ANNUAL REPORT

For the year ended 31 December 2015

MOD Resources Limited
ABN 78 003 103 544

Competent Person's Statements
The Competent Person responsible for the geological interpretation, Mineral Resource estimation and classification of the Mahumo Copper/Silver Project is Mr A.I. Pretorius, who is a full-time employee of Sphynx Consulting CC and registered with SACNASP (400060/91). Mr Pretorius has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pretorius consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

The information in this Annual Report that relates to Geological Data and Exploration Results at the Botswana Copper/Silver Project 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 Annual Report that relates to Geological Data and Exploration Results at the Sams Creek Gold Project is based on and fairly represents information compiled by Mr Paul Angus, Project Manager of Sams Creek and a Director of MOD Resources Ltd's subsidiary, Sams Creek Gold Ltd. Mr Angus is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Angus consents to the inclusion in this Report of the matters based on information in the form and context in which it appears.

Information in this Annual Report relates to previously released exploration data disclosed under the JORC Code 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 Annual Report has been prepared by MOD Resources Limited. The document contains background Information about MOD Resources Limited current at the date of this report. The report is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this report.

The report is for information purposes only. Neither this report nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. The Annual Report may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

This Annual Report does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this report are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

To the fullest extent of the law, MOD Resources Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this report. No responsibility for any errors or omissions from the Annual Report arising out of negligence or otherwise is accepted.

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

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

MOD
RESOURCES LTD

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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LISTED ON ASX

ASX CODE: MOD

Auditors

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Dear Shareholder

I am pleased to be able to report that whilst there have been significant challenges in the resource sector during the year, MOD Resources Limited has achieved a major expansion of its interests in the Kalahari Copper Belt at minimal cost.

MOD and joint venture partner, London AIM listed resource fund, Metal Tiger Plc (MTR) now have access to a highly prospective holding centred around the high grade Mahumo Copper/Silver Project in a largely unexplored region and are well positioned to benefit from any exploration success, any rise in the copper price and any developments from other parties operating in the Kalahari Copper Belt.

The acquisition of 14 additional prospecting licences with a total area of approximately 7,446km^2 in the central and western part of the Kalahari Copper Belt (MOD 70%) took several months and consumed the efforts of not only those within MOD but our steadfast legal and corporate advisors. The acquisition is considered an important part of the future growth plans for MOD through any potential extensions to the Company's existing Mahumo resource and the excellent potential of a number of high priority satellite targets in the immediate Mahumo area and wider Ghanzi district.

Our highly experienced geological team led by Mr Julian Hanna and Mr Jacques Janse van Rensburg, has benefited from the input of the well-credentialed geologist and Chairman of MTR, Mr Terry Grammer, to plan and execute an exploration program to confirm a number of existing surface copper anomalies on the newly acquired and existing licences.

Soil sampling has proved to be a very effective exploration technique in the Kalahari Copper Belt where sand cover is less than 20m thick. Several of the substantial Cu/Ag deposits now owned by Cupric Canyon Capital in the eastern part of the Kalahari Copper Belt which contain a total >5Mt Cu in announced resources, were initially discovered by soil sampling.

Since drilling commenced in mid-February this year, the MOD/MTR joint venture has been successful in intersecting visible copper sulphides. We are still at an early stage of interpreting the geometry, true width and potential extent of the mineralisation intersected but we remain excited by these recent developments and the potential this opens up for other priority targets identified on MOD and MTR's extensive holdings in the Ghanzi region.

Mahumo remains a key part of MOD's objective to progress towards potential development and production. In addition to the excellent continuity of the high copper and silver grades at Mahumo, test work on chalcocite and bornite ores during the period produced outstanding results and generated considerable interest by global metal traders and offtake related parties.

We welcomed the approach by a leading resource sector services company to provide pre-feasibility study (PFS) and definitive feasibility study services (Study Services) at Mahumo at no cost to MOD up to a maximum USD$1.5 million to earn a 10% participating interest in the Mahumo Copper/Silver Project. The US$1.5 million of services to be provided will not only reduce the amount of funding required by MOD to complete the proposed feasibility studies but enable us to utilise the resources of this well regarded organisation when we make a decision to progress towards commencement of a PFS at Mahumo.

Although we remain strongly focused on advancing the Botswana assets, we announced two important developments at the Sams Creek Gold Project in New Zealand which were achieved at minimal cost to the Company. MOD increased its interest in the Sams Creek Joint Venture to 80% following confirmation from joint venture partner, OceanaGold Corporation that MOD had already met the required milestone. In addition, preliminary remodelling of the current 1.0Moz gold resource at a higher cut-off grade (2.0 g/t) has identified potentially significant higher grade mineralisation within the Main Zone deposit.

During the latter part of 2015, we also reached agreement with SHL Pty Ltd to extend the repayment date for its existing $2 million secured loan to 4 April 2016 and if MOD does not have the capacity to repay the loan on this date, the parties have agreed that the repayment date for the loan will be extended a further three months to 4 July 2016. The MOD Board has considered a number of fund raising options in conjunction with its corporate advisors, PCF Capital Group who were instrumental in negotiating the acquisition of the highly prospective licences in Botswana for MOD and earlier this year, MOD announced a decision to sell part, or all of our 80% interest in the Sams Creek Gold Project and maximise the return from this substantial gold deposit with excellent potential.

Finally, on behalf of the MOD Board, I would like to thank MOD's dedicated staff and technical team as well as the Company's advisors who have, in line with market conditions, been able to reduce costs to a minimum with a view to maximising shareholder value.

MARK CLEMENTS
Executive Chairman

The directors submit their report together with the financial report of MOD Resources Limited ("Consolidated Entity" or "Group") for the year ended 31 December 2015 and the auditor's report thereon.

DIRECTORS

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

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

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

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

Mr Steve McGhee (Non-Executive Director)
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. He is also a Director of Perth-based Independent Metallurgical Operations. Mr McGhee was appointed Non-Executive Director on 30 April 2014.

CORPORATE INFORMATION

Corporate Structure

MOD Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. It is the ultimate parent entity. MOD Resources Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the Group's controlled entities at Note 24.

Nature of Operations and Principal Activities

The principal activities of the consolidated entity during the financial year ended 31 December 2015 were exploration for copper and silver in Botswana and gold in New Zealand.

Operating Result

The consolidated net loss for the year ended 31 December 2015 was $1,064,366 (2014 net loss: $10,138,263). The consolidated net loss includes impairment loss of $249,679 (2014: $8,861,494) on the exploration and evaluation expenditure of the Botswana Copper/Silver Project of $249,679(2014: $961,708) whilst no further impairment loss was recognised to Sams Creek Gold Project (2014: $7,899,786).

BOTSWANA COPPER/SILVER PROJECT

Joint Venture Licences (MOD 70%; Metal Tiger Plc 30%)

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) and on 10 November 2015, the Company announced that a binding sale agreement to acquire all of the issued capital of unlisted company Discovery Mines (Proprietary) Ltd (in provisional liquidation) (DMI) had been executed.

On 16 December 2015, the Company announced the Acquisition of DMI which is the owner of 14 prospecting licences with a total area of approximately 7,446km^2 in the central and western part of the Kalahari Copper Belt with MOD owning 70% and London AIM listed resource fund, Metal Tiger Plc (MTR) owning 30% of DMI.

MTR is primarily focused on undervalued natural resource investment opportunities in which it can provide financial and business support to companies to maximise 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 and to pursue the proposed initial objectives of testing the 10 targets shown in Figure 1.

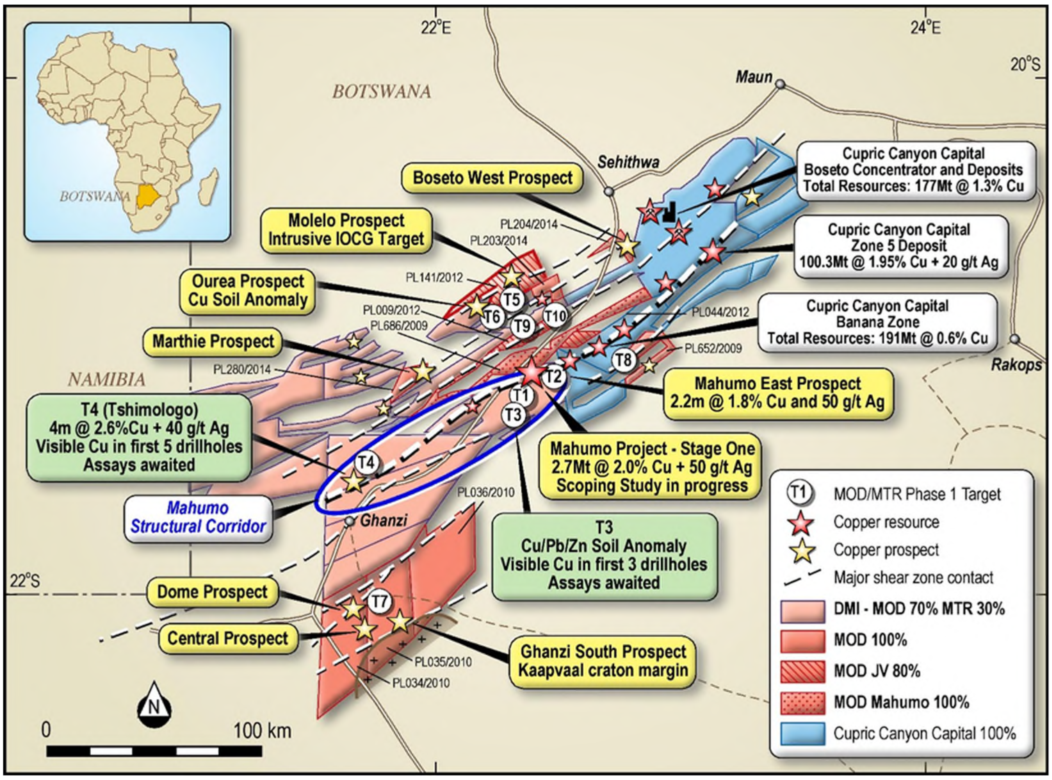

Figure 1: Kalahari Copper Belt showing location of licences - MOD (red), MOD/MTR JV (orange), Cupric Canyon Capital (blue)

The joint venture licences are located adjacent to MOD's 100% owned Mahumo Project and extend west to the Namibian border (Figure 1). The joint venture licences have already been reduced in area to cover the most prospective geological contacts and targets, including the Mahumo Structural Corridor which extends ~100km SW along strike from Mahumo (Figure 1).

The Acquisition was considered an important part of the future growth plans for the Mahumo area and covers any potential extensions to MOD's high grade Mahumo Copper/Silver Project.

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).

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.

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. The Phase 1 exploration program commenced in January 2016 initially with low cost surface sampling to infill and confirm four extensive copper anomalies and progressing a drilling program to follow up previous high grade Cu intersections on joint venture licences in the Ghanzi district.

Subsequent to year end, the Company has announced the first five RC drill holes at the Tshimologo Prospect (Figure 1) intersected significant down hole widths (between 5m and 42m) of disseminated Cu mineralisation and that significant widths of copper sulphide mineralisation intersected in the first four RC drill holes to test joint venture target, T3 (Figure 1). When additional drilling and down hole EM are completed and assays are received, MOD expects to be in a position to provide further information on the sulphide mineralisation at T3.

Mahumo Copper/Silver Project (MOD 100%)

MOD has been an active explorer in the Kalahari Copper belt since 2011 and discovered the 'Corner K Deposit', now re-named Mahumo Copper/Silver Deposit in late 2011. The Mahumo deposit was discovered by drilling a soil anomaly along the northern margin of a major >20km wide structural zone (Mahumo Structural Corridor)(Figure 1).

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.

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 was 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.

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 2). The Stage One scoping study will be reviewed in light of the proposed Stage Two drilling and recent exploration results on MOD and MTR licences in the surrounding area which if positive, may form the basis for pre-feasibility and definitive feasibility studies at Mahumo.

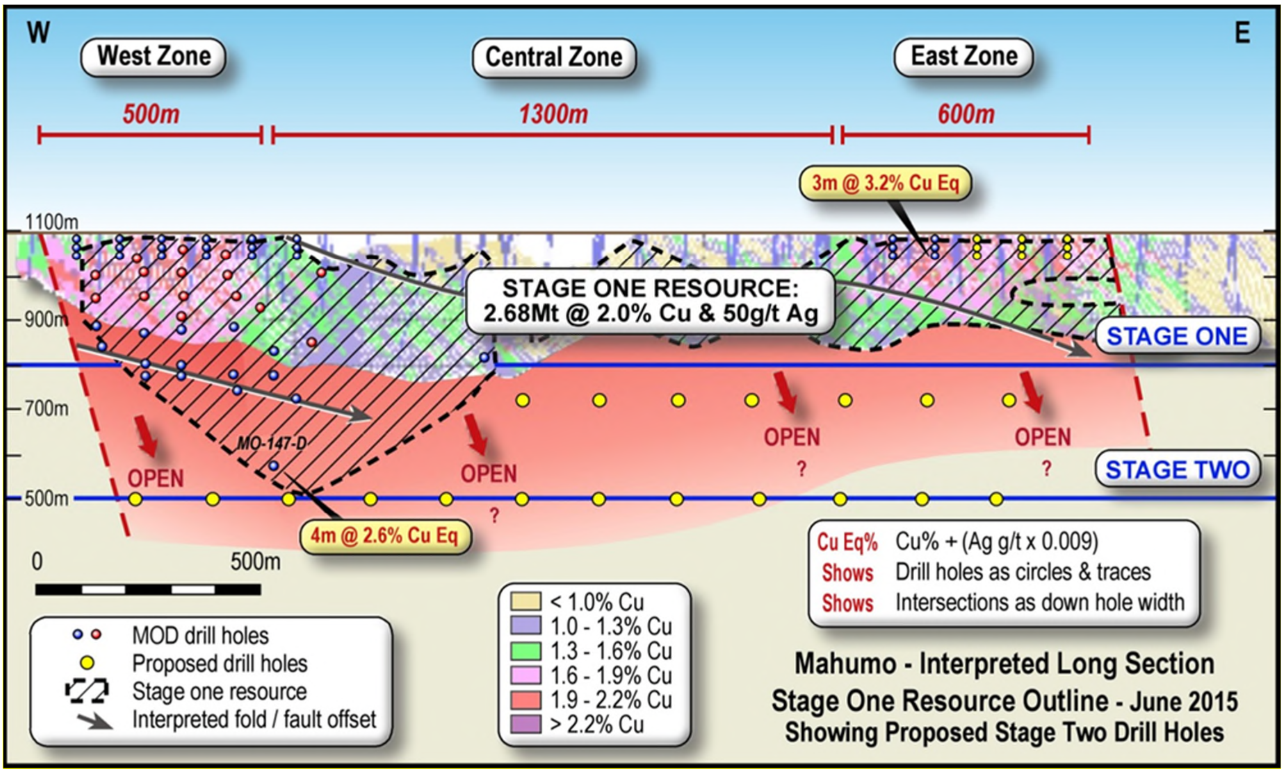

Figure 2: Mahumo Long Section showing outline of Stage One resource and proposed Stage Two resource extension drilling

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.

FLOTATION TEST PRODUCT	MASS PULL	COPPER IN CONCENTRATE		SILVER IN CONCENTRATE	
		Assay	Recovery	Assay	Recovery
	(%)	(%)	(%)	(ppm)	(%)
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. Results from composite samples of ores from the Mahumo West and East Zones have indicated that copper concentrate impurities occur at very low levels in assays of concentrates produced during the Mahumo test work to date.

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).

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 a total area of approximately ~11,633km^2. During the period, MOD was granted two year renewals for 3 key PL's (PL034/2010, PL035/2010 and PL036/2010) south of Ghanzi.

The Ghanzi South licences cover the interpreted sheared margin between the Kaapvaal Craton and younger Proterozoic sediments. 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.

MOD also remains very encouraged with early drilling results (reported 14 March 2014) from the large Molelo Intrusion located ~60km north of Mahumo. 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 and was granted a two-year renewal for PL 141/2012 during the year.

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, NEW ZEALAND (MOD 80%, OceanaGold Corporation 20%)

The Sams Creek Gold Project is located 100km north of the Reefton gold field in the South Island of New Zealand.

MOD through subsidiary Sams Creek Gold Ltd, now owns 80% of Sams Creek Joint Venture with OceanaGold Corporation, which is New Zealand's largest gold producer holding 20%.

Sams Creek has an existing JORC 2012 compliant Mineral Resource containing approximately 1.0Moz gold (announced 9 October 2013). The resource estimate was prepared by Golder Associates Pty Ltd. The resource has not materially changed since it was last reported in an announcement to ASX on 9 October 2013. However, on 18 September 2015, MOD announced that as a result of informal remodelling of the Sams Creek resource data at a higher cut-off grade (2.0g/t) potentially significant and apparently continuous higher grade gold zones were identified within the 1.0Moz Main Zone resource. 58 previously announced drill hole intersections within the Main Zone resource which contain >5m down hole width intervals at a 2.0g/t gold cut-off are listed in Table 3.

Main Zone - Drill hole Intersections (>5m @ >2.0g/t Au)

Hole	From (m)	To (m)	Interval (m)	Au g/t
DDH82SC07	15.6	23.1	**7.5**	**3.56**
DDH82SC09	22	42	**20.0**	**3.15**
DDH83SC13	63	69	**6.0**	**5.42**
DDH83SC15	18	24	**6.0**	**11.11**
DDH84SC16	1	27	**26.0**	**4.2**
DDH84SC16	93	100	**7.0**	**5.74**
DDH84SC16	161	200	**39.0**	**3.85**
DDH84SC16	203	208	**5.0**	**4.1**
DDH84SC16A	1.2	27	**25.8**	**4.41**
DDH84SC17	5	17	**12.0**	**2.95**
DDH84SC17A	2	13	**11.0**	**3.97**
DDH84SC17A	20	26	**6.0**	**4.59**
DDH84SC18	10	15	**5.0**	**7.76**
DDH84SC19	61	67	**6.0**	**4.2**
DDH84SC19	79	105	**26.0**	**3.25**
DDH84SC19	131	137	**6.0**	**7.22**
DDH84SC19	143	159	**16.0**	**2.99**
DDH84SC19	162	173	**11.0**	**3.25**
DDH84SC19	177	200	**23.0**	**2.77**
DDH84SC19	203	212	**9.0**	**3.16**
DDH84SC21	133	145	**12.0**	**2.42**
DDH84SC25	140	148	**8.0**	**2.29**
DDH84SC25	153	160	**7.0**	**2.42**
DDH84SC25	172	178	**6.0**	**2.9**
DDH84SC25	202	218	**16.0**	**5.37**
DDH86SC35	9	16	**7.0**	**5.17**
DDH86SC36	0	25.5	**25.5**	**4.78**
DDH87SC40	116	122	**6.0**	**3.06**
SCDDH044	183	204	**21.0**	**3.26**
SCDDH044	247	255	**8.0**	**3.41**
SCDDH045	76	108	**32.0**	**3.06**
SCDDH048	192	212	**20.0**	**4.36**
SCDDH048	220	228	**8.0**	**2.97**
SCDDH050	231	237	**6.0**	**2.48**
SCDDH050	260	265	**5.0**	**4.02**
SCDDH059	300	305	**5.0**	**2.55**
SCDDH060	177	183	**6.0**	**3.51**
SCDDH061	142	152	**10.0**	**4.27**
SCDDH063	245	254	**9.0**	**4.01**
SCDDH079	135	146	**11.0**	**3.91**
SCDDH080	255.4	275	**19.6**	**6**
SCDDH081	1	10	**9.0**	**6.73**
SCDDH082	76	88	**12.0**	**3.98**
SCDDH083	197	212	**15.0**	**2.67**
SCDDH083	216	221	**5.0**	**3.45**
SCDDH083	227	237	**10.0**	**3.02**
SCDDH083	250	260	**10.0**	**4.24**
SCDDH086	2	7	**5.0**	**3.05**
SCDDH087	28.5	34	**5.5**	**2.42**
SCDDH088	130	138	**8.0**	**2.73**
SCDDH088	143.9	153	**9.1**	**8.51**
SCDDH088	157	163	**6.0**	**2.95**
SCDDH089	259	268	**9.0**	**2.48**
SCDDH090	325	332	**7.0**	**2.57**
SCDDH091	347	353	**6.0**	**5.07**
SCMDH029	32	47	**15.0**	**3.72**
SCMDH029	63	81	**18.0**	**3.79**
SCMDH030	11.2	27	**15.8**	**3.84**

Table 3: Sams Creek - high grade down hole intersections (>5m down hole width & 2.0g/t cut-off) within Main Zone resource

Note

(i) Drill hole intersections are down hole widths.

(ii) Drill holes are >5m down hole widths and at a 2.0g/t cut-off. Drill holes and intersections are unchanged from those announced on 9 October 2013.

(iii) Drill hole collar coordinates, azimuth and inclinations are provided in previous announcements (including those announced: 24 April 2012; 31 October 2012; 16 May 2013; 17 July 2013; 19 September 2013).

(iv) JORC Code (2012) Assessment Criteria – Table 1 relating to the above drill holes was included with the Sams Creek resource announcement dated 9 October 2013).

(v) There are no material changes to this information since it was announced previously, other than applying the 2.0g/t gold cut-off to the drill intersections.

CORPORATE

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.

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 financial advisor to the Company.

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 enabled 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 was lead-managed by Patersons Securities Limited.

On 27 October 2015, the Company announced it had received valid applications from shareholders for 34,855,780 fully paid ordinary shares (Offer Shares) and 5,311,075 fully paid ordinary shares (Shortfall Shares) pursuant to the Rights Issue announced on 9 September 2015, representing total funds of $241,001, before costs and a further application for 6,500,000 fully paid ordinary shares totalling $39,000 from a related party on the same terms as the Rights Issue which will be issued along with 3,250,000 Options subject to shareholder approval.

On 28 October 2015, MOD issued 6,666,667 fully paid ordinary shares and 3,333,333 attaching listed $0.01 options, expiring 1 May 2018 to Patersons Securities Limited in lieu of cash for services rendered as lead manager for the Rights Issue as announced on 9 September 2015.

The Company also issued 2,000,000 fully paid ordinary shares to PCF Capital Group Pty Limited in lieu of cash for services rendered as corporate financial advisor to the Company in relation to the DMI acquisition.

As announced on 16 December 2015, MOD successfully placed $630,000 from UK and Singapore investors on the same terms as those offered under the Rights Issue resulting in the issue of 105,033,334 fully paid ordinary shares and 52,516,667 attaching listed $0.01 options, expiring 1 May 2018.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

ENVIRONMENTAL REGULATION

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

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

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

The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

OCCUPATIONAL HEALTH AND SAFETY

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

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

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

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

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 18 January 2016, the Company announced Phase 1 exploration (announced 10 November 2015) had commenced, initially with low cost surface sampling to infill and confirm four extensive copper anomalies and that drilling was planned to test for extensions below the high grade Mahumo resource and to follow up previous high grade Cu intersections on DMI licences in Ghanzi district. It was also noted that PCF Capital Group had been appointed to divest part, or all of MOD subsidiary Sams Creek Gold Ltd's 80% joint venture interest in the 1.0Moz Sams Creek Gold Project in NZ with funds from the proposed sale of an interest in Sams Creek are expected to be directed to the Botswana Copper/Silver Project and to retire the loan with SHL Pty Ltd.

On 11 February 2016, the Company announced ministerial consent had been received to transfer ownership of DMI licences to Tshukudu Metals Botswana (Pty) Ltd, owned MOD (70%) and Metal Tiger Plc (30%) and that all 14 DMI licences with a total area of approximately 6,300km^2 in the central and western part of the Kalahari Copper Belt have been extended to 31 December 2016.

On 17 February 2016, the Company announced that MOD and Metal Tiger Plc had commenced Phase 1 drilling at the first target "T4" to be tested on the recently acquired DMI licences and on 2 March 2016, the Company announced the first five RC drill holes at the Tshimologo Prospect intersected significant down hole widths (between 5m and 42m) of disseminated Cu mineralisation.

On 17 March 2016, the Company announced significant widths of copper sulphide mineralisation intersected in the first three RC drill holes (MO-G-10R to MO-G-12R) to test joint venture target, T3 and when additional drilling and down hole EM are completed and assays are received, MOD expects to be in a position to provide further information on the sulphide mineralisation at T3.

On 23 March 2016, the Company announced the fourth RC drill hole at T3 (MO-G-13R) intersected approximately 58m down hole width containing multiple zones of visible Cu mineralization similar to the intersections in the first three drill holes (MO-G-10R to MO-G-12R) announced on 17 March 2016.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

Botswana Copper/Silver Project

MOD and joint venture partner, London AIM listed resource fund, Metal Tiger Plc (MTR) now have access to a highly prospective holding centred around the high grade Mahumo Copper/Silver Project and sufficient funds to demonstrate the potential of this largely unexplored region over the next six months exploration campaign.

The MOD Board considers that the Company is now well positioned to benefit from any exploration success on the newly acquired joint venture licences (MOD 70%) and MOD 100% licences, any rise in the copper price and any developments from other parties operating in the Kalahari Copper Belt.

Sams Creek Gold Project

On 18 January 2016, MOD announced a decision to sell part, or all of MOD's 80% interest in the Sams Creek Gold Project in New Zealand which is a joint venture with OceanaGold Corporation. PCF Capital Group has been appointed as corporate advisor to assist MOD with this process. PCF Capital is an Australian based independent investment banking firm servicing clients mainly in the resource sector and was instrumental in negotiating the acquisition of DMI for MOD.

Corporate

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

EARNINGS PER SHARE	CENTS
Basic loss per share	(0.11)
Diluted loss per share	(0.11)

DIVIDENDS

In respect of the financial year ended 31 December 2015, no dividends were declared and paid (2014: Nil).

OPTIONS

During the year, the Company issued the following options;

- 5,000,000 unlisted $0.01 options expiring 21 May 2018 to PCF Capital Group Pty Limited in lieu of cash for services rendered as corporate financial advisor to the Company.
- 72,600,108 listed $0.01 options expiring 1 May 2018 to shareholders pursuant to their participation in the Company's non-renounceable Rights Issue announced on 22 September 2015.
- 3,333,333 listed options expiring 1 May 2018 to Patersons Securities Limited in lieu of cash for services rendered as lead manager to the Rights Issue.

REMUNERATION REPORT (AUDITED)

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

The Company has a Remuneration Committee. The members of this Committee during the year were non-executive directors, Messrs Lee AO and McGhee. There were no Remuneration Committee meetings held during the year as remuneration matters were considered at Board level.

The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages. No independent remuneration advisor was engaged during the year.

The Company does not have a director or executive share option scheme, nor does it currently have a formal policy of paying performance based bonuses. However, unlisted options may be granted to key management personnel at the discretion of the Board and subject to shareholder approval where required. These options vest immediately without any performance conditions but with exercise prices at a significant premium to the volume weighted average price at the date of grant.

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration packages contain the following elements;

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

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

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

The following tables disclose the compensation of key management personnel as at 31 December 2015:

		Short Term	*Post-Employment*				
		Salary & Fees $	*Super Contributions* $	*Retirement Benefits* $	*Share Based payments* $	*Total* $	*Value of shares as proportion of remuneration* %
Directors							
Mark Clements (i),(ii)	**2015**	**108,000**	**-**	**-**	**-**	**108,000**	**-**
Executive Chairman & Company Secretary	2014	90,000	-	-	50,600	140,600	36%
Julian Hanna (i)	**2015**	**146,119**	**13,881**	**-**	**-**	**160,000**	**-**
Managing Director	2014	234,376	20,405	-	52,577	307,358	17%
Simon Lee AO (i)	**2015**	**36,000**	**-**	**-**	**-**	**36,000**	**-**
Non-Executive Director	2014	32,500	3,404	-	-	35,904	-
Steve McGhee (i)	**2015**	**48,000**	**4,560**	**-**	**-**	**52,560**	**-**
Non-Executive Director (appointed 30 April 2014)	2014	40,000	3,775	-	-	43,775	-
Miles Kennedy	**2015**	**-**	**-**	**-**	**-**	**-**	**-**
Chairman (resigned 30 April 2014)	2014	14,780	-	-	12,700	27,480	46%
Mark Drummond	**2015**	**-**	**-**	**-**	**-**	**-**	**-**
Non-Executive Director (resigned 30 April 2014)	2014	78,167	-	9,980	-	88,147	-
Totals	**2015**	**338,119**	**18,441**	**-**	**-**	**356,560**	
	2014	489,823	27,584	9,980	115,877	643,264	
Executives							
Jacques Janse van Rensburg (iii)	**2015**	**108,000**	**-**	**-**	**45,000**	**153,000**	**29%**
General Manager Exploration (Africa)	2014	152,000	-	-	20,339	172,339	-
Paul Angus (iv)	**2015**	**7,655**	**-**	**-**	**-**	**7,655**	**-**
Project Manager Exploration (New Zealand)	2014	120,400	-	-	-	120,400	-
Totals	**2015**	**115,655**	**-**	**-**	**45,000**	**160,655**	
	2014	272,400	-	-	20,339	292,739	

Notes:

(i) During the period, the Board suspended payments to all directors to operate at a level of expenditure designed to ensure there was at all times sufficient funds to continue operations at the Botswana Copper/Silver Project and Sams Creek Gold Project. As such the actual amounts paid for the year ended 31 December 2015 were as follows; Mr Clements ($45,595), Mr Hanna ($82,812), Mr Lee (Nil) and Mr McGhee ($37,231). The balance of funds payable is included in Trade and Other Payables (Note 12).

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

(iii) In April 2015, Mr Janse van Rensburg received 9,000,000 shares as an incentive component of his remuneration package during the year. The terms of the remuneration package are in the Summary of Executive Contractual Arrangements. In June 2015, Mr Janse van Rensburg's remuneration was reduced by 40% and then by a further 27% in August in-line with the significant reduction in exploration activity at the Company's Botswana Copper/Silver Project.

(iv) Consulting services were provided by an associated company of Mr Angus in the ordinary course of business and on normal commercial terms and conditions.

Summary of executive contractual arrangements

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

The following employment agreements were in place at 31 December 2015 and as at the date of this report, unless otherwise noted, based upon the following terms;

Mr Julian Hanna (Managing Director)

(i) Annual Salary of $160,000, inclusive of statutory superannuation (Revised to $120,000 as at 1 January 2016);
(ii) Termination by the Company is no less than 3 months' notice or paying the aggregate of amounts which, but for such termination, would otherwise have been payable for a period of 3 months. Termination by Mr Hanna is with immediate effect.
(iii) In the event of a takeover or merger involving MOD which results in the termination of Mr Hanna's role as Managing Director, Mr Hanna will be paid in advance the equivalent of 12 months remuneration calculated at the annual rate at the time the takeover announcement is made.

Mr Jacques Janse van Rensburg (General Manager Exploration (Africa))

(i) Annual salary of $180,000 inclusive of superannuation (revised to a day rate of $300 for mineral exploration services as at 1 January 2016);
(ii) KPI#1; In the event of no safety and environmental incidents arising during the drilling program ending 31 March 2015, payment of a bonus equivalent to 25% base salary payable in cash (subject to availability of funds) or settled in lieu of cash by MOD fully paid ordinary shares based upon closing share price as at 31 March 2015.
(iii) KPI#2; In the event drilling program results in a significant discovery before 31 March 2015, payment of a bonus equivalent to 25% base salary settled on the same terms as for KPI#1.
(iv) 2,000,000 unlisted MOD options at nil cost, expiring 31 March 2018 and at an exercise price set at a 50% premium to the 30-day VWAP ending 31 March 2015 should KPI#2 be achieved.
(v) Termination is not less than 3 months' notice.

The following Executive Services Agreements were in place at 31 December 2015 and as at the date of this report based upon the following terms;

Mr Mark Clements (Executive Chairman and Company Secretary)

(i) Monthly fees of $6,000 for executive director fees and $3,000 for company secretarial services (revised to $3,000 for executive director fees as at 1 January 2016) ;
(ii) Termination is not less than 1-month notice by either party of its intention not to renew the agreement.

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

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

Key Management Personnel Holdings of Shares and Options

Option holdings of Key Management Personnel - 2015

	Balance 1.1.2015	*Granted as Remuneration*	*Options Exercised*	*Net Change Other*	*Balance 31.12.2015*	*Vested at 31 December 2015 Total*	*Exercisable*
Directors							
M Clements (i)	5,000,000	-	-	2,028,912	7,028,912	7,028,912	7,028,912
J Hanna (ii)	8,000,000	-	-	3,643,809	11,643,809	11,643,809	11,643,809
S Lee AO	-	-	-	-	-	-	-
S McGhee (iii)	15,625,000	-	-	2,784,098	18,409,098	18,409,098	18,409,098
Executives							
P Angus	3,800,000	-	-	(800,000)	3,000,000	3,000,000	3,000,000
J Janse van Rensburg	3,000,000	-	-	(1,000,000)	2,000,000	2,000,000	2,000,000
	35,425,000	-	-	6,656,819	42,081,819	42,081,819	42,081,819

Note:

(i) Mr Clements is a director and shareholder of Balion Pty Ltd which is the holder of 5,000,000 unlisted $0.20 options expiring 12 June 2016 and 2,020,470 listed $0.01 options expiring 1 May 2018.

(ii) Mr Hanna is the spouse of Mrs Patricia Hanna who is the holder of 4,000,000 unlisted $0.20 options expiring 12 June 2016 and 1,023,689 listed $0.01 options expiring 1 May 2018. Mr Hanna is the direct beneficiary of J Hanna Superannuation Fund which is the holder of 2,620,120 listed $0.01 options expiring 1 May 2018.

(iii) Mr McGhee is a director and shareholder of McGhee Investment Holdings Pty Ltd which is the holder of 15,625,000 unlisted $0.06 options expiring 4 March 2017 and 2,784,098 listed $0.01 options expiring 1 May 2018.

The Company did not issue any unlisted options to key management personnel during the year. As at 31 December 2015, the Company had no unissued ordinary shares of the Company under options.

Shareholdings of Key Management Personnel – 2015

	Balance 1.1.2015	*Granted as Remuneration*	*On Exercise of Options*	*Net Change Other*	*Balance 31.12.2015*
Directors					
M Clements (i)	8,073,137	-	-	16,273,803	24,346,940
J Hanna (ii)	24,222,090	-	-	19,503,594	43,725,684
S Lee AO (iii)	111,656,477	-	-	12,215,978	123,872,455
S McGhee (iv)	15,625,000	-	-	17,784,175	33,409,175
Executives					
P Angus	100,000	-	-	20,000	120,000
J Janse van Rensburg	-	9,000,000	-	9,375,000	18,375,000
	159,676,704	9,000,000	-	75,172,550	243,849,254

(i) Mr Clements is a director and shareholder of Balion Pty Ltd which is the holder of 24,245,636 shares.

(ii) Mr Hanna is a trustee and beneficiary of the J Hanna Superannuation Fund which is the holder of 31,441,423 shares and the spouse of Mrs Patricia Hanna who is the holder of 12,284,261 shares.

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

(iv) Mr McGhee is a director and shareholder of McGhee Investment Holdings Pty Ltd which is the holder of 33,409,175 shares.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Other Transaction and Balances with Key Management Personnel

Transactions with Directors

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

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

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

During the year, interest of $13,333 was paid to this entity (2014: 160,000) and $140,000 was payable as at 31 December 2015 (31 December 2014: $13,333).

Director and company secretarial services of $108,000 were provided by a company associated with Mr Clements (2014: $140,600), in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2015, $77,612 was payable (31 December 2014: $33,000).

In-line with market conditions, the Board resolved to write-off director fees incurred for the year ended 31 December 2015 totalling $108,389 (2014: $94,974)

Transactions with Executives

Consulting services of $7,655 (2014: $120,400) were provided by an associated company of Mr Angus. The consulting services were provided in the ordinary course of business and on normal commercial terms and conditions.

- End of Remuneration Report -

DIRECTORS' MEETINGS

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

	Board Meetings		Audit Committee Meetings	
	A	B	A	B
M Clements	2	2	2	2
J Hanna	2	2	2	2
S Lee AO	2	2	1	2
S McGhee	1	2	1	2

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

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

During the year the Company paid insurance premiums of $20,000 to insure directors and officers against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by the Corporations Act 2001.

AUDIT COMMITTEE

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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

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

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

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

Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 20 to the Financial Statements.

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 16 of this financial report and forms part of this Directors' Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

Signed in accordance with a resolution of the directors.

MARK CLEMENTS
Executive Chairman
31 March 2016

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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 audit of MOD Resources Limited for the year ended 31 December 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 audit; and

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance

Perth, 31 March 2016

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. The information in this Statement is current as at 31 March 2016.

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

Charters
- Board
- Audit Committee
- Remuneration Committee

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

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

BOARD OF DIRECTORS

Role of the Board

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

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

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

Board Processes

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

Composition of the Board

The Board as at the date of this report are:

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

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

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

Independent Professional Advice and Access to Company Information

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

Term of office

The Company's constitution specifies that all Directors must retire from office no later than the third annual general meeting (AGM) following their last election. Where eligible, a Director may stand for re-election. Mr Clements is expected to seek re-election at the 2016 AGM.

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

Directors' Independence

The Company does not have a majority of Independent Directors appointed at present.

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

Mr Mark Clements, the Chairman and Mr Hanna are not considered independent directors as they are executives of the Company.

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

Mr Steven McGhee is considered independent non-executive director.

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

Chairman and Chief Executive Officer

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

Nomination Committee

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

Performance Assessment

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

Principle 3: Promote ethical and responsible decision-making
"Actively promote ethical and responsible decision making."

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

CODE OF CONDUCT

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

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

CONFLICT OF INTEREST

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

TRADING IN THE COMPANY'S SECURITIES BY DIRECTORS AND EMPLOYEES

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

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

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

DIVERSITY

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

Diversity Policy

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

The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

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

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

The key objectives of the Diversity Policy are to achieve:

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

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

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

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

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

(collectively, the **Objectives**).

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

Diversity Reporting

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

	31 December 2015				**31 December 2014**			
Gender representation	**Female**		**Male**		**Female**		**Male**	
	No	**%**	**No**	**%**	**No**	**%**	**No**	**%**
Board representation	-	-	4	100	-	-	4	100
Group representation	3	23	10	77	4	33	8	67

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

- Group Accountants
- Office Manager

The Company's proposed diversity objectives for the 2015 financial year are to continue to assess and proactively monitor gender diversity at all levels of MOD's business and report to the Board and to continue to assess and monitor the implementation and effectiveness of the Company's diversity initiatives and programs.

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

AUDIT COMMITTEE

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

Two of the members of this committee during the year were the Chairman of this committee, independent non-executive director, Mr Steven McGhee and non-executive director, Mr Simon Lee AO. As the Company is not a S&P All Ordinaries Top 300 Company, it is exempt under ASX Listing Rule 12.7 from maintaining an Audit Committee and thus in compliance with Recommendation 4.1. However, the Company continues to have an Audit Committee as a principle of best practice.

The Managing Director and Company Secretary (Chief Financial Officer equivalent) have declared in writing to the Board that the Company's financial reports for the year ended 31 December 2015 present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. This statement is required annually.

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

Responsibilities of the Audit Committee

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

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

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

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

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

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

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

CONTINUOUS DISCLOSURE TO ASX

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

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

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

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

Communication with shareholders

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

In summary, the Continuous Disclosure policy operates as follows:

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

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

Oversight of the Risk Management System

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

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

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

Risk Management and Compliance and Control

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

Operating practices have been established to ensure:

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

Financial Reporting

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

Principle 8: Remunerate fairly and responsibly
"Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is clear."

REMUNERATION COMMITTEE

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

The Chairman of this committee is non-executive director, Mr Simon Lee AO and includes independent non-executive director, Mr Steven McGhee.

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

Remuneration of directors and executives

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

Remuneration Policies

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

The Remuneration Committee meets as required.

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

As at 31 December 2015

	Note	2015 $	2014 $
CURRENT ASSETS			
Cash and cash equivalents	5	452,553	515,523
Trade and other receivables	6	405,320	112,780
Other current assets		40,280	31,780
		898,153	660,083
Non-current assets held-for-sale	8	78,300	-
TOTAL CURRENT ASSETS		976,453	660,083
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	9	11,321,429	10,923,949
Plant and equipment	11	18,368	66,235
Other non-current assets	10	-	80,000
TOTAL NON-CURRENT ASSETS		11,339,797	11,070,184
TOTAL ASSETS		12,316,250	11,730,267
CURRENT LIABILITIES			
Trade and other payables	12	537,936	432,561
Interest bearing liabilities	13	2,000,000	2,000,000
Employee benefits provision	14	11,661	81,934
TOTAL CURRENT LIABILITIES		2,549,597	2,514,495
NON-CURRENT LIABILITIES			
Trade and other payables	12	110,628	-
TOTAL NON-CURRENT LIABILITIES		110,628	-
TOTAL LIABILITIES		2,660,225	2,514,495
NET ASSETS		9,656,025	9,215,772
EQUITY			
Issued capital	15	62,780,151	61,057,110
Share option reserves	17	490,798	1,130,563
Foreign currency translation reserves	16	1,241,421	1,519,463
Accumulated losses	18	(54,879,835)	(54,491,364)
Equity attributable to equity holders of the Parent		9,632,535	9,215,772
Non-controlling interests	8	23,490	-
TOTAL EQUITY		9,656,025	9,215,772

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

For the year ended 31 December 2015

	Note	2015 $	2014 $
Continuing operations			
Interest income	3	3,052	18,480
Gain on acquisition of assets	8	54,810	-
Share-based payments	17	(101,130)	(20,339)
Administrative expenses	3	(711,389)	(1,191,593)
Exploration and evaluation expenditure expensed		(21,154)	-
Impairment loss on exploration and evaluation expenditure	3	(249,679)	(8,861,494)
Gain on disposal of plant and equipment	3	14,873	30,519
Interest expense	3	(140,000)	(160,000)
Loss before income tax from continuing operations		(1,150,617)	(10,184,427)
Income tax benefit	4	86,251	46,164
Net loss for the year		(1,064,366)	(10,138,263)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		(278,042)	413,586
Other comprehensive (loss)/income for the year, net of tax		(278,042)	413,586
Total comprehensive loss for the year		(1,342,408)	(9,724,677)
Loss per share attributable to the ordinary equity holders of the Company:			
Basic loss per share (cents per share)	19	(0.11)	(1.60)
Diluted loss per share (cents per share)	19	(0.11)	(1.60)

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

For the year ended 31 December 2015

	Note	Issued Capital $	Share Option Reserves $	Foreign Currency Translation Reserves $	Accumulated Losses $	Total $	Non-controlling Interest $	Total Equity $
At 1 January 2015		61,057,110	1,130,563	1,519,463	(54,491,364)	9,215,772	-	9,215,772
Net loss for the year		-	-	-	(1,064,366)	(1,064,366)	-	(1,064,366)
Other comprehensive loss		-	-	(278,042)	-	(278,042)	-	(278,042)
Total comprehensive loss for the year		-	-	(278,042)	(1,064,366)	(1,342,408)	-	(1,342,408)
Transaction with owners in their capacity as owners								
Issuance of shares	15	1,880,413	-	-	-	1,880,413	-	1,880,413
Share-based payments - Options	17	-	36,130	-	-	36,130	-	36,130
Options expired		-	(675,895)	-	675,895	-	-	-
Capital raising costs		(157,372)	-	-	-	(157,372)	-	(157,372)
Non-controlling interest							23,490	23,490
At 31 December 2015		62,780,151	490,798	1,241,421	(54,879,835)	9,632,535	23,490	9,656,025
At 1 January 2014		58,365,100	7,597,213	1,105,877	(50,840,090)	16,228,100	-	16,228,100
Net loss for the year		-	-	-	(10,138,263)	(10,138,263)	-	(10,138,263)
Other comprehensive income		-	-	413,586	-	413,586	-	413,586
Total comprehensive loss for the year		-	-	413,586	(10,138,263)	(9,724,677)	-	(9,724,677)
Transaction with owners in their capacity as owners								
Issuance of shares	15	2,870,862	-	-	-	2,870,862	-	2,870,862
Share-based payments - Options	17	-	20,339	-	-	20,339	-	20,339
Options expired		-	(6,486,989)	-	6,486,989	-	-	-
Capital raising costs		(178,852)	-	-	-	(178,852)	-	(178,852)
At 31 December 2014		61,057,110	1,130,563	1,519,463	(54,491,364)	9,215,772	-	9,215,772

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

For the year ended 31 December 2015

	Note	2015 $	2014 $
Cash flows from operating activities			
Payments to suppliers and employees		(652,590)	(1,034,815)
Research & development tax refund		86,251	-
Income tax refund		11,920	46,164
Net cash used in operating activities	5(b)	(554,419)	(988,651)
Cash flows from investing activities			
Payments for exploration and evaluation		(685,277)	(1,588,278)
Interest income received		4,133	18,368
Acquisition of plant and equipment		(5,096)	(3,214)
Proceeds from sale of plant and equipment		14,669	104,593
Net cash used in investing activities		(671,571)	(1,468,531)
Cash flows from financing activities			
Interest expense paid		(13,333)	(160,000)
Proceeds from issue of share capital	15, 5(c)	1,286,201	2,508,000
Capital raising costs		(104,513)	(126,926)
Net cash provided by financing activities		1,168,355	2,221,074
Net decrease in cash and cash equivalents		(57,635)	(236,108)
Net foreign exchange differences		(5,335)	(6,095)
Cash and cash equivalents at the beginning of the financial year		515,523	757,726
Cash and cash equivalents at the end of the financial year	5(a)	452,553	515,523

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

1. Corporate Information

The consolidated financial report of MOD Resources Limited for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of directors on 31 March 2016.

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") are a for-profit entity.

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

2. Summary of Significant Accounting Policies

(a) Basis of preparation

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

The financial report is presented in Australian dollars.

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

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

(i) Changes in accounting policy and disclosures

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2015. Information on the more significant standard(s) is presented below.

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 Cycles*.

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.

2. Summary of Significant Accounting Policies (continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 31 December 2015 are outlined in the table below:

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after …..)	Likely impact on initial application
AASB 9 *Financial Instruments (December 2014)* [Also refer to AASB 2013-9 and AASB 2014-1 below]	AASB 139 Financial Instruments: Recognition and Measurement	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows. b Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.

2. Summary of Significant Accounting Policies (continued)

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

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after …..)	Likely impact on initial application
		e Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: • the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI') • the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: • classification and measurement of financial liabilities; and • derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.		
AASB 1057 Application of Australian Accounting Standards	None	In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 *Application of Australian Accounting Standards*.	1 January 2016	*When this Standard is first adopted for the year ending 31 December 2016, there will be no impact on the financial statements.*

2. Summary of Significant Accounting Policies (continued)

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

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after …..)	Likely impact on initial application
AASB 15 Revenue from Contracts with Customers	AASB 118 *Revenue* AASB 111 *Construction Contracts* Int. 13 *Customer Loyalty Programmes* Int. 15 *Agreements for the Construction of Real Estate* Int. 18 *Transfer of Assets from Customers* Int. 131 *Revenue – Barter Transactions Involving Advertising Services* Int. 1042 Subscriber Acquisition Costs in the Telecommunications Industry	AASB 15: • replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations: – establishes a new revenue recognition model – changes the basis for deciding whether revenue is to be recognised over time or at a point in time – provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) – expands and improves disclosures about revenue In May 2015, the AASB issued ED 260 *Income of Not-for-Profit Entities*, proposing to replace the income recognition requirements of AASB 1004 *Contributions* and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of re-deliberating its proposals with the aim of releasing the final amendments in late 2016.	1 January 2018	The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2018.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	None	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	1 January 2018	Refer to the section on AASB 15 above.
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	None	AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9.	1 January 2018	Refer to the section on AASB 9 above.
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	None	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	When this Standard is first adopted for the year ending 31 December 2016, there will be no impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

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

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after .....)	Likely impact on initial application
AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations	None	The amendments to AASB 11 state that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a 'business', as defined in AASB 3 *Business Combinations*, should: • apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except principles that conflict with the guidance of AASB 11. This requirement also applies to the acquisition of additional interests in an existing joint operation that results in the acquirer retaining joint control of the joint operation (note that this requirement applies to the additional interest only, i.e., the existing interest is not remeasured) and to the formation of a joint operation when an existing business is contributed to the joint operation by one of the parties that participate in the joint operation; and provide disclosures for business combinations as required by AASB 3 and other Australian Accounting Standards.	1 January 2016	*When these amendments are first adopted for the year ending31 December 2016, 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	None	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.	1 January 2016	When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	None	AASB 2015-8 amends the mandatory application date of AASB 15 *Revenue from Contracts with Customers* so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. It also defers the consequential amendments that were originally set out in AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*.	1 January 2017	Refer to the section on AASB 15 above.

2. Summary of Significant Accounting Policies (continued)

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

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after …..)	Likely impact on initial application
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	None	The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128. However, it is worth noting that in August 2015 both the IASB and the AASB issued an exposure draft proposing to defer the mandatory effective date of the amendments contained in AASB 2014-10 indefinitely on the basis that it would be better to address these issues as part of the IASB's research project on equity method rather than make the changes now. If as a result of the comments received, the IASB and AASB decide to proceed with the proposals, then they will seek to finalise the deferral by the end of 2015. It is expected that entities will still be permitted to apply the amendments contained in AASB 2014-10 given the IASB's view that this is unlikely increase diversity in practice.	1 January 2016	When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

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

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after …..)	Likely impact on initial application
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	None	These amendments arise from the issuance of *Annual Improvements to IFRSs 2012-2014 Cycle* in September 2014 by the IASB. Among other improvements, the amendments clarify that when an entity reclassifies an asset (or disposal group) directly from being held for sale to being held for distribution (or vice-versa), the accounting guidance in paragraphs 27-29 of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* does not apply. The amendments also state that when an entity determines that the asset (or disposal group) is no longer available for immediate distribution or that the distribution is no longer highly probable, it should cease held-for-distribution accounting and apply the guidance in paragraphs 27-29 of AASB 5.	1 January 2016	When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	None	The Standard makes amendments to AASB 101 *Presentation of Financial Statements* arising from the IASB's Disclosure Initiative project. The amendments: • clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information • clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated • add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position • clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order • remove potentially unhelpful guidance in AASB 101 for identifying a significant accounting policy	1 January 2016	When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

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

New/revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods ending on or after .....)	Likely impact on initial application
AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent	None	The Standard aligns the relief available in AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* in respect of the financial reporting requirements for Australian groups with a foreign parent.	1 July 2015	When these amendments are first adopted for the year ending 31 December 2016, there will be no material impact on the financial statements.

2. Summary of Significant Accounting Policies (continued)

(c) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2015. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

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

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

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

(d) Foreign currency translation

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

(i) Transactions and balances

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

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

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

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

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

(ii) Group companies

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

2. Summary of Significant Accounting Policies (continued)

(e) Cash and cash equivalents

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

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

(f) Trade and other receivables

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

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

(g) Joint Operation

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

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

(h) Exploration and evaluation expenditure

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

(i) Financial instruments

i) Financial assets

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

Loans and receivables

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

Available-for-sale financial investments

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

(i) Financial instruments (continued)

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

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

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.

(j) Property, plant and equipment

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

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. The depreciation rates used for the property and equipment were 10% – 20% for the current and previous years.

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

(k) Impairment of non-financial assets

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

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

(l) Trade and other payables

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

(m) Provisions

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

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

2. Summary of Significant Accounting Policies (continued)

(n) Employee benefits

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

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

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

(o) Revenue

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

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

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

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

(p) Leases

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

(q) Income tax

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

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

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

2. Summary of Significant Accounting Policies (continued)

(q) Income tax (continued)

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

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

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

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

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

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

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

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

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

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

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

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

(r) Contributed equity

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

2. Summary of Significant Accounting Policies (continued)

(s) Share-based payment transactions

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

(t) Earnings per share

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

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

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

(u) Operating Segments

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

(w) Critical accounting estimates and judgements

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

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

Exploration and Evaluation Expenditure
The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether the activities have not reached a state which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since exploration programs in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $11,321,429 (2014: $10,923,949).

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

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

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

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

Share-based payments
The Group is required to use assumptions in respect of the fair value models used in determining share-based payments to employees in accordance with the requirements of AASB 2 Share–based payment. Further information regarding share-based payments and the assumptions used is set out in Note 17. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

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

2. Summary of Significant Accounting Policies (continued)

(x) Going Concern

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

During the year the Company incurred a net loss of $1,064,366 (2014: $10,138,263). Net cash outflows from operations was $554,419 (2014: net cash outflows of $988,651). At balance date, the Company had current liabilities in excess of current assets of $1,573,144 (2014: $1,854,412).

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;
- the placement of securities under the ASX Listing Rule 7.1;
- alternative funding derived from potential Mahumo off-take and feasibility related parties;
- proceeds from the proposed divestment of the Group's 80% share of the Sams Creek Gold Project (refer Note 27).

On 19 October 2015, MOD entered into a Deed of Amendment with SHL Pty Ltd to extend the repayment date for its existing $2 million loan to 4 April 2016 and if MOD does not have the capacity to repay the loan on this date, the parties have agreed that the repayment date for the loan will be extended a further three months to 4 July 2016. For additional details regarding this loan (refer Note 13). The ability of the Group to continue to pay its debts as and when they fall due is also dependent upon the continued support of SHL Pty Ltd through renegotiation or extinguishment of the loan following proceeds from the divestment of the Sams Creek Gold Project or funding via an equity placement as noted above.

The Directors believe that the above funding strategies can be achieved and the going concern basis is appropriate for the following reasons:

- 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.

However, should the Group be unable to obtain sufficient funding as advised above, there is a material uncertainty which may cast significant 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.

(y) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

3. Revenues and Expenses

	Note	2015 $	2014 $
Interest income			
- Bank		2,886	18,480
- Others		166	-
		3,052	18,480
Share-based payments			
- Issued shares to key management personnel	15	(45,000)	-
- Issued shares to corporate advisors	15	(20,000)	-
- Issued options to corporate advisors	17	(20,913)	-
- Issued options to lead manager	17	(15,217)	-
- Issued options to key management personnel		-	(20,339)
		(101,130)	(20,339)
Administrative expenses			
- Professional Fees		(166,881)	(276,593)
- Salaries and wages		(107,998)	(246,175)
- Rental expense on operating lease		(57,093)	(99,657)
- Directors fees		(33,738)	(97,671)
- New projects/opportunities		(74,478)	(64,184)
- Financial services		(60,000)	(60,000)
- Travel and accommodation		(8,948)	(23,953)
- Insurance		(31,237)	(36,913)
- AGM/Annual Report expenses		(10,745)	(35,314)
- Depreciation expense		(14,312)	(871)
- Other administrative expenses		(145,959)	(250,262)
		(711,389)	(1,191,593)
Impairment loss on exploration and evaluation expenditure			
- Botswana Copper/Silver Project	9	(249,679)	(961,708)
- Sams Creek Gold Project	9	-	(7,899,786)
		(249,679)	(8,861,494)
Gain on disposal of plant and equipment		14,873	30,519
Interest expense on shareholder loan		(140,000)	(160,000)

4. Income Tax

	2015 $	2014 $
Recognised in the statement of profit or loss and other comprehensive income		
Current tax (benefit)		
Current year	(86,251)	(46,164)
Total income tax (benefit)	(86,251)	(46,164)
Numerical reconciliation between tax (benefit) and pre-tax net loss		
Loss before tax	(1,150,617)	(10,184,427)
Income tax benefit using the domestic corporation tax rate of 30%	(345,185)	(3,055,328)
Increase in income tax (benefit) due to:		
Research & development tax refund	(86,251)	-
Effect of overseas tax rate	26,313	78,706
Share-based payments	30,339	6,102
Impairment of assets	-	703,204
Non-deductible expenses	43,560	35,965
Non-assessable non-exempt income	(16,443)	-
Australian operations current year losses where deferred tax assets are not recognised	251,485	378,277
Foreign operations current year losses where deferred tax assets are not recognised	104,954	16,207
Current year temporary differences for which no deferred tax asset was recognised	(95,023)	1,836,867
Under (over) provided in prior periods	-	(46,164)
Income tax (benefit) on pre-tax net profit at effective income tax rate of Nil% (2014: Nil%)	(86,251)	(46,164)
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Deductible temporary differences - Australia	230,556	266,136
Revenue tax losses – Australia	1,791,348	1,539,862
Capital tax losses – Australia	152,516	152,516
Deductible temporary differences - Foreign	6,556	6,556
Revenue tax losses – Foreign	3,873,523	4,302,122
Assessable temporary differences - Foreign	(1,825,851)	(1,871,130)
	4,228,648	4,396,062

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

	2015 $	2014 $
Income Tax Payable	-	-

Tax consolidation

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

5. Cash and Cash Equivalents

(a) Reconciliation of cash

	2015 $	2014 $
Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the statement of financial position as follows:		
Cash at bank and on hand	452,553	115,523
Short term deposits	-	400,000
	452,553	515,523

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

	2015 $	2014 $
Loss from ordinary activities after income tax	(1,064,366)	(10,138,263)
Interest income received	(4,133)	(18,368)
Interest expense paid	13,333	160,000
Add non-cash items:		
Impairment loss on exploration and evaluation expenditure	249,679	8,861,494
Exploration and evaluation expenditure expensed	21,154	-
Share-based payments	101,130	20,339
Deemed gain on purchase of assets	(54,810)	-
Issuance of shares in lieu of cash for services rendered	-	115,877
Net gain on disposal of plant and equipment	(14,873)	(30,519)
Depreciation expense	14,312	871
	(738,574)	(1,028,569)
Changes in assets and liabilities:		
Receivables	21,396	(35,116)
Other current assets	(8,598)	15,363
Payables	241,630	22,819
Employee benefits provision	(70,273)	36,852
Net cash used in operating activities	(554,419)	(988,651)

(c) Non-cash financing and investing activities

Details of non-cash financing activities are disclosed in Note 15.

(d) Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 25.

6. Trade and Other Receivables

	Note	2015 $	2014 $
Current			
Receivables from shareholders [(i)]	15	350,000	-
Other debtors [(ii)]		55,320	112,780
		405,320	112,780

(i) On 23 December 2015, the Company issued 105,033,334 ordinary shares at $0.006 per share of which 46,700,000 shares were fully paid to raise $280,200 and the balance of 58,333,334 shares were escrowed until they were fully paid on 12 January 2016 ($350,000).

(ii) Other debtors include accrued interest income and GST/VAT receivables.

6. Trade and Other Receivables (continued)

A provision for impairment loss is recognised when there is objective evidence than an individual receivable is impaired. No impairment loss on other debtors is in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015 (2014: Nil).

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

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

Interest rate risk
Detail regarding interest rate risk exposure is disclosed in Note 25.

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

	2015 **$**	2014 $
Current assets	881,881	596,855
Non-current assets	11,302,161	10,778,305
Total assets	12,184,042	11,375,160
Current liabilities	2,458,957	2,410,406
Non-current liabilities	110,628	-
Total liabilities	2,569,585	2,410,406
Issued capital	62,780,151	61,057,110
Reserves - options	490,798	1,130,563
Accumulated losses	(53,656,492)	(53,222,919)
	9,614,457	8,964,754
Loss of the parent entity	(1,109,468)	(8,465,601)
Total comprehensive loss of the parent entity	(1,109,468)	(8,465,601)

Refer to Note 21(a) for operating lease commitments and Note 26 for contingent liabilities.

8. Acquisition of Metal Capital Limited

Description of the transaction

On 5 November 2015, MOD entered into a binding sale agreement (Agreement) with London AIM listed resource fund Metal Tiger Plc (MTR) to acquire all of the issued capital of unlisted company Discovery Mines (Proprietary) Ltd (which was in provisional liquidation) (DMI). This agreement resulted in MOD owning 70% and MTR owning 30% of DMI through Metal Capital Limited (MCL).

On 15 December 2015, MOD acquired 70% of MCL, an unlisted holding company incorporated in the United Kingdom which owns 100% of Tshukudu Metals Botswana (Pty) Ltd (Tshukudu), a company incorporated in Botswana. Tshukudu owns 100% of DMI, an unlisted company incorporated in Botswana, which holds 14 prospecting licences in the central and western part of the Kalahari Copper Belt. The DMI licences are located adjacent to MOD's 100% owned Mahumo Copper/Silver Project and extend west to the Namibian border. MOD acquired DMI for nil consideration.

Under the shareholder agreement between MOD and MTR, MTR was issued 30% of the total equity in DMI via their 30% equity interest in MCL following its payment of the initial consideration to the provisional liquidator of US$100,000. The agreement included the potential for deferred consideration of US$400,000 to be paid by MOD on the following basis;

- US$100,000 is 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).

- US$300,000 is payable subsequent to completion of a Bankable Feasibility Study on the Mahumo Project (100% owned by MOD) 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).

8. Acquisition of Metal Capital Limited (continued)

The fair value of deferred consideration could not be reliably estimated as the probability of achieving the milestones could not be determined. No value has been attributed to the deferred consideration. There is no change between acquisition date and balance date.

The agreement also provides that MTR will receive a 2% net smelter royalty from any future production derived from the DMI licenses which will be capped at US$2 million. MOD will manage DMI exploration and development activities and MOD and MTR will fund the ongoing work program on DMI licenses on a pro rata basis from 15 December 2015.

This acquisition has not been accounted for as a business combination under AASB 3 "Business Combination" as it was determined that DMI, Tshukudu and MCL were not considered to be businesses. Accordingly, the DMI acquisition (and the associated acquisition of Tshukudu and MCL) has been accounted for as an acquisition of assets, at cost based on the fair value of MTR's payment of the initial consideration of US$100,000 ($138,706). The purchase price has been allocated to the identifiable assets and liabilities of the consolidated group of MCL as of the date of acquisition as follows:

	2015 **$**
Exploration and evaluation expenditure	-
Plant and equipment (i)	78,300
Total value of assets acquired	78,300
Deduct liabilities assumed	-
Net assets acquired	78,300
Group share in net assets	54,810
Group consideration	-
Gain on acquisition of assets	54,810

(i) Plant and equipment has been classified as non-current assets held-for-sale at 31 December 2015. At balance date, it was determined that the assets would be sold to assist with funding of future exploration expenditure. The non-controlling interest's share in the net assets is $23,490 (refer Note 24).

9. Exploration and evaluation expenditure

	2015 **$**	2014 $
Exploration and evaluation expenditure	11,321,429	10,923,949

(a) Movements in exploration and evaluation expenditure

At 1 January	10,923,949	17,691,525
Acquisition of DMI licenses (i)	-	-
Expenditure during the period	925,017	1,674,284
Impairment loss of exploration and evaluation expenditure	(249,679)	(8,861,494)
Foreign exchange difference	(277,858)	419,634
At 31 December	11,321,429	10,923,949

(i) On 15 December 2015, the acquisition of DMI completed with MOD owning 70% and MTR owning 30% (refer Note 21(b)).

(b) Exploration and evaluation expenditure Projects

	2015 **$**	2014 $
Botswana Copper/Silver Project	8,249,151	7,923,949
Sams Creek Gold Project	3,072,278	3,000,000
DMI licences (MOD 70%)	-	-
Total exploration and expenditure	11,321,429	10,923,949

9. Exploration and evaluation expenditure (continued)

At 31 December 2015, the future recoverability of capitalised exploration and evaluation expenditure of the Botswana Copper/Silver Project was assessed and an impairment loss of $249,679 (2014: $961,708) relating to the relinquished tenements was recognised.

A net present value assessment of the Sams Creek Gold Project based on estimated future cashflows of the level of reserves and resources at current gold price for a 15-year period discounted at 8% was done as at 31 December 2014.

In addition, the Board received an independent market valuation of 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 which resulted in an impairment loss of $7,899,786 which was recognised as at 31 December 2014. No further impairment was recognised in the Sams Creek Gold Project as at 31 December 2015.

The recoverability of the carrying amount of exploration assets is dependent on the success of mineral exploration or successful divestment (refer Note 27).

10. Other non-current assets

	2015	2014
	$	$
Drilling prepayment	-	80,000

On 5 September 2014, MOD entered into an agreement with a drilling contractor relating to the provision of drilling services in Botswana. A condition of this agreement was that MOD Resources was obligated to prepay $200,000 to the drilling contractor which was then to be applied to monthly invoices. As at 31 December 2015, this prepayment had been fully utilised and included in exploration and evaluation expenditure (2014: $120,000).

11. Plant and equipment

	2015	2014
	$	$
Plant and equipment – at cost	166,005	216,380
Accumulated depreciation	(147,637)	(150,145)
	18,368	66,235

Movements in Carrying Amounts

Movements in the carrying amounts for plant and equipment between the beginning and the end of the current financial year.

	2015	2014
	$	$
Balance at beginning of year	66,235	181,496
Acquisition of plant and equipment	5,096	3,214
Disposal of plant and equipment	(14,802)	(74,074)
Depreciation expense	(14,312)	(871)
Depreciation expense transferred to exploration and evaluation expenditure	(24,711)	(40,310)
Foreign exchange difference	862	(3,220)
Carrying amount at end of year	18,368	66,235

12. Trade and Other Payables

	Note	2015 $	2014 $
Current			
Trade Creditors		181,539	270,113
Other payables - related parties	24	255,668	118,998
Payable to a related party (i)		39,000	-
Other creditors and accruals		61,729	43,450
		537,936	432,561
Non-Current			
Other payables – related parties (ii)	24	110,628	-
		110,628	-

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

(i) On 17 October 2015, the Company announced that it had received an application for 6,500,000 fully paid ordinary shares totalling $39,000 from a related party on the same terms as the Rights Issue which will be issued along with 3,250,000 options subject to shareholder approval. At 31 December 2015, this is accounted for as payable to a related party.

(ii) During the period, the directors and their related entities agreed to defer payment of amounts owed as at 31 December 2015 ($110,628) until 31 March 2017 or earlier if the Group has the capacity to meet part or all of these payments as determined by the Board (Note 2).

13. Interest-bearing liabilities

	2015 $	2014 $
Loan	2,000,000	2,000,000

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

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

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 MOD complying with applicable laws including ASX listing rules and obtaining shareholder approval under listing rule 10.1. This security includes the assets and undertakings of the Group.

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

During the year, interest of $13,333 was paid to this entity (2014: 160,000) and $140,000 was payable as at 31 December 2015 (31 December 2014: $13,333).

14. Employee Benefits Provision

	2015 $	2014 $
Provision for employee entitlements	11,661	81,934

15. Issued Capital and Other Capital

	Note	2015 $	2014 $
Issued capital			
Issued and fully paid ordinary shares		62,430,151	61,057,110
Issued and unpaid ordinary shares (i)	6	350,000	-
		62,780,151	61,057,110

(i) On 23 December 2015, the Company issued 105,033,334 ordinary shares at $0.006 per share of which 46,700,000 shares were fully paid to raise $280,200 and the balance of 58,333,334 shares were escrowed until they were fully paid on 12 January 2016.

15. Issued Capital and Other Capital (continued)

	Number of Shares 2015	2014
(a) Fully paid ordinary shares		
Issued and fully paid ordinary shares	1,126,269,994	815,430,521
	1,126,269,994	815,430,521
(b) Unpaid ordinary shares		
Issued and unpaid ordinary shares	58,333,334	-
	58,333,334	-

Movement in Ordinary Shares on Issue	Note	31 December 2015 Number of Shares	31 December 2015 $	31 December 2014 Number of Shares	31 December 2014 $
Beginning of the period		815,430,521	61,057,110	518,746,589	58,365,100
Issued and fully paid 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 to key management personnel (iii)	3	9,000,000	45,000	-	-
- shares issued pursuant to placement (iv)		40,312,728	165,000	-	-
- shares issued to corporate advisor (v)	3	2,000,000	10,000	-	-
- shares issued pursuant to Rights Issue (vi)		40,166,855	241,001	-	-
- shares issued to lead manager (vii)		6,666,667	40,000	-	-
- shares issued to corporate advisor (viii)	3	2,000,000	10,000	-	-
- shares issued pursuant to placement (ix)		46,700,000	280,200	-	-
- 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		-	(157,372)	-	(178,852)
		1,126,269,994	62,430,151	815,430,521	61,057,110
Issued and unpaid during the year					
- shares issued pursuant to placement (ix)		58,333,334	350,000	-	-
End of the period		1,184,603,328	62,780,151	815,430,521	61,057,110

(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% was satisfied by the Company issuing fully paid ordinary shares to Orbit at a price of $0.008 per share and 50% was satisfied through cash payments made by the Company. During the period, the Company issued 17,401,462 shares for $139,212 to Orbit. 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) On 13 April 2015, the Company issued 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.

(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 expiring 21 May 2018 to PCF Capital Group Pty Limited in lieu of cash for services rendered as corporate financial advisor to the Company.

(vi) On 28 October 2015, the Company issued 34,855,780 fully paid ordinary shares and 5,311,075 fully paid ordinary shares at $0.006 per share, along with 20,083,441 attaching listed $0.01 options expiring 1 May 2018, pursuant to the Company's non-renounceable Rights Issue announced on 22 September 2015.

15. Issued Capital and Other Capital (continued)

(c) Unpaid ordinary shares (continued)

(vii) On 28 October 2015, the Company issued 6,666,667 fully paid ordinary shares and 3,333,333 attaching listed $0.01 options expiring 1 May 2018 to Patersons Securities Limited in lieu of cash for services rendered as lead manager to the Rights Issue.

(viii) On 28 October 2015, the Company issued 2,000,000 fully paid ordinary shares to PCF Capital Group Pty Limited in lieu of cash for services rendered as corporate financial advisor to the Company.

(ix) On 23 December 2015, the Company issued 105,033,334 ordinary shares at $0.006 per share and 52,516,667 attaching listed $0.01 options expiring 1 May 2018 of which 46,700,000 shares were fully paid to raise $280,200 along with 23,350,000 attaching listed $0.01 options expiring 1 May 2018, pursuant to the Company's non-renounceable Rights Issue announced on 22 September 2015. Subsequent to 31 December 2015, $350,000 was received and 58,333,333 shares and 29,166,667 attaching listed $0.01 options expiring 1 May 2018 were released from escrow.

(d) Capital management

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

The Group's capital consists of equity attributable to equity holders of the Parent plus net debt. At 31 December 2015, net debt is $2,196,011 (2014: $1,917,038). Gearing ratio is 23% (2014: 17%).

There are no externally imposed capital requirements.

16. Reserves

	2015 $	2014 $
Foreign currency translation reserves	1,241,421	1,519,463

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

17. Share Option Reserves

	2015 $	2014 $
Option reserves – share based payments	490,798	1,130,563

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 reporting date is as follows:

	2015 $	2014 $
Balance at beginning of year	1,130,563	7,597,213
Lead Manager Options		
28 October 2015: 3,333,333 listed free options exercisable at $0.01 expiring on 1 May 2018	15,217	-
Corporate Advisor Options		
21 May 2015: 5,000,000 unlisted options exercisable at $0.01 expiring on 21 May 2018	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 year	36,130	20,339

17. Share Option Reserves (continued)

(a) Share-based payments (continued)

	2015 $	2014 $
Directors' Options		
30 April 2015: 5,000,000 unlisted options exercisable at $0.25	(359,018)	
Key Management Personnel Options		
1 March 2015: 800,000 unlisted options exercisable at $0.20	(124,764)	
9 February 2015: 250,000 unlisted options exercisable at $0.25	(38,423)	-
9 February 2015: 1,000,000 unlisted options exercisable at $0.25	(153,690)	-
Options – Acquisition of Botswana Copper/Silver Project		
1 August 2014: 45,000,000 unlisted options exercisable at $0.20	-	(6,486,989)
Options expired during the year	(675,895)	(6,486,989)
Balance at end of year	490,798	1,130,563

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 year:

	2015 No.	2015 WAEP	2014 No.	2014 WAEP
Outstanding at 1 January	30,050,000	0.20	28,050,000	0.21
Granted during the year	-	-	2,000,000	0.075
Exercised during the year	-	-	-	-
Expired during the year	(7,050,000)	(0.20)	-	-
Outstanding at 31 December	23,000,000	0.20	30,050,000	0.20

Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 31 December 2015 is 9 months (2014: 1 year).

Range of exercise price

The range of exercise prices for share-based payment options outstanding at the end of the year was $0.075 - $0.20 (2014: $0.075 - $0.30).

Weighted average fair value

The weighted average fair value of options granted during the year was $0.02 (2014: $0.01).

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	Spot rate	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%

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

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

18. Accumulated Losses

	Note	2015 $	2014 $
Accumulated losses at the beginning of the financial year		(54,491,364)	(50,840,090)
Net loss attributable to members of MOD Resources Limited		(1,064,366)	(10,138,263)
Options expired	17	675,895	6,486,989
Accumulated losses at end of financial year		(54,879,835)	(54,491,364)

19. Earnings Per Share

	2015 $	2014 $
Net loss attributable to ordinary equity holders of the Parent for basic and diluted loss per share	(1,064,366)	(10,138,263)

Weighted average number of shares used in calculation of:	Number of Shares	Number of Shares
Loss per share (cents per share) for continuing operations attributable to the ordinary equity holders of the Company:		
- Basic and diluted loss per share	981,151,774	632,210,237
Loss per share for loss (cents per share) attributable to the ordinary equity holders of the Company:		
– Basic and diluted loss per share	981,151,774	632,210,237

As the options outstanding at 31 December 2015 would have reduced the loss per share from continuing operations on conversion, the potential ordinary shares were not considered dilutive. Options granted to some directors as described in Note 17 are considered to be potential ordinary shares. As the loss per share would have reduced by the options outstanding, the directors' options have not been included in the determination of diluted earnings per share as these are not considered dilutive.

20. Auditors' Remuneration

	2015 $	2014 $
Amounts paid or payable to Grant Thornton Audit Pty Ltd for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated group	47,723	46,783
Amounts paid or payable to a related practice of Grant Thornton Audit Pty Ltd for:		
- other services provided by Grant Thornton Australia Limited	22,400	12,055
	70,123	58,838
Amounts paid or payable to other Grant Thornton firms:		
- an audit or review of the financial report of the subsidiaries	7,458	22,020

21. Expenditure Commitments

(a) Lease commitments	2015 $	2014 $
Operating Lease Commitments - contracted but not provided for and payable:		
Office accommodation		
- not later than one year	50,004	61,435
- later than one year and not later than five years	-	-
	50,004	61,435

21. Expenditure Commitments (continued)

(b) Capital expenditure commitments

Botswana Copper/Silver Project

As at 31 December 2015, the minimum exploration expenditure commitments over the licence term on the MOD Licences, MOD JV Licences (MOD 80%) and DMI Licences (MOD 70%) listed in the table below total BWP9,907,253 ($1.231 million). The Botswana government will retain a levy of 3% NSR (royalty on net smelter return) on base metals and a 5% NSR on precious metals. Furthermore, they also have the right to acquire a 15% working interest upon issuance of a mining licence.

LICENCE NUMBER	SIZE (KM^2) (approx.)	HOLDING	TITLE HOLDER	LICENCE COMMENCEMENT DATE	RENEWAL DATE
MOD Licences					
PL652/2014	190.9	100%	MOD Resources Botswana (Pty) Ltd	01-Oct-14	30-Sep-16
PL686/2014	463.0	100%	MOD Resources Botswana (Pty) Ltd	01-Oct-14	30-Sep-16
PL203/2014	77.7	100%	MOD Resources Botswana (Pty) Ltd	01-Apr-14	31-Mar-17
PL204/2014	70.8	100%	MOD Resources Botswana (Pty) Ltd	01-Apr-14	31-Mar-17
PL280/2014	116.0	100%	MOD Resources Botswana (Pty) Ltd	01-Jul-14	30-Jun-17
PL034/2015	921.0	100%	MOD Resources Botswana (Pty) Ltd	01-Apr-15	31-Mar-17
PL035/2015	789.0	100%	MOD Resources Botswana (Pty) Ltd	01-Apr-15	31-Mar-17
PL036/2015	941.0	100%	MOD Resources Botswana (Pty) Ltd	01-Apr-15	31-Mar-17
MOD JV Licences					
PL009/2012	154.6	80%	GGZ Investments (Pty) Ltd	01-Jan-16	31-Dec-17
PL141/2012	387.3	80%	Mokgweetsi Mining (Pty) Ltd	01-Oct-15	30-Sep-17
PL044/2012	75.7	80%	Mokgweetsi Mining (Pty) Ltd	01-Oct-15	30-Sep-17
DMI Licences					
PL186/2008	557.0	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL187/2008	648.8	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL188/2008	395.0	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL189/2008	210.7	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL190/2008	708.0	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL191/2008	572.0	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL192/2008	604.5	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL102/2005	331.1	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL103/2005	131.1	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL104/2005	285.3	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL060/2012	890.5	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL061/2012	888.1	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL062/2012	740.1	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16
PL063/2012	484.1	70%	Discovery Mines (Pty) Ltd	01-Jan-16	31-Dec-16

Sams Creek Gold Project

The Group has no capital expenditure commitments on the licences listed in the table below for Sams Creek Gold Project as at 31 December 2015.

PERMIT/LICENCE NUMBER	SIZE (KM^2)	HOLDING	TITLE HOLDER	LICENCE COMMENCEMENT DATE	RENEWAL DATE
EP40338	30.6	80%	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

(c) Finance, lease and hire purchase commitments

There was no finance, lease and hire purchase commitments as at 31 December 2015 (2014: Nil).

22. Key Management Personnel

(a) Details of Key Management Personnel for the year ended 31 December 2015

Directors

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)

Executives

Mr Jacques Janse Van Rensburg (General Manager Exploration (Africa))
Mr Paul Angus (Project Manager Exploration (New Zealand))

(b) Remuneration of Key Management Personnel

Details of the key management personnel are as follows:

	2015 $	2014 $
Short term employee benefits	453,774	762,223
Post-employment benefits	18,441	27,584
Retirement benefits	-	9,980
Share-based payments	45,000	136,216
	517,215	936,003

(c) Other Transaction and Balances with Key Management Personnel

Transactions with Directors

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

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

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

During the year, interest of $13,333 was paid to this entity (2014: 160,000) and $140,000 was payable as at 31 December 2015 (31 December 2014: $13,333).

Director and company secretarial services of $108,000 were provided by a company associated with Mr Clements (2014: $140,600), in the ordinary course of business and on normal commercial terms and conditions. As at 31 December 2015, $77,612 was payable (31 December 2014: $33,000).

In-line with market conditions, the Board resolved to write-off director fees incurred for the year ended 31 December 2015 totalling $108,389 (2014: $94,974).

Transactions with Executives

Consulting services of $7,655 (2014: $120,400) were provided by an associated company of Mr Angus. The consulting services were provided in the ordinary course of business and on normal commercial terms and conditions.

23. Segment Information

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

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

The Group has two reportable segments based on the projects held in New Zealand and Africa which the Directors monitor the performance in those regions separately.

Africa-Botswana Copper/Silver Project
Comprises operations carried on in 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.

(i) Segment performance

	Sams Creek Gold Project $	Botswana Copper/Silver Project $	Total $
For the year ended 31 December 2015			
Gain on disposal of plant and equipment	-	14,873	14,873
Interest revenue	-	12	12
Total group revenue	-	14,885	14,885
Segment loss			
Reconciliation of segment result to group net loss before tax	(29,676)	(266,679)	(296,355)
Other items			
- Other expenses not allocated	-	-	(857,302)
- Other income not allocated	-	-	3,040
- Income tax benefit	-	-	86,251
Net loss after tax			(1,064,366)

23. Segment Information (continued)

(b) Intersegment transfers (continued)

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

(ii) Segment performance

	Sams Creek Gold Project $	Botswana Copper/Silver Project $	Total $
For the year ended 31 December 2014			
Gain on disposal of financial assets	-	30,519	30,519
Interest revenue	-	923	923
Total group revenue	-	31,442	31,442
Segment loss			
Reconciliation of segment result to group net loss before tax	(7,933,538)	(982,222)	(8,915,760)
Other items			
- Other expenses not allocated	-	-	(1,286,224)
- Other income not allocated	-	-	17,557
- Income tax benefit	-	-	46,164
Net loss after tax			(10,138,263)

(iii) Other assets and liabilities

	Sams Creek Gold Project $	Botswana Copper/Silver Project $	Total $	Reconciling Items $	Group Assets and Liabilities $
31 December 2015					
Segment assets	3,073,943	8,358,307	11,432,250	884,000	12,316,250
Segment liabilities	10,331	80,409	90,740	2,569,485	2,660,225
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

(iv) Non-current assets by segment

	Sams Creek Gold Project $	Botswana Copper/Silver Project $	Total $	Reconciling Items $	Group Non-current Assets $
31 December 2015					
Exploration and evaluation expenditure	3,072,278	8,249,151	11,321,429	-	11,321,429
Plant and equipment	-	16,249	16,249	2,119	18,368
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

24. Related Party Disclosure

(a) Controlled entities investments

	2015 %	2014 %
Chief Entity:		
MOD Resources Limited	-	-
Controlled Entities:		
MOD Resources (NZ) Pty Ltd	100	100
Sams Creek Gold Limited	100	100
MOD Resources (Botswana) Pty Ltd	100	100
MOD Resources Botswana (Pty) Ltd	100	100
MCA Investments Pty Ltd	100	100
MCA Medical Products Pty Ltd	100	100
Metal Capital Limited	70	-
Tshukudu Metals Botswana (Pty) Ltd	70	-
Discovery Mines (Pty) Ltd	70	-

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

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

MOD Resources (Botswana) Pty Ltd is a wholly owned subsidiary of the Company located in Australia which owns 100% of MOD Resources Botswana (Pty) Ltd located in Botswana. The investment in MOD Resources (Botswana) Pty Ltd of $19,986,989 is fully impaired. MOD Resources Botswana (Pty) Ltd holds exploration licences in Botswana's Kalahari Copper Belt.

MOD Resources Limited has a 70% interest in Metal Capital Limited, located in the United Kingdom which owns 100% of Tshukudu Metals Botswana (Pty) Ltd, which owns 100% of Discovery Mines (Pty) Ltd. Its primary activity is in mineral exploration. Discovery Mines (Pty) Ltd holds 14 exploration licences in Botswana's Kalahari Copper Belt.

Metal Tiger Plc has a 30% non-controlling interest in Metal Capital Limited (refer Note 8).

MCA Investments Pty Ltd and MCA Medical Products Pty Ltd are wholly owned subsidiaries of the Company located in Australia which are dormant entities and are not considered to be material to the results of the Group. The investment in MCA Investments Pty Ltd of $7,910,048 is fully impaired.

(b) Key management personnel

Details of key management personnel are set out in Note 22.

25. Financial Risk Management and Policies

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

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

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

25. Financial Risk Management and Policies (continued)

Risk Exposures and Responses

Interest rate risk

The Group's exposure to market interest rates relates to the Group's short term deposits. Short-term deposits form part of cash and cash equivalents which bear variable interest rates on maturity.

	2015	2014
	$	$
Cash at bank and on hand	452,553	115,523
Short term deposits	-	400,000
	452,553	515,523

A sensitivity of Nil has been selected as this is considered reasonable given that the Company does not have short-term deposits at 31 December 2015.

Based on the sensitivity analysis only interest income from variable rate term deposits is impacted resulting in a decrease or increase in overall income.

	2015	2014
	$	$
High rate Nil (25 basis points)	-	1,289
Low rate Nil (25 basis points)	-	(1,289)

Interest rate movements have no direct impact on equity.

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

Foreign currency risk

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

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

The following exchange rates applied during the year:

	Average rate		**Reporting date spot rate**	
	2015	2014	**2015**	2014
AUD 1 = BWP	7.4829	7.9682	8.0449	7.6829
AUD 1 = NZD	1.0736	1.0877	1.0634	1.0443

The Group has not entered into hedging transactions.

Sensitivity analysis

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

	2015	2014
	$	$
+1% (2014: +2%)	(47,926)	(105,201)
-4% (2014: -2%)	176,017	105,201

The impact of the change in exchange rates between AUD and NZD to the comprehensive income and equity would have changed as follows:

	2015	2014
	$	$
+3% (2014: +1%)	(82,976)	(7,390)
-1% (2014: -21%)	12,136	7,390

25. Financial Risk Management and Policies (continued)

Risk Exposures and Responses (continued)

Credit risk

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

Equity price risk

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

Liquidity risk

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

	2015	2014
	$	$
6 months or less	2,537,936	432,561
6 – 12 months	-	2,000,000
1 – 5 years	110,628	-
Over 5 years	-	-
	2,648,564	2,432,561

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

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

Year ended 31 December 2015	**≤ 6 months**	**6 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
Consolidated Financial Assets					
Cash and cash equivalents	452,553	-	-	-	452,553
Trade and other receivables	405,320	-	-	-	405,320
	857,873	-	-	-	857,873
Consolidated Financial liabilities					
Trade and other payables	397,936	-	110,628	-	508,564
Interest-bearing liabilities (i)	2,175,000	-	-	-	2,175,000
	2,572,936	-	110,628	-	2,683,564
Net maturity	(1,715,063)	-	(110,628)	-	(1,825,691)

(i) Refer Note 2(x).

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

Fair Value Measurement

Fair value measurement of financial assets and financial liabilities

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

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

25. Financial Risk Management and Policies (continued)

Fair Value Measurement (continued)

	Note	2015 Net Carrying Value $	2015 Fair Value $	2014 Net Carrying Value $	2014 Fair Value $
Financial Assets					
Cash and cash equivalents	(i)	452,553	452,553	515,523	515,523
Trade and other receivables	(i)	405,320	405,320	112,780	112,780
Total financial assets		857,873	857,873	628,303	628,303
Financial liabilities					
Trade and other payables	(i)	508,564	508,564	419,228	419,228
Interest-bearing liabilities	(ii)	2,140,000	2,175,000	2,013,333	2,153,333
Total financial liabilities		2,648,564	2,683,564	2,432,561	2,572,561

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

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

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

(i) Level 2: Cash and cash equivalents, trade and other receivable and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave and long service leave, which is not considered a financial instrument.
(ii) Level 2: Interest-bearing liabilities include interest of $35,000 (2014: $140,000). This interest has not been recognised as this is due subsequent to 31 December 2015 until the due date of the loan (Note 13).

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

26. Contingent Liabilities

Under the shareholder agreement between MOD and MTR relating to the acquisition of DMI, MOD is obligated to pay the deferred consideration for the acquisition of DMI of US$400,000 on the following basis;

- US$100,000 is 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).

- US$300,000 is payable subsequent to completion of a Bankable Feasibility Study on Mahumo or on DMI licences, upon completion of a liquidity event (being a capital raising by MOD, MTR or an affiliate, or a disposal of 50% of DMI shares, or any part of the DMI licences).

No value has been attributed to the deferred consideration at 31 December 2015. The fair value of deferred consideration could not be reliably estimated as the probability of achieving the milestones could not be determined.

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

27. Subsequent Events

On 18 January 2016, the Company announced Phase 1 exploration (announced 10 November 2015) had commenced, initially with low cost surface sampling to infill and confirm four extensive copper anomalies and that drilling was planned to test for extensions below the high grade Mahumo resource and to follow up previous high grade Cu intersections on DMI licences in Ghanzi district. It was also noted that PCF Capital Group had been appointed to divest part, or all of MOD subsidiary Sams Creek Gold Ltd's 80% joint venture interest in the 1.0Moz Sams Creek Gold Project in NZ with funds from the proposed sale of an interest in Sams Creek are expected to be directed to the Botswana Copper/Silver Project and to retire the loan with SHL Pty Ltd.

On 11 February 2016, the Company announced ministerial consent had been received to transfer ownership of DMI licences to Tshukudu Metals Botswana (Pty) Ltd, owned MOD (70%) and Metal Tiger Plc (30%) and that all 14 DMI licences with a total area of approximately 6,300km^2 in the central and western part of the Kalahari Copper Belt have been extended to 31 December 2016.

27. Subsequent Events (continued)

On 17 February 2016, the Company announced that MOD and Metal Tiger Plc had commenced Phase 1 drilling at the first target “T4” to be tested on the recently acquired DMI licences and on 2 March 2016, the Company announced the first five RC drill holes at the Tshimologo Prospect intersected significant down hole widths (between 5m and 42m) of disseminated Cu mineralisation.

On 17 March 2016, the Company announced significant widths of copper sulphide mineralisation intersected in the first three RC drill holes (MO-G-10R to MO-G-12R) to test joint venture target, T3 and when additional drilling and down hole EM are completed and assays are received, MOD expects to be in a position to provide further information on the sulphide mineralisation at T3.

On 23 March 2016, the Company announced the fourth RC drill hole at T3 (MO-G-13R) intersected approximately 58m down hole width containing multiple zones of visible Cu mineralization similar to the intersections in the first three drill holes (MO-G-10R to MO-G-12R) announced on 17 March 2016.

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

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

1. In the opinion of the directors:

   (a) The financial statements and notes of MOD Resources Limited for the financial year ended 31 December 2015 are in accordance with the Corporations Act 2001, including:

      (i) Giving a true and fair view of its financial position as at 31 December 2015 and of its performance for the year ended on that date; and

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

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

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

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and Company Secretary in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2015.

On behalf of the Board

MARK CLEMENTS
Executive Chairman
31 March 2016

Grant Thornton

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

We have audited the accompanying financial report of MOD Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

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

Basis for qualified auditor's opinion

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

Carrying value of exploration and evaluation expenditure:

The consolidated entity has reported mineral resource assets totalling $3.07m in relation to the Sams Creek Gold Project.

As set out in Note 9, the recoverability of the carrying value of the mineral resources assets of the Sams Creek Gold Project 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 asset exceeds its recoverable amount, it would be necessary for the carrying value of the asset to be written down to its recoverable amount.

Acquisition of Metal Capital Limited

As set out in Note 8, the Company acquired a 70% interest in Metal Capital Limited. The transaction resulted in the acquisition and incorporation of a number of companies. At the date of acquisition and as at 31 December 2015, audited financial statements were not available. Given that audited financial statements were not available at the date of acquisition and as at 31 December 2015, we are unable to obtain sufficient appropriate audit evidence to support the completeness and accuracy of the amounts disclosed in Note 8 and the results and balances of the entities acquired as part of the transaction at reporting date.

Qualified Auditor's opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the abovementioned matters:

a the 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 31 December 2015 and of its performance for the year ended on that date;

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as going concern

Without further qualifying our opinion, we draw attention to Note 2(x) in the financial report which indicates that the consolidated entity incurred a net loss of $1,064,366 and incurred net operating cash outflows of $554,419 during the period ended 31 December 2015. These conditions, along with other matters as set forth in Note 2(x), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity 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.

Report on the remuneration report

We have audited the remuneration report included in pages 10 to 14 of the directors' report for the year ended 31 December 2015. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of MOD Resources Limited for the year ended 31 December 2015, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic
Partner - Audit & Assurance
Perth, 31 March 2016

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

The information is correct as at 30 March 2016.

SUBSTANTIAL SHAREHOLDERS

Number of ordinary shares held by the substantial shareholders.

Shareholder	No. of Ordinary Shares
Phoenix Properties International Pty Ltd	92,906,477

CLASS OF SHARES AND VOTING RIGHTS

At 30 March 2016, there were 1,677 holders of the ordinary shares of the Company.

Ordinary Shares

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

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Shareholders Ordinary Shares
1 - 1,000	62
1,001 - 5,000	157
5,001 - 10,000	180
10,001 - 100,000	753
100,001 and over	525
Total number of shareholders	1,677

Total number of shareholders holding less than a marketable parcel was 626.

TOP 20 SHAREHOLDERS AS AT 30 MARCH 2016

Ordinary Shareholders	Fully Paid Number of Shares Held	Fully Paid Percentage of Shares Held
Phoenix Properties International Pty Ltd	92,906,477	7.84%
Metal Tiger Plc	58,333,334	4.92%
Meriton Capital Limited	50,000,000	4.22%
Citicorp Nominees Pty Ltd	41,433,463	3.50%
McGhee Investment Holdings Pty Ltd	33,409,175	2.82%
Simon Sui Hee Lee	30,965,978	2.61%
Julian P + P G Hanna	26,323,670	2.22%
Orbit Drilling Pty Ltd	26,042,532	2.20%
Pershing Australia Nominees Pty Ltd	24,829,588	2.10%
Balion Pty Ltd	24,245,636	2.05%
Rask Pty Ltd	21,114,794	1.78%
Cavalane Holdings Pty Ltd	20,325,562	1.72%
Myall Resources Pty Ltd	20,000,794	1.69%
Tuan Chau	20,000,000	1.69%
G + V Evans	19,397,753	1.64%
Norvest Projects Pty Ltd	19,000,000	1.60%
Merrill Lynch Australia Nominees Pty Ltd	18,775,000	1.58%
JP Morgan Nominees Australia Ltd	17,834,474	1.51%
Oceana Gold New Zealand Limited	17,000,000	1.44%
Onmell Pty Ltd	16,164,794	1.36%
	598,103,024	50.49%

DISTRIBUTION OF OPTIONHOLDINGS

Category	No. of Optionholders Listed Options
1 - 1,000	25
1,001 - 5,000	41
5,001 - 10,000	10
10,001 - 100,000	40
100,001 and over	34
Total number of shareholders	150

Total number of optionholders holding less than a marketable parcel was 100.

TOP 20 OPTIONHOLDERS AS AT 30 MARCH 2016

	Listed Options	
Listed Optionholders	**Number of Options Held**	**Percentage of Options Held**
Metal Tiger Plc	29,166,667	38.41%
Khee Khoo Seah	15,000,000	19.75%
David G Glennie	8,350,000	11.00%
Colbern Fiduciary Nominees Pty Ltd	3,023,333	3.98%
McGhee Investment Holdings Pty Ltd	2,784,098	3.67%
Julian P + P G Hanna	2,193,640	2.89%
Balion Pty Ltd	2,020,470	2.66%
G + V Evans	1,616,480	2.13%
Citicorp Nominees Pty Ltd	1,509,219	1.99%
Patricia Hanna	1,023,689	1.35%
David H + E Webster	1,016,480	1.34%
Norvest Projects Pty Ltd	1,000,000	1.32%
Arredo Pty Ltd	900,000	1.19%
Julian P + P G Hanna	426,480	0.56%
Kim Frankcombe	416,667	0.55%
Brett J + L Smith	370,000	0.49%
David M Murphy	328,402	0.43%
ETrade Australia Nominees Pty Ltd	310,000	0.41%
Robert C + R D Dingle	250,000	0.33%
AJ Logan + S Tranter	250,000	0.33%
	71,955,625	94.78%

Unlisted Optionholders

There is 1 holder of unlisted $ 0.01 options expiring on 21 May 2018.

There is 1 holder of unlisted $0.008 options expiring on 20 June 2017.

There is 1 holder of unlisted $0.06 options expiring on 4 March 2017.

There are 5 holders of unlisted $0.20 options expiring on 12 June 2016.

Stock Exchange Listing

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

Other Matters

The chief entity is domiciled in Australia.

The chief entity is a public company for taxation purposes.

The following exploration licences were in place at 31 December 2015;

Botswana Copper/Silver Project and DMI Licences

LICENCE NUMBER	SIZE (KM^2)	HOLDING	TITLE HOLDER
MOD Licences			
PL652/2014	190.9	100%	MOD Resources Botswana (Pty) Ltd
PL686/2014	463.0	100%	MOD Resources Botswana (Pty) Ltd
PL203/2014	77.7	100%	MOD Resources Botswana (Pty) Ltd
PL204/2014	70.8	100%	MOD Resources Botswana (Pty) Ltd
PL280/2014	116.0	100%	MOD Resources Botswana (Pty) Ltd
PL034/2015	921.0	100%	MOD Resources Botswana (Pty) Ltd
PL035/2015	789.0	100%	MOD Resources Botswana (Pty) Ltd
PL036/2015	941.0	100%	MOD Resources Botswana (Pty) Ltd
MOD JV Licences			
PL009/2012	154.6	80%	GGZ Investments (Pty) Ltd
PL141/2012	387.3	80%	Mokgweetsi Mining (Pty) Ltd
PL044/2012	75.7	80%	Mokgweetsi Mining (Pty) Ltd
DMI Licences			
PL186/2008	557.0	70%	Discovery Mines (Pty) Ltd
PL187/2008	648.8	70%	Discovery Mines (Pty) Ltd
PL188/2008	395.0	70%	Discovery Mines (Pty) Ltd
PL189/2008	210.7	70%	Discovery Mines (Pty) Ltd
PL190/2008	708.0	70%	Discovery Mines (Pty) Ltd
PL191/2008	572.0	70%	Discovery Mines (Pty) Ltd
PL192/2008	604.5	70%	Discovery Mines (Pty) Ltd
PL102/2005	331.1	70%	Discovery Mines (Pty) Ltd
PL103/2005	131.1	70%	Discovery Mines (Pty) Ltd
PL104/2005	285.3	70%	Discovery Mines (Pty) Ltd
PL060/2012	890.5	70%	Discovery Mines (Pty) Ltd
PL061/2012	888.1	70%	Discovery Mines (Pty) Ltd
PL062/2012	740.1	70%	Discovery Mines (Pty) Ltd
PL063/2012	484.1	70%	Discovery Mines (Pty) Ltd

Sams Creek Gold Project

PERMIT/LICENCE NUMBER	SIZE (KM^2)	HOLDING	TITLE HOLDER
EP40338	30.6	80%	Sams Creek Gold Limited
EP54454	32.0	100%	Sams Creek Gold Limited
PP 55645	39.2	100%	Sams Creek Gold Limited

BOTSWANA COPPER/SILVER PROJECT (MOD 100%)

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

Mahumo -Mineral Resources at 31 December 2015 and 25 March 2015

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

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

Corner K - Mineral Resources at 31 December 2015 and 31 December 2014

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

1. Tonnes, grade and metal content have been rounded. Rounding may lead to computational discrepancies.
2. CuEq (copper equivalent) calculated using US$3.55/Lb Cu & US$29.96/Oz Ag. There is no adjustment for metallurgical recovery.

The formula used is: CuEq= Cu% + (Ag g/t x 0.01231).
Price data is from Bloomberg's compilation of 11 analysts for 2013, 2014 and 2015, accessed on 19/09/12.

Review of material changes

There have been no changes to the Mineral Resource Estimates since the last reporting period.

Prospecting licence 686 hosts the Corner K Deposit on which the maiden JORC compliant Indicated and Inferred Mineral Resource of 9.5Mt grading 1.14% copper equivalent was announced on 24 September 2012 and remained current as at 31 December 2015.

The Mahumo Mineral Resource summarised above was announced on 25 March 2015. The Mahumo Resource is located within the western 50% portion of the Corner K Resource. The Mahumo Resource has been estimated using data from previous drill holes at Corner K as well as from drill holes completed by MOD at Mahumo between September 2014 and March 2015 and remained current as at 31 December 2015.

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

SAMS CREEK GOLD PROJECT (MOD EARNING UP TO 80%)

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

Sams Creek - Mineral Resources at 31 December 2015 and 31 December 2014

Resource Category	Cut-Off g/t Au	Tonnes (Mt)	Grade g/t Au	Contained 000's oz Au
Indicated	0.7	10.1	1.77	575
Inferred	0.7	10.4	1.31	439
TOTAL	**0.7**	**20.5**	**1.54**	**1,014**
Indicated	1.0	7.9	2.03	515
Inferred	1.0	5.8	1.70	315
TOTAL	**1.0**	**13.7**	**1.89**	**830**
Indicated	1.5	5.0	2.48	402
Inferred	1.5	2.5	2.33	187
TOTAL	**1.5**	**7.5**	**2.43**	**588**

Review of material changes

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

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

GOVERNANCE AND INTERNAL CONTROLS

MOD maintains strong QAQC controls across all resource related work.

Botswana Copper/Silver Project

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

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

Sample Preparation and Analysis
MOD has implemented an industry-standard QA/QC program. Drill core is logged, split by sawing and sampled at site. Samples are bagged, labelled, sealed and packed in sealed containers and shipped to ALS Chemex laboratories in Johannesburg, South Africa. Blanks and Certified Reference Material standards are inserted into the sample stream at every 10th sample interval. Samples at the lab are prepared using industry standard techniques including a silica wash after each sample has been crushed. Analytical techniques have been chosen to best characterize total and non-sulphide copper and silver mineralisation as well as to test for other metals.

The following methods are utilized:

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

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

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

The Corner K resource estimate was calculated by independent third party, Sphynx Consulting Pty Ltd and reported under JORC 2004 rules. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information reviewed and approved by Jacques Janse van Rensburg, BSc (Hons), General Manager Exploration (Africa) for MOD Resources Ltd. Various visual and statistical checks were made to validate the results.

Competent Person's Statement
The Competent Person responsible for the geological interpretation, Mineral Resource estimation and classification of the Mahumo Copper/Silver Project is Mr A.I. Pretorius, who is a full-time employee of Sphynx Consulting CC and registered with SACNASP (400060/91). Mr Pretorius has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pretorius consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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

Sams Creek Gold Project

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

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

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

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

The following analytical methods are utilized:

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

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

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

Competent Person's Statement

The information in this Mineral Resources Statement that relates to Geological Data and Exploration Results at the Sams Creek Gold Project is based on and fairly represents information compiled by Mr Paul Angus, Project Manager of Sams Creek and a Director of MOD Resources Limited's subsidiary, Sams Creek Gold Limited. Mr Angus is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Angus has approved the Statement as a whole and consents to the inclusion in this announcement in the form and context in which it appears.

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