



Modun Resources

Investor Presentation

June 2013

Modun Resources Limited ABN 95 066 139 991

ASX: MOU

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Competent Person Statement

The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Dwiyoiko Taruno who is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Dwiyoiko 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 Exploration Results, Mineral Resources and Ore Reserves". Mr Dwiyoiko Taruno consents to the inclusion of such information in this report in the form and context in which it appears.

This information has been reviewed by Dierdre Westblade of CSA Global Pty Ltd, Western Australia. Dierdre Westblade is a member of the Australian Institute of Geoscientists and 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dierdre Westblade consents to the inclusion in the report of the matters based on his information in form and context in which it appears.

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Executive Summary

- **Effective Leadership**
 - Well respected, highly experienced exploration and management teams in Mongolia and Australia.
- **Quality Resource**
 - 478MT Resource sub-bituminous coal.
 - Close to infrastructure, 6km to existing rail
 - Pending mining license application – Final stage of MRAM administrative process.
 - Planned hydrogeological and pre-feasibility studies
- **Briquette Production Plan**
 - Securing off-take agreement with Mongolian Government
 - Briquette production plan targeting 250ktpa
 - Clean coal briquettes aim to lower local pollution and waste levels

Corporate Overview



Hugh Warner, Non-Executive Chairman, BEc

- Chairman since 2010.
- Extensive experience as a public company director involved in the mining, oil & gas, biotechnology and service industries.

Rick Dalton, Managing Director, BSc (Hons Mining Engineering)

- Over 25 years experience in the mining, oil and gas sector.
- 20 years in the coal industry with BHP, Wesfarmers and Griffin Coal

James Thompson, Non-executive Director, B.Comm, LLB, CA, FINSIA

- Over 20 years experience in principal investment, investment banking and corporate finance.

Gerry Fahey, Non-executive Director, BSc (Hons, Geol), FAusIMM, MAIG

- 35 years experience in Aust. and international minerals industry.
- Member of the Joint Ore Reserve Committee (JORC) and outgoing Chairman of the WA Branch of the Federal Council for the Australian Institute of Geoscientists (AIG).

Achit Erdene Darambazar, Non-executive Director Mongolia

- President of MICC, Mongolia's first and leading investment bank

Neil Hackett, Company Secretary, BEc FFin CSA GAICD

- 20 years corporate finance and governance experience

Dan Rohr, Chief Financial Officer, BCom CA

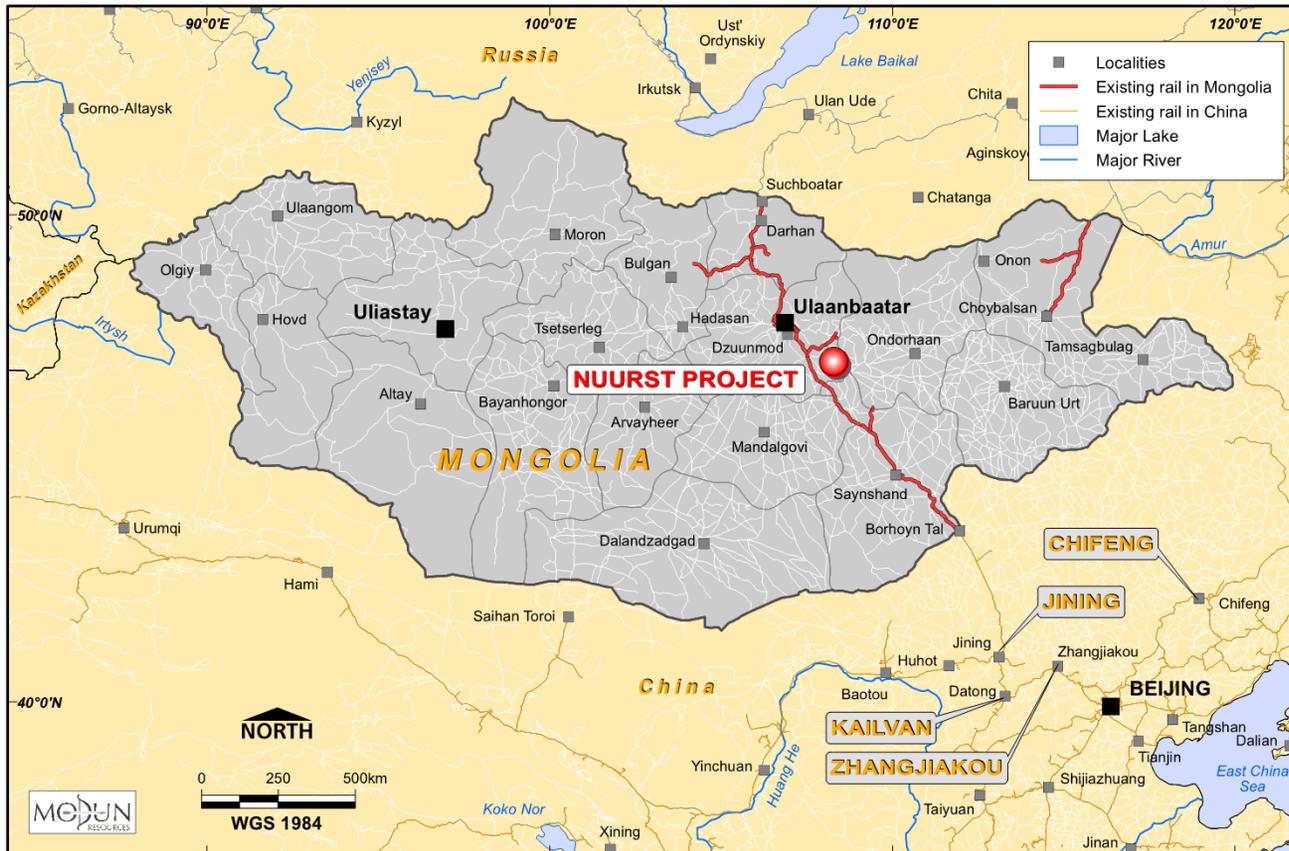
- 20 years corporate management experience

Capital Structure (ASX: MOU)		Current
Ordinary shares on issue	m	854.6
Share price	A\$	\$0.007
Market capitalisation	A\$m	\$6.0
Net cash	A\$m	\$1.0
Undiluted enterprise value	A\$m	\$5.0

Substantial Shareholders	% of Shares on Issue
Elliot Holdings	8.2%
Directors & Management ¹	14.8%

1. Directors and Management includes the shareholding of Elliot Holdings

Nuurst Project – Location



- Close to existing infrastructure:
- 6km to rail;
- 6km to 35kV power supply.
- 120km from UB
- 600km to Chinese border.
- Government plans are to increase the rail capacity from 20 MTPA to 50 MTPA in the next eight years.

Nuurst Project – JORC Resource Update

- The JORC Resource Table as of November 2012

Date Reported	Measured (MTonnes)	Indicated (MTonnes)	Inferred (MTonnes)	Total (MTonnes)
05-Nov-12	326	104	48	478

- Quality Parameters on an air dried basis

Category	Mass (M Tonnes)	IM (%adb)	Ash (%adb)	VM (%adb)	FC (%adb)	TS (%adb)	CV (Kcal/Kg)			RD gr/cm ²
							adb	db	daf	
Measured	326	9.99	18.89	40.77	30.37	1.05	4774	5303	6711	1.31
Indicated	104	10	18.88	39.91	31.22	1.13	4773	5304	6711	1.33
Inferred	48	10	18.93	40.02	31.05	1.21	4721	5245	6642	1.32
Grand Total	478	9.99	18.89	40.51	30.62	1.08	4768	5297	6704	1.31

- Quality Parameters on an “as Received” Basis and Briquette Estimates

Category	Moist. (%ar)	Ash (%ar)	FC (%ar)	TS (%ar)	CV
					Kcal/kg
As Received Total	30	14.7	23.8	0.84	3701
Trial Briquettes	6.5	8.9	45.5	1.00	5648

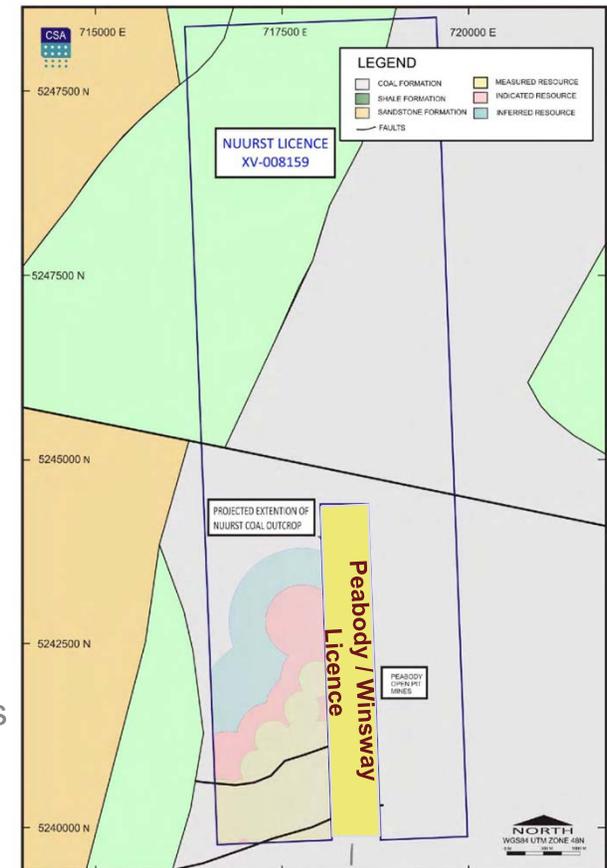


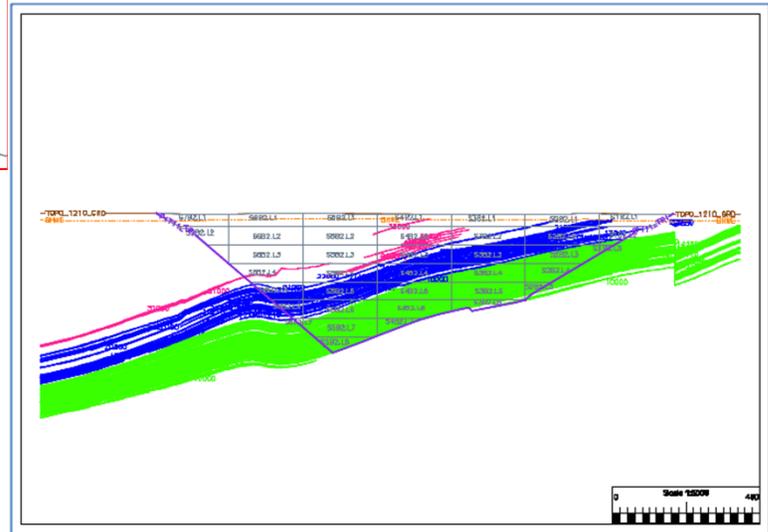
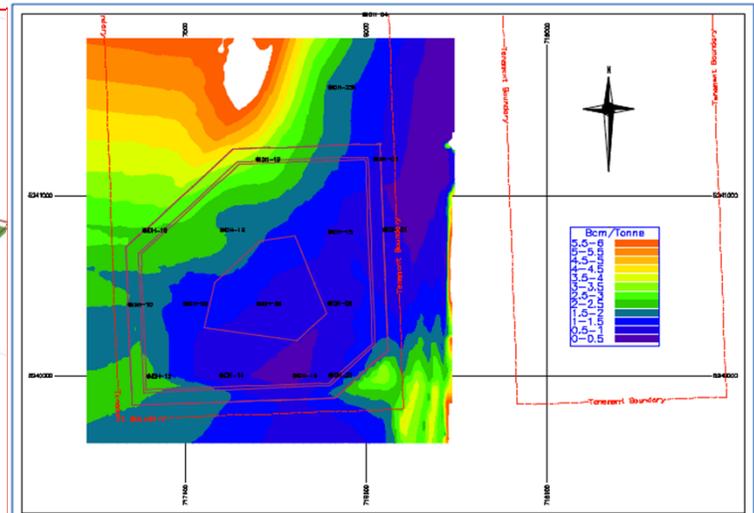
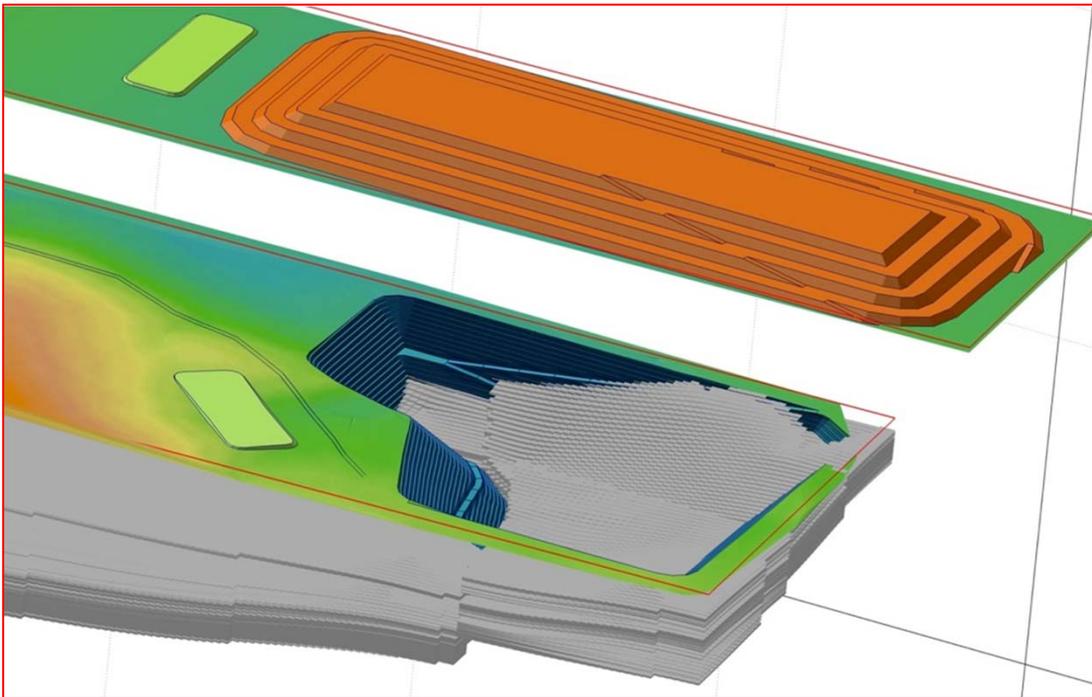
Figure 5. Tenement, Geology, and Resource Area

Nuurst Project - Key Goals

1. Commence Production at Nuurst in 12 - 18 months:
 - Mining License approval in final phase of administrative process.
 - Complete pre-feasibility study
 - Briquette and raw coal production for domestic consumption
 - Commence mine with contractors.

2. 5 Year Goal:
 1. 5MTPA Nuurst Project – Domestic and Export coal supply.
 2. Domestic power supply partner.

Nuurst Project – Initial Mine Study



- Independently prepared by Bluefield Pty Ltd
- 84.7mT ROM Pit Shell – 30 year mine life
- ROM 2.3:1 Ratio overall
- Mining costs of \$US13/tonne
- Potential to increase mine life with more drilling

Nuurst Project

- Key Opportunities:
 - Government Clean Air Initiative
 - Currently negotiating purchase and sale agreement for Nuurst Coal Briquettes with Government.
 - Supply to Local Power Stations
 - Export potential to China enhanced with higher energy Briquette Coal

Environmental Considerations

- Ulaanbaatar has been ranked as the 2nd most polluted city in the world.
- Experts attribute high pollution levels to the burning of raw coal in the ger district during winter.
- The Government is committed to reducing pollution and have formed the National Committee for Air Pollution Reduction to implement reform and to establish a new cleaner fuel production facility
- The Committee asked for expressions of interest to build such a facility
- Modun submitted a plan and trial to deliver a solution by using briquette technology. The Government undertook combustion tests using Modun Briquettes, which met Government guidelines on reducing emissions.
- Government have announced Modun as a preferred supplier.
- Off-take contract negotiations are now in train with the government.



The Air Quality Index	
0-50	Good. No adverse effects.
51-100	Okay. Little adverse effect.
101-150	Medium. Some adverse effects for people who are sensitive to the pollutants.
151-200	Bad. Some adverse effects on the whole population.
201-300	Very Bad. Noticeable adverse health effects on the whole population.
301-500	Hazardous. Hazardous to the whole population.

	SO ₂	NO ₂	PM10	PM2.5	CO	O ₃
Center West	120	-	180	236	21	-
Center East	310	245	188	25	18	
Songinohairhan (West)	105	145	257	15		

Source: The National Committee on Reducing Air Pollution of Ulaanbaatar (Office of the President of Mongolia)

Briquette Processing Plant

- Modun is planning to construct a briquette processing plant on the northern portion of the exploration lease with an initial capacity of 250,000 tons per annum.
- The Company is currently finalizing an off-take agreement with the Government of Mongolia for all produced briquettes.
- The binderless briquette technology, which was pioneered and trademarked by an Australian Company, can only process sub-bituminous coal if the coal meets certain requirements. Tests in Australia and Mongolia demonstrate that the coal from Nuurst can be used for producing briquettes.



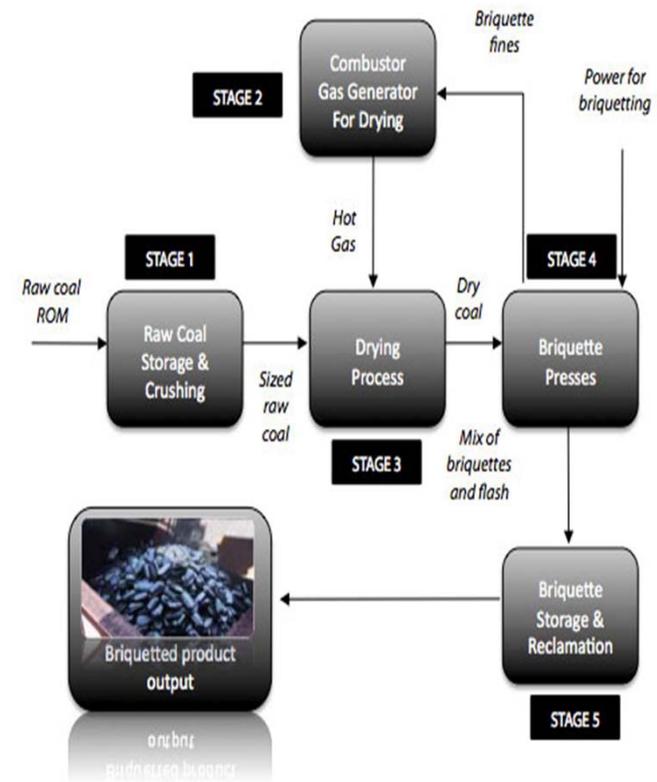
Briquette Processing Plant



Binderless Coal Briquettes

Advantages of Briquetting Technology

- Low cost mechanical process.
- Increase in energy from 3700 Kcal/Kg to 5500 Kcal/kg. This will result in less coal required to generate the same heating output.
- Reduction in airborne emissions (particulate matter) that satisfies Government standards for reducing pollution.



Raw Coal supply to Power Stations

Discussions with Power Stations to supply coal to Ulaanbaatar



- Currently the Four State Owned Power Stations produce 1000MW of power.
- Forecasters expect another 3000MW of power is required in the next ten years.
- Mongolia remains a nett importer of power.
- Ulaanbaatar experienced Power shortages last winter.
- The main supply of coal for this requirement comes from Baganuur Coal Mine at present, 25km to the east of Nuurst and 130km from Ulaanbaatar.
- This mine has been established for 35 years, with an increasing strip ratio
- We believe that Nuurst is at a competitive advantage to be a raw coal supplier to the Power Stations as power demand increases in Ulaanbaatar to ensure consistent Power Supply.

Estimated Mine Start-up Costs

2013 Briquette and Raw Coal CAPEX	
Uses	000s USD\$
Briquette Processing Plant	25,000
Mine Development	18,500
Total	43,500

- **Key Assumptions:**

- Initial Production: 1,000,000 tons of raw coal and 250,000 tons of coal briquettes
- Price negotiations: The government paid approximately 187,000 MNT (US\$130) per tonne for Semi-coking briquettes last year.
- 2.3:1 Stripping ratio
- Estimated mining cost of \$13 / ton of unprocessed coal
- Estimated processing cost of \$12 / ton for briquettes

Nuurst Project - Summary

- Low Stripping Ratio / low operating cost thermal coal
- Nuurst Coal is conducive to producing low cost binderless briquettes:
 - Reduced environmental impact; provides higher energy coal for domestic and export market
 - Appointed a preferred supplier of coal briquettes to Mongolian Government.
 - Negotiating a product sale and purchase agreement for briquettes with Mongolian Government.
- Close to main Rail infrastructure;
 - ✧ Access to Ulaanbaatar and local power stations.
 - ✧ Access to Chinese export market
- Close to existing Power Grid to East.
- Adjacent to Peabody / Winsway License. Potential to share infrastructure costs and benefit from combined lower effective strip ratio.
- Nuurst sits close to rail corridor for future industrial expansion to the South.
- Excellent local and International management capability.
- Strategically well placed to supply domestic power stations.



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Modun Resources
Thank You

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