

RESOURCE DRILLING CAMPAIGN COMMENCES AND EXPLORATION STEPS UP AT T3

Highlights

- Initial resource expected in September quarter
- Resource drilling to determine shallow open pit potential
- Trial IP detects extensive new anomalies for drilling

MOD Resources Limited (ASX: MOD) today announced that following recent high-grade copper and silver assays, a major infill drilling program has commenced at the prospective T3 target in the Kalahari Copper Belt in Botswana. T3 is a joint venture between MOD Resources (70%) and AIM-listed Metal Tiger Plc (30%).

The aim of the diamond drilling program (Phase 1) is to define a Mineral Resource at T3 during the September quarter and test for extensions further east along strike from current drilling. The program will include wider diameter drill holes to provide sufficient core samples for metallurgical test work of copper/silver mineralisation (Figure 1).

As a result of a high-level conceptual open pit study, the resource drilling will test the potential grade and tonnage of the UZ and LZ hosted copper/silver mineralization on a 100m by 100m grid to around 180-200m vertical depth, along an initial 800m strike length.

MOD Resources' Managing Director, Mr Julian Hanna, said the Company is entering a very busy and exciting period of exploration and resource evaluation.

"While we advance the drill out at T3 for a possible shallow open-pit deposit, we are very much still in the discovery phase," said Mr Hanna.

"The joint venture with Metal Tiger has enabled us to increase the rate of the exploration drilling to test several high priority targets along the T3 Dome and surrounding area which have potential for new discoveries," he said. "These include significant copper, silver, zinc soil anomalies and geophysical targets."

A 5km-long trial IP traverse across the T3 Dome was very successful in identifying a number of extensive chargeability anomalies, which are interpreted to dip near horizontally, or at 20 degrees to the North. The central anomaly appears to be associated with the substantial copper/silver sulphide mineralisation intersected in drilling at T3 (Figure 3).

The chargeability anomalies which were detected north and south of the area of known mineralisation range in depth from 250m to 350m and are considered to be high priority targets for drilling, having similar characteristics in terms of appearance and resistivity.

Mr Hanna added, "The eastern most drill hole in the Phase 1 area (MO-G-09D) appears to be one of the best mineralised diamond holes. For this reason, we are expanding our drilling program to test potential extensions further east along strike."

Assay results are awaited from six diamond drill holes (MO-G-04D to MO-G-09D) at T3 and will be reported once received and interpreted. The Company continues to work with the laboratory to expedite the assay turnaround.

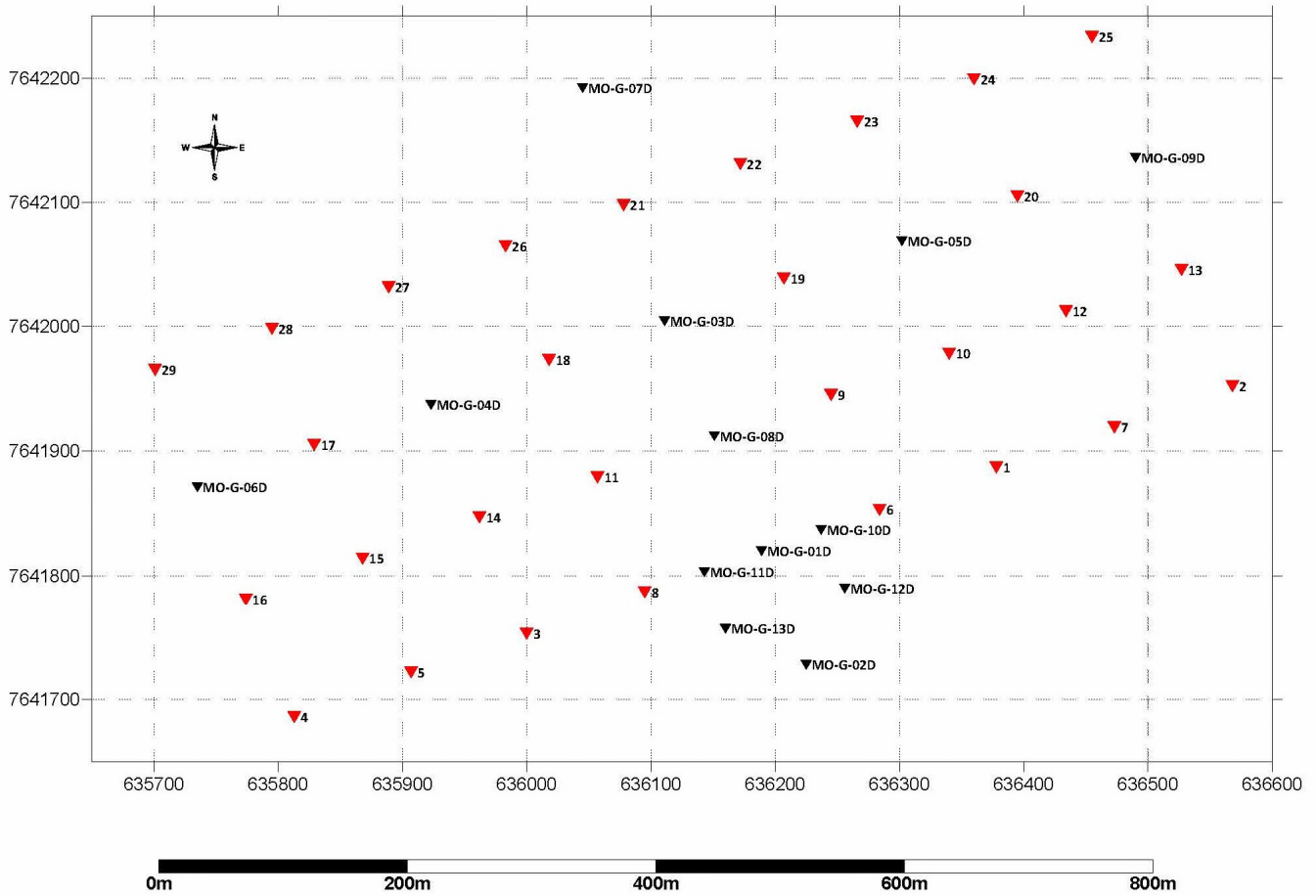


Figure 1: T3 Phase 1 Resource - proposed diamond Drill Hole collars

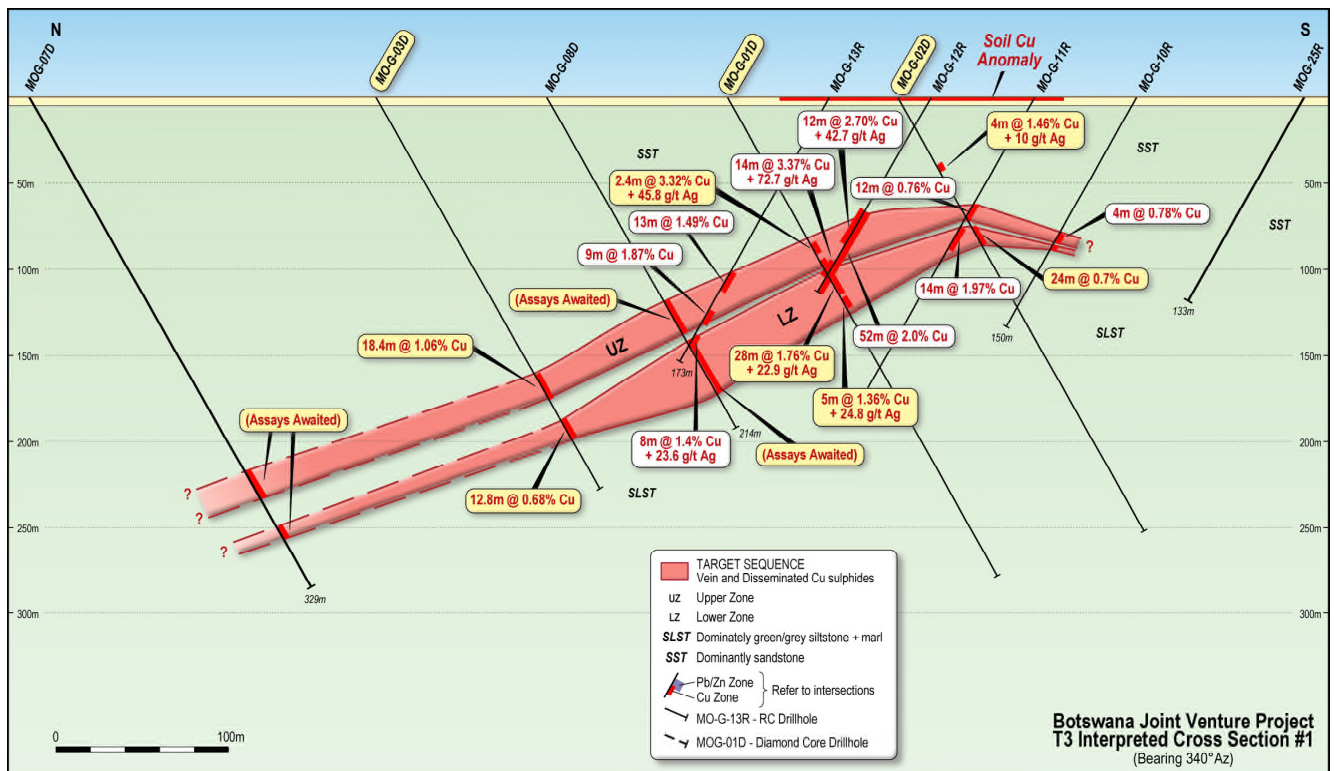


Figure 2: T3 Interpreted Cross Section – Section 1

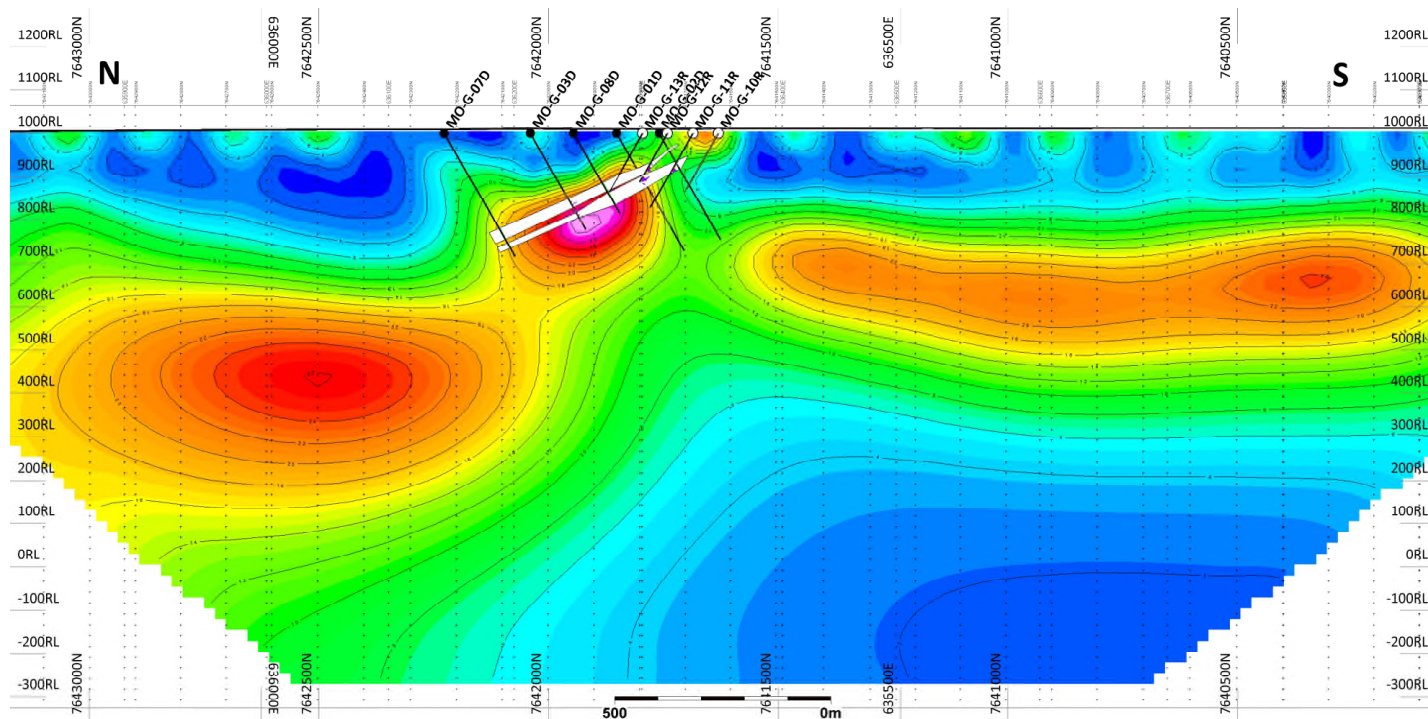


Figure 3: Interpreted IP chargeability showing area of current drilling and UZ and LZ mineralisation

For and on behalf of the MOD Board.

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Background

Botswana Copper Project

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

MOD has been an active explorer in the Kalahari Copper belt since 2011 and discovered the 'Corner K Deposit', now re-named Mahumo Copper/Silver Deposit in late 2011. The Mahumo deposit was discovered by drilling a soil anomaly along the northern margin of a major >20km wide structural zone (Mahumo Structural Corridor). The Mahumo Stage One resource is currently the highest grade copper resource in the Kalahari Copper Belt and is the basis for an underground mining scoping study. Mahumo remains completely open below the limit of drilling along 2.4km strike length and Stage Two drilling is designed to test for extensions to ~600m depth.

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

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

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

Competent Person's Statement

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

Exploration Targets and Results

This announcement refers to Exploration Targets as defined under Sections 18 and 19 of the 2012 JORC Code. The Exploration Targets quantity and quality referred to in this announcement are conceptual in nature. 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: 'While we advance the drill out at T3 for a possible shallow open-pit deposit, we are very much still in the discovery phase'; 'The joint venture with Metal Tiger has enabled us to increase the rate of the exploration drilling to test several high priority targets along the T3 Dome and surrounding area which have potential for new discoveries' and 'The eastern most drill hole in the Phase 1 area (MO-G-09D) appears to be one of the best mineralised diamond holes. For this reason, we are expanding our drilling program to test potential extensions further east along strike'

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