

SEDGMAN TO CONDUCT SERVICES TO EARN INTO MAHUMO PROJECT

HIGHLIGHTS

- Binding MoU signed with Sedgman Limited (ASX:SDM) to inject up to US\$1.5M into feasibility studies including engineering and management services
- In return, Sedgman will earn up to 10% in the Mahumo Joint Venture and certain rights to design, construct and operate a processing plant, subject to separate contracts
- MOD will retain 90% interest in the Mahumo Joint Venture and manage the Project
- Sedgman is an internationally recognised expert in design, construction and operation of mineral processing plants and has considerable experience in Botswana
- MOD is completing a Scoping Study at Mahumo before decision to proceed with a PFS

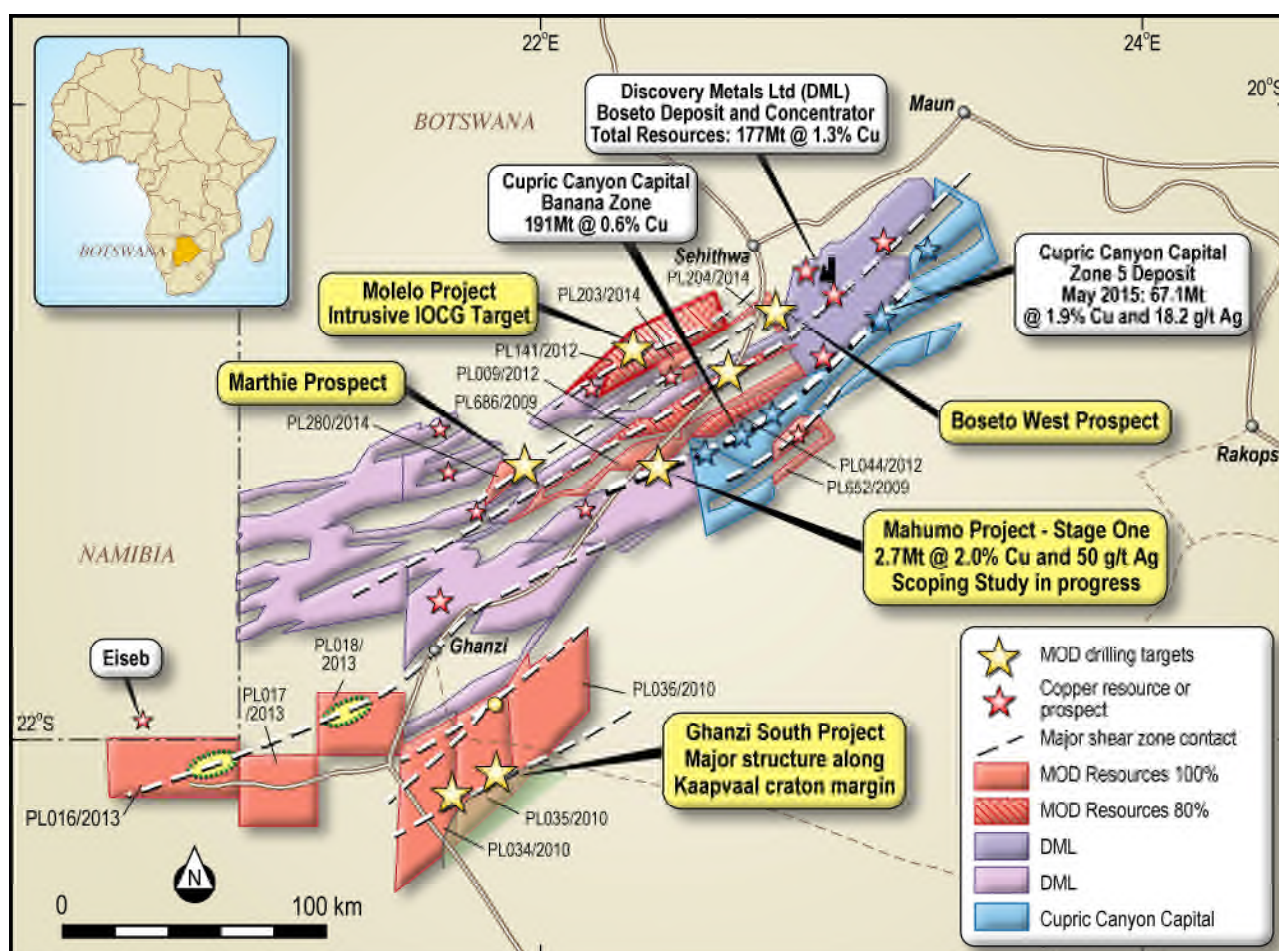


Figure 1: MOD's holdings in Kalahari Copper Belt showing location of Mahumo Project and other priority drilling targets (Note: It has been reported that Cupric Canyon Capital has acquired the Boseto mine assets (dark blue) from the liquidators of DML)

The Board of MOD Resources Ltd (ASX: MOD) is pleased to announce that a binding Memorandum of Understanding (MoU) has been signed with leading resource sector services company Sedgman Limited (ASX:SDM) to provide pre-feasibility study (PFS) and definitive feasibility study (DFS) services (Study Services) for MOD's high grade Mahumo Copper/Silver Project in Botswana (Figure 1).

MOD Managing Director, Mr Julian Hanna said the Board considers the MoU with Sedgman is an excellent outcome for the Mahumo Project. “Sedgman has the capacity to bring substantial resources, expertise and in-country experience to assist the potential development of the project from feasibility, through to possible plant construction and operation. The US\$1.5M of services to be provided by Sedgman will also significantly reduce the amount of funding required by MOD to complete the proposed feasibility studies.”

“The structure of the proposed Mahumo Joint Venture will result in minimum dilution of MOD’s equity in the project. It should also allow the Company to focus on its core strengths of expanding high grade resources at Mahumo and exploring other priority targets in the surrounding area for possible new discoveries.”

Mr Hanna added, “Sedgman has significant experience operating in Botswana. This should assist MOD in building community and landowner relationships and undertaking environmental and permitting related studies that will be required if feasibility studies confirm a viable underground mining operation at Mahumo”.

Key Terms of MoU

The commencement date will be when MOD announces it is proceeding with a PFS for the Mahumo Project.

Sedgman will provide Study Services at no cost to MOD up to a maximum USD\$1.5 million on an “at cost” basis, excluding third party costs or disbursements incurred by Sedgman in performing the Study Services.

In consideration for provision of the Study Services, Sedgman will be entitled to earn a 10% participating interest in the Mahumo Copper/Silver Project via a proposed Mahumo Joint Venture (Mahumo JV) granted in two equal 5% tranches as follows:

- (a) Tranche One: upon execution of the Mahumo JV Agreement; and
- (b) Tranche Two: upon the earlier of completion of Study Services or expenditure of USD\$1.5 million inclusive of taxes on the Mahumo Copper/Silver Project, or on other agreed project opportunities in Botswana (or on a pro-rated basis equivalent to the value of the Study Services provided by Sedgman).

The MoU defines key terms for three additional documents which will require further negotiation and agreement by MOD and Sedgman. These documents are the Mahumo JV Agreement, the Mineral Processing Plant (MPP) Contract and the Operations Contract. Subject to agreement of operational and commercial terms and finalisation of these Contracts, MOD will appoint Sedgman as its exclusive designer, constructor and operator of the MPP at the Mahumo Project.

Independent Metallurgical Operations will be appointed as an independent reviewer to confirm to MOD's satisfaction, that the design and pricing of the MPP and the structure, pricing and KPI's for the Operations Contract are commercially competitive and appropriate for comparable operations in southern Africa. Terms of the Operations Contract will be reviewed after an initial 2 year period, then at 3 year intervals.

The Mahumo JV will also include a mechanism for Sedgman to invest in MOD equity up to a defined limit at a defined discount to the share price at the time, subject to any shareholder or regulatory approvals that may be required.

Proposed timeframe for Scoping and Feasibility studies

As announced in updates on 27 May 2015 and 6 July 2015, excellent progress has been made on the Stage One scoping study. MOD's South African consultants are awaiting indicative underground mining costs from mining contractors and are reviewing a range of processing options before finalising the study.

As announced on 6 July 2015, initial underground models indicate steady state production of up to 40,000t/month ore mined over a 4-5 year mine life from Stage One appears achievable. A likely recommendation of the scoping study will be to increase the potential mine life of the Project to a target of 10 years by increasing the resource through further drilling to test extensions to around 600m depth (Stage Two). Drilling to date has shown excellent continuity of high grade mineralization from near surface to >500m depth. This Stage two drilling program is planned to commence in the current quarter, subject to availability of funding.

If a decision is made to proceed with the PFS it is expected this will overlap the Stage Two drilling program.

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ABOUT MAHUMO PROJECT

*The Stage One Mineral Resource estimate at Mahumo comprises **2.7Mt @ 2.0% Cu and 50g/t Ag** (Table 1). The resource was based on drilling completed by MOD in 2011/2012 and 2014/2015 along 2.4km strike length at Mahumo to an average depth of approximately 300m. The Stage One resource remains open below the current limit of drilling and resource extension drilling (Stage Two) is proposed to start in the September quarter 2015, subject to funding.*

*The Mahumo mineral resource has a **copper equivalent grade of approximately 2.5% CuEq**. MOD understands this is the **highest grade for an announced copper/silver resource in Botswana**. The resource includes **50g/t silver** (approximately 3 times the average silver grade of other announced resources in the Kalahari Copper Belt). The resource estimate was prepared by an independent and experienced resource consultant geologist in South Africa, Mr Awie Pretorius of Sphynx Consulting CC.*

The scoping study to evaluate the potential commercial viability for mining and ore processing at Mahumo is now largely complete with results expected to be announced in the September quarter 2015. Results from the metallurgical optimisation test work program undertaken by Independent Metallurgical Operations (IMO) and announced on 27 May 2015 and 6 July 2015 confirm the high recoveries, exceptional grades and quality of the Mahumo concentrate.

ABOUT SEDGMAN

Sedgman Limited (ASX: SDM) provides solutions to the global resources industry. Our services range from concept, pre-feasibility and design through to construction, commissioning, operations, maintenance and asset management. Established in 1979, Sedgman listed on the ASX in June 2006 and has approximately 600 employees. Headquartered in Brisbane, Australia with offices in Perth, Townsville, Newcastle and Mackay, Sedgman has international offices in Beijing, Shanghai, Ulaanbaatar, Santiago, Vancouver and Johannesburg, Sedgman delivers projects and operations across Australia, Africa, Asia and the Americas.

Competent Persons' Statements

The Competent Person responsible for the geological interpretation, Mineral Resource estimation and classification of the Mahumo Copper/Silver Project is Mr A.I. Pretorius, who is a full-time employee of Sphynx Consulting CC and registered with SACNASP (400060/91). Mr Pretorius has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pretorius consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Geological Data and Exploration Results as it relates to Mineral Resource estimation and classification at the Botswana Copper Project is reviewed and approved by Mr Jacques Janse van Rensburg, BSc (Hons), General Manager Exploration (Africa) for MOD Resources Limited. 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.

Information in this announcement relates to previously released exploration data disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information reviewed and approved by Mr Jacques Janse van Rensburg, BSc (Hons), General Manager Exploration (Africa) for MOD Resources Ltd.

MAHUMO STAGE ONE - 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 1: Mahumo Stage One Mineral Resources (announced 25 March 2015)

Note: CuEq estimate used at 25 March 2015 = $\text{Cu}\% + (\text{Ag g/t} \times 0.009)$

Forward Looking Statements

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 used in this announcement include: 'Sedgman will earn up to 10% in the Mahumo Joint Venture and certain rights to design, construct and operate a processing plant, subject to separate contracts', and 'MOD is completing a Scoping Study at Mahumo before decision to proceed with a PFS', and 'The US\$1.5M of services to be provided by Sedgman will also significantly reduce the amount of funding required by MOD to complete the proposed feasibility studies', and 'Subject to agreement of operational and commercial terms and finalisation of these Contracts, MOD will appoint Sedgman as its exclusive designer, constructor and operator of the MPP at the Mahumo Project', and 'initial underground models indicate steady state production of up to 40,000t/month ore mined over a 4-5 year mine life from Stage One appears achievable. A likely recommendation of the scoping study will be to increase the potential mine life of the Project to a target of 10 years by increasing the resource through further drilling to test extensions to around 600m depth (Stage Two)', and 'This Stage two drilling program is planned to commence in the current quarter, subject to availability of funding', and 'If a decision is made to proceed with the PFS it is expected this will overlap the Stage Two drilling program'.

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