



MOD RESOURCES LIMITED
ACN 003 103 544

NOTICE OF ANNUAL GENERAL MEETING

**The Annual General Meeting of the Company will be held at
11.00am at The WA Chinese Chamber of Commerce
1304 Hay Street, West Perth, Western Australia
on Wednesday, 25 May 2016**

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

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

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of Shareholders of MOD Resources Limited (**Company**) will be held at:

The WA Chinese Chamber of Commerce
1304 Hay Street
West Perth, Western Australia
Commencing 11.00am (WST) on Wednesday, 25 May 2016

VOTING ENTITLEMENTS

For the purposes of the Corporations Act, all securities of the Company that are quoted securities at 5.00pm (WST) on Monday, 23 May 2016 will be taken, for the purposes of the Meeting, to be held by the persons who held them at the time and such persons are eligible to vote at the Meeting.

HOW TO VOTE

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

VOTING IN PERSON

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

PROXIES

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

Share Registry

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

Or by facsimile on: +61 8 9315 2233

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

Or electronically by following the instructions set out on the Proxy Form.

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

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

CORPORATE REPRESENTATIVES

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

POWERS OF ATTORNEY

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

AGENDA

1. Annual Report

To consider and receive the Annual Report of the Company and its controlled entities for the year ended 31 December 2015.

2. Resolution 1 – Adoption of Remuneration Report

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

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report as contained in the Annual Report for the year ended 31 December 2015."

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

Voting Exclusion:

A vote on this Resolution must not be cast:

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

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

- (a) the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or
 - (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.
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3. Resolution 2 – Election of Mr Mark Clements as a Director

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

"That, Mark Clements, who retires in accordance with Article 6.3(c), and being eligible and offering himself for election, is elected as a Director."

4. **Resolution 3 – Issue of Shares and May 2018 Options to Related Party – Mr Simon Lee AO**

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

"That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue to Simon Lee AO, or his nominee(s), of 6,500,000 Shares at an issue price of \$0.006 each and 3,250,000 May 2018 Options as described in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Simon Lee AO and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. The Company will not disregard a vote if:

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

5. **Resolution 4 – Issue of April 2019 Options to Related Party – Mr Julian Hanna**

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

"That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue of 6,000,000 Management Options to Julian Hanna, or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Julian Hanna and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. The Company will not disregard a vote if:

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

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. Resolution 5 – Issue of April 2019 Options to Related Party – Mr Mark Clements

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue of 5,000,000 April 2019 Options to Mark Clements, or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mark Clements and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. The Company will not disregard a vote if:

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

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. Resolution 6 – Issue of April 2019 Options to Related Party – Mr Steve McGhee

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

“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders hereby approve the issue of 2,000,000 April 2019 Options to Steve McGhee, or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Steve McGhee and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. The Company will not disregard a vote if:

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

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. Resolution 7 – Issue of April 2019 Options to Mr Jacques Janse van Rensburg

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

“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders hereby approve the issue of 5,000,000 April 2019 Options to Jacques Janse van Rensburg, or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Jacques Janse van Rensburg and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person. The Company will not disregard a vote if:

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

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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

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

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

Voting Exclusion

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

However, the Company will not disregard a vote if:

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

BY ORDER OF THE BOARD

Mark Clements
Company Secretary
18 April 2016

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The WA Chinese Chamber of Commerce, 1304 Hay Street, West Perth, Western Australia on Wednesday, 25 May 2016 at 11.00am (WST).

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

2. Action to be taken by Shareholders

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

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

3. Annual Report

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

Shareholders will be offered the following opportunities:

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

A copy of the Annual Report is available on the Company's website: www.modresources.com.au.

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

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;

(c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Adoption of Remuneration Report

4.1 General

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

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

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

4.2 Voting consequences

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

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

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

4.3 Previous voting results

At the Company's previous annual general meeting approximately 4% of the votes were cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill Resolution is not relevant for the Meeting.

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

4.4 Voting exclusion statement

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

Proxy Restrictions

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

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

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

If you appoint the Chair as your proxy

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

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

If you appoint any other person as your proxy

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

5. Resolution 2 – Election of Mr Mark Clements as Director

5.1 Background

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

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

5.2 Director's Profile – Mr Mark Clements

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 is also 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. As an Executive Director, Mr Clements is not regarded as an independent director of the Company.

5.3 Directors' Recommendation

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

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

6. Resolution 3 – Issue of Shares and May 2018 Options to Related Party – Mr Simon Lee AO

6.1 Background

On 22 September 2015, the Company issued the Prospectus under which it, inter alia, made the Rights Issue Offer to all eligible Shareholders on the basis of one Share at an issue price of \$0.006 each for every five Shares held at the record date, together with one free attaching May 2018 Option for every two Shares subscribed for and issued.

The Company Directors, Mark Clements, Julian Hanna and Steve McGhee were each registered holders of Shares at the record date and, being resident in Australia, all qualified as eligible Shareholders under the Prospectus for the Rights Issue Offer. Director, Simon Lee AO was the registered holder of Shares at the record date. However, he was a resident of Singapore did not qualify as an eligible Shareholder under Prospectus for the Rights Issue Offer.

On 17 October 2015, Mr Lee applied to subscribe for 6,500,000 Shares and 3,250,000 May 2018 Options on the same terms as the Rights Issue Offer, being approximate to his equivalent entitlement as if he were an eligible Shareholder under the Prospectus. On 27 October 2015, the Company announced that it had received this application which totalled \$39,000 and that it would be issued along with 3,250,000 options subject to shareholder approval. This was accounted for in the audited 2015 Annual Report as a payable to a related party in note 12 of the Annual Report. These funds have been held in trust pending shareholder approval.

Resolution 3 is an ordinary resolution seeking the required Shareholder approval for the issue of these securities to Mr Lee. Should Shareholders not approve Resolution 3, these funds will be returned to Mr Lee.

6.2 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

As the issue of the Shares and May 2018 Options involves the issue of securities to Simon Lee AO, a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

The effect of passing Resolution 3 will be to allow the Company to issue and allot 6,500,000 Shares and 3,250,000 May 2018 Options to Mr Lee (or his nominee) within one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allows) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is obtained pursuant Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (refer to Listing Rule 7.2 exception 14).

6.3 Specific Information Required by Listing Rule 10.13

For the purposes of Shareholder approval of the issue of 6,500,000 Shares and 3,250,000 May 2018 Options to Simon Lee AO, or his nominee(s), pursuant to Resolution 3 and the requirements of Listing Rule 10.11:

- (a) the Shares and May 2018 Options will be issued to Simon Lee AO or his nominee(s);
- (b) the maximum number of Shares and May 2018 Options proposed for issue under Resolution 3 is 6,500,000 and 3,250,000 respectively;
- (c) the 6,500,000 Shares and 3,250,000 May 2018 Options will be issued on the same date, being no more than one month after the date the date of the meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (d) the issue price of each Share is \$0.006 and each May 2018 Option is nil;
- (e) the Shares and May 2018 Options are being issued on the same terms as the Rights Issue Offer made to eligible Shareholders under the Prospectus on the basis of one Share for every five Shares held at record date, offered at an issue price of \$0.006 per Share, together with one free attaching May 2018 Option for every two Shares subscribed for and issued;
- (f) the Shares will be fully paid ordinary shares in the capital of the Company and will be in the same class as the fully paid ordinary shares listed on ASX. The May 2018 Options (ASX:MODO) are issued on the terms and conditions set out in Schedule 1, being on the same terms as the quoted class of May 2018 Options quoted on ASX. Shares issued on the exercise of these May 2018 Options will rank pari passu with all existing Shares on issue;

- (g) the sum of \$39,000 raised from the issue of these Shares and May 2018 Options will be applied towards working capital. The Company will receive \$0.01 for each May 2018 Option exercised; and
- (h) a voting exclusion statement is included in the Notice.

6.4 Directors' recommendation

The Directors other than Mr Lee recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of Resolution 3.

7. Resolutions 4 to 6 (inclusive) – Issue of April 2019 Options to Related Party – Julian Hanna, Mark Clements and Steve McGhee

7.1 Background

During 2015, the Company implemented cost reduction initiatives with a view to maintaining the Company's cash reserves. On 1 January 2016, further cost reduction initiatives were implemented. As part of the cost reduction measures, Directors and management agreed to a voluntary reduction in their agreed salary/fees.

To incentivise Directors and management during the period of voluntary pay reductions, the Company has agreed, subject to obtaining Shareholder approval, to issue Julian Hanna, Mark Clements and Steve McGhee (or their nominees) (**Related Parties**) with April 2019 Options as follows:

- (a) Julian Hanna (or his nominee) is to be issued 6,000,000 April 2019 Options;
- (b) Mark Clements (or his nominee) is to be issued 5,000,000 April 2019 Options; and
- (c) Steve McGhee (or his nominee) is to be issued 2,000,000 April 2019 Options.

The relevant interests of the Related Parties in securities of the Company is set out below:

Name	Shares	Options
Julian Hanna ⁽ⁱ⁾	43,725,684	11,643,809
Mark Clements ⁽ⁱⁱ⁾	24,346,940	7,028,912
Steve McGhee ⁽ⁱⁱⁱ⁾	33,409,175	18,409,098

Note:

- (i) Julian Hanna is the direct holder of 4,000,000 unlisted \$0.20 Options, expiring 12 June 2016. 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 May 2018 Options. Mr Hanna is the direct beneficiary of J Hanna Superannuation Fund which is the holder of 2,620,120 May 2018 Options.

- (ii) Mark Clements is the direct holder of 8,442 May 2018 Options. 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 May 2018 Options.
- (iii) Steve 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 May 2018 Options.

The remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year is set out below:

Related Party	Current Base Salary	2015 Base Salary⁽ⁱ⁾
Julian Hanna (Managing Director)	\$120,000	\$160,000
Mark Clements (Executive Chairman and Company Secretary)	\$72,000	\$108,000
Steve McGhee (Non-Executive Director)	\$36,000	\$48,000

Note:

- (i) Julian Hanna, Mark Clements and Steve McGhee were paid \$71,400, \$34,000 and \$38,873 respectively for the year ended 31 December 2015. These Directors have continued to provide their support to the Company by undertaking to defer payment of amounts owed as at 31 December 2015 (\$110,628) until 31 March 2017 or earlier if the Company has the capacity to meet part or all of these payments as determined by the Board.

Examples of the dilution effect on existing Shareholders if the April 2019 Options being issued to Related Parties are exercised is set out in the table below.

An estimate of the value of the April 2019 Options that are proposed to be granted (pursuant to the passing of Resolutions 4 to 6 (inclusive)) using the Black and Scholes Options Pricing Model has been calculated as set out below;

Name	Number of Options	Estimated Value	Dilution
Julian Hanna	6,000,000	\$139,669	0.50%
Mark Clements	5,000,000	\$116,391	0.42%
Steve McGhee	2,000,000	\$46,556	0.17%

The estimated value of the April 2019 Options was calculated using the following assumptions:

Current share price:	\$0.033
Volatility:	120%
Dividend yield:	0%
Risk free rate:	1.87%

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

(b) give the benefit within one month following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The issue of the April 2019 Options to the Related Parties constitutes giving a financial benefit and each of the Related Parties are related parties of the Company by virtue of being Directors.

Each Director considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of April 2019 Options to each of the other Directors because the agreement to issue the April 2019 Options is considered reasonable remuneration in the circumstances.

7.3 Listing Rule 10.11

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

As the issue of the April 2019 Options involves the issue of securities to certain Directors of the Company, being related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

The effect of passing Resolutions 4 to 6 (inclusive) will be to allow the Company to issue and allot the April 2019 Options to the Related Parties (or their nominees) within one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allows) without breaching Listing Rule 10.11 or using up the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is obtained pursuant Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 (refer to Listing Rule 7.2 exception 14).

7.4 Specific Information Required by Listing Rule 10.13

For the purposes of Shareholder approval of the issue of the April 2019 Options to the Related Parties the subject to Resolutions 4 to 6 (inclusive) and the requirements of Listing Rule 10.11:

- (a) the April 2019 Options will be issued to Messrs Hanna, Clements and McGhee (or their respective nominees);

- (b) the maximum number of April 2019 Options to be issued is;
 - (i) in the case of Julian Hanna, 6,000,000 Options;
 - (ii) in the case of Mark Clements, 5,000,000 Options; and
 - (iii) in the case of Steve McGhee, 2,000,000 Options.
- (c) the April 2019 Options will be issued no later than one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that all the April 2019 Options will be issued to the Related Parties on the same date;
- (d) the April 2019 Options will be issued on the terms set out in Schedule 2;
- (e) the April 2019 Options will be issued for nil cash consideration. Accordingly, no funds will be raised; and
- (f) a voting exclusion statement is included in the Notice.

8. Resolution 7 – Issue of April 2019 Options to Mr Jacques Janse van Rensburg

8.1 Background

As described in paragraph 7.1, during 2015 the Company implemented cost reduction initiatives which included management agreeing to voluntary reductions in their agreed salary/fees. The Company implemented further cost reduction initiatives as at 1 January 2016.

The Company has agreed, subject to shareholder approval, to issue Jacques Janse van Rensburg, General Manager Exploration (Africa), (or his nominee(s)) with 5,000,000 April 2019 Options.

Mr Rensburg currently holds the following Shares or Options.

Name	Shares	Options
Jacques Janse van Rensburg	18,375,000	2,000,000 ⁽ⁱ⁾

Note:

- (i) Jacques Janse van Rensburg is the holder of 2,000,000 unlisted \$0.08 Options, expiring 20 June 2017.

An estimate of the value of the April 2019 Options that are proposed to be granted (pursuant to the passing of Resolution 7) is Jacques Janse van Rensburg using the Black and Scholes Options Pricing Model has been calculated as set out below;

Name	Number of Options	Estimated Value	Dilution
Jacques Janse van Rensburg	5,000,000	\$116,391	0.42%

The estimated value of the Options was calculated using the following assumptions:

Current share price:	\$0.033
Volatility:	120%
Dividend yield:	0%
Risk free rate:	1.87%

8.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

The effect of approving Resolution 8 will be to allow the Directors to issue 5,000,000 Options to Jacques Janse van Rensburg (or his nominee(s)) during the 3-month period after the Meeting (or a longer period, if allowed by ASX), without using up the Company's 15% placement capacity under Listing Rule 7.1.

8.3 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of 5,000,000 April 2019 Options to Jacques Janse van Rensburg, or his nominee(s), the subject to Resolution 7 and the requirements of Listing Rule 7.1:

- (a) the maximum number of April 2019 Options to be issued is 5,000,000 April 2019 Options;
- (b) the 5,000,000 April 2019 Options will be issued no more than 3 months after the date the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that all these April 2019 Options will be issued at the same time as the issue of the April 2019 Options to the Related Parties;
- (c) the 5,000,000 April 2019 Options will be issued for nil cash consideration. Accordingly, no funds will be raised;
- (d) the 5,000,000 April 2019 Options will be issued to Jacques Janse van Rensburg or his nominee(s);
- (e) the April 2019 Options will be issued on the terms set out in Schedule 2;
- (f) the 5,000,000 April 2019 Options will be issued to Jacques Janse van Rensburg or his nominee(s) on the same date as the issue of the April 2019 Options to the Related Parties pursuant to Resolutions 4 to 6 (inclusive) and 50% will be restricted until 6 months following the date of issue to be released, subject to Jacques Janse van Rensburg remaining as a consultant to MOD; and
- (g) a voting exclusion statement is included in the Notice.

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

9.1 Background

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

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

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

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

9.2 Listing Rule 7.1A Approval

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

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

(a) Equity Securities

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

(b) Formula for calculating Listing Rule 7.1A Shares

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

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

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

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

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

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

D is 10%.

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

(c) Date of issue

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

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

(10% Placement Period).

(d) Specific information required by Listing Rule 7.3A

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

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

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

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

The table also shows:

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

Variable 'A' in Listing Rule 7.1A.2	Dilution			
	Number of Shares issued under 10% placement capacity	Funds raised based on issue price of \$0.004 (current price)	Funds raised based on issue price of \$0.002 (50% decrease in current issue price)	Funds raised based on issue price of \$0.006 (50% increase in current issue price)
1,184,603,328 (Current Variable 'A')	118,460,333	\$473,841	\$236,921	\$710,762
1,776,904,992 (50% increase in current Variable 'A')	177,690,499	\$710,762	\$355,381	\$1,066,143
2,369,206,656 (100% increase in current Variable 'A')	236,920,666	\$947,683	\$473,841	\$1,421,524

The table has been prepared on the following assumptions:

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

- (d) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements of Listing Rule 7.1A Shares, based on that Shareholder's holding at the date of the Meeting;
- (e) the table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (f) the issue of Listing Rule 7.1A Shares consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders; and
- (g) the issue price is \$0.033, being the closing price of the Shares on ASX on 15 April 2016.

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

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

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

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

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

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;

- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

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

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

- (f) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its 2015 annual general meeting held on 15 May 2015. Details of Equity Securities that have been issued during the 12-month period preceding the date of the Meeting, are set out at Schedule 3.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

9.3 Directors' Recommendation

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

Definitions

In the Notice and this Explanatory Memorandum:

10% Placement Facility has the meaning given in Section 9.1.

10% Placement Period has the meaning given in Section 9.2.

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

April 2019 Options means the Options on the terms and condition described in Schedule 2.

Article means an article of the Constitution.

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

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

Board means the board of Directors.

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

Chair means the person appointed to chair the Meeting.

Closely Related Party means:

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

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

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

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

Directors mean the directors of the Company.

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

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

Explanatory Memorandum means this explanatory memorandum.

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

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

Listing Rules means the listing rules of ASX.

Listing Rule 7.1A Shares has the meaning given in Section 9.2.

May 2018 Options means the Options on the terms and conditions described in Schedule 1.

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

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

Official List means the official list of ASX.

Option means an option to acquire a Share.

Prospectus means the prospectus issued by the Company dated 22 September 2015 in relation to the Rights Issue Offer.

Proxy Form means the proxy form attached to the Notice.

Related Party has the meaning given in paragraph 7.1 of the Explanatory Memorandum.

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

Resolution means a resolution referred to in the Notice.

Rights Issue Offer means the non-renounceable pro rata rights issue offer of one new Share for every five Shares held at an issue price of \$0.006 per new Share (together with one free attaching May 2018 Option for every two new Shares subscribed for and issued) made pursuant to the Prospectus.

Section means a section in this Explanatory Memorandum.

Schedule means a schedule to the Notice.

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

Shareholder means a shareholder of the Company.

Spill Meeting has the meaning given in Section 4.2.

Spill Resolution has the meaning given in Section 4.2.

Strike has the meaning given in Section 4.2.

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

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

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

Schedule 1 – Terms of May 2018 Options

(a) **Entitlement**

Each May 2018 Option entitles the holder to subscribe for one Share upon the exercise of the May 2018 Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon the exercise of the each May 2018 Option will be \$0.01 (**Exercise Price**)

(c) **Expiry Date**

Each May 2018 Option will expire at 5:00 pm (WST) on 1 May 2018 (**Expiry Date**). A May 2018 Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The May 2018 Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**)

(e) **Notice of Exercise**

The May 2018 Options may be exercised during the Exercise Period by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each May 2018 Option being exercised in Australian currency by electronic fund transfer or other means of payment acceptable to the Company in accordance with the requirements in the Notice of Exercise.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each May 2018 Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of the Issue of Shares on Exercise**

Within 15 Business Days after the Exercise Date the Company will allot and issue the number of Shares required under these terms and conditions in respect of the number of May 2018 Options specified in the Notice of Exercise and which cleared funds have been received by the Company.

(h) **Shares Issued on Exercise**

Shares issued on exercise of the May 2018 Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares on exercise**

If admitted to the official list of the ASX at any time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the May 2018 Options.

(j) **Reconstruction of Capital**

If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) **Participation in New Issues**

There are no participation rights or entitlements inherent in the May 2018 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the May 2018 Options without exercising the May 2018 Options.

(l) **Change in Exercise Price**

A May 2018 Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the May 2018 Option can be exercised.

(m) **Quotation of New Options**

The Company will apply for quotation of the May 2018 Options on ASX.

(n) **Transferability**

The May 2018 Options are transferable.

Schedule 2 – Terms of April 2019 Options

(a) **Entitlement**

Each April 2019 Option entitles the holder to subscribe for one Share upon the exercise of the April 2019 Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon the exercise of the each April 2019 Option will be \$0.06 (**Exercise Price**).

(c) **Expiry Date**

Each April 2019 Option will expire at 5:00 pm (WST) on 15 April 2019 (**Expiry Date**). A April 2019 Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The April 2019 Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The April 2019 Options may be exercised during the Exercise Period by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each April 2019 Option being exercised in Australian currency by electronic fund transfer or other means of payment acceptable to the Company in accordance with the requirements in the Notice of Exercise.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each April 2019 Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of the Issue of Shares on Exercise**

Within 15 Business Days after the Exercise Date the Company will allot and issue the number of Shares required under these terms and conditions in respect of the number of April 2019 Options specified in the Notice of Exercise and which cleared funds have been received by the Company.

(h) **Shares Issued on Exercise**

Shares issued on exercise of the April 2019 Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares on exercise**

If admitted to the official list of the ASX at any time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the April 2019 Options.

(j) **Reconstruction of Capital**

If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) **Participation in New Issues**

There are no participation rights or entitlements inherent in the April 2019 Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the April 2019 Options without exercising the April 2019 Options.

(l) **Change in Exercise Price**

A April 2019 Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the April 2019 Option can be exercised.

(m) **Transferability**

A April 2019 Option is unlisted and is transferable subject to any restrictions on transfer imposed by ASX.

Schedule 3 – Details of Equity Securities issued in the 12 months preceding the date of the Meeting

28 October 2015	40,166,855	Shares ²	Shareholders pursuant to non-renounceable Rights Issue announced 22 September 2015	\$0.006	Amount raised = \$241,000 (after Broker fees) Amount spent = \$241,000 Use of funds = Resource extension drilling program and progress towards feasibility studies at Mahumo Copper/Silver Project Amount remaining = \$Nil Proposed use of remaining funds ⁵ = N/A	2.94%
28 October 2015	20,083,441	Listed Options ³	Shareholders pursuant to non-renounceable Rights Issue announced 22 September 2015	Issued for no cash consideration	Consideration: no cash consideration, free attaching listed \$0.01 options expiring 1 May 2018 pursuant to non-renounceable rights issue announced 22 September 2015 Value of non-cash consideration on the date of issue = \$28,948 Current value ⁵ = \$538,712	1.47%
28 October 2015	6,666,667	Shares ²	Patersons Securities Limited	Issued for no cash consideration	Amount raised = Nil Amount spent = N/A Use of funds = Consideration for lead manager fees relating to non-renounceable rights issue announced 22 September 2015 Amount remaining = N/A Proposed use of remaining funds ⁵	0.15%

28 October 2015	3,333,333	Listed Options ³	Patersons Securities Limited		Issued for no cash consideration		=N/A Consideration: lead manager fees relating to non-renounceable rights issue announced 22 September 2015 received listed \$0.01 options expiring 1 May 2018 Value of non-cash consideration on the date of issue = \$15,217 Current value of non-cash consideration = \$89,412		0.49%
28 October 2015	2,000,000	Shares ²	PCF Capital Group Pty Limited		Issued for no cash consideration		Amount raised = Nil Amount spent = N/A Use of funds = Consideration: for services rendered as corporate financing advisor Amount remaining = N/A Proposed use of remaining funds ⁵ =N/A		0.24%
23 December 2015	105,033,334	Shares ²	Professional and sophisticated investors pursuant to non-renounceable rights issue as announced on 22 September 2015		\$0.006		Amount raised = \$630,200 (after fees) Amount spent = \$280,200 Use of funds = Resource extension drilling program and progress towards feasibility studies at Mahumo Copper/Silver Project Amount remaining = \$350,000 Proposed use of remaining funds ⁵ = resource extension drilling program		7.69%

23 December 2015	52,516,667	Listed Options ⁴	Professional and sophisticated investors pursuant to non-renounceable rights issue as announced on 22 September 2015	Issued for no cash consideration	Consideration: no cash consideration, free attaching listed \$0.01 options expiring 1 May 2018 pursuant to non-renounceable rights issue announced 22 September 2015 Value of non-cash consideration on the date of issue = \$136,818 Current value ⁵ = \$1,408,691	3.84%
14 April 2016	15,000,000	Shares ²	Holder of listed \$0.01 options expiring 1 May 2018 following exercise of options	\$0.01	Amount raised = \$150,000 Amount spent = Nil Use of funds = Exploration program at MOD/MTR joint venture licences and working capital Amount remaining = \$150,000 Proposed use of remaining funds ⁵ = Exploration program at MOD/MTR joint venture licences and working capital	1.10%

Information required under Listing Rule 7.3A.6(a)

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

Equity Securities issued in the 12-month period preceding the date of the Meeting		244,800,297
Percentage previous issues represent of total number of Equity Securities on issue at commencement of that 12 month period		17.91%

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MOD (terms are set out in the Constitution).
3. Listed Options, exercisable at \$0.01 each, on or before 1 May 2018 as disclosed in the ASX Announcement dated 29 October 2015.
4. Listed Options, exercisable at \$0.01 each, on or before 1 May 2018 as disclosed in the ASX Announcement dated 4 January 2016.
5. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
6. In respect of quoted Equity Securities the value of Options is based on the closing price of the Shares (\$0.033) as the context requires on the ASX on the trading day prior to the date of this Notice. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
7. The total number of Equity Securities on issue 12 months preceding the date of the Meeting was 1,121,736,472 and this number is made up of both fully paid ordinary shares and unlisted options in the Company.
8. This is based on the issue price \$0.033 being the closing price of quoted Equity Securities on the Trading Day prior to the date of this Notice.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.

2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE»

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am WST on Wednesday 25 May 2016 at The WA Chinese Chamber of Commerce, 1304 Hay Street, West Perth, Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

If the Chairman is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1 and 4 - 7 (inclusive), you will be expressly authorising the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1 and 4 - 7 (inclusive) even if Resolutions 1 and 4 - 7 (inclusive) are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

RESOLUTION

	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Mr Mark Clements as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Issue of Shares and May 2018 Options to Related Party - Mr Simon Lee AO	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Issue of April 2019 Options to Related Party - Mr Julian Hanna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of April 2019 Options to Related Party - Mr Mark Clements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Issue of April 2019 Options to Related Party - Mr Steve McGhee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Issue of April 2019 Options to Mr Jacques Janse van Rensburg	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Issue of Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 11:00am WST on Monday 23 May 2016.

Name:

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

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

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

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

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

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

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

Email registrar@securitytransfer.com.au

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