

MOD RAISES \$2M TO ADVANCE EXPLORATION AT BOTSWANA/COPPER SILVER PROJECT

HIGHLIGHTS

- **MOD has received firm commitments for a placement of \$2 million**
- **Planned rights issue to raise up to an additional \$3.1 million to be underwritten subject to final documentation**
- **Proceeds will advance the drilling program at the interpreted T3 Dome and other priority targets in MOD's extensive Kalahari Copper Belt holdings**

The Board of MOD Resources Ltd (**ASX:MOD**) wishes to advise that it has successfully raised \$2 million, less costs, from a placement of shares to advance the drilling program at the T3 Dome and explore the potential of other targets identified on the Company's extensive joint venture and 100% holdings in the Kalahari Copper Belt.

The placement, which remains subject to the clearance of funds, involved the issue of 66.67 million ordinary fully paid shares at an issue price of \$0.03 per share and was within the Company's existing placement capacity (**Placement**). Blue Ocean Equities was Lead Manager to the issue.

MOD's Managing Director, Julian Hanna commented, "MOD and our joint venture partner Metal Tiger Plc (MTR), are eager to follow up the early drilling success at T3 announced since drilling started in March. In addition to T3 we are looking to increase activity on other targets identified by our experienced geological team to maximize the value of this prospective and under-explored region for all stakeholders."

As outlined in the Company's announcement of 14 April 2016, rapid progress is being made in the RC drilling program at T3 testing for potential extensions along strike from the first announced Cu/Ag drill hole intersections. Two diamond drill holes (MO-G-01D & MO-G-02D) have been completed and the diamond drill rigs are now testing potential for deeper mineralisation (MO-G-03D & MO-G-04D), 200m down dip from RC holes.

A plan showing the location of current and recently completed RC and diamond drill hole collars along a 700m strike length is included at Figure 1. Interpretation of drilling data is ongoing and assay results are awaited from many of the holes shown in Figure 1. Further details will be provided once results have been received.

The Board also wishes to announce an opportunity for MOD shareholders to participate in a non-renounceable pro-rata rights issue to raise up to \$3.1 million (before costs) to pursue MOD's exploration objectives on its significant interests in the Botswana Kalahari Copper Belt (**Rights Issue**).

The Rights Issue will enable MOD shareholders to subscribe for one new fully paid MOD share for every twelve shares held at an issue price of \$0.03 per share and will be underwritten, subject to final documentation.

Funds raised through the Placement and Rights Issue will allow MOD to commit to further drilling of priority targets on MOD/MTR joint venture licences and on MOD 80% and 100% owned licences. Apart from targets along the T3 Dome, funds will enable drilling to proceed at several other Cu surface anomalies identified in the region, pay down a portion of the SHL loan and provide for working capital requirements.

Details of the Rights Issue including indicative timetable which will enable those entities that are participating in the Placement to also participate in the Rights Issue, will be provided to shareholders shortly.

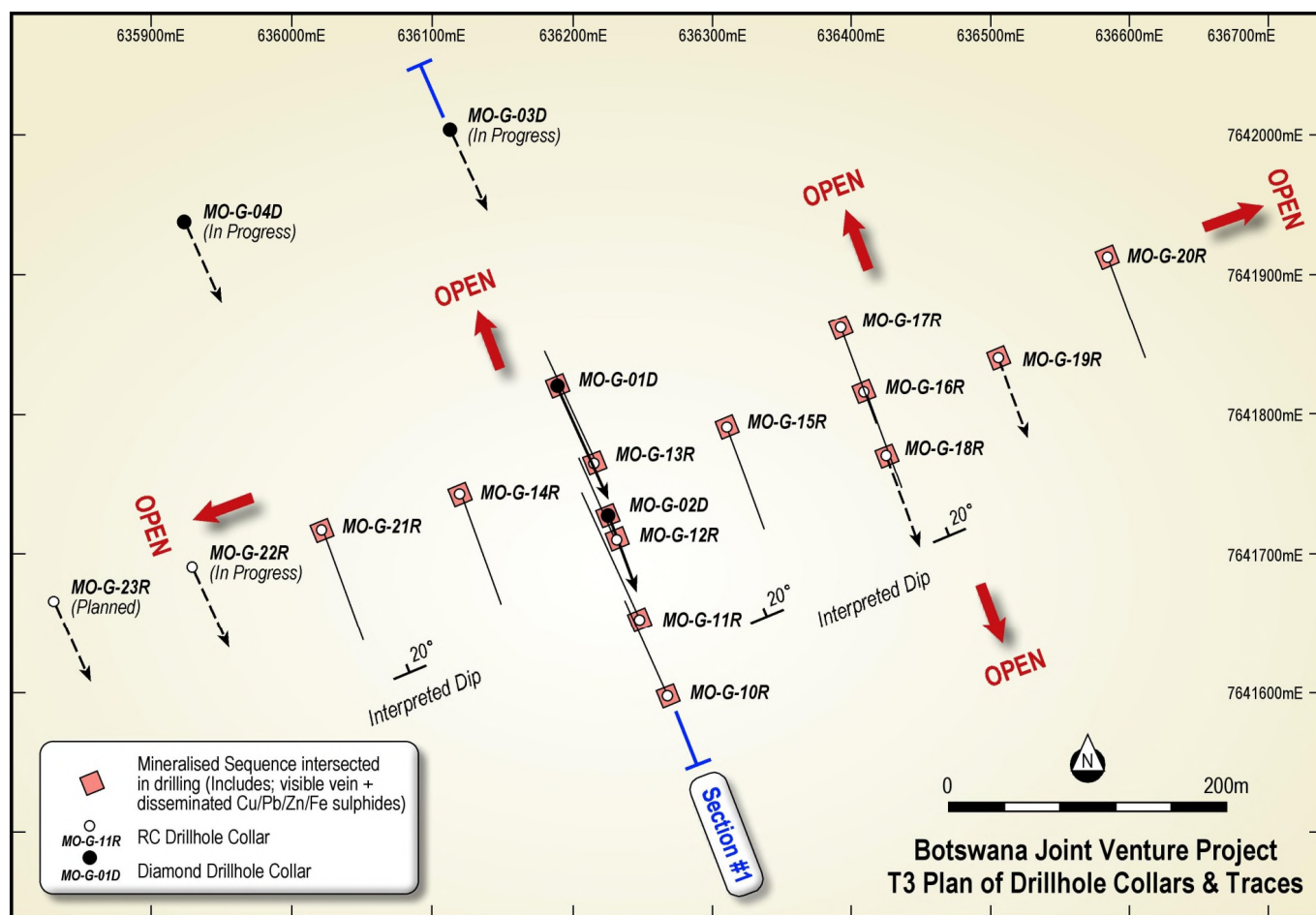


Figure 1: T3 - Plan of drill hole collars and traces. **Note:** Assay results are awaited from holes MO-G-14 to MO-G-21, and MO-G-01D & MO-G-02D to determine if any potentially significant Cu and Ag grades occur within the target 'Mineralised Sequence'

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Background

Botswana Copper Project

The combined MOD holdings comprise 25 prospecting licences with a total area >11,600km² in the relatively unexplored central and western Kalahari Copper Belt which is largely covered by sand and soil.

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). The Mahumo Stage One resource is currently the highest grade copper resource in the Kalahari Copper Belt and is the basis for an underground mining scoping study. Mahumo remains completely open below the limit of drilling along 2.4km strike length and Stage Two drilling is designed to test for extensions to ~600m depth.

MOD through its subsidiary company MOD Resources Botswana (Pty) Ltd has 100% holdings and various existing joint venture interests in 11 granted prospecting licences with a total area of approximately 4,187km² in the Kalahari Copper Belt. MOD also owns 70% of Discovery Mines (Proprietary) Ltd ("DMI") through UK joint venture company, Metal Capital Ltd ("MCL") and a wholly owned subsidiary company of MCL, Tshukudu Metals Botswana (Pty) Ltd, following the acquisition of DMI announced on 16 December 2015. DMI holds 14 prospecting licences with a total area of approximately 7,446km² in the same area as MOD's holdings.

London AIM listed company Metal Tiger Plc ("MTR") owns a 30% interest in DMI through MCL. The business fit between MTR and MOD is strong and both companies are working together to explore and potentially develop opportunities within their extensive holdings in the Kalahari Copper Belt. MTR is primarily focused on undervalued natural resource investment opportunities in which it can provide financial and business support to companies to maximize the value of their interests.

In November 2015 Cupric Canyon Capital announced results of a feasibility study for the potential development of a substantial underground mine at the Zone 5 deposit. Zone 5 is located approximately 100km NE of Mahumo along the same interpreted structural contact as Mahumo. Currently reported resources at Zone 5 are 100.3Mt @ 1.95% Cu and 20g/t Ag (December 2015). Zone 5 is the most significant announced resource in the Kalahari Copper Belt to date and may demonstrate the wider potential of this relatively under-explored region.

Competent Person's Statement

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

Exploration Targets and Results

This announcement refers to Exploration Targets as defined under Sections 18 and 19 of the 2012 JORC Code. The Exploration Targets quantity and quality referred to in this announcement are conceptual in nature. Apart from the announced Mahumo Stage One Mineral Resource there has been insufficient exploration at other Exploration Targets to define a Mineral Resource and it is uncertain if further exploration will result in the Exploration Targets being delineated as a Mineral Resource. This announcement includes several drill hole intersections which have been announced by MOD Resources Limited previously.



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