

Half-Year Financial Report
For the period ended 30 June 2015

MOD Resources Limited

ABN 78 003 103 544



COMPETENT PERSONS' STATEMENTS

The information in this Report that relates to Geological Data and Exploration Results at the Botswana Copper/Silver Project is reviewed and approved by Jacques Janse van Rensburg, BSc (Hons), General Manager Exploration (Africa) for MOD Resources Ltd. He is registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions (SACNASP) No. 400101/05 and has reviewed the technical information in this report. Mr Janse van Rensburg has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity which it is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Janse van Rensburg consents to the inclusion in this Report of the matters based on information in the form and context in which it appears.

The information in this 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.

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.

Information in this Report relates to previously released exploration data disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information reviewed and approved by Mr Jacques Janse van Rensburg and Mr Paul Angus.

DISCLAIMER AND FORWARD LOOKING STATEMENTS

This 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.

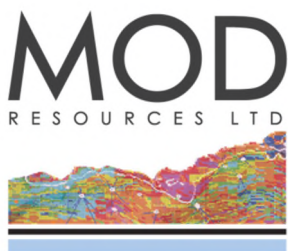
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This report does not include reference to all available information on MOD Resources Limited, the Sams Creek Gold Project or the Botswana Copper Project and should not be used in isolation as a basis to invest in the Company. Potential investors should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



ASX CODE: MOD

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CORPORATE DIRECTORY

Directors

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

Secretary

Mr Mark Clements

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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 30 June 2015.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Mark Clements, Executive Chairman and Company Secretary

Mr Julian Hanna, Managing Director

Mr Simon Lee AO, Non-Executive Director

Mr Steven McGhee, Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

The consolidated net result of the consolidated entity after income tax was a loss of \$535,941 (2014: loss \$752,956).

Details of the Company's activities during the period are outlined below.

MAHUMO PROJECT, BOTSWANA (MOD 100%)

The Board is pleased to report that despite challenging times in the global resource market, MOD has been able to make significant progress at the Mahumo Copper/Silver Project in the Kalahari Copper Belt during the period whilst continuing to manage its available cash reserves effectively.

Mineral Resource Estimate

The Stage One drilling program at the Mahumo Copper/Silver Project was completed in early March and a mineral resource well above MOD's target (2.0M tonnes @ 1.8% Cu and 45g/t Ag) was announced on 25 March 2015. The Stage One resource has a **copper equivalent grade of ~2.5% CuEq** which MOD understands is the **highest announced grade for a copper/silver deposit in Botswana**. The resource includes **50g/t silver** (approximately 3 times the average silver grade of other announced resources in the Kalahari Copper Belt).

Total Resources @ Cu 1.0% cut-off						
JORC Category	Tonnes	Cu%	Ag g/t	CuEq%	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

Table 1: Mahumo Stage One Mineral Resources
Note: CuEq estimate used at 25 March 2015 = Cu% + (Ag g/t * 0.009)

The Mineral Resource estimate was based on drilling completed by MOD in 2011/2012 and 2014/2015 along 2.4km strike length at Mahumo. All drill holes used in the resource estimate were HQ and NQ diamond core and the Mineral Resource is reported using a 1.0% Cu cut-off grade. The resource estimate was prepared by an independent and experienced resource consultant geologist in South Africa, Mr Awie Pretorius of Sphynx Consulting CC.

Approximately 84% of the Stage One resource is in the high confidence Measured and Indicated Resource categories (Table 1). These categories are generally related to areas with higher drilling density confirming continuity of mineralisation between drill holes.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Scoping Study

Due to the high grades and excellent continuity of the Stage One resource, MOD proceeded with a scoping study during the period to evaluate the commercial viability for potential underground mining and ore processing at Mahumo.

South African based Ridgeback Mining Services were contracted to complete the mining and financial modelling component of the scoping study and Independent Metallurgical Operations continued test work which included sulphide flotation optimisation studies with the objective to validate the excellent preliminary results announced on 19 September 2014 and to optimise copper and silver recoveries. As announced on 6 July 2015, the testwork confirmed the exceptional metallurgical characteristics of the ore (refer Testwork section).

A scoping level 'base case' model based on the Stage One Mineral Resource indicates potential for an initial 4-5 year underground mine life assuming toll treatment of ore. A separate, conceptual 'expanded target case' model has been prepared assuming significant high grade copper/silver mineralisation extends below the Stage One Resource. This conceptual model is based on a potential doubling of mine life with a 500,000 tpa processing plant constructed on site. The proposed Stage Two Resource drilling program is intended to test the potential for significant extensions below current drilling and will proceed as soon as possible, subject to availability of funding (Figure 1). The Stage One scoping study is nearing completion and if positive will form the basis for pre-feasibility and definitive feasibility studies at Mahumo.

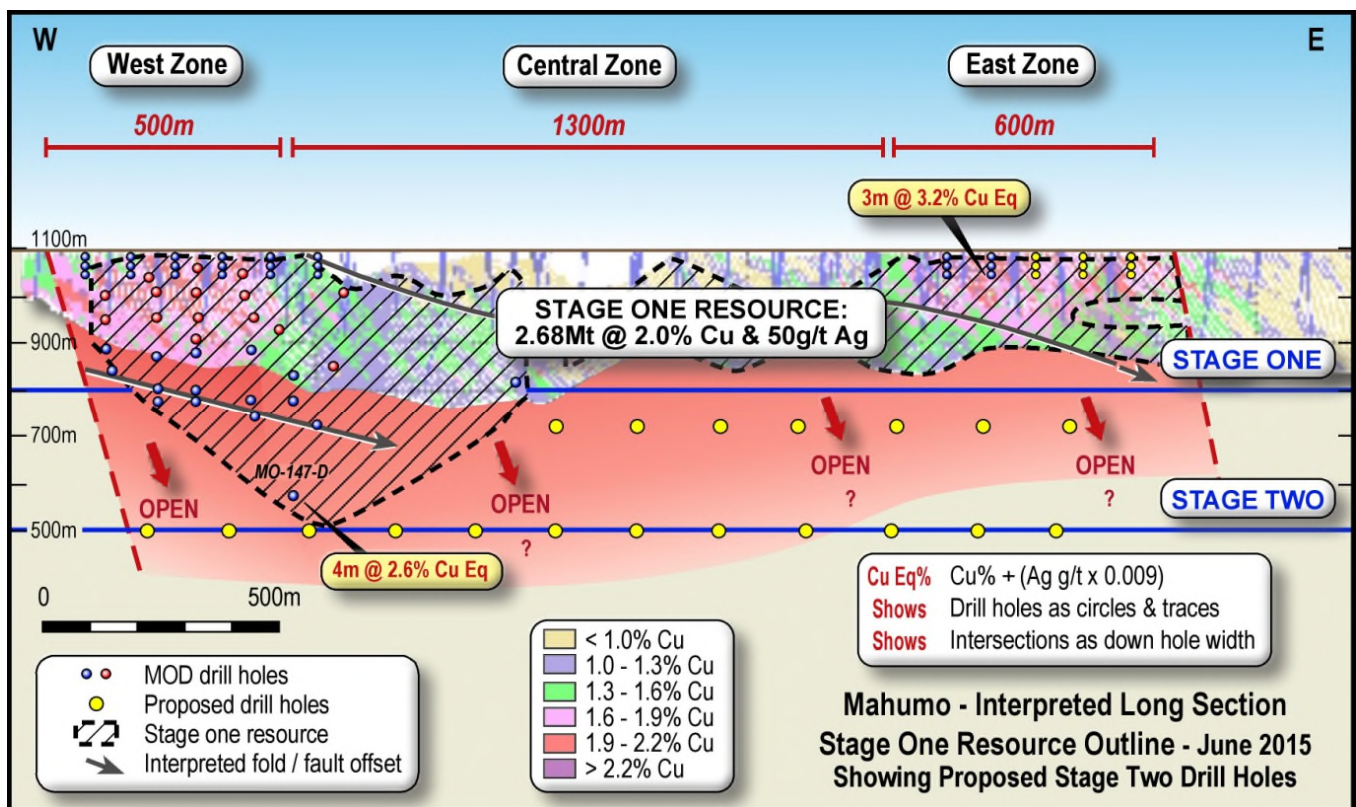


Figure 1: Mahumo Long Section showing outline of Stage One resource and proposed Stage Two resource extension drilling

Testwork

As announced on 6 July 2015, the Company is very encouraged by recent metallurgical test work on deeper bornite sulphide ores at Mahumo with copper recoveries up to 96.6% Cu into high grade concentrates, confirming the exceptional metallurgical characteristics of the ore (Table 2). In addition, silver recoveries have improved using a finer, 75 micron grind size compared with the 106 micron grind size results reported previously. The test work component of the Stage One scoping study is now complete with further optimisation and variability test work planned to be undertaken as part of the proposed PFS.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

FLOTATION TEST PRODUCT	MASS PULL (%)	COPPER IN CONCENTRATE		SILVER IN CONCENTRATE	
		Assay (%)	Recovery (%)	Assay (ppm)	Recovery (%)
Cleaner Concentrate	5.32	38.55	96.57	758	85.92
Cleaner Concentrate	5.74	35.88	96.95	709	86.61
Cleaner Concentrate	6.40	32.29	97.25	641	87.30
Cleaner Concentrate	7.61	27.20	97.53	542	87.97
Cleaner Concentrate	9.41	22.08	97.78	442	88.62

Table 2: Cleaner flotation test work results from composite samples of bornite sulphide mineralisation

One of the beneficial features of the Mahumo deposit is the high grade and generally low impurity content of the copper/silver concentrates produced from sulphide ores to date. Table 3 shows assay results of different elements from select concentrate products generated from composite samples of ores from the Mahumo West and East Zones. These assays are included to provide an indication of copper concentrate impurities, which occur at very low levels in assays of concentrates produced during the Mahumo test work to date.

Importantly, the insignificant arsenic content (~20ppm As) provides the potential for Mahumo concentrates to be sold at a premium for blending with other high arsenic concentrates at smelters. Considerable interest has already been shown in the Mahumo test work results by global metal traders and offtake related parties.

ELEMENT/COMPOUND	UNIT	INDICATIVE PENALTY LIMITS	EAST ZONE	WEST DEEPS
Cu	%		57.2	59
Ag	ppm		1,550	1,900
Au	ppm		0.82	0.45
Au (rpt)	ppm		0.85	0.44
S	%		16.2	14.6
Sb	ppm	>1,000 ppm	20	28
As	ppm	>2,000 ppm	20	21
Bi	ppm	>500 ppm	376	246
Cl	ppm	>500 ppm	30	30
F	ppm	>330 ppm	175	220
Pb	ppm	>10,000 ppm	990	890
Ni + Co	ppm	>5,000 ppm	93	391
Zn	ppm	> 40,000 ppm	140	81

Table 3: Assays of common impurities (coloured) in select concentrates produced from Mahumo test work to date

Sedgman MoU

On 15 July 2015, MOD announced a binding Memorandum of Understanding (MoU) had been signed with leading resource sector services company Sedgman Limited (ASX: SDM) to provide pre-feasibility study (PFS) and definitive feasibility study (DFS) services (Study Services) at Mahumo. The commencement date of the MoU will be when MOD announces it is proceeding with a PFS for the Mahumo Project.

Sedgman will provide Study Services at no cost to MOD up to a maximum USD\$1.5 million on an "at cost" basis, excluding third party costs or disbursements incurred by Sedgman in performing the Study Services. In consideration for provision of the Study Services, Sedgman will be entitled to earn a 10% participating interest in the Mahumo Copper/Silver Project via a proposed Mahumo Joint Venture (Mahumo JV).

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Subject to agreement of operational and commercial terms and finalisation of these contracts, MOD will appoint Sedgman as its exclusive designer, constructor and operator of the mineral processing plant (MPP) at the Mahumo Project.

Independent Metallurgical Operations will be appointed as an independent reviewer to confirm to MOD's satisfaction, that the design and pricing of the MPP and the structure, pricing and KPI's for the operations contract are commercially competitive and appropriate for comparable operations in southern Africa. Terms of the operations contract will be reviewed after an initial 2 year period, then at 3 year intervals.

The Mahumo JV will also include a mechanism for Sedgman to invest in MOD equity up to a defined limit at a defined discount to the share price at the time, subject to any shareholder or regulatory approvals.

Regional Botswana Holdings

MOD is the second largest licence holder in the highly prospective Kalahari Copper Belt in Botswana with 6,918km² held in granted. During the period, MOD was granted two year renewals for 3 key PL's (PL034/2010, PL035/2010 and PL036/2010) south of Ghanzi.

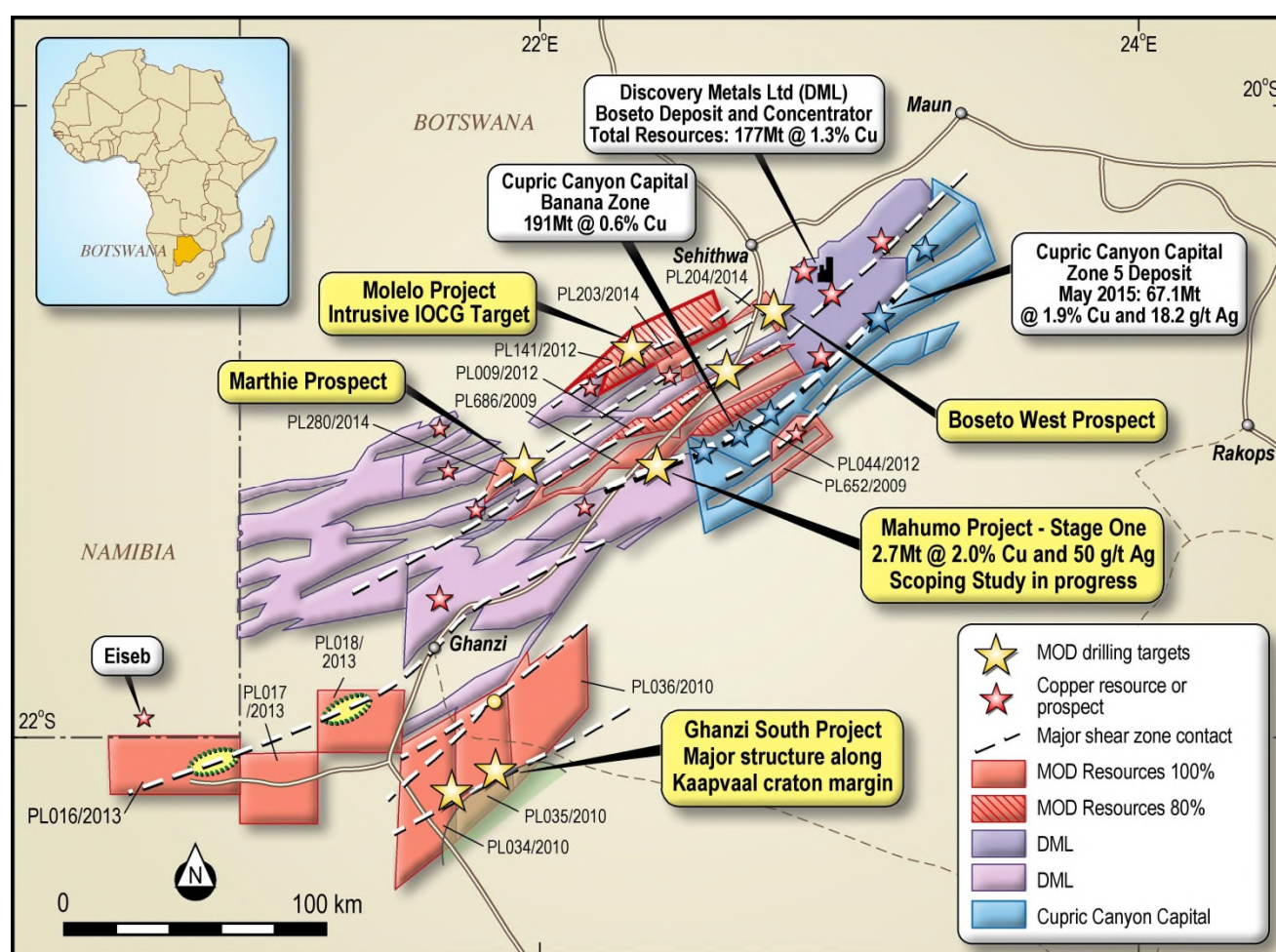


Figure 2: MOD's tenement holdings in Kalahari Copper Belt showing current drilling targets

The Ghanzi South licences cover the interpreted sheared margin between the Kaapvaal Craton and younger Proterozoic sediments (Figure 2). This structural contact is considered to have potential for copper-silver mineralisation similar to the numerous sediment hosted deposits elsewhere in the Kalahari Copper Belt and is a high priority drilling target. MOD has presented an exploration program to the Botswana Government for geochemical sampling, geophysics and drill testing of these targets during 2015.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

MOD also remains very encouraged with early drilling results (reported 14 March 2014) from the large Molelo Intrusion located ~60km north of Mahumo (Figure 2). The first drill hole (CL-02-D) to test this large magnetic anomaly intersected potential IOCG type hematite alteration and elevated PGM values in the underlying mafic intrusion. A geological mapping and sampling program commenced in the area immediately southwest of the intrusion at the end of the March quarter and drilling is planned to test the magnetic core of the Molelo Intrusion ~500m north of previous drill hole CL-02-D when funds are available. MOD applied for a two year renewal for PL 141/2012 during the March quarter.

Drilling is also proposed to test a number of targets along the interpreted 25km long prospective contact at the Marthie Prospect on PL 280/2014, ~60km west of Mahumo.

SAMS CREEK GOLD PROJECT, NZ (MOD 60%, OceanaGold Corporation 40%)

The mineral resource at Sams Creek which contains >1Moz gold was detailed in an ASX announcement on 9 October 2013. The resource is centred on the Main Zone deposit which comprises significant widths (up to 35m true width) of porphyry hosted gold mineralisation. The Main Zone represents only part of the ~7km long Sams Creek porphyry dyke and the deposit remains completely open along strike and at depth.

Market conditions remain challenging however MOD is continuing to consider a range of options with a view to maximising shareholder value from this substantial gold deposit with excellent potential.

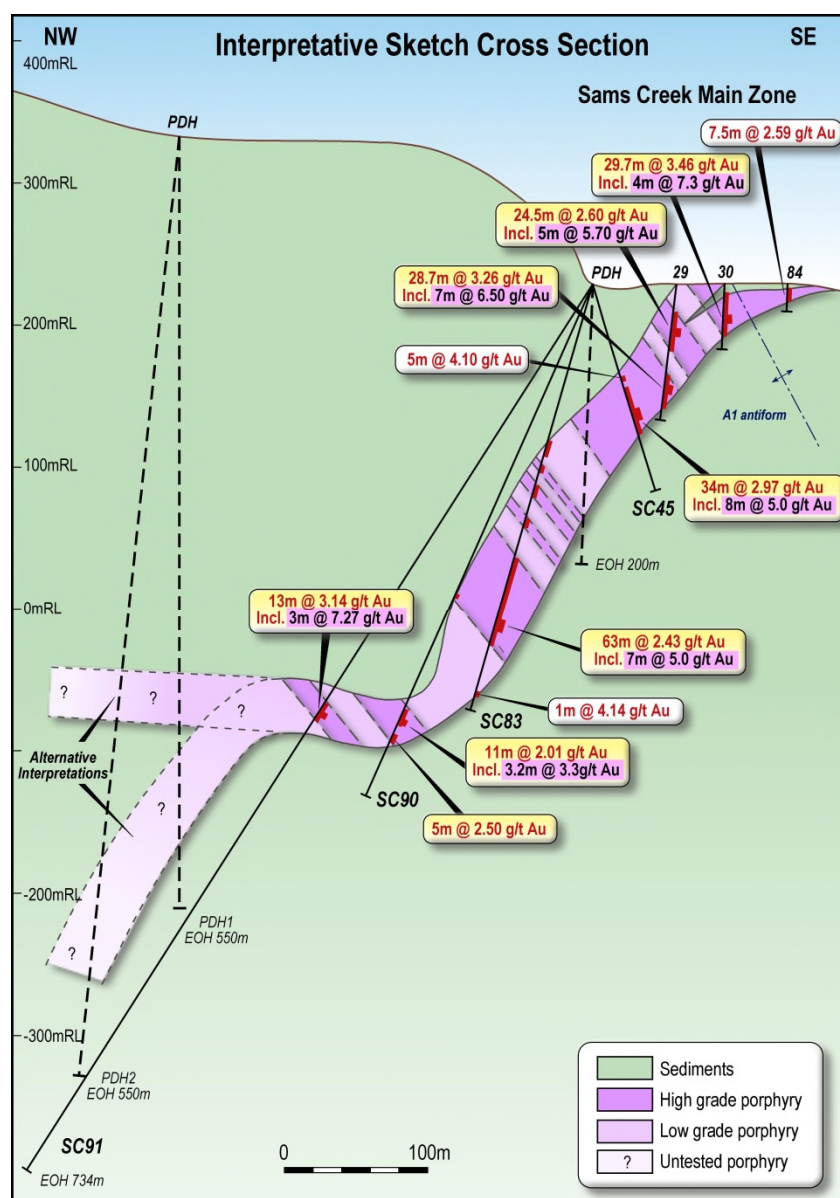


Figure 3: Sams Creek Main Zone Deposit Interpretive Cross Section

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

CORPORATE

In-line with market conditions, the Board and management team were able to reduce both operating and overhead costs to a minimum whilst continuing to progress with the development pathway at Mahumo and the wider Botswana Project and maintain the good standing of the Sams Creek Gold Project.

On 6 March 2015, the Company announced an opportunity for existing shareholders to participate in a Share Purchase Plan (SPP) underwritten to \$600,000 by Patersons Securities Limited (Patersons). On 9 April 2015, the Company announced that it had received valid application monies from shareholders of \$507,500 and that the shortfall from the issue has been placed in accordance with the terms of the underwriting agreement between the Company and Patersons. MOD Directors and others then participated in a placement to raise a further \$165,000, following shareholder approval at the meeting held 15 May 2015. The majority of funds were used to progress MOD's 100% owned Mahumo Copper/Silver Project in Botswana, specifically to progress the Stage One scoping study and conduct ongoing metallurgical test work and planning for resource extension drilling programs. This enabled the Company to progress discussions with third parties regarding potential mining and processing options, concentrate offtake and early funding for feasibility programs.

On 27 March 2015, the Company advised that it had been granted a waiver from listing rule 10.1 by ASX, which permits the SHL Pty Ltd loan to be a secured loan. To be effective, the security attaching to the loan and any material variations to the loan are subject to the Company complying with applicable laws including ASX listing rules and obtaining shareholder approval under listing rule 10.1. The Company is considering a number of funding alternatives to repay the loan and discharge the security on or before 4 January 2016.

On 9 April 2015, the Company issued 9,000,000 fully paid ordinary shares to Mr Jacques Janse van Rensburg as part of an incentive component of his remuneration package.

During the period, 6,250,000 unlisted \$0.25 options and 800,000 unlisted \$0.30 options expired without exercise and on 21 May 2015, the Company issued 2,000,000 fully paid ordinary shares and 5,000,000 unlisted \$0.01 options exercisable on or before 21 May 2018 to PCF Capital Group in lieu of cash for services rendered as corporate finance advisor to the Company.

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.

SUBSEQUENT EVENTS

On 15 July 2015, the Company announced that a binding Memorandum of Understanding had been signed with leading resource sector services company Sedgman Limited. The commencement date will be when MOD announces it is proceeding with a PFS for the Mahumo Project.

On 9 September 2015, the Company announced details of a proposed transaction to acquire a number of prospecting licences in the immediate area of MOD's 100% owned Mahumo high grade Copper/Silver Project in the Kalahari Copper Belt, Botswana (Acquisition). The Acquisition is considered an important part of future growth plans for the Mahumo area and covers any possible extensions to the deposit.

On 9 September 2015, the Company also announced an opportunity for MOD shareholders to participate in a non-renounceable pro-rata rights issue to raise up to \$1.2 million (before costs) to progress with the proposed development pathway at the Mahumo Copper/Silver Project and explore MOD's significant interests in the wider Botswana Kalahari Copper Belt (Rights Issue). The Rights Issue will enable MOD shareholders to subscribe for one new fully paid MOD share for every five shares held at an issue price of \$0.006 per share, together with a free attaching unlisted \$0.01 option expiring 21 May 2018 for every two new shares subscribed and will be lead-managed by Patersons Securities Limited.

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

The majority of funds raised through the Rights Issue is intended to be applied to commence the resource extension drilling program at Mahumo and progress towards the proposed pre-feasibility studies. On completion of the above Acquisition, MOD and the Investment Company also plan to undertake an exploration program directed toward priority targets on the newly acquired licences.

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the half year ended 30 June 2015.

Signed in accordance with a resolution of the directors.

MARK CLEMENTS
Chairman

Perth, 11th September 2015

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**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 review of MOD Resources Limited for the half-year ended 30 June 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 11 September 2015

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As at 30 June 2015

	Note	As at 30 June 2015 \$	As at 31 December 2014 \$
CURRENT ASSETS			
Cash and cash equivalents	5	332,273	515,523
Trade and other receivables		33,395	112,780
Other current assets		19,303	31,780
TOTAL CURRENT ASSETS		384,971	660,083
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	6	11,555,659	10,923,949
Other non-current assets		-	80,000
Plant and equipment		50,151	66,235
TOTAL NON-CURRENT ASSETS		11,605,810	11,070,184
TOTAL ASSETS		11,990,781	11,730,267
CURRENT LIABILITIES			
Trade and other payables	7	376,402	432,561
Interest bearing liabilities	8	2,000,000	2,000,000
Employee benefits provision		38,992	81,934
TOTAL CURRENT LIABILITIES		2,415,394	2,514,495
NON-CURRENT LIABILITIES			
Other payables	7	86,098	-
TOTAL NON-CURRENT LIABILITIES		86,098	-
TOTAL LIABILITIES		2,501,492	2,514,495
NET ASSETS		9,489,289	9,215,772
EQUITY			
Issued capital	9	61,953,158	61,057,110
Share option reserves	11	475,581	1,130,563
Foreign currency translation reserves	10	1,411,960	1,519,463
Accumulated losses		(54,351,410)	(54,491,364)
TOTAL EQUITY		9,489,289	9,215,772

The accompanying notes form part of the financial report.

For the half-year ended 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
Continuing operations			
Interest income	3	2,274	9,441
Other income	3	-	30,519
Exploration expenditure expensed		(28,279)	-
Share-based payments	3, 9 & 11	(75,913)	(20,338)
Administrative expenses	3	(363,469)	(738,135)
Interest expense	3	(70,000)	(80,000)
Depreciation expense	3	<u>(554)</u>	<u>(607)</u>
Loss before income tax		(535,941)	(799,120)
Income tax benefit		<u>-</u>	<u>46,164</u>
Net loss for the period		<u>(535,941)</u>	<u>(752,956)</u>
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		<u>(107,503)</u>	<u>(200,541)</u>
Other comprehensive loss for the period		<u>(107,503)</u>	<u>(200,541)</u>
Total comprehensive loss for the period		<u>(643,444)</u>	<u>(953,497)</u>
 Loss per share attributable to the ordinary equity holders of the Company:			
- basic loss per share (cents per share)		(0.06)	(0.13)
- diluted loss per share (cents per share)		(0.06)	(0.13)

The accompanying notes form part of the financial report.

For the half-year ended 30 June 2015

Consolidated	Note	Issued Capital \$	Share Option Reserves \$	Foreign Currency Translation Reserves \$	Accumulated Losses \$	Total Equity \$
At 1 January 2015		61,057,110	1,130,563	1,519,463	(54,491,364)	9,215,772
Net loss for the period		-	-		(535,941)	(535,941)
Other comprehensive loss		-	-	(107,503)	-	(107,503)
Total comprehensive loss for the year		-	-	(107,503)	(535,941)	(643,444)
Transaction with owners in their capacity as owners						
Issuance of shares	9	959,212	-	-	-	959,212
Share-based payments – options	11	-	20,913	-	-	20,913
Options expired		-	(675,895)	-	675,895	-
Capital raising costs		(63,164)	-	-	-	(63,164)
At 30 June 2015		61,953,158	475,581	1,411,960	(54,351,410)	9,489,289
At 1 January 2014		58,365,100	7,597,213	1,105,877	(50,840,090)	16,228,100
Net loss for the period		-	-	-	(752,956)	(752,956)
Other comprehensive loss		-	-	(200,541)	-	(200,541)
Total comprehensive loss for the year		-	-	(200,541)	(752,956)	(953,497)
Transaction with owners in their capacity as owners						
Issuance of shares		1,008,000	-	-	-	1,008,000
Share-based payments – options		-	20,338	-	-	20,338
Capital raising costs		(60,603)	-	-	-	(60,603)
At 30 June 2014		59,312,497	7,617,551	905,336	(51,593,046)	16,242,338

The accompanying notes form part of the financial report.

For the half-year ended 30 June 2015

	Note	30 June 2015 \$	30 June 2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(366,827)	(521,020)
Income tax refund		11,920	46,164
Net cash used in operating activities		(354,907)	(474,856)
Cash flows from investing activities			
Payment of exploration and evaluation		(509,974)	(627,730)
Interest income received		3,355	10,134
Acquisition of plant and equipment		(5,096)	(1,324)
Proceeds from sale of plant and equipment		-	104,593
Net cash used in investing activities		(511,715)	(514,327)
Cash flows from financing activities			
Issuance of shares		765,000	1,008,000
Interest expense paid		(13,333)	(80,000)
Capital raising costs		(65,090)	(60,603)
Net cash provided by financing activities		686,577	867,397
Net decrease in cash held		(180,045)	(121,786)
Net foreign exchange differences		(3,205)	(4,706)
Cash and cash equivalents at beginning of period		515,523	757,726
Cash and cash equivalents at end of period	5	332,273	631,234

The accompanying notes form part of the financial report.

For the half-year ended 30 June 2015**1. Company information**

MOD Resources Limited 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' or 'Consolidated Entity') are a for-profit entity. The principal activities of the consolidated entity during the half-year ended 30 June 2015 were exploration for copper and silver in Botswana and gold in New Zealand.

2. Basis of preparation and accounting policies**Basis of Preparation**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2015 have been prepared in accordance with requirements of the *Corporations Acts 2001* and *Australian Accounting Standards* including AASB 134 *Interim Financial Reporting*. Compliance with *Australian Accounting Standards* ensures that the financial statements and notes also comply with *International Financial Reporting Standards*.

This interim financial report is intended to provide users with an update on the latest annual financial statements of MOD Resources Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

New and amended standards adopted by the Group in this financial report

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. No material changes the financial statements were made.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014 and has been adopted in this financial report. The adoption of these amendments has not had a material impact on the Group as the amendments merely clarify the existing requirements in AASB 132.

AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

When developing IFRS 13 Fair Value Measurement, the IASB decided to amend IAS 36 Impairment of Assets to require disclosures about the recoverable amount of impaired assets. The IASB noticed however that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

AASB 2013-3 makes the equivalent amendments to AASB 136 Impairment of Assets and is applicable to annual reporting periods beginning on or after 1 January 2014. The adoption of these amendments in this financial report has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

For the half-year ended 30 June 2015**2. Basis of preparation and accounting policies (continued)***AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)*

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2010-2012 Cycle:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 Operating Segments to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from Annual Improvements to IFRSs 2011-2013 Cycle clarify that an entity should assess whether an acquired property is an investment property under AASB 140 Investment Property and perform a separate assessment under AASB 3 Business Combinations to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014. The adoption of these amendments has not had a material impact on the Group as they are largely of the nature of clarification of existing requirements.

Impact of standards issued but not yet applied by the Group

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the Group include:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date is for annual reporting periods beginning on or after 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 30 June 2019.

AASB 14 Regulatory Deferral Accounts

AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the entity.

For the half-year ended 30 June 2015**2. Basis of preparation and accounting policies (continued)***AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations*

This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to AASB 116 prohibit the use of a revenue-based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). 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.

The effective date is for annual reporting periods beginning on or after 1 January 2016.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

For the half-year ended 30 June 2015**2. Basis of preparation and accounting policies (continued)****Estimates**

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2014. No further impairment loss has been recognised for the period 30 June 2015.

Going concern

These financial statements have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

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 Botswana Copper Project and Sams Creek Gold Project

During the period the Company incurred an operating loss of \$535,941 (2014: \$752,956). Net cash outflows from operations were \$354,907 (2014: net cash outflows of \$474,856).

However, the ability of the Group to continue to pay its debts as and when they fall due for a twelve month period from the date the financial report is signed is dependent upon:

- continued cash management according to exploration success; and
- the placement of securities under the ASX Listing Rule 7.1; or
- alternative funding derived from potential Mahumo off-take and feasibility related parties.

The Directors consider the basis of going concern to be appropriate for the following reasons:

- on 9 September 2015, the Company announced details of a proposed transaction to acquire a number of prospecting licences in the immediate area of MOD's 100% owned Mahumo high grade Copper/Silver Project in the Kalahari Copper Belt, Botswana (Acquisition). The Acquisition is considered an important part of future growth plans for the Mahumo area and covers any possible extensions to the deposit.
- On 9 September 2015, the Company also announced an opportunity for MOD shareholders to participate in a non-renounceable pro-rata rights issue to raise up to \$1.2 million (before costs) to progress with the proposed development pathway at the Mahumo Copper/Silver Project and explore MOD's significant interests in the wider Botswana Kalahari Copper Belt.
- on 15 July 2015, the Company announced that a binding Memorandum of Understanding (MoU) had been signed with leading resource sector services company Sedgman Limited whereby Sedgman will provide Study Services at no cost to MOD up to a maximum USD\$1.5 million on an "at cost" basis, excluding third party costs or disbursements incurred by Sedgman in performing the Study Services. In consideration for provision of the Study Services, Sedgman will be entitled to earn a 10% participating interest in the Mahumo Copper/Silver Project. The commencement date will be when MOD announces it is proceeding with a PFS for the Mahumo Project.

For the half-year ended 30 June 2015**2. Basis of preparation and accounting policies (continued)**

- on 27 March 2015, the Company advised that it had been granted a waiver from listing rule 10.1 by ASX, which permits the SHL Pty Ltd loan to be a secured loan. To be effective, the security attaching to the loan and any material variations to the loan are subject to the Company complying with applicable laws including ASX listing rules and obtaining shareholder approval under listing rule 10.1. The Company is considering a number of funding alternatives to repay the loan and discharge the security on or before 4 January 2016.
- the directors and their related entities have and will continue to provide their support to the Company by undertaking to either defer payment of amounts owing as at 30 June 2015 (Note 7) until 30 September 2016 or earlier if the Group has the capacity to meet part or all of these payments as determined by the Board, or subject to shareholder approval, convert these outstanding balances to fully paid ordinary shares on the same terms as offered to shareholders in the Rights Issue announced on 9 September 2015.
- the fact that future exploration and evaluation expenditure are generally discretionary in nature (ie 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.

Should the Group be unable to obtain sufficient funding as disclosed above, there is a material uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

For the half-year ended 30 June 2015**3. Revenue and expenses**

Loss from ordinary activities before income tax is arrived at after taking into account:

	Note	CONSOLIDATED 30 June 2015 \$	30 June 2014 \$
Interest income		<u>2,274</u>	<u>9,441</u>
Other income		<u>-</u>	<u>30,519</u>
Share-based payments			
- issued shares to key management personnel	9	(45,000)	-
- issued shares to corporate advisor	9	(10,000)	-
- corporate advisor options	11	(20,913)	-
- key management personnel options		-	(20,338)
		<u>(75,913)</u>	<u>(20,338)</u>
Administrative expenses			
- Management and consulting fees		(1,074)	(89,813)
- Salaries and wages		(51,216)	(47,251)
- Financial and accounting services		(45,975)	(50,717)
- Directors' fees ⁽ⁱ⁾		(38,603)	(205,173)
- Travel		(9,998)	(13,325)
- Professional fees		(69,650)	(70,654)
- Rent		(32,975)	(47,347)
- Investor relations		-	(4,609)
- Insurance		(15,836)	(21,160)
- Other administrative expenses		<u>(98,142)</u>	<u>(188,086)</u>
		<u>(363,469)</u>	<u>(738,135)</u>
Depreciation expense			
- Depreciation: plant and equipment		<u>(554)</u>	<u>(607)</u>
Interest expense on shareholder loan		<u>(70,000)</u>	<u>(80,000)</u>

Note:

- ⁽ⁱ⁾ In-line with market conditions, the Board resolved to write-off director fees incurred for the period ended 30 June 2015 of \$61,499 (2014: Nil).

4. Dividends paid and proposed

There have been no dividends paid and proposed during the half-year 30 June 2015 (2014: Nil) and for the financial year 31 December 2014 (2013: Nil).

5. Cash and cash equivalents

For the purposes of the half-year statement of cash flows, cash and cash equivalents comprise the following:

	CONSOLIDATED 30 June 2015 \$	31 December 2014 \$
Cash at bank and on hand	78,401	115,523
Short-term deposits	<u>253,872</u>	<u>400,000</u>
	<u>332,273</u>	<u>515,523</u>

For the half-year ended 30 June 2015**6. Exploration and evaluation expenditure**

	CONSOLIDATED	
	30 June 2015	31 December 2014
	\$	\$
Exploration and evaluation expenditure	<u>11,555,659</u>	<u>10,923,949</u>
Movements in exploration and evaluation expenditure		
At 1 January	10,923,949	17,691,525
Expenditure during the period	736,666	1,674,284
Impairment loss of exploration and evaluation expenditure	-	(8,861,494)
Foreign exchange difference	<u>(104,956)</u>	<u>419,634</u>
Ending balance	<u>11,555,659</u>	<u>10,923,949</u>

During the period, the Board received an independent market valuation of the Company's 60% equity interest in the Sams Creek Gold Project resource which provided an indicative market value range of \$2.19 million to \$4.14 million based on comparable recent transaction resource metrics. The Board determined to adopt the average indicative market value of approximately \$3 million as an appropriate carrying value of the Sams Creek Gold Project as at 31 December 2014.

At 30 June 2015, the future recoverability of capitalised exploration and evaluation expenditure incurred on the Botswana Coper Project and Sams Creek Gold Project was assessed and no further impairment loss was considered necessary.

7. Trade and other payables

	30 June 2015	31 December 2014
	\$	\$
Current		
Trade creditors	145,624	270,113
Related parties ⁽ⁱ⁾	195,371	118,998
Other creditors and accruals	<u>35,407</u>	<u>43,450</u>
	<u>376,402</u>	<u>432,561</u>
Non-Current		
Other payables – related parties ⁽ⁱⁱ⁾	<u>86,098</u>	<u>-</u>

Notes:

- (i) Subject to shareholder approval, up to \$71,571 (2014: Nil) of the amounts payable to the related parties will be converted to fully paid ordinary shares on the same terms as offered to shareholders in the Rights Issue announced on 9 September 2015 (Note 2).
- (ii) During the period, the directors and their related entities agreed to defer payment of amounts owed as at 30 June 2015 until 30 September 2016 or earlier if the Group has the capacity to meet part or all of these payments as determined by the Board (Note 2).

8. Interest-bearing liabilities

	30 June 2015	31 December 2014
	\$	\$
Loan	<u>2,000,000</u>	<u>2,000,000</u>

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 and the loan will be secured against the unencumbered assets of MOD subject to shareholder approval (Note 2). MOD has the right to repay the loan early without incurring any penalty.

During the period, interest due to SHL Pty Ltd was \$70,000 (2014: \$80,000) which remains payable as at 30 June 2015 (31 December 2014: \$13,333).

For the half-year ended 30 June 2015**9. Issued capital**

	CONSOLIDATED	
	30 June 2015	31 December 2014
	\$	\$
Issued and fully paid ordinary shares	<u>61,953,158</u>	<u>61,057,110</u>

	Number of Shares	
	30 June 2015	31 December 2014
(a) Fully paid ordinary shares		
Issued and fully paid ordinary shares	<u>1,030,736,472</u>	<u>815,430,521</u>

		30 June 2015		31 December 2014	
	Note	Number of Shares	\$	Number of Shares	\$
Movement in Shares on Issue					
Beginning of the period		815,430,521	61,057,110	518,746,589	58,365,100
Issued during the year					
- shares issued pursuant to placement ⁽ⁱ⁾		17,401,462	139,212	-	-
- shares issued pursuant to SPP ⁽ⁱⁱ⁾		146,591,761	600,000	-	-
- shares issued pursuant to placement ⁽ⁱⁱⁱ⁾	3	9,000,000	45,000	-	-
- shares issued pursuant to placement ^(iv)		40,312,728	165,000	-	-
- shares issued pursuant to placement ^(v)	3	2,000,000	10,000	-	-
- shares issued pursuant to placement		-	-	63,000,000	1,008,000
- shares issued pursuant to placement		-	-	143,125,000	1,145,000
- shares issued pursuant to placement		-	-	44,375,000	355,000
- shares issued pursuant to placement		-	-	14,484,657	115,877
- shares issued pursuant to placement		-	-	6,250,000	50,000
- shares issued pursuant to placement		-	-	22,820,219	182,562
- shares issued pursuant to placement		-	-	2,629,056	14,423
- capital raising costs		-	(63,164)	-	(178,852)
		215,305,951	896,048	296,683,932	2,692,010
End of the period		1,030,736,472	61,953,158	815,430,521	61,057,110

Notes:

- (i) On 20 October 2014, shareholders approved the payment terms of the Orbit Drilling Agreement whereby Orbit provided drilling services up to a total of \$1 million based on monthly invoices of which 50% will be satisfied by the Company issuing fully paid ordinary shares to Orbit at a price of \$0.008 per share and 50% will be satisfied through cash payments made by the Company. During the period, the Company issued 17,401,462 shares for \$139,212 to Orbit. Of these, 8,536,212 shares are on escrow to 30 October 2015. The Orbit Drilling Agreement was terminated by the Company during the period ending all future obligations by either party.
- (ii) On 9 April 2015, the Company issued 146,591,761 fully paid ordinary shares at 0.4093 cents per share to raise \$600,000 (before costs of the issue) pursuant to the Share Purchase Plan (SPP) as announced on 13 March 2015.
- (iii) The Company allotted 9,000,000 fully paid ordinary shares to Mr Jacques Janse van Rensburg, General Manager Exploration (Africa), as part of an incentive component of his remuneration package as announced on 15 April 2015.
- (iv) On 18 May 2015, the Company issued 40,312,728 fully paid ordinary shares at 0.4093 cents per share to Messrs Hanna, Clements, Lee AO and McGhee and professional and sophisticated investors pursuant to the placement as announced on 6 March 2015.
- (v) On 21 May 2015, the Company issued 2,000,000 fully paid ordinary shares and 5,000,000 unlisted \$0.01 options, exercisable on or before 21 May 2018 and vesting on 8 June 2015 to PCF Capital Group Pty Limited in lieu of cash for services rendered as corporate financial advisor to the Company.

For the half-year ended 30 June 2015**10. Reserves**

	CONSOLIDATED	
	30 June 2015	31 December 2014
	\$	\$
Foreign currency translation reserves	<u>1,411,960</u>	<u>1,519,463</u>

Foreign currency translation reserves

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

11. Share Option Reserves

	30 June 2015	31 December 2014
	\$	\$
Option reserves – share based payments	<u>475,581</u>	<u>1,130,563</u>

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:

	Note	30 June 2015	31 December 2014
		\$	\$
Balance at beginning of year		<u>1,130,563</u>	<u>7,597,213</u>
Corporate Advisor Options			
21 May 2015: 5,000,000 unlisted options exercisable at \$0.01; expiring on 21 May 2018	3	20,913	-
Key Management Personnel Options			
20 June 2014: 2,000,000 unlisted options exercisable at \$0.075; expiring on 20 June 2017		-	20,339
Options issued during the period		<u>20,913</u>	<u>20,339</u>
Key Management Personnel Options			
9 February 2015: expiry of 1,000,000 unlisted options exercisable at \$0.25		(153,690)	-
1 March 2015: expiry of 800,000 unlisted options exercisable at \$0.30		(124,764)	-
Employee Options			
9 February 2015: expiry of 250,000 unlisted options exercisable at \$0.25		(38,423)	-
Directors' Options			
30 April 2015: expiry of 5,000,000 unlisted options exercisable at \$0.25		(359,018)	-
Options – Acquisition of Botswana Copper Project			
1 August 2014: expiry of 45,000,000 unlisted options exercisable at \$0.20		-	(6,486,989)
		<u>(675,895)</u>	<u>(6,486,989)</u>
Balance at end of period		<u>475,581</u>	<u>1,130,563</u>

For the half-year ended 30 June 2015**11. Share Option Reserves (continued)****Summaries of options granted as share based payments of 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:

	30 June 2015 No.	30 June 2015 WAEP	31 December 2014 No.	31 December 2014 WAEP
Outstanding at beginning of year	30,050,000	0.20	28,050,000	0.21
Granted during the period	-	-	2,000,000	0.075
Exercised during the period	-	-	-	-
Expired during the period	(7,050,000)	(0.20)	-	-
Outstanding at end of period	<u>23,000,000</u>	<u>0.19</u>	<u>30,050,000</u>	<u>0.20</u>

Fair value basis

The fair value of these options are recognised, from their date of grant, over their vesting period; fair value are 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.

Date of issue	Description of Unlisted Options	Vesting criteria	Deemed price	Risk free rate	Price volatility
2014					
20 June 2014	Key Management Personnel Options Unlisted options exercisable at \$0.075; expiring on 20 June 2017	Vested at the date of the issue of the options	1.3 cents	2.76%	188%
2013					
21 August 2013	Key Management Personnel Options Unlisted options exercisable at \$0.20; expiring on 12 June 2016	Vested at the date of the issue of the options	4.0 cents	2.77%	132%
12 June 2013	Director's Options Unlisted options exercisable at \$0.20; expiring on 12 June 2016	Vested at the date of the issue of the options	3.7 cents	2.60%	141%

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

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

12. Fair value measurement

The carrying values of financial assets and financial liabilities approximate their fair values at the balance sheet date.

For the half-year ended 30 June 2015**13. Expenditure commitments****Botswana Copper/Silver Project**

Since 31 December 2014, the exploration expenditure commitments on the licences for Botswana Copper/Silver Project have reduced to BWP12,960,297 (\$1.723 million) (31 December 2014: BWP15,384,567 (\$2.002 million)). 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 (Note 2).

Sams Creek Gold Project

Since 31 December 2014, there have been no capital expenditure commitments on the licences for Sams Creek Gold Project.

14. Segment information

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 three reportable segments based on the projects held in Botswana and New Zealand which the Directors monitor the performance in those regions separately.

Botswana - Botswana Copper/Silver Project

Comprises operations carried on in the centre of the Kalahari Copper Belt, north-western Botswana.

New Zealand - Sams Creek Gold Project

Comprises operations carried on near the South Island town of Nelson.

(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.

(b) Intersegment transfers

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

For the half-year ended 30 June 2015**14. Segment information (continued)****(i) Segment performance**

	Sams Creek Gold Project \$	Botswana Copper/Silver Project \$	Total \$
For the half-year ended 30 June 2015			
Interest income	-	6	6
Total segment revenue	-	6	6
Total group revenue			<u>6</u>
Segment loss before tax	(15,493)	(57,274)	(72,767)
Reconciliation of segment result to group net loss before tax			
Amounts not included in segment results but reviewed by the Board:			
Other items			
- Other expenses not allocated			(465,442)
- other income not allocated			<u>2,268</u>
Net loss after tax			<u>(535,941)</u>

For the half-year ended 30 June 2014

	Sams Creek Gold Project \$	Botswana Copper/Silver Project \$	Total \$
Interest income	-	47	47
Other income	-	30,519	30,519
Total segment revenue	-	30,566	30,566
Total group revenue			<u>30,566</u>
Segment (loss)/profit before tax	(10,704)	8,062	(2,642)
Reconciliation of segment result to group net loss before tax			
Amounts not included in segment results but reviewed by the Board:			
Other items			
- Other expenses not allocated	-	-	(805,872)
- Other income not allocated	-	-	9,394
- Income tax benefit	-	-	<u>46,164</u>
Net loss after tax			<u>(752,956)</u>

For the half-year ended 30 June 2015**14. Segment information (continued)****(ii) Other assets and liabilities**

	Sams Creek Gold Project	Botswana Copper/Silver Project	Total	Other Assets and Liabilities	Group Assets and Liabilities
	\$	\$	\$	\$	\$
30 June 2015					
Segment assets	2,867,911	8,751,775	11,619,686	371,095	11,990,781
Segment liabilities	6,649	162,707	169,356	2,332,136	2,501,492
31 December 2014					
Segment assets	3,009,645	8,122,883	11,132,528	597,739	11,730,267
Segment liabilities	14,723	89,466	104,189	2,410,306	2,514,495

(iii) Non-current assets by segment

	Sams Creek Gold Project	Botswana Copper/Silver Project	Total	Other Non-current Assets	Group Non-current Assets
	\$	\$	\$	\$	\$
30 June 2015					
Exploration and evaluation expenditure	2,865,181	8,690,478	11,555,659	-	11,555,659
Plant and equipment	-	47,254	47,254	2,897	50,151
31 December 2014					
Exploration and evaluation expenditure	3,000,000	7,923,949	10,923,949	-	10,923,949
Deferred expense	-	80,000	80,000	-	80,000
Plant and equipment	-	65,352	65,352	883	66,235

15. Subsequent events

On 15 July 2015, the Company announced that a binding Memorandum of Understanding had been signed with leading resource sector services company Sedgman Limited. The commencement date will be when MOD announces it is proceeding with a PFS for the Mahumo Project.

On 9 September 2015, the Company announced details of a proposed transaction to acquire a number of prospecting licences in the immediate area of MOD's 100% owned Mahumo high grade Copper/Silver Project in the Kalahari Copper Belt, Botswana (Acquisition). The Acquisition is considered an important part of future growth plans for the Mahumo area and covers any possible extensions to the deposit.

On 9 September 2015, the Company also announced an opportunity for MOD shareholders to participate in a non-renounceable pro-rata rights issue to raise up to \$1.2 million (before costs) to progress with the proposed development pathway at the Mahumo Copper/Silver Project and explore MOD's significant interests in the wider Botswana Kalahari Copper Belt (Rights Issue). The Rights Issue will enable MOD shareholders to subscribe for one new fully paid MOD share for every five shares held at an issue price of \$0.006 per share, together with a free attaching unlisted \$0.01 option expiring 21 May 2018 for every two new shares subscribed and will be lead-managed by Patersons Securities Limited.

The majority of funds raised through the Rights Issue is intended to be applied to commence the resource extension drilling program at Mahumo and progress towards the proposed pre-feasibility studies. On completion of the above Acquisition, MOD and the Investment Company also plan to undertake an exploration program directed toward priority targets on the newly acquired licences.

Other than the above, there has not been any other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the consolidated 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 half-year ended 30 June 2015 are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the period 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.
 - (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 Company Secretary in accordance with Section 295A of the Corporations Act 2001 for the half-year ended 30 June 2015.

On behalf of the Board

MARK CLEMENTS
Executive Chairman

Perth, 11th day of September 2015

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Independent Auditor's Review Report To the Members of MOD Resources Limited

We have reviewed the accompanying half-year financial report of MOD Resources Limited ("Company"), which comprises the consolidated financial statements being the consolidated statement of financial position as at 30 June 2015, and 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 half-year ended on that date, notes comprising a summary of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of MOD Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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As the auditor of MOD Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Conclusion

A limitation in scope of our review work exists for the reasons described below:

Included in Note 6 to the financial statements, the consolidated entity has reported exploration assets of approximately \$3.0m in relation to the Sams Creek Gold Project.

As set out in Note 6, the recoverability of the carrying value of the exploration has been determined based on available estimates and assumptions. Australian Accounting Standard AASB 136 Impairment of Assets requires an asset to be carried at no more than its recoverable amount. We have been unable to obtain sufficient appropriate audit evidence to support the Directors' assessment of the recoverable amount of the asset is at least equal to its carrying value. In the event that the carrying value of the assets exceeds its recoverable amount, it would be necessary for the carrying value of the assets to be written down to their recoverable amounts.

Qualified Conclusion

Based on our review, which is not an audit, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matter giving rise to the qualification:

- a. The half-year financial report of MOD Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
 - ii complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without further qualifying our conclusion, we draw attention to Note 2 in the financial report which indicates that the consolidated entity incurred a net loss of \$535,941 and net cash outflows from the operations of \$354,907 during the half year ended 30 June 2015. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M A Petricevic
Partner - Audit & Assurance

Perth, 11 September 2015

Schedule of Exploration Licences

The Company held an interest in the following exploration licences as at 30 June 2015;

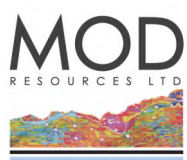
Botswana Copper/Silver Project

LICENCE NUMBER	SIZE (KM ²)	HOLDING	TITLE HOLDER	LICENCE COMMENCEMENT DATE	RENEWAL DATE
Northern Licences					
PL652/2014	190.9	100%	MOD Resources Botswana (Pty) Ltd	1-Oct-14	30-Sep-16
PL686/2014	463.0	100%	MOD Resources Botswana (Pty) Ltd	1-Oct-14	30-Sep-16
PL203/2014	77.7	100%	MOD Resources Botswana (Pty) Ltd	1-Apr-14	31-Mar-17
PL204/2014	70.8	100%	MOD Resources Botswana (Pty) Ltd	1-Apr-14	31-Mar-17
PL280/2014	116.0	100%	MOD Resources Botswana (Pty) Ltd	1-Jul-14	30-Jun-17
Southern Licences					
PL016/2013	934.3	100%	MOD Resources Botswana (Pty) Ltd	1-Jan-13	31-Dec-15
PL017/2013	670.8	100%	MOD Resources Botswana (Pty) Ltd	1-Jan-13	31-Dec-15
PL018/2013	638.9	100%	MOD Resources Botswana (Pty) Ltd	1-Jan-13	31-Dec-15
PL034/2015	921.0	100%	MOD Resources Botswana (Pty) Ltd	1-Apr-15	31-Mar-17
PL035/2015	789.0	100%	MOD Resources Botswana (Pty) Ltd	1-Apr-15	31-Mar-17
PL036/2015	941.0	100%	MOD Resources Botswana (Pty) Ltd	1-Apr-15	31-Mar-17
JV Licences					
PL009/2012 ⁽ⁱ⁾	310.4	80%	GGZ Investments (Pty) Ltd	1-Jan-12	31-Dec-14
PL141/2012 ⁽ⁱ⁾	643.4	80%	Mokgweetsi Mining (Pty) Ltd	1-Apr-12	31-Mar-15
PL044/2012 ⁽ⁱ⁾	151.1	80%	Mokgweetsi Mining (Pty) Ltd	1-Jan-12	31-Dec-14

(i) Renewal applications have been submitted and approval is pending from the Department of Mines.

Sams Creek Gold Project

PERMIT/LICENCE NUMBER	SIZE (KM ²)	HOLDING	TITLE HOLDER	LICENCE COMMENCEMENT DATE	RENEWAL DATE
EP40338	30.6	60%	Sams Creek Gold Limited	27-Mar-98	27-Mar-17
EP54454	32.0	100%	Sams Creek Gold Limited	25-Sep-12	25-Sep-17
PP55645	39.2	100%	Sams Creek Gold Limited	28-Feb-14	28-Feb-16



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