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**MOD RESOURCES LIMITED**  
**ACN 003 103 544**

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**NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at  
11.00am (WST) 1304 Hay Street, West Perth, Western Australia  
on Friday, 15 May 2015**

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*If you wish to discuss any matter relating to this Notice of Annual General Meeting please contact the Company Secretary by telephone on (08) 9322 8233.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

The 2015 annual general meeting of shareholders of MOD Resources Limited (**Company** and **Meeting** respectively) will be held at:

1304, Hay Street  
West Perth, Western Australia  
Commencing 11.00am (WST) on Friday, 15 May 2015

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### VOTING ENTITLEMENTS

For the purposes of the Corporations Act, all securities of the Company that are quoted securities at 7.00am (WST) on Thursday, 14 May 2015 will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time and such persons are eligible to vote at the Meeting.

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### HOW TO VOTE

The business of the Meeting affects your shareholding and your vote is important. Please take action by voting in person (or authorised representative) or by proxy.

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### VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11.00am (WST).

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### PROXIES

A Proxy Form accompanies this Notice. To be effective the Proxy Form must be completed and received at the Company's share registry, Security Transfer Registrars, no later than 48 hours before commencement of the Meeting.

#### **Share Registry**

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153  
PO Box, 535, Applecross WA 6953

Or by facsimile on: +61 8 9315 2233

Or by e-mail to: registrar@securitytransfer.com.au

If any Shareholder wishes to lodge a proxy electronically, it will be necessary to follow the instructions set out on the Proxy Form.

If you are entitled to attend and cast a vote at the Meeting you may appoint up to two proxies. A proxy may be an individual or a corporation but need not be a Shareholder. If you appoint two proxies each proxy may exercise half of your votes if no proportion or number of votes is specified.

If you appoint a proxy but attend the Meeting yourself, the rights of the proxy to speak and vote on your behalf at the Meeting will be suspended while you are present.

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## **CORPORATE REPRESENTATIVES**

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been previously given to the Company's share registry.

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## **POWERS OF ATTORNEY**

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the Meeting.

## AGENDA

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### 1. Company Presentation

Presentation by Managing Director, Mr Julian Hanna on the Company's exploration program and growth plans.

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### 2. Annual Report

To consider and receive the Annual Report of the Company and its controlled entities for the year ended 31 December 2014.

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### 3. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **non-binding resolution**:

*"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report as contained in the Annual Report for the year ended 31 December 2014."*

***Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.***

#### **Voting Exclusion:**

A vote on this Resolution must not be cast:

- (a) by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member, regardless of the capacity in which the vote is cast; or
- (b) by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such persons if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

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#### 4. Resolution 2 – Election of Mr Steven McGhee as a Director

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

*"That, Mr Steven McGhee, who retires in accordance with Listing Rule 14.4 and Articles 6.3 (c) and 6.3(j) of the Constitution, and being eligible and offering himself for election, is elected as a Director."*

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#### 5. Resolution 3 – Ratification of Issue of Shortfall Shares Pursuant to SPP

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders ratify the prior issue of 22,599,558 Shortfall Shares at an issue price of \$0.004093 per Shortfall Share and on the terms and conditions in the Explanatory Memorandum."*

##### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any person who participated in the placement of the Shortfall Shares and any associates of that person (or those persons), unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with directions on the Proxy Form); or
- (b) the Chair as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

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#### 6. Resolution 4 – Authorise participation of Mr Julian Hanna in the Director Placement

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

*"That, subject to Resolution 9 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the participation by Mr Julian Hanna (or his nominee) in the Director Placement to be issued up to 4,886,391 Shares on the terms and conditions in the Explanatory Memorandum."*

##### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Julian Hanna and any associate of Mr Hanna. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. Resolution 5 – Authorise participation of Mr Mark Clements in the Director Placement**

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

*"That, subject to Resolution 9 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the participation by Mr Mark Clements (or his nominee) in the Director Placement to be issued up to 8,551,185 Shares on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Mark Clements and any associate of Mr Clements. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**8. Resolution 6 – Authorise participation of Mr Simon Lee AO in the Director Placement**

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

*"That, subject to Resolution 9 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the participation by Mr Simon Lee AO (or his nominee) in the Director Placement to be issued up to 12,215,978 Shares on the terms and conditions in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Simon Lee AO and any associate of Mr Lee. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. Resolution 7 – Authorise participation of Mr Steven McGhee in the Director Placement

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

*"That, subject to Resolution 9 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the participation by Mr Steven McGhee (or his nominee) in the Director Placement to be issued up to 8,551,185 Shares on the terms and conditions in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Steven McGhee and any associate of Mr McGhee. However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 10. Resolution 8 – Issue of Shares under Listing Rule 7.1A

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued share capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the 10% Placement Facility and a person who might benefit if this Resolution is passed, except a benefit solely in their capacity as a Shareholder, and any associate of that person (or those persons).

However the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) the Chair as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

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**11. Resolution 9 – Section 195 Approval**

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

*"That for the purposes of section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions as contemplated in Resolutions 4 – 7 (inclusive)."*

**BY ORDER OF THE BOARD****Mark Clements****Company Secretary****Dated: 10 April 2015**



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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 1304 Hay Street, West Perth, Western Australia on Friday, 15 May 2015 at 11.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

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### 3. Annual Report

In accordance with section 317 of the Corporations Act, the Annual Report must be laid before the Company's annual general meeting. There is no requirement in either in the Corporations Act or the Constitution for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Financial Report (which includes the financial statements and Directors declaration), the Directors' Report and Auditor's Report;
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

A copy of the Annual Report is available on the Company's website: [www.modresources.com.au](http://www.modresources.com.au).

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (d) the preparation and content of the Auditor's Report;
- (e) the conduct of the audit;

- (f) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (g) the independence of the auditor in relation to the conduct of the audit,
- may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## 4. Resolution 1- Adoption of Remuneration Report

### 4.1 General

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company.

Section 250R(2) of the Corporations Act requires the Company to put a resolution to the Shareholder that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company. If Resolution 1 is not passed the Directors will not be required to alter any of the arrangements in the Remuneration Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

### 4.2 Voting consequences

In accordance with Division 9 of Part 2G.2 of the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes (**Strike**) cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors who were in office when the applicable Directors' Report was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

### 4.3 Previous voting results

At the Company's previous annual general meeting less than 1% of the votes were cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill Resolution is not relevant for the Meeting.

If the Remuneration Report receives a Strike at the Meeting, Shareholder should be aware that if a second Strike is received at the 2016 annual general meeting, this may result in a re-election of the Board.

#### 4.4 Voting exclusion statement

A voting exclusion applies to Resolution 1 in the terms set out in the Notice.

##### **Proxy Restrictions**

Shareholders appointing a proxy for Resolution 1 should note the following:

##### ***If you appoint a member of the Key Management Personnel as your proxy***

If you appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, **you must direct the proxy how they are to vote**. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

##### ***If you appoint the Chair as your proxy***

If you appoint the Chair as your proxy, you **do not** need to direct the Chair how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chair how to vote, **you must tick the acknowledgement on the Proxy Form to acknowledge that the Chair may exercise his discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel**.

The Chair will cast all available undirected proxies in favour of Resolution 1.

##### ***If you appoint any other person as your proxy***

You **do not** need to direct your proxy how to vote and you **do not** need to tick any further acknowledgement on the Proxy Form.

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## 5. Resolutions 2 – Election of Mr Steven McGhee as Director

### 5.1 Background

Listing Rule 14.4 requires that a director appointed to fill a casual vacancy or an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Article 6.3(c) of the Constitution requires that at an annual general meeting, one-third of Directors for the time being shall retire from office. A retiring Director is eligible for re-election.

Article 6.3(j) of the Constitution requires a Director appointed by the Directors must retire at the next annual general meeting of the Company and is eligible for re-election at that meeting.

Mr McGhee retires as a Director by way of rotation and being eligible, offer himself for re-election.

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## 5.2 Director's Profile – Mr Steven McGhee

Mr McGhee is a metallurgist with over 25 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. Mr McGhee was appointed Non-Executive Director on 30 April 2014. He is also a Director of Perth-based Independent Metallurgical Operations.

Mr McGhee is considered by the Company to be an independent non-executive Director.

## 5.3 Directors' Recommendation

The Directors (other than Mr McGhee) recommend that Shareholders vote in favour of Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

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## 6. Resolution 3 – Ratification of Issue of Shortfall Shares

### 6.1 Background

Resolution 3 seeks Shareholder ratification of the Placement pursuant to Listing Rule 7.4.

On 6 March 2015 the Company announced its intention to raise up to \$600,000 pursuant to a share purchase plan (**SPP**) in accordance with ASIC Class Order CO 09/425 and Listing Rule 7.2 (exception 15).

There was a shortfall of \$92,500 Shares under the SPP (**Shortfall Shares**). The SPP was underwritten by Patersons.

Accordingly, 22,599,558 Shortfall Shares were issued at an issue price of \$0.004093 per Shortfall Share to professional and sophisticated investors nominated by Patersons following completion of the SPP on 9 April 2015.

The Chair intends to vote undirected proxies in favour of Resolution 3.

### 6.2 Listing Rule 7.4

The Shortfall Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval.

Resolution 3 is an ordinary resolution.

The effect of Shareholders passing Resolution 3 will be to restore the Company's ability to issue further Shares to the maximum 15% limit during the next 12 months.

### 6.3 Specific Information Required by Listing Rule 7.5

For the purposes of Shareholder approval of the issue of the Shortfall Shares and the requirements of Listing Rule 7.5, information is provided as follows:

- (a) 22,599,558 Shortfall Shares were issued on 9 April 2015;

- (b) the Shortfall Shares were issued at \$0.004093 each per Shortfall Share which represented a 20% discount of the 5 day VWAP of Shares trading on ASX at close of trading on the date prior to the date of issue;
- (c) the Shortfall Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue and were issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shortfall Shares were issued to professional and sophisticated investors and clients of Patersons who were not related parties, or associates of related parties, of the Company;
- (e) the gross proceeds from the issue of the Shortfall Shares were applied to fund the scoping study at the Mahumo Copper/Silver Project in Botswana and towards working capital requirements; and
- (f) a voting exclusion statement is included in the Notice.

#### 6.4 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

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### 7. Resolutions 4 – 7 (inclusive) – Authorise participation of Messrs Hanna, Clements, Lee AO and McGhee in the Director Placement

#### 7.1 Background

On 6 March 2015 the Company also announced its intention to raise up to \$150,000 pursuant to a placement (**Placement**) in which the Directors and other non-related parties would participate.

The Directors propose to participate in the Placement on the same terms as other non-related parties which involves the issue of up to 35,000,000 Shares to Directors to enable the Company to raise up to \$140,000 (**Director Placement**).

Resolutions 4 – 7 (inclusive) seek Shareholder approval pursuant to Listing Rule 10.11 for each of the Directors (or their respective nominees) to participate in the Director Placement.

Resolutions 4 – 7 (inclusive) are ordinary resolutions.

The Chair will cast all available proxies in favour of Resolutions 4 – 7 (inclusive).

#### 7.2 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in section 210 to 216 of the Corporations Act.

Messrs Hanna, Clements, Lee AO and McGhee are related parties of the Company as they are Directors.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Shares as the exception in section 210 of the Corporations Act applies. The Shares issued to Messrs Hanna, Clements, Lee AO and McGhee will be issued to the Directors on the same terms as non-related party participants to the Placement and as such the giving of the financial benefit to the Directors will be on arm's length term.

### 7.3 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of Company unless it obtains Shareholder approval.

Messrs Hanna, Clements, Lee AO and McGhee are related parties of the Company as they are Directors.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolutions 4 – 7 (inclusive) will be to allow the Directors to issue up to an aggregate of 35,000,000 Shares to Messrs Hanna, Clements, Lee AO and McGhee (or their nominees) without using up the Company's remaining placement capacity under Listing Rule 7.1.

### 7.4 Specific information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, information regarding the issue of Shares to Messrs Hanna, Clements, Lee AO and McGhee under the Placement is provided as follows:

- (a) the Shares will be issued to Messrs Hanna, Clements, Lee AO and McGhee (or their respective nominees);
- (b) a maximum of 34,204,739 Shares will be issued under the Director Placement to the Directors as follows:
  - (i) Mr Julian Hanna (or his nominee) – 4,886,391 Shares; and
  - (ii) Mr Mark Clements (or his nominee) – 8,551,185 Shares;
  - (iii) Mr Simon Lee AO (or his nominee) – 12,215,978 Shares; and
  - (iv) Mr Steven McGhee (or his nominee) – 8,551,185 Shares.
- (c) the Company will issue the Shares no later than one month after the date of the Meeting;
- (d) the Shares will be issued at an issue price of \$0.004093 per Share;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) voting exclusion statements are included in the Notice; and
- (g) the gross proceeds from the Director Placement will raise up to \$140,000 (before costs) and will be applied to fund the scoping study at the Mahumo Copper/Silver Project in Botswana and for general working capital.

## 8. Resolution 8 – Issue of Shares under Listing Rule 7.1A

### 8.1 Background

Listing Rule 7.1A, allows companies that are not included in the S&P/ASX300 Index and have a market capitalisation of \$300 million or less to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**).

The 10% Placement Facility is in addition to the standard 15% annual placement capacity permitted under Listing Rule 7.1.

Resolution 8 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must vote in favour of Resolution 8 for it to be passed.

The Chair intends to vote undirected proxies in favour of Resolution 8.

### 8.2 Listing Rule 7.1A Approval

The Company is seeking Shareholder approval under Listing Rule 7.1A to issue an additional number of Shares which is equal to up to 10% of the Company's issued share capital in accordance with the formula in Listing Rule 7.1A.2 (**Listing Rule 7.1A Shares**).

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

#### (a) Equity Securities

Any Listing Rule 7.1A Shares must be in the same class as an existing quoted class of Equity Securities of the Company.

#### (b) Formula for calculating Listing Rule 7.1A Shares

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;

- (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(c) Date of issue

The Listing Rule 7.1A Shares must be issued before the earlier of:

- (i) the date that is 12 months after the date of the Meeting; and
- (ii) the date that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking)

**(10% Placement Period).**

(d) Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the Listing Rule 7.1A Shares as follows:

- (i) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's securities over the 15 Trading Days on which trades in securities in that class were recorded immediately before:
  - (a) the date on which the price at which the securities are to be issued is agreed; or
  - (b) if the securities are not issued within 5 Trading Days of the date in paragraph (i)(a) above, the date on which the securities are issued.
- (ii) If Resolution 8 is approved by Shareholders and the Company issues Listing Rule 7.1A Shares, the existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of listed options, only if the listed options are exercised). There is a risk that:
  - (a) the market price for the Company's Equity Securities in that class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and



- (b) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (iii) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iv) two examples where the issue price of ordinary securities is decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2	Dilution			
	Number of Shares issued under 10% placement capacity	Funds raised based on issue price of \$0.004 (current price)	Funds raised based on issue price of \$0.002 (50% decrease in current issue price)	Funds raised based on issue price of \$0.006 (50% increase in current issue price)
<b>970,887,532 (Current Variable 'A')</b>	97,088,753	\$388,355	\$194,178	\$582,533
<b>1,456,331,298 (50% increase in current Variable 'A')</b>	145,633,130	\$582,533	\$291,266	\$873,799
<b>1,941,775,064 (100% increase in current Variable 'A')</b>	194,177,506	\$776,710	\$388,355	\$1,165,065

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of Listing Rule 7.1A Shares under the 10% Placement Facility;
- (b) No listed options or other convertible securities (including any listed options issued under Listing Rule 7.1A) are exercised into Shares before the date of the issue of the Equity Securities;
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;

- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements of Listing Rule 7.1A Shares, based on that Shareholder's holding at the date of the Meeting;
- (e) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (f) The issue of Listing Rule 7.1A Shares consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (g) The issue price is \$0.004, being the closing price of the Shares on ASX on 8 April 2015.

The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

- (e) The Company will only issue the Listing Rule 7.1A Shares during the 10% Placement Period. The approval under Resolution 8 will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.
- (f) Allocation

The Company may seek to issue the Equity Securities for the following purposes:

- (i) cash consideration. In such circumstances, the Company intends to use the funds raised to fund the scoping study and if possible, the pre-feasibility and definitive feasibility studies at the Mahumo Copper/Silver Project in Botswana; or
- (ii) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of Listing Rule 7.1A Shares. The identity of the subscribers of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (iii) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iv) the effect of the issue of the Equity Securities on the control of the Company;
- (v) the financial situation and solvency of the Company; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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The subscribers of Listing Rule 7.1A Shares have not been determined, as at the date of this Notice, but may include existing substantial Shareholders and/or new

Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the subscribers of Listing Rule 7.1A Shares may be the vendors of the new resources assets or investments.

- (f) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its 2014 annual general meeting held on 20 May 2014. Details of Equity Securities that have been issued during the 12 month period preceding the date of the Meeting, are set out at Schedule 1.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### 8.3 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

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## 9. Resolution 9 – Section 195 Approval

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

The Directors may have a material personal interest in the outcome of Resolutions 4 – 7 (inclusive).

In the absence of this Resolution 9, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 4 – 7 (inclusive).

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

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## Definitions

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In the Notice and this Explanatory Memorandum:

**10% Placement Facility** has the meaning given in Section 8.1.

**10% Placement Period** has the meaning given in Section 8.2.

**Annual Report** comprises the Financial Report, Directors Report and the Auditors Report.

**Article** means an article of the Constitution.

**ASX** means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Auditor's Report** means the independent auditor's report on the Financial Report.

**Board** means the board of Directors.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Perth, Western Australia and any other day that the ASX declares is not a business day.

**Chair** means the person appointed to chair the Meeting.

**Closely Related Party** means:

- (i) a spouse or child of the member;
- (ii) a child of the member's spouse;
- (iii) a dependent of the member or the member's spouse;
- (iv) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (v) a company the member controls; or
- (vi) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** or **MOD** means MOD Resources Limited ACN 003 103 544.

**Constitution** means the Constitution of the Company as at the date of the Meeting.

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

**Director Placement** has the meaning given in Section 7.1.

**Directors** mean the directors of the Company.

**Directors Report** means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

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

**Listing Rule 7.1A Shares** has the meaning given in Section 8.2.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means the Notice of Annual General Meeting which this Explanatory Memorandum accompanies.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Patersons** means Patersons Securities Ltd.

**Placement** has the meaning given in Section 7.1.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Annual Report.

**Resolution** means a resolution referred to in the Notice.

**Section** means a section in this Explanatory Memorandum.

**Schedule** means a schedule to the Notice.

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

**Shareholder** means a shareholder of the Company.

**Shortfall Shares** has the meaning given in Section 6.1.

**Spill Meeting** has the meaning given in Section 4.2.

**Spill Resolution** has the meaning given in Section 4.2.

**Strike** has the meaning given in Section 4.2.

**Trading Day** has the same meaning as in the Listing Rules.

**VWAP** means the volume weighted average price of all Shares traded on ASX calculated over a specified period determined by dividing the aggregate sale price for all Shares traded in that period by the total number of the Shares traded.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

## Schedule 1 – Details of Equity Securities issued in the 12 months preceding the date of the Meeting

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration	% of total number of Equity Securities on issue as at 20 May 2014 <sup>6</sup>
20 June 2014	2,000,000	Unquoted Options <sup>3</sup>	MOD General Manager Exploration (Africa), Jacques Janse van Rensburg	Issued for no cash consideration	Consideration: no consideration paid Current value <sup>5</sup> = \$4,035	0.30%
1 September 2014	143,125,000	Shares <sup>2</sup>	Professional and sophisticated investors including clients of Blue Ocean Equities Pty Ltd	\$0.008	Amount raised = \$1,145,000 (after Broker fees) Amount spent = \$1,145,000 Use of funds = Infill and extensional drilling programs at the 100% owned Mahumo copper/silver project Amount remaining = Nil Proposed use of remaining funds <sup>4</sup> = N/A	21.34%

27 October 2014	6,250,000	Shares <sup>2</sup>	Blue Ocean Equities Pty Ltd	\$0.008	<p>Amount raised = Nil</p> <p>Amount spent = N/A</p> <p>Use of funds = Consideration for broker fees relating to placement as announced on 27 August 2014</p> <p>Amount remaining = Nil</p> <p>Proposed use of remaining funds<sup>4</sup> =N/A</p> <p>Value of non-cash consideration on the date of issue = \$50,000</p> <p>Current value of non-cash consideration = \$25,000<sup>7</sup></p>	0.93%
27 October 2014	44,375,000	Shares <sup>2</sup>	Messrs Hanna, Lee AO and Janse van Rensburg or their nominees	\$0.008	<p>Amount raised = \$355,000</p> <p>Amount spent = \$355,000</p> <p>Use of funds = infill and extensional drilling programs at the 100% owned Mahumo copper/silver project</p> <p>Amount remaining = Nil</p> <p>Proposed use of remaining funds<sup>4</sup> =N/A</p>	6.62%



27 October 2014	14,484,657	Shares <sup>2</sup>	Messrs Hanna, Kennedy and Clements or their nominees	\$0.008	<p>Amount raised = Nil  Amount spent = N/A  Use of funds = Settlement of amounts payable totalling \$115,877 in relation to director and company secretarial fees  Amount remaining = Nil  Proposed use of remaining funds<sup>4</sup></p> <p>=N/A  Value of non-cash consideration on the date of issue = \$115,877.25  Current value of non-cash consideration = \$57,938.62<sup>7</sup></p>	2.16%
17 November 2014	2,629,056	Shares <sup>2</sup>	Mokgweetsi Mining Pty Ltd	<p>\$0.005486  *based on the VWAP of MOD shares traded on ASX calculated over the 5 Trading Days up to and including 7 November 2014</p>	<p>Amount raised = Nil  Amount spent = N/A  Use of funds = Part consideration for an option to acquire a further 10% of the Molelo Joint Venture.  Amount remaining = Nil  Proposed use of remaining funds<sup>4</sup></p> <p>=N/A  Value of non-cash consideration on the date of issue = \$14,423  Current value of non-cash consideration = \$10,516.22<sup>7</sup></p>	0.39%

17 November 2014	6,579,150	Shares <sup>2</sup>	Orbit Drilling Pty Ltd	\$0.008	<p>Amount raised = Nil</p> <p>Amount spent = N/A</p> <p>Use of funds = Pursuant to the Orbit Drilling Agreement announced on 27 August 2014</p> <p>Amount remaining = Nil</p> <p>Proposed use of remaining funds<sup>4</sup> =N/A</p> <p>Value of non-cash consideration on the date of issue = \$52,633.20</p> <p>Current value of non-cash consideration = \$26,316.60<sup>7</sup></p>	0.98%
18 December 2014	16,241,069	Shares <sup>2</sup>	Orbit Drilling Pty Ltd	\$0.008	<p>Amount raised = Nil</p> <p>Amount spent = N/A</p> <p>Use of funds = Pursuant to the Orbit Drilling Agreement announced on 27 August 2014</p> <p>Amount remaining = Nil</p> <p>Proposed use of remaining funds<sup>4</sup> =N/A</p> <p>Value of non-cash consideration on the date of issue = \$129,928.55</p> <p>Current value of non-cash consideration = \$64,964.28<sup>7</sup></p>	2.42%

14 January 2015	8,865,250	Shares <sup>2</sup>	Orbit Drilling Pty Ltd	\$0.008	Amount raised = Nil Amount spent = N/A Use of funds = Pursuant to the Orbit Drilling Agreement announced on 27 August 2014 Amount remaining = Nil Proposed use of remaining funds <sup>4</sup> = N/A Value of non-cash consideration on the date of issue = \$70,922 Current value of non-cash consideration = \$35,461 <sup>7</sup>	1.32%
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#### Information required under Listing Rule 7.3A.6(a)

The table below shows the total number of Equity Securities issued in the 12 month period preceding the date of the Meeting and the percentages those issues represent of the total number of Equity Securities on issue at the commencement of that 12 month period.

Equity Securities issued in the 12 month period preceding the date of the Meeting	242,549,182 Shares; and 2,000,000 unquoted Options
Percentage previous issues represent of total number of Equity Securities on issue at commencement of that 12 month period	36.46%

#### Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MOD (terms are set out in the Constitution).

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3. Unquoted Options, exercisable at \$0.075 each, on or before 20 June 2017. The full terms and conditions were disclosed in the ASX Announcement dated 20 June 2014.
  4. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
  5. In respect of quoted Equity Securities the value of Options is based on the closing price of the Shares (\$0.004) as the context requires on the ASX on the trading day prior to the date of this Notice. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
  6. The total number of Equity Securities on issue as at 20 May 2014 was 670,746,589 and this number is made up of both fully paid ordinary shares and unlisted options in the Company. There were no further issues between 20 May 2014 and 31 May 2014, being the date of the last Shareholders resolution under Listing Rule 7.1A.
  7. This is based on the issue price \$0.004 being the closing price of quoted Equity Securities on the Trading Day prior to the date of this Notice.





My/Our contact details in case of enquiries are:

Name:

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Number:

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#### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

#### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your proxy is someone other than the Chair please write the name of that person in Section A.

If you leave this section blank, or your named proxy does not attend the meeting, the Chair will be your proxy. A proxy need not be a Shareholder.

#### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

#### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the Company's share registry or you may photocopy this Proxy Form.

To appoint a second proxy you must:

- On each Proxy Form, state the percentage of your voting rights or number of securities applicable to that Proxy Form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half of your votes; and
- Return both Proxy Forms in the same envelope.

#### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

#### 6. LODGEMENT OF PROXY

Proxy Forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy Form received after that time will not be valid for the Meeting.

The Proxy Form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Registrars Pty Ltd

Online	<a href="http://www.securitytransfer.com.au">www.securitytransfer.com.au</a>
Postal Address	PO BOX 535 Applecross WA 6953 AUSTRALIA
Street Address	Alexandrea House Suite 1, 770 Canning Highway Applecross WA 6153 AUSTRALIA
Telephone	+61 8 9315 2333
Facsimile	+61 8 9315 2233
Email	<a href="mailto:registrar@securitytransfer.com.au">registrar@securitytransfer.com.au</a>

#### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

