

## **Modun Signs Memorandum of Understanding with Mongolian Government for the Supply of Coal Briquettes**

### **Highlights:**

- **Modun signs Memorandum of Understanding for the supply of coal briquettes to the Mongolian Government as part of their Clean Air Initiative to reduce air pollution in Ulaanbaatar**
- **The Ulaanbaatar City Air Quality Agency agrees to purchase coal briquettes for 5 years**
- **The Mongolian Ministry of Mining commits to providing policy support to Modun to deliver the project**
- **Achievement of a significant local milestone that is required prior to executing the Off-take Agreement for the supply of coal briquettes**
- **Negotiations for the Off-take Agreement with the Mongolian Government for the supply of coal briquettes are in the final stages of discussions**
- **The independent Mongolian Feasibility Study is at final review stage.**

Coal explorer Modun Resources Ltd (**ASX: MOU**) (**Modun**) is pleased to announce that, through its wholly owned subsidiary, Modun Resources LLC, Modun has signed a binding Memorandum of Understanding (**Memorandum**) with the Mongolian Ministry of Mining (**Ministry**) and the Ulaanbaatar City Air Quality Agency (**CAQA**) supporting the supply of coal briquettes.

Under the terms of the Memorandum, Modun is responsible for developing a coal mine and constructing a coal briquette plant at its Nuurst Coal Project, subject to raising the appropriate finance. Modun is also responsible for delivering the quantity of coal briquettes as detailed in the terms and conditions of the Off-take Agreement currently under negotiation with the Mongolian Government.

The Ministry has committed to providing the necessary policy support required by Modun to deliver the project and CAQA agrees that its related organisations will purchase the coal briquettes for the next 5 years. CAQA will also be responsible for monitoring the quality of the coal briquettes to ensure they meet the standards of the National Committee on Air Pollution Reduction. The Memorandum has a term of 5 years.

Rick Dalton, the Managing Director of Modun said "The signing of the Memorandum is an important and final precursor to endorse the formal Off-take Agreement for the supply of the coal briquettes to the Mongolian Government. The Memorandum clearly outlines the responsibilities of the Government departments and ensures each parties' interests are aligned and focused on delivering the project".

"The negotiations for the Off-take Agreement continue to progress well and have now moved into the final stage of discussions."

### **Mongolian Feasibility Study**

The independent consultants appointed by Modun have completed the Feasibility Study required by Mongolian Law, subsequent to attaining the Mining License. Modun is undertaking a final review of the Feasibility Study with the consultants prior to submitting it to the Mineral Resources Authority of Mongolia.

### **Change to Directors and Management**

Current non-executive director, Mr James Thompson, has resigned from the Board of parent company Modun Resources Limited to pursue other opportunities. The Board would like to thank Mr Thompson for his years of service to the Company, in particular for his efforts in overseeing the acquisition of the Nuurst Coal Project and wish him continued success in his future endeavours.

Mr. Paul Korpi has been appointed to the position of Consulting Project Manager, based in Mongolia. Mr Korpi is a metallurgist with significant experience in managing projects at a senior level in Mongolia, including being President of Boroo Gold LLC

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### **About Modun Resources**

ASX-listed Modun Resources (ASX: MOU) is developing the 100%-owned Nuurst Coal Project in central Mongolia. Nuurst is a thermal coal project, which encompasses a 2,497 hectare mining licence area. In November 2012, Modun announced a 478 million tonne JORC reported Coal Resource at Nuurst (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred). The Nuurst Coal Project is located 120 kilometres south of Mongolia's capital Ulaanbaatar and six kilometres from existing rail infrastructure which links directly into China.

### **Competent Person Statement**

*The information in this announcement that relates to the Nuurst Coal Resource is based on information compiled by Mr Dwiyo TU. Taruno of CSA Global Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Dwiyo TU. Taruno has sufficient experience 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 for Reporting of Mineral Resources and Ore Reserves". Mr Dwiyo TU. Taruno consents to the inclusion of such information in this report in the form and context in which it appears.*