MOD RESOURCES LTD

ASX ANNOUNCEMENT

23 August 2016

ASX: MOD

Wide Intervals of Copper Intersected at T2 West

MOD Resources Ltd (ASX: MOD) today announced it has intersected wide intervals with multiple zones of potentially significant copper mineralisation in follow up RC drilling at the T2 prospect located 20km north of T3 in the Kalahari Copper Belt. T2 West was first announced on 15 August 2016.

T2 is part of the joint venture between MOD Resources (70%) and AIM-listed Metal Tiger Plc (30%) and is being drilled to test two strong copper soil anomalies (T2 West and T2 East) announced 13 July 2016. The T2 West soil anomaly contains consistently high copper values up to 87ppm Cu. There is no outcrop at T2 and the area is covered by a shallow surface calcrete layer.

T2 West is the first new JV target to be drilled since the discovery of T3 in March 2016 and is part of MOD's regional exploration program to identify potential new deposits in the T3 region.

Five RC holes have been completed along the first drill section across the southern part of the recently identified T2 West copper soil anomaly (Figure 1). All five holes intersected zones of vein and disseminated copper mineralisation associated with interpreted folding of the host sediments directly above the Kalahari Footwall sediment contact (FW). Assay results are awaited from the five RC holes to provide an indication of grades of the mineralisation. A preliminary interpreted sketch cross section showing the 5 RC holes is included in this release (Figure 2).

Two additional RC holes (MO-G-55R and MO-G-56R) were completed along the same drill section to test a separate soil anomaly located north of the other five holes (Figure 1). These holes intersected FW sediments and the source of this northern anomaly is still to be determined.

MOD Resources' Managing Director, Mr Julian Hanna, said he continued to be encouraged by the early results from T2. "This is just the first of several new targets to be drilled and to be intersecting such wide intervals of copper sulphides at T2 already is an exceptional start to our regional exploration program," said Mr Hanna.

"I'm confident we have the right team in place to capitalise on this drilling program and we anticipate a steady flow of exploration news in the near future," he said.

Highlights of today's RC drilling update include:

- **MO-G-54R intersected a 29m interval with multiple zones of visible copper sulphide mineralisation from 49m downhole depth**
- **MO-G-57R intersected a 21m interval with multiple zones of visible copper sulphide mineralisation from 85m downhole depth**
- **MO-G-58R intersected a 26m interval with multiple zones of disseminated copper sulphide mineralisation from 146m downhole depth**
- **The T2 soil anomalies are along strike from the high-grade Mahumo Cu/Ag deposit (T1) and appear to be associated with folding of the Mahumo contact**

T2 Background

A program of shallow RC drilling at T2 West commenced on 10 August 2016 and met with immediate success. The first two holes (MO-G-52R and MO-G-53R) both intersected copper oxide and sulphide minerals including chrysocolla, malachite, chalcocite and bornite sulphides at shallow depth. This was followed up by 3 deeper RC holes (MO-G-54R, MO-G-57R and MO-G-58R) reported in this announcement. Drilling is now testing along strike to the east, initially on 250m spaced sections.

Given the variety of copper minerals identified in the RC drilling, it is not possible to estimate a percentage for each mineral present or a grade for the mineralisation until assays are received.

Last month, in order to maintain focus on completing the Phase 1 resource for the T3 deposit and progressing T3 towards a scoping study for a potential open pit mine, MOD and MTR agreed to establish a separate regional exploration team to test other targets identified on joint venture licences (Figure 3). This team consists of two dedicated geologists, two soil-sampling teams, and two RC drill rigs to conduct a six-month campaign to evaluate these targets, which include T2.

-ENDS-

For and on behalf of the MOD Board.

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About MOD Resources

MOD Resources Ltd (ASX: MOD) is an Australian-based emerging copper company actively exploring in the Kalahari Copper Belt, Botswana. The Company has a joint venture with AIM-listed Metal Tiger Plc (30%), which includes the T3 copper-silver discovery with intersections such as 52m @ 2.0% Cu from a shallow RC hole. A maiden resource at T3 is expected in the September quarter.

MOD also has a regional exploration program underway, with two teams exploring for satellite deposits near T3. One team is testing IP and copper soil targets along the 25km-long T3 Dome and the other is conducting soil sampling and RC drilling at specific targets within the JV's other extensive regional holdings. The Company aims to complete an open pit scoping study before the end of 2016 with a PFS scheduled to start at the turn of the year.

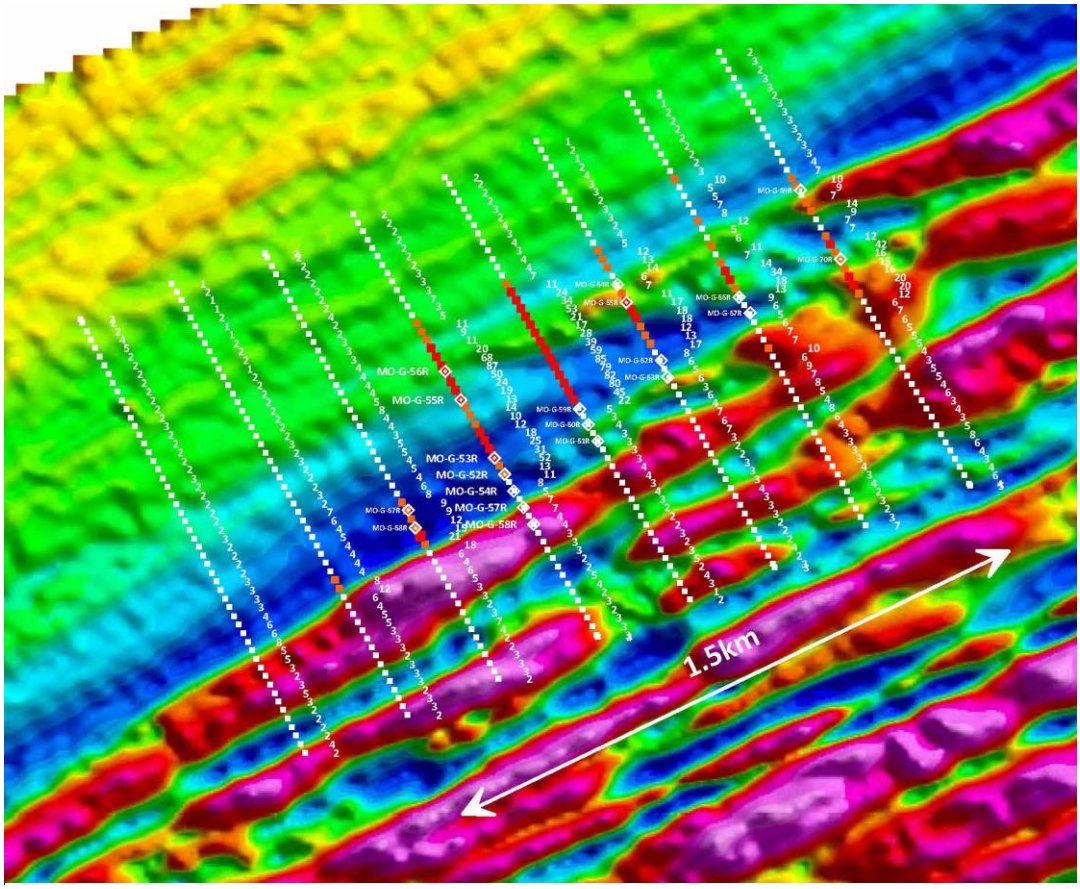

Figure 1: Magnetic image of T2 West showing soil anomaly with Cu values and current and proposed RC holes

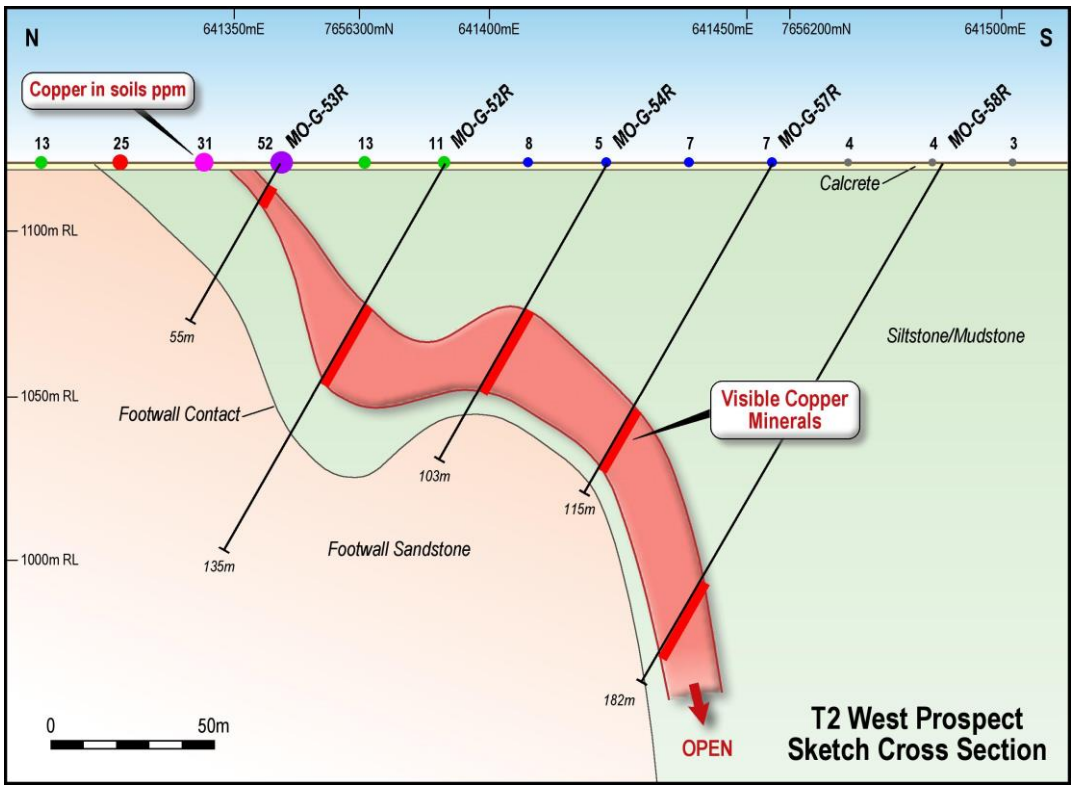

Figure 2: MOD preliminary interpreted sketch cross section of T2 West showing RC drill holes with intervals containing multiple zones of visible copper mineralisation

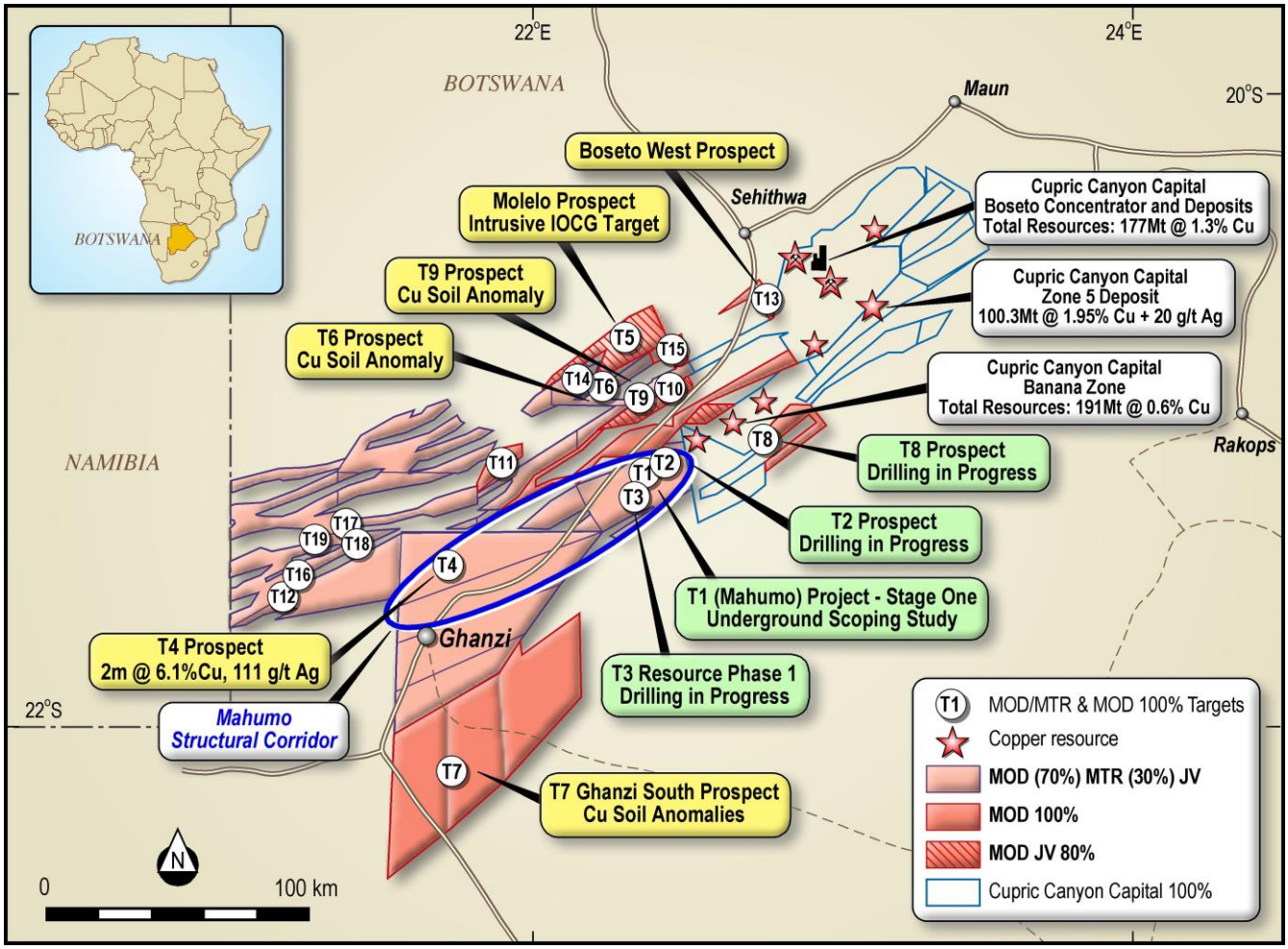

Figure 3: Plan of MOD/MTR and MOD 100% licences showing targets (T1 to T19) and current activity (green)

Drill Hole ID	Collar UTM East	Collar UTM North	Azi	Dip	EOH m	Cu Mineral'n From (m)	Cu Mineral'n To (m)	Cu Mineral'n Interval (m)
MO-G-52R	641391	7656280	320	-60	135	49	76	**27**
MO-G-53R	641362	7656321	320	-60	55	7	13	**6**
MO-G-54R	641426	7656245	320	-60	103	49	78	**29**
MO-G-55R	641277	7656468	320	-60	60	n/a	n/a	**0**
MO-G-56R	641237	7656540	160	-60	61	n/a	n/a	**0**
MO-G-57R	641459	7656207	320	-60	115	85	106	**21**
MO-G-58R	641493	7656168	320	-60	182	146	172	**26**

Table 1: T2 West - RC Drill Hole Parameters and intervals containing multiple zones of copper mineralisation (assays awaited)

Competent Person's Statement

The information in this announcement 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 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. There has been insufficient exploration at T3 or at other Exploration Targets mentioned in this announcement 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.

Forward Looking Statements and Disclaimers

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of MOD Resources Limited.

Examples of forward looking statements included in this announcement are: 'This is just the first of several new targets to be drilled and to be intersecting such wide intervals of copper sulphides at T2 already is an exceptional start to our regional exploration program. I'm confident we have the right team in place to capitalise on this drilling program and we anticipate a steady flow of exploration news in the near future,"' and 'MOD and MTR agreed to establish a separate regional exploration team to test other targets identified on joint venture licences. This team consists of two dedicated geologists, two soil-sampling teams, and two RC drill rigs to conduct a six-month campaign to evaluate these targets, which include T2.'.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, MOD Resources Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

This announcement has been prepared by MOD Resources Limited. The document contains background information about MOD Resources Limited current at the date of this announcement. The announcement 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 announcement.

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JORC Code, 2012 Edition

Table 1 Reporting Exploration Results from Botswana Copper/Silver Project

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Sampling was carried out using RC and diamond core drilling. • RC drilling was done at 1m sampling intervals. • After every 1m interval the hole is flushed by compressed air. • The full 1m interval was collected before being weighed and the weight recorded. • All samples were riffle split (50:50) into samples weighing approximately 1.5kg • These samples were taken to the core logging facility where a unique sample number was allocated to every interval sampled. • Drill core was sampled in 1m intervals or as appropriate to align with the geological contacts. • All samples were geologically logged by a suitably qualified geologist on site. • Samples are submitted to Setpoint Laboratories in Johannesburg.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• The RC drill holes referred to in this release were drilled by reverse circulation drilling using a 5inch – 127mm face sampling bit diameter and 900pfm – 24bar compressor • The diamond drilling was either drilled by HQ diameter drill core or NQ diameter drillcore
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC sample recovery was recorded by weighing every sample before splitting. • Sample size was found to be consistent • Diamond drilling recorded recovery. Core recovery was good

Criteria	JORC Code explanation	Commentary

Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*
	• *The total length and percentage of the relevant intersections logged.*
		• During the core logging geologists follow MOD's standard operating procedure for RC logging processes. The metre interval (from and to) is recorded and the data below is described within the RC drill logs:
		  • Major rock unit (colour, grain size, texture)
		  • Weathering
		  • Alteration (style and intensity)
		  • Mineralisation (type of mineralisation, origin of mineralisation, estimation of % sulphides/oxides)
		  • Veining (type, style, origin, intensity)
		• Data is originally recorded on paper (hard copies) and then transferred to Excel logging sheets
		• Logging is semi quantitative based on visual estimation
		• For diamond drilling the geological logging process documents lithological and structural information as well as geotechnical data such as RQD, recovery and specific gravity measurements.

Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All RC samples were taken at 1m intervals and riffle split into ~1.5kg samples. A reference sample is retained at core logging facility. • All RC intervals are geologically logged and sample intervals selected for assays at Setpoint Laboratories in Johannesburg. • All NQ diameter core samples for the drill hole intersections were taken as half core samples. HQ diameter drill core samples were taken as quarter core samples. • MOD took photos of all core samples on site. • 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 shipped to the Set Point prep-laboratories in Johannesburg, SA, by the project manager. • Field duplicates, blanks and standards are inserted at a ratio of 1:10. Setpoint also has its own internal QA/QC control to ensure assay quality.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Field duplicates, blanks and standards are inserted at a ratio of 1:10 on site. • At the lab the split for analysis is milled to achieve a fineness of 90% less than 106 µm (or a fineness of 80 % passing 75 µm. Prep QC: At least one out of every 10 samples of every batch is screened at 75µm or 106µm, whichever is applicable, to check that 80% of the material passes. The % loss for samples screened should be <2% • Analysis for 5 elements by determination of 3 acid digest followed by ICP-OES finish as well as A S Cu: PROCEDURE: One gram of pulp material is digested using a combination of three acids (HNO3, HClO4 and HCl) and made up to a volume of 100ml. The resulting solutions are analysed for metals by the technique of ICP-OES (Inductively Coupled Plasma – Optical Emission Spectrometry). REPORTING: A detection limit of <10ppm is reported. Values >10ppm are reported with no decimals and when the midpoint (5) between rounded off values is reached the number is rounded up. Below the midpoint, the number is rounded down. • All reported results are down hole widths.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic protocols.* • *Discuss any adjustment to assay data.*	• 15-20% QA/QC checks are inserted in the sample stream, as lab standards, blanks and duplicates.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The collar coordinates of all the drill holes were taken by hand held GPS and are reflected in Table 1. • Down hole surveys have been done on all diamond holes.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade*	• Samples of RC chips for assaying were throughout taken at 1m intervals.

Criteria	JORC Code explanation	Commentary
	continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling planned at right angles to known strike and at best practical angle to intersect the target mineralisation at approximately right angles.
Sample security	• *The measures taken to ensure sample security.*	• Sample bags were tagged, logged and transported to Setpoint laboratory in Johannesburg by Project Manager.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• MOD's sampling procedure is done according to standard industry practice.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• PL190/2008 is a granted Prospecting Licence held by 100% by Discovery Mines (Pty) Ltd which is wholly owned by Tshukudu Metals Botswana (Pty) Ltd which is wholly owned by Metal Capital Limited which is owned 70% MOD Resources Ltd and 30% Metal Tiger Plc. • In January 2016, the Minister of Minerals, Water and Energy extended the licence date to 31 December 2016. MOD expects to apply for a further renewal or an extension at least 3 months ahead of that date. MOD is already in discussion with the Ministry regarding this.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No previous exploration in the area of drilling apart from widely spaced soil sampling conducted by Discovery Mines.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The visible copper mineralisation intersected in drill holes on PL190/2008 is interpreted to be a Proterozoic or early Palaeozoic age vein related sediment hosted occurrence similar to other

Criteria	JORC Code explanation	Commentary
		known deposits and mines in the central Kalahari Copper Belt

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• All information relating to the drill holes are listed in Table 1 of the release. No down hole surveys have been done on RC holes. All diamond drill holes are surveyed.
		• There is no material change to this drill hole information.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high-grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Significant copper and silver intersections will be compiled and reported by MOD as received from the lab.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• True widths are not quoted. • Down hole widths are used throughout.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• An image of T3 area showing current resource drilling is shown at Figure 1. An preliminary interpreted sketch cross section of T2 West showing RC drill holes with intervals containing multiple zones of visible copper mineralisation is shown at Figure 2.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high-grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The accompanying document is considered to be a balanced report with a suitable cautionary note.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All substantive data is reported.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Any further work on PL190/2008 will be dependent on results from the next RC and diamond drill holes.