

## MAJOR EXPANSION OF HOLDINGS AROUND MAHUMO COPPER/SILVER PROJECT

- Binding agreement executed for acquisition of Discovery Mines (Proprietary) Ltd ("DMI") subject to satisfaction of conditions precedent
- DMI owns 14 licences of varying status adjacent to MOD's 100% owned Mahumo Project and covering ~100km long Mahumo Structural Corridor
- London AIM listed fund Metal Tiger Plc ("MTR") to make initial payment. DMI to be owned MOD 70% and MTR 30%. Future payments for DMI payable if certain thresholds are met
- DMI acquisition is part of MOD's objective to expand high grade resources at Mahumo by securing any extensions and testing other targets in surrounding area
- DMI and MOD holdings effectively consolidate the large and relatively under-explored central and western parts of the Kalahari Copper Belt
- 7 high priority MOD and DMI targets provide potential for early exploration success

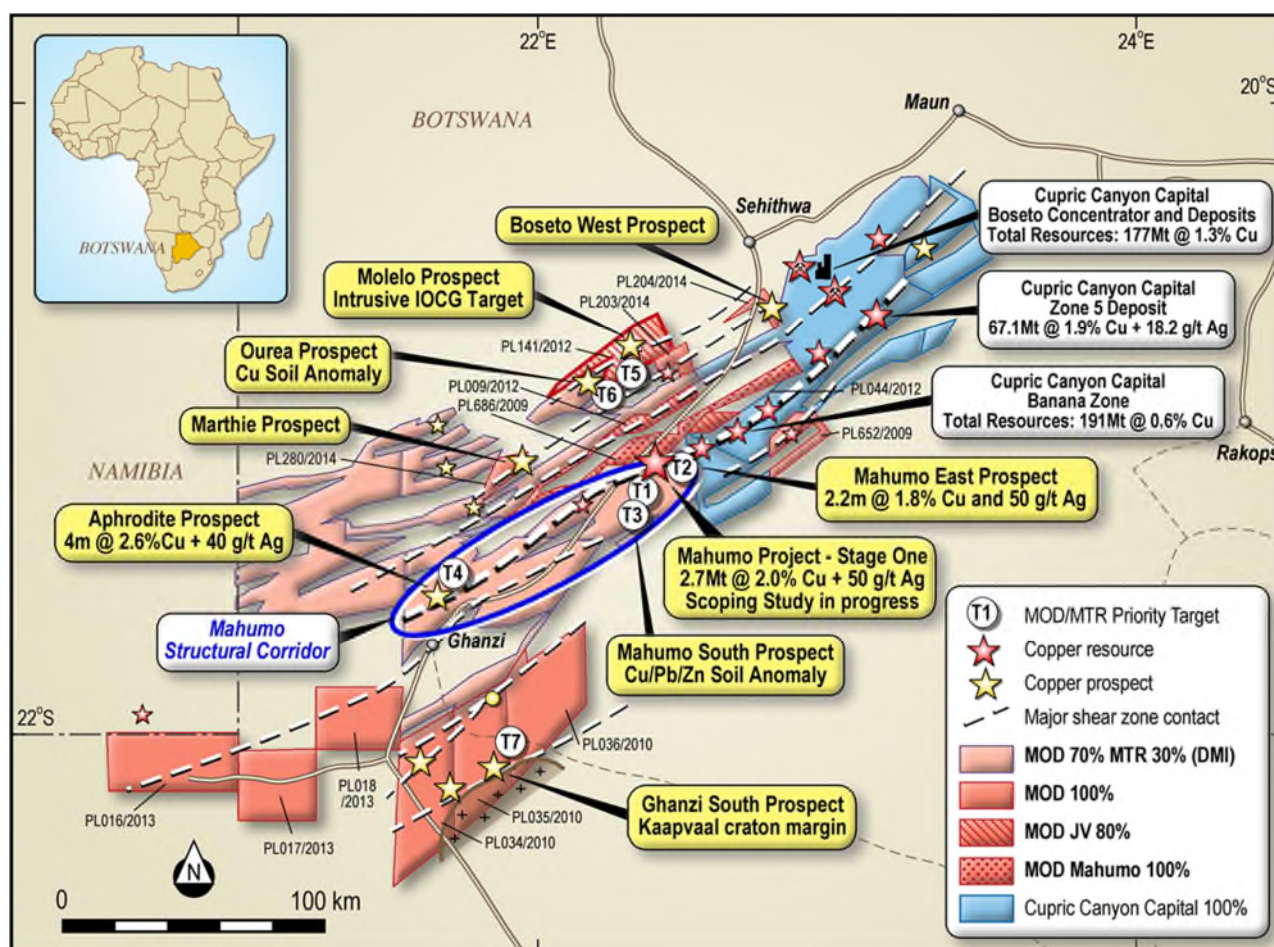


Figure 1: Kalahari Copper Belt, Botswana. MOD (red), DMI (orange), Cupric Canyon Capital (blue).

## Overview of Acquisition

The Board of MOD Resources Ltd (**ASX: MOD**) is pleased to announce that a binding sale agreement ("**Agreement**") to acquire all of the issued capital of unlisted company Discovery Mines (Proprietary) Ltd (in provisional liquidation) ("**DMI**") has been executed. Subject to certain conditions precedent being met including execution of a Deed of Release in relation to existing security over the DMI shares (refer to Appendix 1), the Agreement will result in MOD owning 70% and London AIM listed resource fund Metal Tiger Plc ("**MTR**") owning 30% of DMI through the corporate structure outlined below.

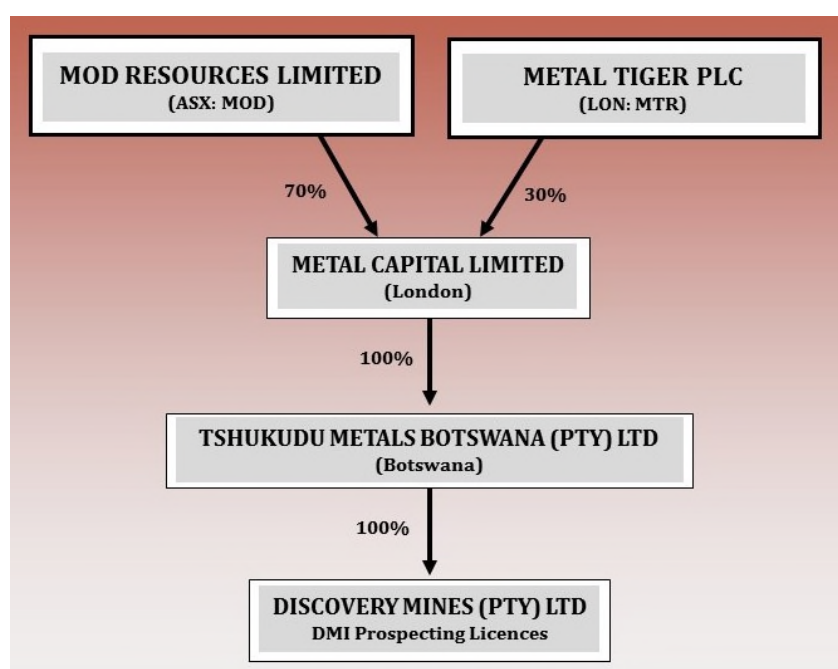
DMI is the owner of 14 prospecting licences (7 granted and 7 pending renewal extensions) with a total area of approximately 6,300km<sup>2</sup> in the central and western part of the Kalahari Copper Belt. The DMI licences are located adjacent to MOD's 100% owned Mahumo Project and extend west to the Namibian border (Figure 1). The DMI licences have already been reduced in area by DMI to cover the most prospective geological contacts and targets, including the Mahumo Structural Corridor which extends ~100km SW along strike from Mahumo (Figures 1 and 2).

The Kalahari Copper Belt has an important advantage compared with other global copper belts. The dominant copper sulphide minerals include chalcocite and bornite which can produce high grade, low impurity concentrates. The outstanding results of test work on Mahumo ores (announced 31 July 2015) include only minor arsenic (~20ppm As) and other deleterious elements which provides an opportunity for concentrates to be sold at a premium for blending at smelters. High grade Mahumo concentrate is shown in Figure 5.

London listed MTR is primarily focused on undervalued natural resource investment opportunities in which it can provide financial and business support to companies to maximize the value of their interests. The business fit between MTR and MOD is strong and the Board looks forward to working with them to pursue potential funding out of the London market to pursue the proposed initial objectives listed in Table 1.

MOD Board is actively discussing with interested parties to place the shortfall on the same terms as those offered under the Rights Issue announced on 30 October 2015. MTR and Patersons Securities are assisting with this process.

The corporate structure below provides an opportunity for potential funding from various jurisdictions. DMI will be owned by Botswana company Tshukudu Metals Botswana (Pty) Ltd, which is owned 100% by London company Metal Capital Limited which is in turn owned 70% MOD and 30% MTR. Metal Capital Limited has three directors including two nominees of MOD and one from MTR.



## DMI - Proposed Program, Phase 1

As part of the conditions precedent (refer Appendix 1), during November MOD will seek Ministerial and Botswana Competition Authority approval to transfer ownership of DMI to Tshukudu Metals Botswana (Pty) Ltd. MOD will also meet with the Ministry of Minerals, Energy and Water Resources to discuss conditions relating to the DMI licences. MOD and MTR's objective is to initially focus exploration on priority targets on granted licences in the Mahumo area which have potential to impact any developments at Mahumo.

Drilling is proposed to commence in January 2016 to test for potential depth extensions at Mahumo (T1) and other satellite targets (T2, T3 and T4) subject to available funding. MOD and MTR also plan to undertake a detailed surface sampling program to confirm a large Cu/Pb/Zn anomaly (T3) in the centre of the Mahumo Structural Corridor ~20km SW of Mahumo, as soon as access permits.

Seven priority targets have been identified on DMI and MOD licences for drilling and other exploration activities during the first phase of work (Table 1). Target locations are shown on Figures 1, 2, 3 and 4.

Priority Target	Phase 1 - Target Summary & Proposed Objectives	Phase 1 - Planned Program
T1 DMI	Test potential extensions down dip and along strike from announced Stage One Mahumo resource. Drill below deepest previous drill hole intersection: <b>4m @ 2.6% CuEq</b>	400-700m diamond drilling on DMI licence to test Mahumo resource extensions
T2 DMI	Test potential at Mahumo East below and along strike from a single, shallow DMI drill hole which intersected: <b>2.2m @ 1.8% Cu &amp; 50g/t Ag</b>	200m drill hole sections to test potential for resource
T3 DMI	Confirm and test source of <b>~5km long surface Cu/Pb/Zn anomaly</b> coincident with an area of interpreted structural complexity within Mahumo Structural Corridor	Infill soil sampling (500m spaced lines) confirm anomaly and target follow up drilling
T4 DMI	Test for potential resource at Aphrodite Prospect where widely spaced drilling by DMI produced intersections including <b>4m @ 2.6% Cu &amp; 40g/t Ag</b>	200m drill hole sections to test potential for resource at Aphrodite
T5 MOD	Test interpreted <b>magnetic core of Molelo Intrusion</b> . Sole previous drill hole intersected elevated PGM in altered and veined mafic intrusion overlain by red IOCG type alteration	500m diamond drill hole to test core of intrusion for PGM/Ni/Cu
T6 DMI & MOD	Test source of <b>&gt;5km long surface Cu anomaly</b> which remains open, located southwest of Molelo Intrusion	Additional sampling to define extent of large surface Cu anomaly and target drilling
T7 MOD	Initial test of interpreted (>40km long) <b>structural contact along Kaapvaal Craton margin</b> and Proterozoic basin sediments. Target potential for shear/vein hosted deposits	Wide spaced surface sampling traverses, test potential for Cu along structural contacts

Table 1: Summary of DMI and MOD priority targets - Phase One



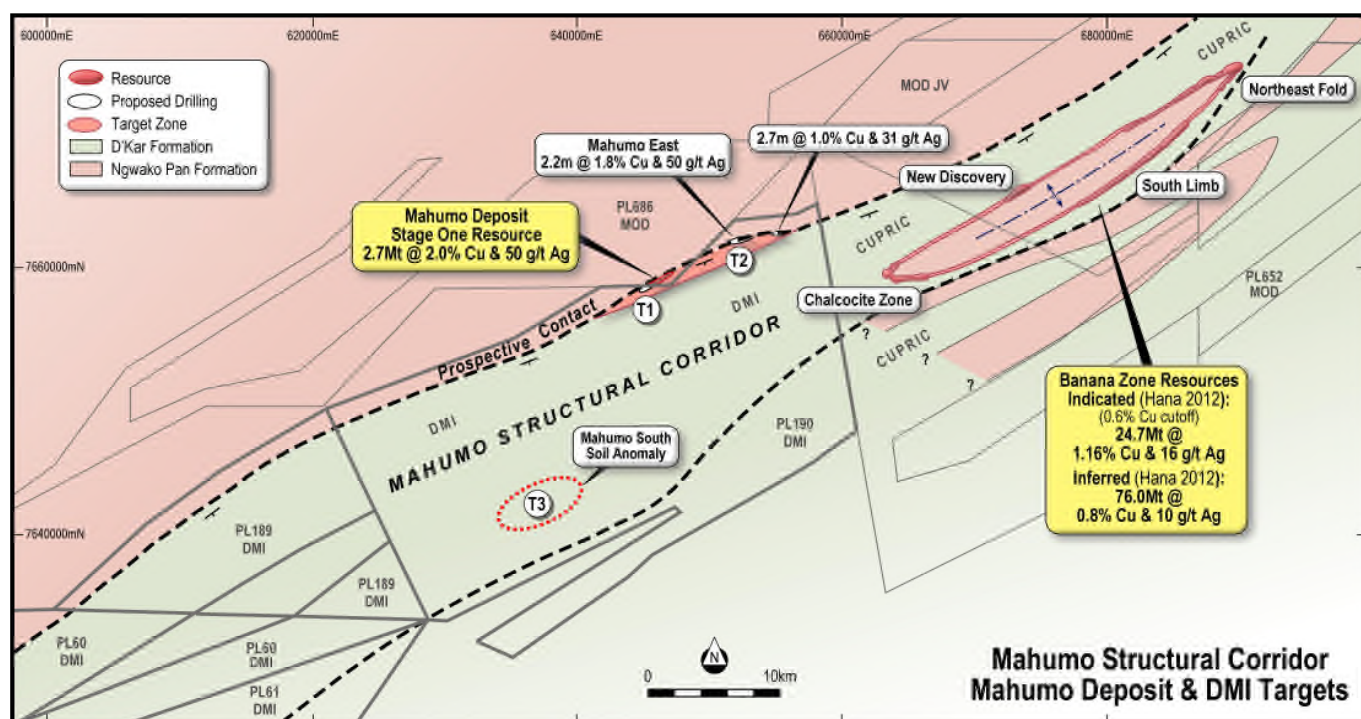


Figure 2: Simplified geological plan of part of Mahumo Structural Corridor showing current resources, licences & DMI targets

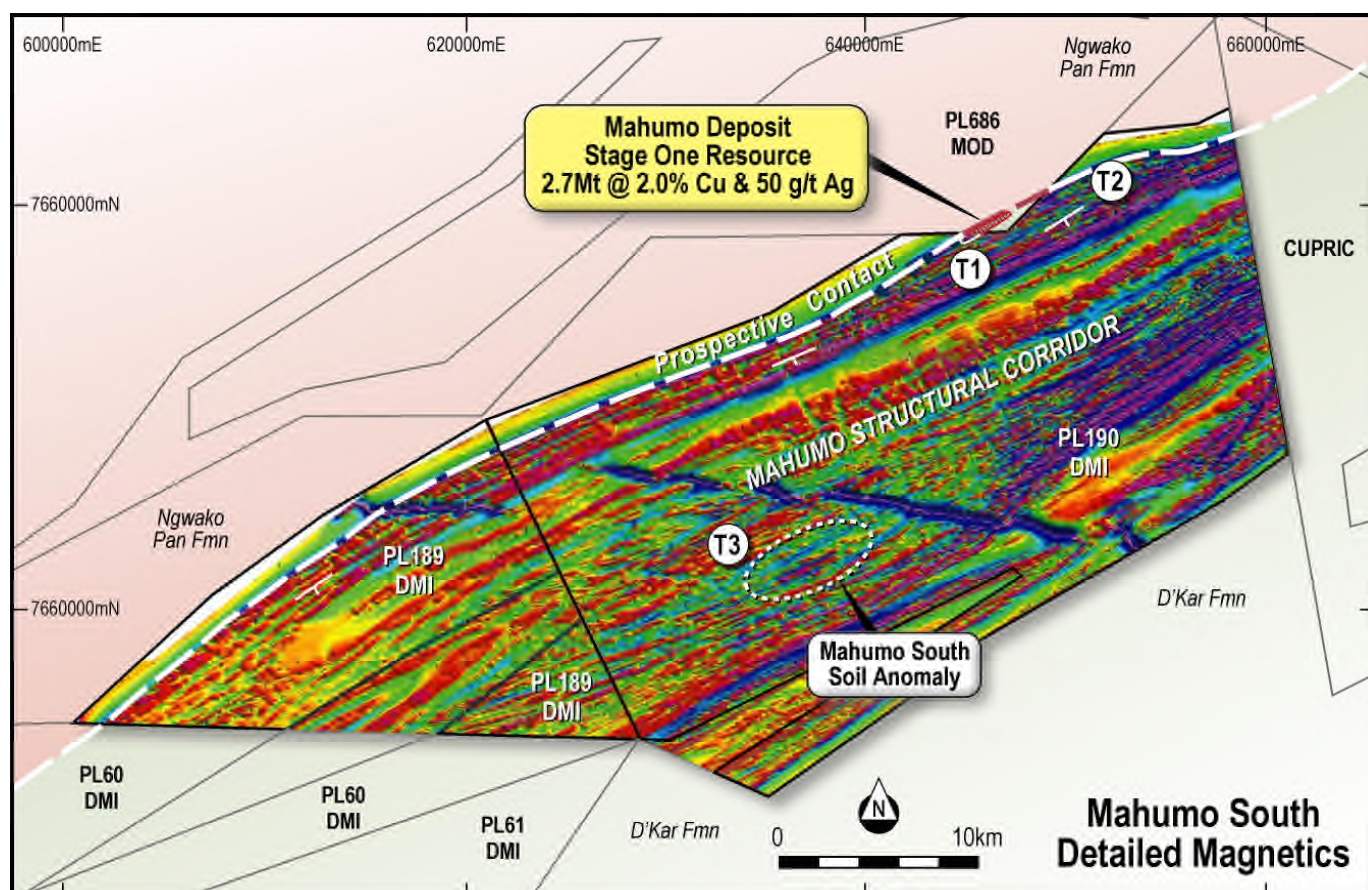


Figure 3: Magnetic image of DMI licences covering ~50kms of the Mahumo Structural Corridor

## Background to DMI Acquisition

DMI was a subsidiary of ASX listed Botswana copper producer Discovery Metals Ltd (“DML”). DML was placed in voluntary administration in February 2015 and wound up in June 2015. DML’s other subsidiary Discovery Copper Botswana (Pty) Ltd (“DCB”) operated two large scale open pit mines and a 3Mtpa processing plant at Boseto in the eastern part of the copper belt, ~110km NE of Mahumo (Figure 1).

DCB was acquired by Cupric Canyon Capital (“Cupric”) in July 2015 for ~US\$33.7M. Cupric previously acquired the assets of Canadian listed Hana Mining Ltd in 2013 through a plan of arrangement valued at C\$82M. The assets include the Banana Zone and substantial Khoemacau Zone 5 deposits (Figure 1).

On 8 July 2015 Cupric announced a feasibility study for a potential development of an underground mine at the Khoemacau Zone 5 deposit. Zone 5 is located approximately 100km NE of Mahumo along the same interpreted structural contact as Mahumo (Figures 1 and 2). Currently reported resources at Zone 5 are 67.1Mt @ 1.9% Cu and 18.2g/t Ag to >600m depth (July 2015).

Between 2012 and 2014, DML developed two large open pit mines and processed lower grade oxide and transitional sulphide ores through the Boseto plant. By comparison, MOD is evaluating a moderate to high grade (2.0% Cu), primary sulphide deposit which has potential to be mined underground. Continuous high grade, vein style Cu/Ag mineralization occurs at Mahumo in the relatively under-explored centre of the belt.

Existing targets on MOD and DMI licences include previous high grade intersections which have had minimal follow up work, and extensive undrilled copper soil anomalies. Mahumo was discovered in 2011 by MOD drilling a soil anomaly along the northern margin of a major structural zone (Figures 2 and 3). The Stage One resource which is the basis for the Mahumo scoping study is currently the highest grade resource announced in the belt. It remains open below the limit of drilling along 2.4km strike length (Figure 4).

## Discussion

MOD Managing Director Mr Julian Hanna said: “DMI is an excellent fit for MOD and provides a rare opportunity to consolidate a large holding in a prospective and under-explored copper belt. On completion of the acquisition, MOD should have certainty of access to any possible Mahumo resource extensions as well as other walk up drilling targets in the surrounding area. A new discovery on DMI ground has potential to have a significant impact on any future development at Mahumo”.

Mr Hanna added “MOD and MTR are committed to supporting initiatives of the Botswana Government which include training, local employment and supporting small business in the Ghanzi District. MOD’s exploration activities, office and warehouse are already established in Ghanzi which is located on a major bitumen road running along the axis of the copper belt, within 10km of Mahumo”.

“The MOD Board wishes to thank all the people who have put considerable effort into the DMI acquisition process including MTR who have provided funding support and advice. We look forward to working with MTR on this exciting project”.



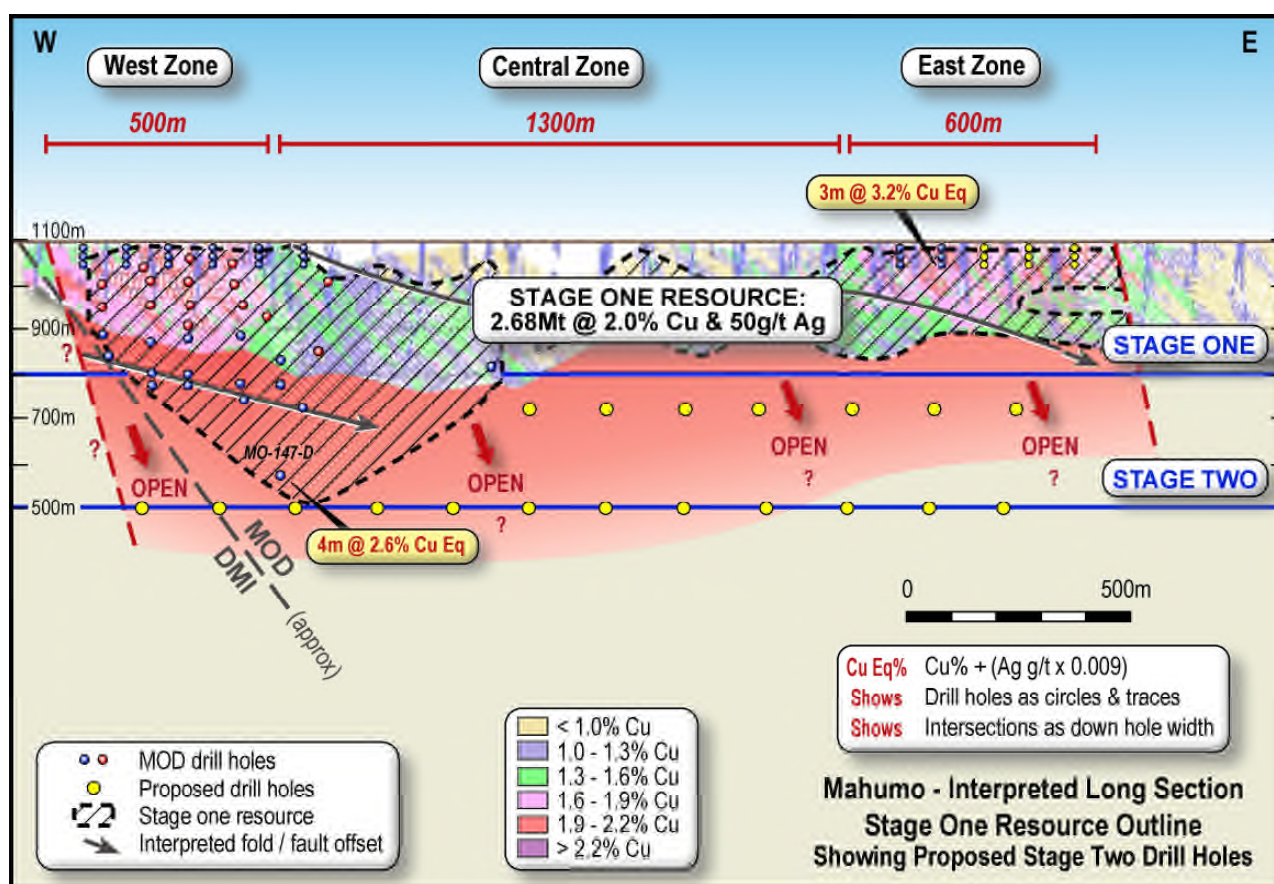


Figure 4: Interpreted 2.4km longitudinal section of Mahumo showing Stage One resource outline and proposed Stage Two drilling



Figure 5: **MAHUMO CONCENTRATE: 51.9% Cu & 1,300ppm Ag** produced from test work on sulphide ores  
(Refer previous announcements: 6 July 2015, 31 July 2015)

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### **Competent Person's Statement**

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

### **Forward Looking Statements and Disclaimers**

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of MOD Resources Limited. Investors should be aware that completion of the DMI Sale Agreement is subject to certain conditions precedent and there is a risk that the transaction will not be consummated. Investors should also be aware that as the DMI shares (and indirectly the DMI Licences) are being purchased from a receiver, there is no guarantee or certainty as to their status.

Examples of forward looking statements included in this announcement are: 'Binding agreement executed for acquisition of Discovery Mines (Proprietary) Ltd ("DMI") subject to satisfaction of conditions precedent'; '7 high priority MOD and DMI targets provide potential for early exploration success', and 'The corporate structure below provides an opportunity for potential funding from various jurisdictions'.

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## APPENDIX 1

### Key terms of the DMI Sale Agreement

Key Terms	Summary	Comments
<b>Seller</b>	Discovery Mines Mauritius Limited (in receivership)	
<b>Buyer</b>	MOD Resources Limited	
<b>Transferee</b>	Tshukudu Metals Botswana (Pty) Ltd	
<b>Consideration</b>	A total of US\$500,000, payable in 3 installments.	
<b>1st payment</b>	US\$100,000 payable on Completion.	Payable by MTR
<b>2nd payment</b>	US\$100,000 payable subsequent to declaration of a copper resource on DMI licences upon completion of a liquidity event (being a capital raising by MOD, MTR or an affiliate, or a disposal of 50% of DMI shares, or any part of the DMI licences).	Payable by MOD
<b>3rd payment</b>	US\$300,000 payable subsequent to completion of a BFS on Mahumo or on DMI licences, upon completion of a liquidity event (being a capital raising by MOD, MTR or an affiliate, or a disposal of 50% of DMI shares, or any part of the DMI licences).	Payable by MOD
<b>Creditors</b>	In addition to the 1st payment of the sale consideration, MOD will also fund up to US\$20,000 additional payments to valid DMI creditors.	Payable by MOD
<b>Conditions Precedent</b>	<ul style="list-style-type: none"> <li>a) Execution of a deed of release in relation to existing security over DMI shares</li> <li>b) Creditor claims of no more than US\$20,000 received by DMI</li> <li>c) Evidence that DMI licenses have not been revoked or cancelled</li> <li>d) Competition Authority approval &amp; Ministerial consent to transfer DMI shares</li> </ul>	
<b>Post-Completion</b>	Parties to take necessary steps to lift the provisional liquidation of the Target.	
<b>Warranties</b>	As the DMI shares are being purchased from a receiver, no warranty coverage is provided.	
<b>Legal Costs</b>	Each party will bear their own legal costs associated with the Sale Agreement.	