



13 October 2011

ASX Announcement

**MOD TO EXPLORE NEW ZEALAND'S LARGEST
UNDEVELOPED GOLD RESOURCE
(ASX: MOD)**

- **MOD to earn up to 80% of New Zealand's largest undeveloped gold resource, Sams Creek**
- **Sams Creek hosts an existing JORC compliant inferred gold resource of 770,000 ounces**
- **Resource estimated from only 10% of known 6km strike length**
- **Drilling programme planned to begin in November 2011**

MOD Resources Limited (ASX: MOD) is pleased to announce that it has reached agreement with Oceana Gold (New Zealand) Limited ("OceanaGold"), a wholly owned subsidiary of OceanaGold Corporation (ASX: OGC), to earn up to 80% of New Zealand's largest undeveloped gold deposit, Sams Creek.

Located near the South Island town of Nelson, Sams Creek is an intrusive-related gold deposit with an existing JORC compliant inferred mineral resource of 770,000 ounces of gold, based on 13.5 million tonnes grading 1.78g/t using a 0.70g/t cut off.¹

The 770,000oz gold resource at Sams Creek extends from the surface and remains open along strike and down dip. The resource is all contained within the Main Zone prospect at Sams Creek, which covers less than 10% of the known 6km strike length. The 30.6km² Sams Creek permit also hosts a series of well-defined drill targets outside the Main Zone prospect.

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¹OceanaGold Business Review June 2011.

Under the terms of a Joint Venture Agreement with OceanaGold, MOD Resources (through 100% owned New Zealand subsidiary Sams Creek Gold Ltd) can earn, with appropriate consents, up to 80% of Sams Creek by sole funding staged exploration programmes. After 80% has been achieved, both companies will contribute pro rata.

Stage one, with a budget of \$1.9 million, will see MOD Resources embark on a diamond drilling programme in line with the work programme approved for Sams Creek by New Zealand Petroleum & Minerals (formerly Crown Minerals) in June 2010.

The initial work programme will also include an aeromagnetic survey and a LIDAR high resolution topographic survey.

The Joint Venture also contains benchmarks for MOD Resources to earn staged interests of 40% and 60% in the permit.

Total future consideration payable by MOD Resources to OceanaGold will be between 10 million and 17 million ordinary MOD Resources shares, conditional on future benchmarks being achieved and MOD Resources obtaining shareholder approvals or other regulatory approvals as may be necessary.



The Sams Creek Joint Venture marks a return to the New Zealand gold scene for MOD Resources Chairman Miles Kennedy, 23 years after the Perth mining entrepreneur founded Macraes Mining. The assets of Macraes Mining now form part of OceanaGold Corporation, which is New Zealand's largest gold mining company.

OceanaGold's Reefton and Macraes mines, along with Newmont's Waihi operations in the North Island, are now the main contributors to a well-established gold mining industry in New Zealand. Production in New Zealand totalled 432,000 ounces of gold worth \$NZ662.5million in 2009.²

²*Crown Minerals Annual Report 2009-10.*



Mr Kennedy said he was delighted to have a fresh opportunity to evaluate the mineral wealth of the Sams Creek gold deposit.

“I have always believed that Sams Creek had the potential to host a very significant gold deposit,” said Mr Kennedy. “There is obvious scope for an increase in the resource, both within the Main Zone prospect where the existing 770,000oz resource has been defined and the various other targets along the 6km of strike.”

MOD Resources Executive Director Derek Byrne also has hands-on experience in the New Zealand gold industry, and a prior successful association with OceanaGold, having managed a multi-million dollar programme at its Reefton gold project in 2003-4.

Further background information on the Sams Creek Gold Project is available in Annexure A attached.

The Sams Creek Joint Venture comes as MOD Resources awaits the first assay results from an ongoing diamond and RC drilling programme at its Botswana Copper Project, which is strategically located between the Boseto and Ghanzi copper-silver discoveries on the emerging Kalahari Copper Belt in Botswana.

MOD Resources’ initial drilling programme in Botswana has focused on the Corner K prospect, which MOD Resources considers to be a 5km extension of the Gaia open pit target identified by ASX listed Discovery Metals Ltd.

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Information in this announcement, including Annexure A, which relates to Mineral Resources and Ore Reserves at Sams Creek is based on information compiled by Paul Angus (a consultant to MOD Resources Limited and director of Sams Creek Gold Ltd) who is a member of the Australasian Institute of Mining and Metallurgy. Mr Angus has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Identified Mineral Resources and Ore Reserves. Mr Angus consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

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ANNEXURE A

Background on the Sams Creek Gold Project

Sams Creek is located approximately 20km northwest of Motueka in the north western corner of the South Island of New Zealand.

The Sams Creek permit (EP 40 338) covers 30.6km² and is 100% owned by OceanaGold through its subsidiary Oceana Gold (New Zealand) Limited.

OceanaGold holds current resource consents and access arrangements for Sams Creek.

Sams Creek was discovered in 1974 by CRA Exploration (now Rio Tinto), which conducted extensive exploration in the 1980s, including 46 diamond holes for 5,847 drilled metres. In 1991, CRA Exploration sold its New Zealand gold exploration assets, including Sams Creek, to Macraes Mining Co (now OceanaGold Corporation).

OceanaGold drilled a further 12 diamond holes at Sams Creek for 2,603 drilled metres. The last of those holes was drilled in 2004.

The inferred mineral resource of 770,000oz was based on 39 drill holes in the Main Zone prospect spaced at approximately 100m intervals. The estimate was prepared in accordance with JORC guidelines.

The Sams Creek Project has good access via a sealed government road. Fresh water is abundant; electricity is accessible and a deep sea port and domestic airport are located nearby.

The known gold mineralisation at Sams Creek is contained within a porphyritic felsic dyke up to 40m thick that intrudes a metasedimentary rock sequence. The dyke dips steeply to the north (70 degrees) and can be traced over 6km along strike and at least 1km down dip (open) within the permit.

The Sams Creek project area has been divided into a number of exploration prospects, including Riordans, Western Outcrops, Doyles, South Eastern Traverse, Main Zone and Anvil Zone.

To date, only the Main Zone prospect has been systematically explored. Elsewhere, the permit has been subject to reconnaissance stage exploration only. The Main Zone encompasses an approximate 600m section of the dyke, which is approximately 10% of the known strike length.

Of the 58 holes drilled at Sams Creek by CRA Exploration and OceanaGold, 47 have been drilled at the Main Zone prospect on approximately 100m grid spacing. The resource estimate at the Main Zone is based on 39 drill holes that intersected the mineralised porphyry dyke.

Outcrop sampling and limited diamond drilling in the prospects outside the Main Zone indicate that the remainder of the dyke length is prospective. MOD Resources believes the potential for mineralisation outside the Main Zone is significant.

The geological and geochemical characteristics of the Sams Creek deposit indicate that it is a member of the intrusion-related gold system (IRGD) class of deposits. Globally, some of the known IRGDs are very large (>4Moz resources). These include Kidston in Queensland, Vasilkovskoe in Kazakhstan and Fort Knox and Sumitomo's Pogo in Alaska.

Features of IRGDs are that the gold-silver mineralised veins and stockworks in porphyry dykes potentially represent the roof zone (or upper level) of much larger deposits hosted in intrusive stocks and plutons below.

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