)
- Other income not allocated				283,545
Net loss after tax				(3,263,425)

Segment revenues, expenses and results include transfers between segments. There are no prices charged on intersegment transactions.

(ii) Segment performance

	MOD/MTR JV Project $	Botswana Copper/Silver Project $	Sams Creek Gold Project $	Total $
For the year ended 31 December 2016				
Interest revenue	17	5	-	22
Total group revenue				22
Segment loss				
Reconciliation of segment result to group net loss before tax	(101,543)	(423,323)	(14,988)	(539,854)
Other items				
- Other expenses not allocated				(1,399,721)
- Other income not allocated				18,803
Net loss after tax				(1,920,772)

22. Segment Information (continued)

(b) Intersegment transfers (continued)

(iii) Other assets and liabilities

	MOD/MTR JV Project $	Botswana Copper/Silver Project $	Sams Creek Gold Project $	Total $	Reconciling Items $	Group Assets and Liabilities $
31 December 2017						
Segment assets	14,324,884	8,454,953	-	22,779,837	13,622,619	36,402,456
Segment liabilities	4,228,780	95,465	-	4,324,245	1,424,237	5,748,482
31 December 2016						
Segment assets	4,573,083	8,231,013	3,260,847	16,064,943	5,582,637	21,647,580
Segment liabilities	1,190,631	113,163	31,716	1,335,510	1,904,654	3,240,164

(iv) Non-current assets by segment

	MOD/MTR JV Project $	Botswana Copper/Silver Project $	Sams Creek Gold Project $	Total $	Reconciling Items $	Group Non-current Assets $
31 December 2017						
Exploration and evaluation expenditure	13,007,680	8,423,496	-	21,431,176	-	21,431,176
Plant and equipment	674,926	3,026	-	677,952	95,856	773,808
31 December 2016						
Exploration and evaluation expenditure	4,310,705	8,167,711	3,257,095	15,735,511	-	15,735,511
Plant and equipment	58,053	4,321	-	62,374	9,024	71,398

23. Related Party Disclosure

(a) Controlled entities investments

	2017 **%**	2016 %
Parent Entity:		
MOD Resources Limited	-	-
Controlled Entities:		
Metal Capital Limited	70	70
Tshukudu Metals Botswana (Pty) Ltd	70	70
MOD Resources (Botswana) Pty Ltd	100	100
MOD Resources Botswana (Pty) Ltd	100	100
MOD Resources (NZ) Pty Ltd	100	100
Sams Creek Gold Limited	100	100
MCA Investments Pty Ltd	-	100
MCA Medical Products Pty Ltd	-	100
Discovery Mines (Pty) Ltd	-	70

MOD Resources Limited has a 70% interest in Metal Capital Limited, located in the United Kingdom which owns 100% of Tshukudu Metals Botswana (Pty) Ltd. Discovery Mines Pty Ltd, a full subsidiary of Tshukudu Metals Botswana Pty Ltd, was deregistered on 4 December 2017. Tshukudu Metals Botswana (Pty) Ltd holds exploration licences in Botswana's Kalahari Copper Belt.

Metal Tiger Plc has a 30% non-controlling interest in Metal Capital Limited.

MOD Resources (Botswana) Pty Ltd is a wholly owned subsidiary of the Company located in Australia which owns 100% of MOD Resources Botswana (Pty) Ltd located in Botswana. MOD Resources Botswana (Pty) Ltd holds exploration licences in Botswana's Kalahari Copper Belt.

MOD Resources (NZ) Pty Ltd is a wholly owned subsidiary of the Company located in Australia which owns 100% of Sams Creek Gold Limited.

Sams Creek Gold Limited is a wholly owned subsidiary of MOD Resources (NZ) Pty Ltd located in New Zealand. Its primary activity is in the gold exploration and mining sector. Sams Creek Gold Limited entered into joint operation activities which it is entitled to a participating interest in the tenements, consents and access arrangement on the fulfilment of certain conditions. It has an 80% interest in the Sams Creek Gold Project (Minerals Exploration Permit 40338). The Sams Creek Gold Project has been accounted as assets held-for-sale during the year (Note 8).

MCA Investments Pty Ltd and MCA Medical Products Pty Ltd, wholly owned subsidiaries of the Parent Entity, were deregistered on 2 August 2017.

(b) Key management personnel

Details of key management personnel are set out in Note 21.

24. Financial Risk Management and Policies

The Group's principal financial instruments comprise receivables, payables and cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate risk, foreign currency risk, equity price risk, credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Board of Directors. The Board reviews and agrees policies for managing each of the risks identified below.

Risk Exposures and Responses

Interest rate risk

The Group does not bear interest rate risks that relates to the Group's cash and short term deposits. Short-term deposits form part of cash and cash equivalents which bear fixed interest rates payable on maturity.

	2017 **$**	2016 $
Cash at bank and on hand	2,004,190	1,196,079
Short term deposits	8,000,000	4,350,000
	10,004,190	5,546,079

The Group does not bear interest rate risk on its shareholder loan as it bears a fixed interest rate of 7%.

24. Financial Risk Management and Policies (continued)

Foreign currency risk

The consolidated financial statements are presented in Australian dollars ($) which is both the functional and presentation currency of the parent company. The functional currencies of the overseas subsidiaries are Botswana Pula (BWP) and New Zealand Dollar (NZD) which are translated to the presentation currency.

The Company's subsidiaries are domiciled in Australia, Botswana, the United Kingdom and New Zealand. The Company's operations exposure to exchange rate fluctuations is the remittance of cash from Australia to Botswana and New Zealand to fund the subsidiaries exploration expenditure and working capital requirements.

The following exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2017	2016	**2017**	2016
AUD 1 = BWP	7.8251	7.9699	7.5619	7.6084
AUD 1 = NZD	1.0792	1.0657	1.0987	1.0385

The Group has not entered into hedging transactions.

Sensitivity analysis

The following table illustrates sensitivities to the consolidated Group's exposures to changes in exchange rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in foreign currency risk that management considers to be reasonably possible. The impact of the change in exchange rates between AUD and BWP to the comprehensive income and equity would have changed as follows:

	2017	2016
	$	$
+2% (2016: +5%)	(177,310)	(196,103)
-3% (2016: -1%)	345,738	1,687

The Sams Creek Project has been classified as assets held-for-sale (Note 8), the impact of the change in exchange rates between AUD and NZD to the comprehensive income and equity is as follows:

	2017	2016
	$	$
+1% (2016: +3%)	(16,683)	(101,843)
-3% (2016: -1%)	91,145	7,012

Credit risk

Credit risk arises from the financial assets of the group which comprise cash and cash equivalents and trade and other receivables. The credit risk on cash and cash equivalents are minimised through investing funds in financial institutions that maintain high credit ratings. Furthermore, receivable balances are monitored by the group on an ongoing basis, thus, the Group is not significantly exposed to credit risk.

Equity price risk

Equity price risk arises where the value of financial instruments fluctuates because of change in prices. The Group is exposed to equity price risk in respect of its listed equity securities in Australia.

Liquidity risk

The table below reflects all contractually fixed pay-offs for repayments from recognised financial liabilities.
The remaining contractual maturities of the Group's financial liabilities are:

	2017	2016
	$	$
6 months or less	5,607,818	3,209,672
6 – 12 months	16,667	-
1 – 5 years	44,443	-
Over 5 years	-	-
	5,668,928	3,209,672

24. Financial Risk Management and Policies (continued)

Risk Exposures and Responses (continued)

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations. These assets are considered in the Group's overall liquidity risk.

Year ended 31 December 2017	≤ 6 months $	6 - 12 months $	1 - 5 years $	> 5 years $	Total $
Consolidated Financial Assets					
Cash and cash equivalents	10,004,190	-	-	-	10,004,190
Trade and other receivables	644,518	-	-	-	644,518
	10,648,708	-	-	-	10,648,708
Consolidated Financial liabilities					
Trade and other payables	5,107,818	16,667	44,443	-	5,168,928
Interest-bearing liabilities (i)	500,000	-	-	-	500,000
	5,607,818	16,667	44,443	-	5,668,928
Net maturity	5,040,890	(16,667)	(44,443)	-	4,979,780

(i) Refer Note 12

The Group monitors liquidity reserves periodically on the basis of expected cash flows.

Fair Value Measurement

Fair value measurement of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices.

24. Financial Risk Management and Policies (continued)

Fair Value Measurement (continued)

	Note	**2017** Net Carrying Value $	**2017** Fair Value $	2016 Net Carrying Value $	2016 Fair Value $
Financial Assets					
Cash and cash equivalents	(i)	10,004,190	10,004,190	5,546,079	5,546,079
Trade and other receivables	(i)	644,518	644,518	245,259	245,259
Total financial assets		10,648,708	10,648,708	5,791,338	5,791,338
Financial liabilities					
Trade and other payables	(i)	5,168,928	5,168,928	1,709,672	1,709,672
Interest-bearing liabilities	(ii)	500,000	502,917	1,500,000	1,508,750
Total financial liabilities		5,668,928	5,671,845	3,209,672	3,218,422

The three levels of a fair value hierarchy on financial assets and liabilities are defined based on the observability of significant inputs to the measurement as follows:

Level 1: quoted prices in active markets for assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability

The three levels of a fair value hierarchy for the Group's financial assets and liabilities have been identified for the Group's financial assets and liabilities in the above table which have been determined based on the following methodologies:

(i) Level 2: Cash and cash equivalents, trade and other receivable and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave and long service leave, which is not considered a financial instrument.
(ii) Level 2: Interest-bearing liabilities include interest of $2,917 (2016: $8,750). This interest has not been recognised as this is due subsequent to 31 December 2017 until the due date of the loan (Note 12).

There are no unobservable inputs for the Group's financial assets and liabilities.

25. Contingent Liabilities

Under the shareholder agreement between MOD and MTR relating to the acquisition of DMI, MOD is obligated to pay the contingent consideration balance for the acquisition of DMI of US$300,000 based on the completion of a Bankable Feasibility Study on Mahumo or on DMI licences, upon completion of a liquidity event (being a capital raising by MOD, MTR or an affiliate, or a disposal of 50% of DMI shares, or any part of the DMI licences).

No value has been attributed to the contingent consideration at 31 December 2017 (2016: Nil). The fair value of contingent consideration could not be reliably estimated as the probability of achieving the milestones could not be determined.

MTR will receive a 2% net smelter royalty from any future production derived from the DMI licence which will be capped at US$2 million.

26. Non-controlling interest

	2017 $	2016 $
Share capital	138,725	138,725
Reserves	70,937	28,348
Accumulated losses	(148,392)	(145,698)
	61,270	21,375

27. Subsequent Events

On 5 January 2018 the Company announced a record high grade intersection at the T3 Project of 18m at 4.3%Cu and 94 g/t Ag. The record intersection forms part of MOD's T3 resource infill drilling program. The significant widths of high grade vein hosted copper and silver should positively impact the large T3 Pit Project Resource.

The Pre- Feasibility Study for the T3 Open Pit Mine was released at the end of January 2018. MOD presented two cases for the PFS, with the Base Case determined on a Proved and Probable Ore Reserve. The Expansion Case has a Production Target utilising the Base Case Ore Reserve and additional production from existing Inferred, Measured and Indicated Mineral Resources from Year 4 of production.

The PFS Expansion Case assumes open pit mining and conventional flotation processing with a plant throughput of 2.5Mtpa for the first three years from production start. Assuming the Expansion Case proceeds, the plant will be upgraded to enable it to treat 4Mtpa during Year 4 onwards.

The Base Case had an NPV of US$281m(A$370m) pre-tax whilst the expansion case had a NPV of US$ 402m(A$529M) pre-tax. Due to the robust financial outcomes indicated by the PFS, the boards of MOD and joint venture partner, Metal Tiger Plc (30%) have agreed to proceed with a Feasibility Study which has commenced in Q1 2018.

MOD announced on 26 February 2018 that a 20 hole resource extension drilling program has commenced at its 100%-owned T1 deposit (Mahumo Project).

On 6 March 2018 MOD announced that it will raise $18m through an oversubscribed share placement and fully underwritten rights placement. The share placement will raise $12m before costs through the issue of 255,319,148 shares at an issue price of $0.047. The non-renounceable rights issue will entitle shareholders to one new share for every 16 shares held at the same issue price as the placement.

Other than the above, there has not been any matter or circumstance that has arisen since the end of the year that has significantly affected, or may significantly affect, the operations of the controlled entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

In accordance with a resolution of the directors of MOD Resources Limited, I state that:

1. In the opinion of the Directors:

   (a) The financial statements and notes of MOD Resources Limited for the financial year ended 31 December 2017 are in accordance with the Corporations Act 2001, including:

      (i) Giving a true and fair view of its financial position as at 31 December 2017 and of its performance for the year ended on that date; and

      (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a).

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and Chief Financial Officer in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2017.

On behalf of the Board

MARK CLEMENTS
Executive Chairman

27th March 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
to the Members of MOD Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of MOD Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Exploration and Evaluation Expenditure
(Note 2(h) and Note 9)</td><td></td></tr>
<tr><td>As at 31 December 2017 the Group had $21,431,176 of exploration and evaluation expenditure split between its Botswana Copper/Silver Project ($8,423,496), and the MOD/MTR JV licences ($13,007,680).

The Group is required to assess each area of interest in line with AASB 6 Exploration for and Evaluation of Mineral Resources to ensure the carrying value does not exceed its recoverable amount.

The process to assess for impairment of exploration assets involves significant management judgement and subjectivity with regards to the applicability of impairment indicators and the assessment of the recoverable amount of assets which have not yet reached the production stage. The ability for the Group to determine whether the area of interest is economically viable is dependent upon advancing drilling and feasibility studies to a stage whereby information is readily available to undertake value-in-use calculations.

This is a key audit matter due to the nature of the balance and the judgements required in determining the recoverable amounts, including the judgemental nature of the estimates and assumptions used in the impairment analysis.</td><td>Our procedures included, amongst others:

• Documenting the processes and internal controls in respect to accounting for additions and around management’s review and assessment of applicability of impairment indicators;
• Obtaining a schedule of areas of interest held by the Group and assessing the Group’s right to tenure over the exploration licences to which exploration expenditure had been capitalised;
• Considering the application of requirements under AASB 6 Exploration for and Evaluation of Mineral Resources in relation to expenditure capitalised during the period;
• Obtaining management’s assessment of impairment considerations and performing the following:
- Critically assessing inputs and assumptions in management’s analysis;
- Evaluating compliance with the requirements of AASB 6;
- Engaging the services of an independent geologist to evaluate management’s assessment of impairment indicators and compare to fair value based on available market information;
- Assessing the competencies of the expert in line ASA 620 Using the work of an Auditors Expert;
- Evaluating the sufficiency of the impairment charge; and
• Assessing the adequacy of related disclosures in Note 2(h) and Note 9.</td></tr>
</table>

Grant Thornton

Going concern basis of accounting (Note 2(x))	
The nature of the Group's current activities to undertake exploration on areas of interest to which it has tenure means it has not generated sufficient revenues and for 2017 incurred a net loss after tax of $3,320,669. The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required in evaluating the Group's assessment of going concern. The Group relies on equity or debt raisings in order to have sufficient working capital to carry out its objectives for at least twelve months from the date of signing the financial statements. The Directors have determined that the going concern basis of accounting is appropriate in preparing the financial report which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group has prepared cash flow projections which include a number of assumptions and judgements, including estimates of project and administration expenditure. These projections are used to support the sufficiency of working capital. The Directors have concluded that these projections do not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern This area is a key audit matter due to the nature of the business. Should it be inappropriate for the financial statements to be prepared on the going concern basis the values of certain assets and liabilities as set out in the financial statements might be significantly different.	Our procedures included, amongst others: • Obtaining management's assessment of the going concern basis of preparation by reviewing future plans and tested cash flow projections prepared by the Group for consistency with our understanding of planned activities; • Assessing the ability of management to prepare accurate budgets and forecasts based on past results; • Enquiring with management as to future capital raising initiates and assessed the forecasted cash flows for the twelve month period from the date of signing the financial statements; • Comparing forecast administrative expenditure with actual levels of expenditure for the 2017 financial year and obtained explanations for any significant variances; • Obtaining representations from management and the directors as to the adequacy of cash resources; and • Assessing the adequacy and completeness of related disclosures in the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 27 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of MOD Resources Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner – Audit & Assurance

Perth, 27 March 2018

Additional information is required by the Australian Securities Exchange Listing Rules and not disclosed elsewhere in this report.

The information is correct as at 21 March 2018.

SUBSTANTIAL SHAREHOLDERS

Number of ordinary shares held by the substantial shareholders.

Shareholder	No. of Ordinary Shares
Australian Super Pty Ltd	168,706,957*
Metal Tiger PLC	130,910,810

*Based on latest notice of change of substantial shareholder notice dated 1 November 2017

CLASS OF SHARES AND VOTING RIGHTS

At 21 March 2018, there were 2,688 holders of the ordinary shares of the Company.

Ordinary Shares

In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Shareholders Ordinary Shares
1 - 1,000	95
1,001 - 5,000	133
5,001 - 10,000	224
10,001 - 100,000	1,239
Over 100,000	997
Total number of shareholders	2,688

Total number of shareholders holding less than a marketable parcel was 481.

TOP 20 SHAREHOLDERS AS AT 21 MARCH 2018

Ordinary Shareholders	Fully Paid Number of Shares Held	Percentage of Shares Held
JP Morgan Nominees Australia Ltd	298,241,016	13.78%
Metal Tiger Plc	130,910,810	6.05%
Citicorp Nominees Pty Ltd	126,568.980	5.85%
Phoenix Properties International Pty Ltd	92,906,477	4.29%
BNP Paribas Nominees Pty Ltd (DRP)	50,218,645	2.32%
BNP Paribas Nominees Pty Ltd (UOB KH PL AC UOB K)	50,000,000	2.31%
Simon Sui Hee Lee	47,160,851	2.18%
Julian P + P G Hanna	45,478,099	2.10%
Rask Pty Ltd (Granger Superannuation Fund Account)	44,739,686	2.07%
McGhee Investment Holdings Pty Ltd	42,750,093	1.98%
Pershing Australia Nominees Pty Ltd	41,896,056	1.94%
Balion Pty Ltd	32,394,337	1.50%
UBS Nominees Pty Ltd	27,375,050	1.26%
Lee Miller Investments Pty Ltd	24,482,633	1.13%
David George Glennie	23,350,939	1.08%
Onmell Pty Ltd	21,997,252	1.02%
National Nominees Limited (DB A/C)	21,336,595	0.99%
Marford GRP Pty Ltd	20,436,559	0.94%
David H + E Webster	20,066,013	0.93%
Tuan Chau	20,000,000	0.92%
	1,182,310,091	54.64%

DISTRIBUTION OF OPTIONHOLDINGS

At 21 March 2018, there were 117 holders of listed $0.01 options expiring 1 May 2018.

Category	No. of Optionholders Listed Options
1 - 1,000	21
1,001 - 5,000	37
5,001 - 10,000	6
10,001 - 100,000	36
Over 100,000	17
Total number of optionholders	117

Total number of shareholders holding less than a marketable parcel was 65.

TOP 20 OPTIONHOLDERS AS AT 21 MARCH 2018

Listed Optionholders	Listed Options Number of Options Held	Listed Options Percentage of Options Held
Simon Sui Hee Lee	3,250,000	23.86%
Balion Pty Ltd	2,020,470	14.84%
Petel Nominees Pty Ltd	1,139,569	8.37%
Norvest Projects Pty Ltd	1,000,000	7.34%
Arredo Pty Ltd	900,000	6.61%
ES + C Kastrissios	818,770	6.01%
Matthew Keith Keown	568,887	4.18%
Adam Nicolai Czurajewski	391,280	2.87%
EI + DE Carter	326,361	2.40%
SF + KJ Yull	302,500	2.22%
Chaim Pty Ltd	250,000	1.84%
Deborah Ann Hardy	228,131	1.68%
Technica Pty Ltd	200,000	1.47%
TM + BM Rohde	159,000	1.17%
Ashdes Investments Pty Ltd	125,000	0.92%
Dracena Nominees Pty Ltd	123,460	0.91%
Stephen A Cooper	122,160	0.90%
Nicholas D McDonald	100,000	0.73%
Jason Thomas Caldwell	100,000	0.73%
Treluc Investments Pty Ltd	100,000	0.73%
Damien Aylward	100,000	0.73%
ABN Amro Clearing Sydney Nominees Pty Ltd	96,000	0.70%
Neil Hallett-Carpenter	80,000	0.59%
	12,501,368	91.80%

Unlisted Securityholders

There are 426 holders of unlisted $0.06 options expiring on 15 April 2019.

There are 14 holders of Performance Rights expiring 21 February 2022.

Stock Exchange Listing

MOD Resources Limited's shares and options are listed on the Australian Securities Exchange.

Other Matters

The chief entity is domiciled in Australia.

The chief entity is a public company for taxation purposes.

The following exploration licences were in place at 31 December 2017;

Botswana Copper/Silver Project and MOD/MTR JV Licences

Permit/Licence Number	Size (km^2) (approx.)	Holding	Title Holder	Licence Commencement Date	Renewal Date
MOD Licences					
PL686/2009	463.0	100%	MOD Resources Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL204/2014	70.8	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 14	31 Mar 17*
PL280/2014	116.0	100%	MOD Resources Botswana (Pty) Ltd	01 Jul 14	30 Jun 17*
PL034/2010	921.0	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 15	31 Mar 17*
PL035/2010	789.0	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 15	31 Mar 17*
PL036/2010	941.0	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 15	31 Mar 17*
PL141/2012	387.3	100%	MOD Resources Botswana (Pty) Ltd	01 Oct 15	30 Sep 17*
PL211/2017	974.0	100%	MOD Resources Botswana (Pty) Ltd	01 Jan 18	31 Dec 20
MOD/MTR JV Licences					
PL186/2008	557.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL187/2008	648.8	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL188/2008	395.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL189/2008	210.7	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL190/2008	708.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL191/2008	572.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL192/2008	604.5	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL102/2005	331.1	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL103/2005	131.1	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL104/2005	285.3	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL060/2012	809.2	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL061/2012	974.9	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL231/2016	65.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Oct 16	30 Sept 19
PL074/2017	45.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Apr 17	31 Mar 20
PL099/2017	285.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Oct 17	30 Sep 20
PL189/2017	370.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Oct 17	30 Sep 20
PL126/2013	341.4	70%	Senyetse Resources (Pty) Ltd	01 Jul 16	30 June 18**
PL127/2013	668.6	70%	Senyetse Resources (Pty) Ltd	01 Jul 16	30 June 18**

Note:
*Renewal applications submitted before expiry date. Licence documents renewals received subsequent to year end.
**Tshukudu has an option agreement to acquire 100% of these licences which was exercised subsequent to year end.

Sams Creek Gold Project

Permit/Licence Number	Size (km^2) (approx.)	Holding	Title Holder	Licence Commencement Date	Renewal Date
EP40338	30.6	80%	Sams Creek Gold Limited	27 Mar 98	26 Mar 21
EP54454	32.0	100%	Sams Creek Gold Limited	25 Sep 12	25 Sep 22

BOTSWANA COPPER/SILVER PROJECTS

Summary of Mineral Resource Estimates
Reported according to JORC Category and Deposit

T3 -Mineral Resources at 24 August 2017

JORC Category	Cutoff Cu%	Tonnes	Grade Cu%	Grade Ag g/t	Contained Cu (Kt)	Contained Ag (Moz)
Measured	0.5	8,954,000	1.27	12.50	113.45	3.60
	1.0	6,548,000	1.45	13.58	94.62	2.86
	1.5	2,179,000	1.90	17.91	41.49	1.25
Indicated	0.5	11,202,000	1.19	12.50	133.43	4.50
	1.0	7,240,000	1.42	14.07	102.52	3.28
	1.5	2,200,000	1.89	18.07	41.62	1.28
Inferred	0.5	15,810,000	1.03	13.09	162.04	6.65
	1.0	6,786,000	1.42	16.59	96.09	3.62
	1.5	2,108,000	1.91	20.66	40.16	1.40
TOTAL	**0.5**	**35,966,000**	**1.14**	**12.79**	**408.93**	**14.79**
	1.0	**20,574,000**	**1.43**	**14.73**	**293.18**	**9.74**
	1.5	**6,487,000**	**1.90**	**18.84**	**123.25**	**3.93**

T3 -Mineral Resources at 31 December 2016 and 26 September 2016

JORC Category	Cutoff Cu%	Tonnes	Grade Cu%	Grade Ag g/t	Contained Cu (tonnes)	Contained Ag (oz)
Indicated	0.5	18,071,000	1.35	16.7	244,320	9,724,550
	1.0	10,103,000	1.84	24.2	186,198	7,848,794
	1.5	6,773,906	2.12	29.6	143,675	6,450,935
Inferred	0.5	10,287,000	1.03	13.7	105,853	4,546,534
	1.0	3,162,296	1.82	26	57,396	2,640,127
	1.5	1,706,001	2.3	34.5	39,221	1,892,814
TOTAL (Indicated & Inferred)	**0.5**	**28,358,000**	**1.24**	**15.7**	**350,221**	**14,271,083**
	1.0	**13,265,000**	**1.84**	**24.6**	**243,678**	**10,488,664**
	1.5	**8,479,907**	**2.16**	**30.6**	**182,912**	**8,343,592**

T1 -Mineral Resources at 31 December 2017 and 31 December 2016

Mahumo Stage One - Total Resources @ 1.0% Cu cut-off						
JORC Category	Tonnes	Cu %	Ag g/t	CuEq[2] %	Cu Tonnes	Ag Ounces
Measured	518,000	1.93%	48.8	2.37%	10,000	813,000
Indicated	1,726,000	1.87%	48.0	2.30%	32,280	2,660,000
Inferred	433,000	2.52%	57.4	3.03%	10,900	800,000
Total	**2,677,000**	**2.00%**	**50.0**	**2.44%**	**53,180**	**4,273,000**

1. Tonnes, grade and metal content have been rounded. Rounding may lead to computational discrepancies.
2. The formula used is: CuEq= Cu% + (Ag g/t x 0.009).

BOTSWANA COPPER/SILVER PROJECTS (CONTINUED)

Corner K - Mineral Resources at 31 December 2017 and 31 December 2016

Corner K Deposit – Mineral Resource Estimates [1]						
Cut-Off Grade (%)	Tonnes (Mt)	Cu %	Ag g/t	CuEq[2] %	Contained Copper Tonnes	Contained Silver 000's oz
0.30%	9.8	0.90%	18.0	1.12%	87,600	5,655
0.40%	9.5	0.91%	18.4	1.14%	86,600	5,631
0.50%	9	0.94%	19.3	1.17%	84,400	5,593
0.60%	8.5	0.96%	20.3	1.21%	81,300	5,519

1. Tonnes, grade and metal content have been rounded. Rounding may lead to computational discrepancies.

2. CuEq (copper equivalent) calculated using US$3.55/Lb Cu & US$29.96/Oz Ag. There is no adjustment for metallurgical recovery.

The formula used is: CuEq= Cu% + (Ag g/t x 0.01231).

Price data is from Bloomberg's compilation of 11 analysts for 2013, 2014 and 2015, accessed on 19/09/12.

Review of material changes

There have been material changes to MOD's Mineral Resource Estimates since the last reporting period.

An updated JORC compliant resource at T3 was announced on 24 August 2017. This comprised 36Mt @ 1.14% Cu and 12.8g/t Ag.

T3 is hosted on Prospecting Licence 190 and forms part of a joint venture between MOD Resources Ltd (70%) and AIM-listed Metal Tiger PLC (30%) in the Kalahari Copper Belt, Botswana.

The Mineral Resource Estimates for Prospecting Licence 686 which hosts the Mahumo deposit (formerly Corner K and now referred to as T1) remain unchanged since 31 December 2017. The resource was announced on 25 March 2015.

The T1 and T3 Mineral Resources were estimated by an independent consultant in South Africa in accordance with the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves (JORC Code, 2012). The T1 and T3 Resource announcements include a statement describing all the resource parameters and assumptions, a competent persons statement and ASX tables appropriate for a new resource estimate.

SAMS CREEK GOLD PROJECT

Summary of Mineral Resource Estimates
Reported according to JORC Category and Deposit

Sams Creek - Mineral Resources at 31 December 2017 and 31 December 2016

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**

SAMS CREEK GOLD PROJECT (CONTINUED)

Review of material changes

There has been no additional work on the Sams Creek Stage 2 Mineral Resource estimate by Golder Associates completed in October 2013 which includes a JORC compliant Indicated Mineral Resource of 575,000oz gold, based on 10 million tonnes @ 1.77g/t using a 0.7g/t cut-off.

Golder Associates' Resource Statement (including a summary of the 2012 JORC Code assessment criteria) was attached to the 9 October 2013 announcement. There have been no changes to the Mineral Resource Estimate of this Project.

GOVERNANCE AND INTERNAL CONTROLS

MOD maintains strong QAQC controls across all resource related work.

BOTSWANA COPPER/SILVER PROJECT

Sampling Method

Drill core is logged, split and sampled by MOD personnel at site. The saw blade is cleaned after each sample by cutting unmineralised material to avoid contamination. The logging process documents lithological, alteration and structural information as well as geotechnical data, percentage recovery and density measurements. Diamond core is sampled and assayed at 1m intervals, or less, as dictated by lithological contacts, and assayed for 35 elements at ALS Chemex laboratory in Johannesburg. Industry standards, blanks and duplicates are submitted into the sample stream for analysis.

For RC drilling a 30-35 kilogram sample is collected from the cyclone discharge at 1m intervals. The drill hole is flushed with compressed air after each 1m interval. The sample is then split 75/25. The 25% portion is further split 50/50. One half provides material for analysis and the other half is archived. 1m samples are collected. All samples are bagged, sealed and transported in secured wooden crates and shipped to ALS Chemex laboratories in Johannesburg, South Africa. Standards, blanks and duplicates are inserted into the sample stream for RC.

Sample Preparation and Analysis

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 packed in sealed containers and shipped to ALS Chemex laboratories in Johannesburg, South Africa. Blanks and Certified Reference Material standards are inserted into the sample stream at every 10th sample interval. Samples at the lab are prepared using industry standard techniques including a silica wash after each sample has been crushed. Analytical techniques have been chosen to best characterize total and non-sulphide copper and silver mineralisation as well as to test for other metals.

The following methods are utilized:

1. 35 elements by aqua-regia acid digestion and ICP-AES that includes total copper and silver.
2. Analysis of over limits for Cu.
3. Analysis for non-sulphide Cu.

Currently all core samples are analysed for total and acid soluble Cu. RC samples are also assayed for total and soluble Cu. RC samples are not composited. All results are reported as down hole widths.

The Mahumo resource estimate was calculated by independent third party, Sphynx Consulting Pty Ltd and reported under JORC 2012. Mr A.I. Pretorius is a full-time employee of Sphynx Consulting CC and registered with SACNASP (400060/91). Mr Pretorius consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Corner K resource estimate was calculated by independent third party, Sphynx Consulting Pty Ltd and reported under JORC 2004 rules. 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. Various visual and statistical checks were made to validate the results.

Competent Person's Statement

The Competent Person responsible for the geological interpretation, Mineral Resource estimation and classification of the Mahumo Copper/Silver Project is Mr A.I. Pretorius, who is a full-time employee of Sphynx Consulting CC and registered with SACNASP (400060/91). Mr Pretorius 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 Pretorius consents to the inclusion in this report of the matters based on his information 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 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 has approved the Statement as a whole and consents to the inclusion in this report in the form and context in which it appears.

SAMS CREEK GOLD PROJECT

Sampling Method

Drill core is logged, split and sampled by MOD personnel at site. The logging process documents lithological, alteration and structural information as well as geotechnical data, percentage recovery and density measurements.

Diamond core is sampled and assayed at 1m intervals, or less, as dictated by lithological contacts, and assayed for gold at SGS's laboratory in Waihi, New Zealand and a 50 element suite by ALS in Brisbane.

Industry standards and blanks are submitted with each batch along with duplicates created by splitting half core and submitting both samples into the sample stream.

Sample Preparation, Analysis and Security

MOD has implemented an industry-standard QA/QC program. Drill core is logged, split by sawing and sampled at site. Samples are bagged, labelled, and shipped to SGS laboratory in Waihi, New Zealand. Certified Reference - Material standards including blanks are inserted into the sample stream at approximately every 25th sample interval. Samples at the lab are prepared using industry standard techniques including a silica wash after each sample has been pulverised. SGS splitout a 50gm pulverised sample which is sent to ALS in Brisbane for multi-element determinations.

The following analytical methods are utilized:

1. Gold is analysed by 30gm Fire Assay
2. Other element (50 element suite including As, S, Cu, Pb, Zn and Sb), by aqua-regia acid digestion and ICPMS.

All results are reported as down hole widths with estimates made of the true width of the host porphyry.

Resource estimates were calculated by independent third party, Golder Associates Pty Ltd and reported under JORC 2012 rules. Various visual and statistical checks were made to validate the results.

Competent Person's Statement

The information in this Mineral Resources Statement 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.

Competent Person's Statements
The Competent Person responsible for the geological interpretation, Mineral Resource estimation and classification of the Mahumo Copper/Silver Project is Mr A.I. Pretorius, who is a full-time employee of Sphynx Consulting CC and registered with SACNASP (400060/91). Mr Pretorius 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 Pretorius consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report 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 Annual Report of the matters based on information in the form and context in which it appears.

The information in this Annual Report 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 Ltd's subsidiary, Sams Creek Gold Ltd. 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 consents to the inclusion in this Report of the matters based on information in the form and context in which it appears.

Information in this Annual Report relates to previously released exploration data disclosed under the JORC Code 2012 and fairly represents information reviewed and approved by Mr Jacques Janse van Rensburg and Mr Paul Angus.

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.

Disclaimer and Forward Looking Statements
This Annual Report has been prepared by MOD Resources Limited. The document contains background Information about MOD Resources Limited current at the date of this report. The report 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 report.

The report is for information purposes only. Neither this report 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 Annual Report 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 Annual Report 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 report 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 report. No responsibility for any errors or omissions from the Annual Report arising out of negligence or otherwise is accepted.

Such forward looking statements are only predictions and are subject to inherent risks and uncertainties which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward-looking statement. No representation or warranty, expressed or implied, is made by MOD Resources Limited that material contained in this report will be achieved or proved correct.

This report does not include reference to all available information on MOD Resources Limited, the Sams Creek Gold Project or the Botswana Copper Project and should not be used in isolation as a basis to invest in the Company. Potential investors should refer to MOD Resources Limited's other public releases and consult professional advisers before investing in the Company.