

## T3 Mine Feasibility Study Update

- **Excellent progress on T3 Feasibility Study, due for completion March 2019**
- **T3 ESIA Scoping and Terms of Reference approved by DEA with report due Q4 2018**
- **Outstanding metallurgical testwork results identify potential capital & operating cost savings**
- **Focus on further improvements in project economics as Chinese copper demand strengthens**

**MOD Resources Ltd (ASX: MOD)** is pleased to provide an update on the status of the Feasibility Study (FS) and funding for its 60Mt T3 Copper Project in Botswana. The FS is on track for completion in March 2019.

The T3 Project forms part of the joint venture (JV) between MOD (70%) and AIM listed Metal Tiger Plc (MTR) (30%), together with an extensive licence holding in the central Kalahari Copper Belt and is the subject of a transaction announced on 18 July 2018. The transaction will allow MOD to acquire the remaining 30% of the T3 Project from MTR and acquire rights to consolidate the wider joint venture licence package. The in-country operating company is Tshukudu Metals Botswana (Pty) Ltd (Tshukudu).

MOD's Technical Director, Mr Steve McGhee commented, "Our management team and consultants have made excellent progress on the Feasibility Study to deliver a practical, cost effective engineering design and implementation strategy for T3, with emphasis on capital and operating cost savings."

"The outstanding metallurgical testwork response means that we can target a far coarser grind size and potentially deliver significant benefits of reduced power consumption and operating costs."

"The FS report is on target to be delivered by the end of March 2019. In addition, the Environmental and Social Impact Assessment (ESIA) is already well advanced and the detailed ESIA report is expected to be submitted to the Department of Environmental Affairs (DEA) in Q4 2018," he continued.

The ESIA, which runs in parallel with the FS, requires approval from DEA and is also subject to a public review period. Completion of the FS and approval of the ESIA are required ahead of applying for a mining license for the T3 Project, which is anticipated in H1 2019.

### Feasibility Study Milestones

#### Resource Upgrade

The FS is based on a revised Mineral Resource of **60.2Mt @ 0.98% Cu and 13.9g/t Ag at a cut-off of 0.4% Cu** prepared by consultants CSA Global (announced 16 July 2018). This includes **36.6Mt @ 1.14% Cu and 15.8g/t Ag** in the Indicated Mineral Resource Category (Table 1).

#### Metallurgical Testwork

Recent metallurgical testwork undertaken on bulk composites for the FS has confirmed, and improved upon, the outstanding results achieved during the Pre-Feasibility Study (PFS).

The potential benefits from rougher optimisation testwork are summarised below:

- Rougher flotation recoveries **exceed 97% for Cu and 95% for Ag**
- Target grind size increased to  **$P_{80} = 212\mu\text{m}$**  (PFS target  $P_{80} = 106\mu\text{m}$ )
- **Reduced capital and operating costs by lowering comminution power requirements**
- Rougher flotation at natural pH (without lime addition) should reduce operating costs further
- Improved tailings dewatering characteristics

Cleaner optimisation testwork will commence soon. **Concentrate grades are expected to average 30-35% Cu** over the life of mine based on test work results from the PFS and subject to further testwork during the FS.

### Process Engineering

A recently completed comminution study completed by Orway Mineral Consultants confirmed that a standard crush/SAG/Ball circuit is appropriate for the proposed T3 pit.

Process engineering consultants, Sedgman, have commenced preliminary design work on the crushing and grinding circuits. The process plant design throughput is 3Mtpa with expansion capacity to 3.5Mtpa for modest incremental capital. The plant layout will consider future expansion options beyond 3.5Mtpa.

### Mining Engineering

Additional geotechnical drilling is in progress to provide more detailed information for the final pit design, which is required by mining consultants, SRK Consulting, to complete the T3 pit optimisation study. Mine scheduling is expected to follow.

### Mine Dewatering and Process Water

A substantial program of pit dewatering drilling and pump testing has been completed around the planned T3 pit. Groundwater modelling will be used to estimate yields from pit dewatering and production water bores planned to be used for ore processing and related infrastructure requirements.

### Mine Infrastructure

Botswana Power Corporation (BPC) has commenced installation of infrastructure for the grid power transmission line to be extended adjacent to the A3 Highway, which is only 12km from the T3 Project.

During Q2 2018, an agreement was finalised to acquire the area of a farm where the T3 Project Area is located. The land area is approximately 25km<sup>2</sup> which is sufficient for the open pit, process plant and associated infrastructure, with ample capacity for expansion.

A long term lease agreement has also been executed for a 100m wide strip of farmland planned to be used for the mine access road joining the A3 highway and the T3 Project. This will also be used to accommodate the planned grid power spur line into site.

### Accommodation Village

The first stage of the accommodation village located on the A3 Highway near Ghanzi (refer picture) is nearing completion.

A Project Brief has been submitted to DEA to increase the size of the accommodation village from the current size of 40 personnel up to 400 personnel and allow for an additional 300 personnel during construction.



## Environmental and Social Impact Assessment (ESIA)

The Environmental Scoping and Terms of Reference report for the ESIA was approved by the DEA in August 2018. This indicates the key baseline assessment and consultation process was followed and the proposed work program for the detailed ESIA that Tshukudu is undertaking will satisfy the expectations of the DEA, if carried out and reported to a satisfactory standard and meets regulatory requirements. In addition to the local requirements, the ESIA work is undertaken in line with international requirements and best practice.

The scoping stage of the ESIA work program commenced in December 2017 involving preliminary public and stakeholder meetings. The ESIA includes a wide range of specialist work, an environmental and social management plan and regular stakeholder engagement, all of which is well advanced.

The Environmental and Social Impact Statement (ESIS), which is a compilation of all work being undertaken, is being prepared by environmental consultants and registered practitioners, Loci Environmental. It is on track for submission to DEA during Q4 2018 and the Company will provide further updates as this progresses.

## Funding for T3 Project

Working with its' debt advisers, MOD has already received significant interest from several global financial institutions regarding financing the development of the T3 Project. This coincides with the FS focussing on further improvements in project economics from the already robust PFS announced earlier this year and the outstanding metallurgical characteristics of the T3 ore.

The Board has a clear strategy with many alternative funding options being progressed including traditional banks, alternative debt providers, trading houses and smelters on the back of strengthening Chinese copper demand, limited new supply entering the market and falling global stockpiles.

For and on behalf of the Board.

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**Table 1: T3 Revised Mineral Resource (16 July 2018)**

JORC Category	Cut off Cu (%)	Million Tonnes (Mt)	Grade Total Cu %	Grade Ag (g/t)	Contained Cu (Kt)	Contained Ag (Moz)
Indicated	0.40	36.6	1.14	15.8	417.0	18.6
Inferred	0.40	23.5	0.74	11.0	173.3	8.3
<b>Total</b>	<b>0.40</b>	<b>60.2</b>	<b>0.98</b>	<b>13.9</b>	<b>590.3</b>	<b>26.9</b>

## About MOD Resources

**MOD Resources Ltd (ASX: MOD)** is an Australian-listed copper company with a goal of becoming a substantial copper producer. After discovering copper in the first drill hole in March 2016, MOD is now approximately six months away from completion of a feasibility study for the 60Mt T3 Pit Project in the Kalahari Copper Belt, Botswana. In parallel with the development of T3, a major exploration program is underway across a combination of 100% owned and JV licenses covering approximately 11,500km<sup>2</sup> in this under-explored region.

A4 Dome is the first dome to be drilled in the ~700km<sup>2</sup> T3 Dome Complex surrounding the T3 Pit Project. It forms part of the strategy to explore for additional resources which could be processed through the planned T3 plant, to potentially add significant value to the expanded project. The T1 and T3 Underground Projects also form part of this strategy.

Total cost of discovery of T3 and delineation of the maiden resource was an exceptionally low US\$1.7 million, equivalent to only US0.22 cents/lb copper contained within the resource. After a number of resource upgrades, the total resource now comprises **60.2Mt @ 0.98% Cu and 13.9 g/t Ag containing ~590.3 Kt copper and 26.9 Moz silver**. Results of the pre-feasibility study, announced on 31 January 2018 suggest a robust, long life, open pit mining and processing operation at T3 with 9 year Base Case for 2.5Mtpa production, pre-tax NPV A\$370m, IRR of 39% and payback within 2.7 years.

MOD's state of the art exploration techniques have developed the Company's understanding of the unique 'dome' style geology in the region. Drilling at multiple high priority exploration targets, supported by airborne electromagnetics has already proved successful in discovering encouraging copper mineralisation within the 5km long A4 Dome which lies only 8kms from the T3 Project.

There are two styles of mineralisation being tested by drilling in the T3 Dome Complex; shallower high-grade vein hosted mineralisation and deeper sediment contact hosted mineralisation known as the NPF contact. NPF contact mineralisation is an important target as this contact hosts most of the substantial copper deposits located east of MOD's licences, including the **~100Mt @ 2% Cu 'Zone 5' resource** planned to be mined underground by Cupric Canyon Capital.

MOD owns 70% of a UK incorporated joint venture company, Metal Capital Limited, with AIM-listed Metal Tiger Plc (30%). Metal Capital's wholly owned subsidiary, Tshukudu Metals Botswana (Pty) Ltd (Tshukudu) is the Botswana operating company which owns the T3 Project. Tshukudu also hold the prospecting licence which covers the major part of the 700km<sup>2</sup> T3 Dome Complex. On 18 July 2018, MOD announced the Company had entered into a binding agreement with MTR to acquire MTR's 30% interest in the T3 Project and rights for an option to acquire MTR's interests in any new JV resource which progresses to a scoping study within 3 years of completion of the agreement.

## Competent Person's Statement

The information in this news release that relates to Mineral Resource estimates (excluding prior estimates) is based on and fairly represents information and supporting documentation compiled by Dr Matthew Cobb; an employee of CSA Global Pty Ltd. Dr Cobb is a member of both The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Dr Cobb has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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". Dr Cobb consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information in this announcement that relates to Geological Data and the T3 Mineral Resource described in this release is reviewed and approved by Mr Bradley Ackroyd, BSc (Hons), Manager Mine Geology for MOD Resources Ltd. Mr Ackroyd is a registered member of the Australian Institute of Geoscientists and has reviewed the technical information in this report.





Mr Ackroyd 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 of Exploration Results, Mineral Resources and Ore Reserves. Mr Ackroyd consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

### No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

The Feasibility Study results in this release are preliminary only. They could be subject to change pending further testwork results and interpretation prior to completion of the Feasibility Study which is on track for March 2019.

### Forward Looking Statements and Disclaimers

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of MOD Resources Limited.

Examples of forward looking statements included in this announcement are: 'The FS report is on target to be delivered by the end of March 2019' and 'The outstanding metallurgical testwork response means that we can target a far coarser grind size and potentially deliver significant benefits of reduced power consumption and operating costs' and 'the detailed ESIA report is expected to be submitted to the Department of Environmental Affairs (DEA) in Q4 2018' and 'Completion of the FS and approval of the ESIA are required ahead of applying for a mining license for the T3 Project, which is anticipated in H1 2019' and 'Cleaner optimisation testwork will commence soon. Concentrate grades are expected to average 30-35% Cu over the life of mine based on test work results from the PFS and subject to further testwork during the FS' and 'The plant layout will consider future expansion options beyond 3.5Mtpa' and 'Additional geotechnical drilling is in progress to provide more detailed information for the final pit design, which is required by mining consultants, SRK Consulting, to complete the T3 pit optimisation study. Mine scheduling is expected to follow' and 'Groundwater modelling will be used to estimate yields from pit dewatering and production water bores planned to be used for ore processing and related infrastructure requirements' and 'A long term lease agreement has also been executed for a 100m wide strip of farmland planned to be used for the mine access road joining the A3 highway and the T3 Project. This will also be used to accommodate the planned grid power spur line into site' and 'The first stage of the accommodation village located on the A3 Highway near Ghanzi is nearing completion' and 'A Project Brief has been submitted to DEA to increase the size of the accommodation village from the current size of 40 personnel up to 400 personnel and allow for an additional 300 personnel during construction' and 'The Environmental and Social Impact Statement (ESIS), which is a compilation of all work being undertaken, is being prepared by environmental consultants and registered practitioners, Loci Environmental. It is on track for submission to DEA during Q4 2018 and the Company will provide further updates as this progresses' and 'This coincides as the FS focusses upon further improvements in project economics in the already robust PFS announced earlier this year and the outstanding metallurgical characteristics of the T3 ore' and 'The Board has a clear strategy with many alternative funding options being progressed including traditional banks, alternative debt providers, trading houses and smelters on the back of strengthening Chinese copper demand, limited new supply entering the market and falling global stockpiles.'

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement.



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