MOD RESOURCES LTD

ASX ANNOUNCEMENT

30 August 2016

ASX: MOD

First Assays from T2 West Prospect

MOD Resources Ltd (ASX: MOD) today announced assay results from the first shallow RC drill holes at the recently announced T2 West prospect, located 20km north of T3 in the Kalahari Copper Belt.

The Company also announced results from soil sampling between T2 West and the MOD-owned Mahumo deposit (T1) as well as soil sampling extending east from the T2 East prospect.

T2 consists of two copper soil anomalies (T2 West and T2 East) spaced approximately 12 km apart along an interpreted zone of folding of the Kalahari 'prospective contact' (Figure 1). This contact occurs along the same regional structure that is interpreted to host MOD's 100%-owned T1 (Mahumo) Stage One resource (announced: 2.68Mt @ 2.0% Cu and 50g/t Ag) and Cupric Canyon Capital's Zone 5 resource (announced: 100.3Mt @ 1.95% Cu and 20g/t Ag) located approximately 100km northeast of Mahumo.

T2 is part of the joint venture between MOD Resources (70%) and AIM-listed Metal Tiger Plc (30%). The T2 West soil anomaly includes copper values up to 87ppm Cu and T2 East includes copper values up to 83ppm Cu. There is no outcrop at T2 and the area is covered by a shallow surface calcrete layer.

Assays have been received for the first three RC holes drilled along the first section at T2 West. Locations of these holes are included in Table 1 and are plotted on a preliminary interpreted sketch cross section included in MOD's announcement on 23 August 2016 (Figure 2).

Two RC holes, MO-G-52R and MO-G-54R, intersected zones of disseminated copper mineralisation around a high-grade copper/silver core associated with veining in the centre of the disseminated mineralisation. The combined intervals of disseminated and vein hosted mineralisation extend approximately 24m from 51m down hole in MO-G-52R, and 28m from 49m down hole in MO-G-54R.

Highlights of today's RC drilling results include:

- **MO-G-52R intersected 7m @ 1.7% Cu and 32g/t Ag from 61m downhole, including: 5m @ 2.3% Cu and 42g/t Ag from 61m downhole**
- **MO-G-54R intersected 6m @ 1.7% Cu and 24g/t Ag from 61m down hole**

The disseminated mineralisation around the high-grade intersections listed above includes individual 1m intervals ranging from ~0.1% to 0.5% Cu in MO-G-52R, and ~0.1% Cu to 0.7% Cu in MO-G-54R. The assay results are still being interpreted and the significance of the disseminated mineralisation is unknown at this early stage of exploration at T2.

The third RC hole drilled on the first section at T2 West (MO-G-53R) intersected 8m @ 0.3% Cu from 4m downhole depth in weathered, near surface sediments. This low grade is assumed to be associated with strong oxidation and leaching of copper sulphides at surface.

Assay results are awaited from the two remaining deeper RC holes (MO-G-57R and MO-G-58R) drilled on the first section at T2 West.

MOD Resources' Managing Director, Mr Julian Hanna, said the initial exploration results suggest the potential for other Mahumo-type deposits may exist along this prospective contact.

"Apart from Mahumo, there has been minimal previous drilling in this area and we are encouraged to see high copper and silver values in the first shallow RC holes at T2 West," said Mr Hanna.

"Drilling is in progress to test for possible continuity along strike from the first section and to target deeper drilling of the prospective contact in this complex folded area," he said.

The latest results from soil sampling along widely spaced (500m) traverses across the prospective contact between T2 West and Mahumo, and east of T3 East include several other copper anomalies shown in Figure 1. Soil results include a value of 99ppm Cu located 2.5km east of T2 West which is planned to be tested by RC drilling.

T2 Background

A program of shallow RC drilling to test soil anomalies at T2 commenced on 10 August 2016. Five drill holes along the first section at T2 West (MO-G-52R, MO-G-53R, MO-G-54R, MO-G-57R and MO-G-58R) intersected copper oxide and sulphide minerals including chrysocolla, malachite, chalcocite and bornite sulphides at shallow depth. Drilling is currently testing the potential that copper/silver mineralisation may extend along strike to the east and west of the first section.

T3 Project Update

The T3 Phase One resource drilling has been completed by the target date of 31 August 2016.

Achieving this result required a huge effort and commitment by the MOD site team and MOD's drilling contractors, Discovery Drilling. A total of 51 diamond drill core holes have been drilled at T3 on a 100m by 100m pattern over a four-month period.

Outstanding drill hole intersections are either in the laboratory or are being processed for transport to the laboratory with the objective to have all assay results available for the resource estimate scheduled to be completed by the end of September. All 80 site personnel now have a well earned one week break from the T3 Project and the regional drilling programs underway at T2 and T9.

The T3 scoping study is progressing to plan with preliminary results from metallurgical test work of different sulphide ores expected shortly and results will be announced when finalised.

-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. This program includes testing IP and copper soil anomalies along the 25km-long interpreted T3 Dome and 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 at T3 before the end of 2016 with a PFS scheduled to start at the turn of the year.

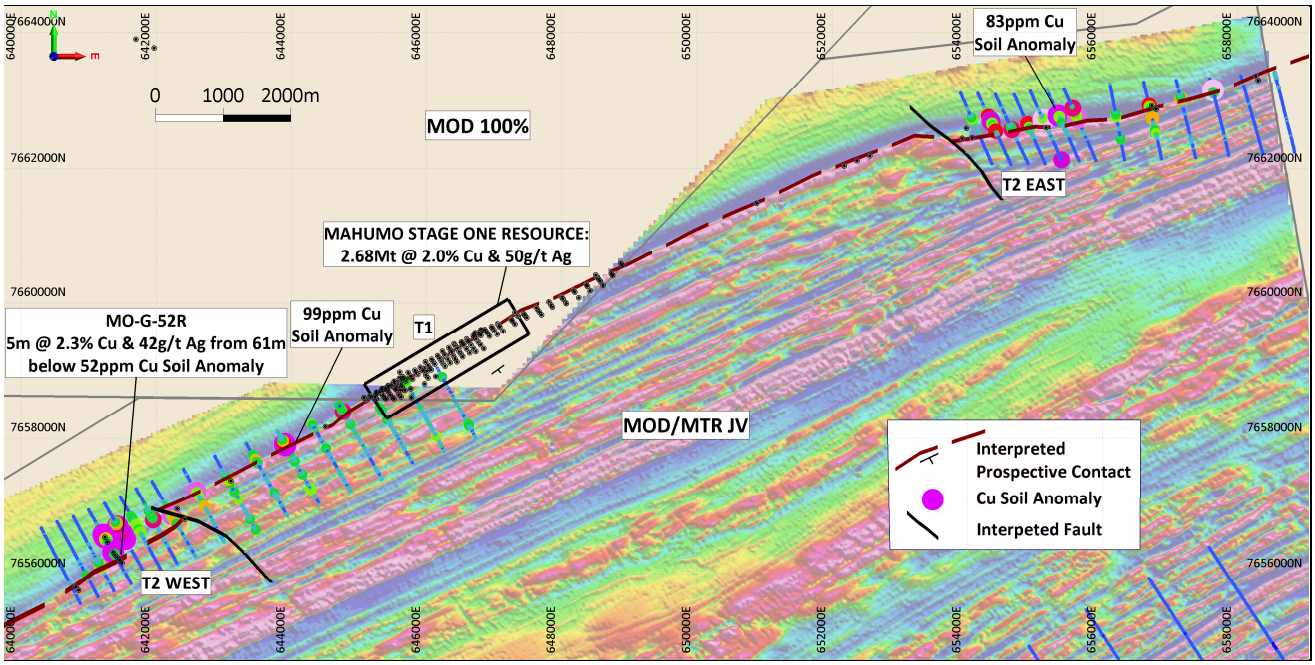

Figure 1: Magnetic image of T2 showing Cu soil anomalies along prospective contact and location of Mahumo resource and RC hole MO-G-52R

Drill Hole ID	Collar UTM East	Collar UTM North	Azi	Dip	EOH m
MO-G-52R	641391	7656280	320	-60	135
MO-G-53R	641362	7656321	320	-60	55
MO-G-54R	641426	7656245	320	-60	103
MO-G-55R	641277	7656468	320	-60	60
MO-G-56R	641237	7656540	160	-60	61
MO-G-57R	641459	7656207	320	-60	115
MO-G-58R	641493	7656168	320	-60	182

Table 1: T2 West - Drill Hole Parameters for RC holes referred to in this announcement

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.

Mineral Resource Estimate

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

Table 2: Mahumo Stage One Mineral Resources
Note: CuEq estimate used at 25 March 2015 = Cu% + (Ag g/t * 0.009)

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: 'the initial exploration results suggest the potential for other Mahumo-type deposits may exist along this prospective contact' and 'RC drilling is in progress to test for possible continuity along strike from the first section and to target deeper drilling of the prospective contact in this complex folded area.' and 'Drilling is currently testing the potential that copper/silver mineralisation may extend along strike to the east and west of the first section'.

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.

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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*	• 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
	occurred due to preferential loss/gain of fine/coarse material.	

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.

Criteria	JORC Code explanation	Commentary
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 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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *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.

Criteria	JORC Code explanation	Commentary
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 T2 area showing current RC drilling is shown at Figure 1.
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.