

## About MOD Resources

**MOD Resources (ASX: MOD)** is a Perth-based company with a focus on Botswana copper projects in the central and western Kalahari Copper Belt. A combination of 100% owned holdings and JV licences cover approximately 11,518km<sup>2</sup> of this under-explored area.

Botswana operating company, Tshukudu Metals Botswana (Pty) Ltd employs all in-country staff and is owned 70% by MOD via its equity interest in the joint venture company, Metal Capital Limited, and 30% by Metal Tiger Plc (AIM: MTR).

Tshukudu holds 18 prospecting licences, including the T3 Project, with a total area of approximately 8,000km<sup>2</sup> in the Kalahari Copper Belt.

MOD's substantial 100% holdings in the Kalahari Copper Belt include the T1 Underground Project and T5 and T7 prospects.

<b>Julian Hanna</b>	Managing Director
<b>Mark Clements</b>	Executive Chairman/ Company Secretary
<b>Steve McGhee</b>	Technical Director
<b>Simon Lee AO</b>	Non-Executive Director
<b>Bronwyn Barnes</b>	Non-Executive Director
<b>Stef Weber</b>	Chief Financial Officer

**Market Capitalisation** ~\$106.5M

## MOD Resources Limited

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ASX code: **MOD**

## MOD Lays Foundations for Accelerating Growth

- **Binding agreement with MTR to consolidate 100% of T3 Project**
- **Agreement includes rights to acquire all other JV exploration assets**
- **44% increase in T3 Resource to ~590Kt contained copper**
- **T3 Feasibility Study on track for completion Q1 2019**
- **T3 Dome Complex drilling hits significant visible Cu at A4 Dome**
- **~A\$17.3M cash on hand as at 30 June 2018**

Emerging copper company, **MOD Resources Ltd (ASX: MOD)** today announced its quarterly activities report for the period to 30 June 2018.

MOD and joint venture partner, AIM-listed Metal Tiger Plc (30%), through the in-country operating company Tshukudu Metals Botswana (Pty) Ltd (Tshukudu), made excellent progress this quarter developing and exploring the Company's vast landholdings in the Kalahari Copper Belt in Botswana, centred around their flagship T3 Project.

A highlight for the quarter was a major increase in the T3 Resource estimate to 60Mt @ 0.98% Cu and 14g/t Ag containing ~590Kt copper and 27Moz silver. This represented a 44% increase in contained copper. Importantly, there was a significant increase in copper grades at higher cut-off grades. Approximately 61% of the total resource tonnes (and 70% contained copper) is now in the Indicated Resource category, providing further confidence in the project, currently the subject of a Feasibility Study.

Post the end of the quarter, MOD announced it had signed binding agreements to acquire 100% of the T3 Project as well as the option to acquire all other JV Assets, providing significant additional option value for MOD shareholders.

The regional drilling campaign commenced at the massive T3 Dome Complex with copper found in the first hole at the first target, A4 Dome. With many other highly prospective anomalies set for drilling, there is a high level of exploration activity planned for the remainder of the year.

Ongoing resource extension drilling at the T1 Mahumo Underground Project has also intersected visible copper sulphides 20km north of the planned T3 processing plant.

MOD's Managing Director, Julian Hanna, said, "We've had a very successful quarter with a substantial increase in the T3 Resource, followed by the agreement to consolidate 100% of the T3 Project to give us full control over this growing asset. In addition, on the exploration front we had immediate success with the drilling program at the T3 Dome Complex, intersecting significant visible copper in the first two holes."

He added, "Our recent exploration success, combined with the corporate activities of the share consolidation and proposed transaction with our long-term JV partner, are laying the foundations for accelerating the development of this rapidly emerging copper rich region in Botswana."

## PROJECTS

MOD is currently active at six key projects comprising three resource projects and three main exploration areas. Target timelines for these projects are outlined below.

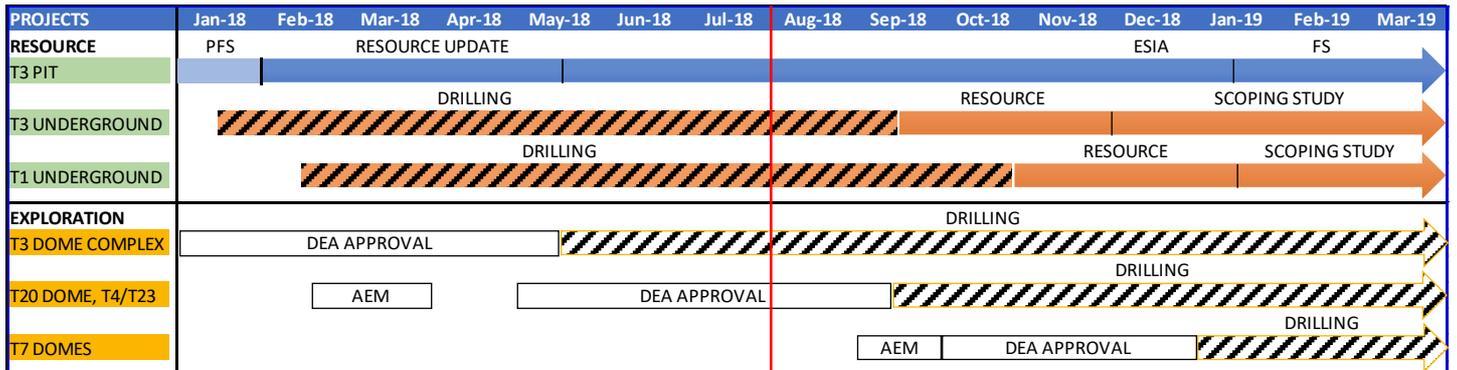


Figure 1: Target timelines for three resource projects and three regional exploration areas

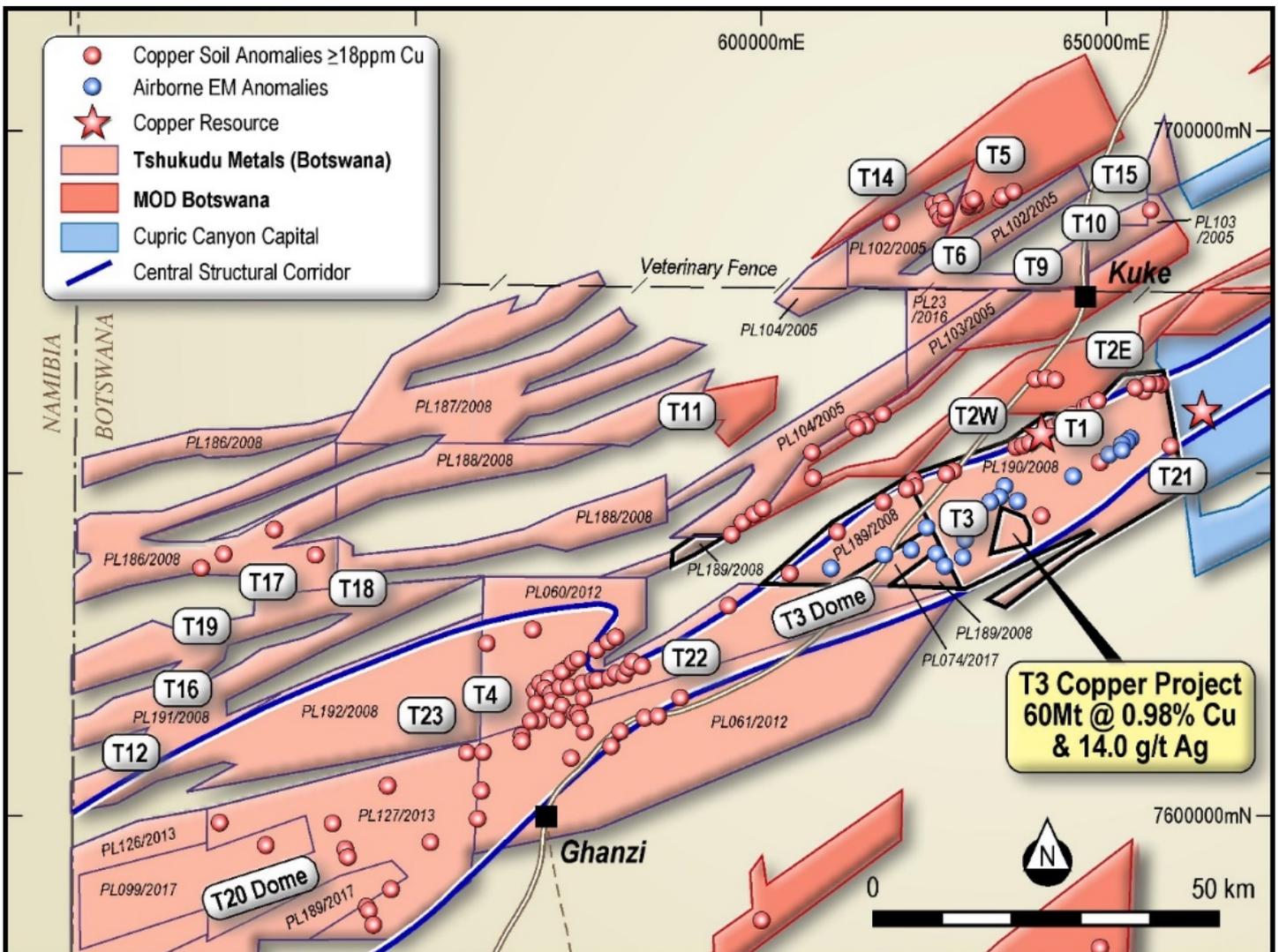


Figure 2: Licence plan showing T3 Project Area, MOD joint venture and 100% prospects

### T3 Pit Project (MOD 70%)

The T3 deposit (Motheo) was discovered in March 2016, when an RC drill hole intersected 52m @ 2.0% Cu and 32g/t Ag from shallow depth, immediately below a low order copper soil anomaly (28ppm Cu).

Only 22 months after the initial discovery, MOD released results (announced 31 January 2018) of the T3 Pit Project Pre-Feasibility Study (PFS) which indicated a potential for a highly profitable, low-risk, low-capital, long life open pit copper mine generating ~US\$730m (~A\$960m) for the Base Case model over 9 years, at a production rate of 2.5Mtpa providing a 2.7 year payback (See Appendix 1- Table 2).

The unique geometry of T3 provides flexibility with highly profitable expansion upside. The PFS also presented a 12-year Expansion Case with a 4.0Mtpa production rate utilising the Base Case Ore Reserve and additional production from existing Inferred, Measured and Indicated Mineral Resources from Year 4 and a potential for generating ~\$US1.1b (~A1.45b) EBITDA with a 3.3-year payback.

On 2 July 2018, MOD announced a major resource upgrade, comprising **60Mt @ 0.98% Cu** and **14 g/t Ag** containing **~590.4 Kt Cu** and **26.9 Moz Ag**, representing a 44% increase in contained copper, at 0.4% cut-off (See Appendix 1-Table 1). There was also a significant increase in copper grades at higher cut-off grades. Approximately 61% of the total resource tonnes (and 70% contained copper) is now in the Indicated Resource category (refer announcement 16 July 2018), providing further confidence in the project, currently the subject of a Feasibility Study (FS).

The July 2018 resource upgrade far exceeded expectations and as a result, MOD's project development team is reviewing how the expanded resource will impact the T3 Project FS. As a minimum, the upgrade appears to support the Expansion Case pit model announced in the PFS.

The T3 resource remains open along strike and at depth. Since the resource upgrade, a further 22 holes have been drilled with assays pending, testing for both potential open pit and underground resource extensions.

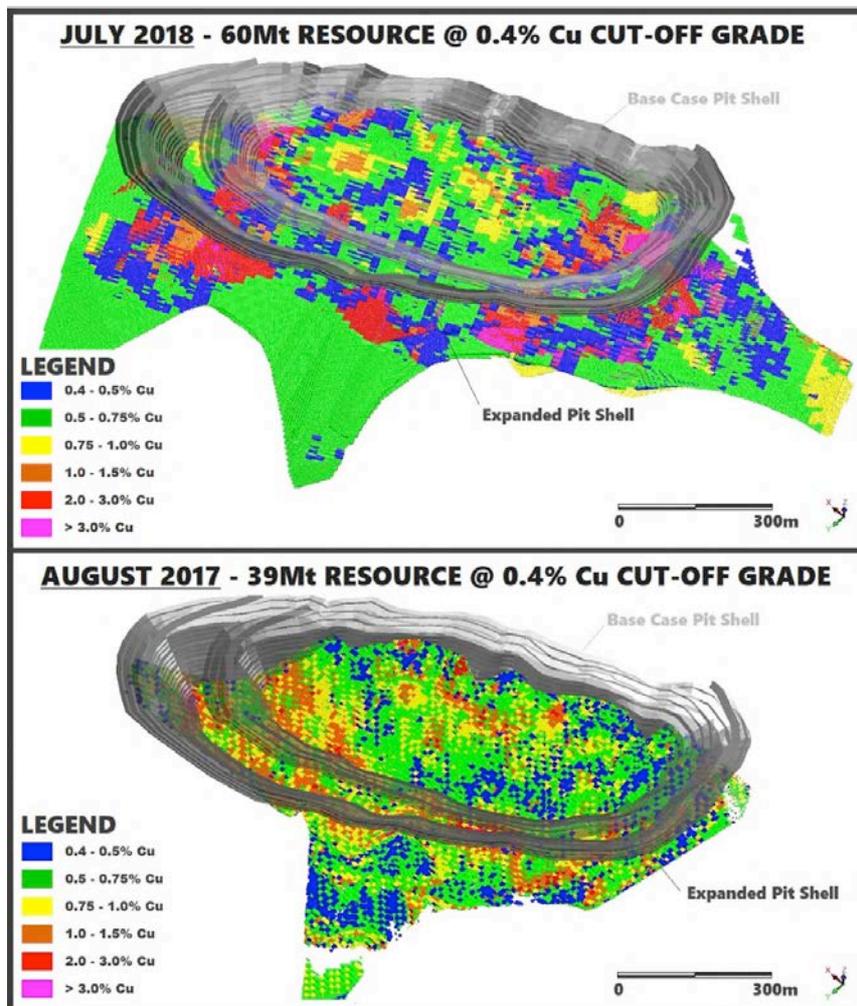


Figure 3: T3 Revised Mineral Resource – July 2018 Vs August 2017

### T3 Pit Feasibility Study

The FS is progressing well and is on track for completion at the end of Q1 2019. Independent reviews of key technical aspects of the PFS have been completed including the resource estimate, metallurgy and process engineering with geotechnical and mining engineering underway.

FS Activities	Status
ESIA	Updated scoping report submitted to DEA. Delays in water bore testing may push out ESIA completion to Q1 2019. All other activities on schedule.
Geology	Resource model completed by CSA and announced
Geotechnical	Phase 1 Geotech completed by SRK. Pit Geotech drill holes completed
Mining Engineering	SRK awarded FS Mining Engineering. Reviewing potential impact of updated resource model on FS design
Metallurgy	FS sample selection underway. Comminution testwork awarded, sample preparation underway
Hydrogeological study	Water borehole drilling and pump testing underway
Process and Infrastructure study	Tenders being reviewed
Tailings storage facility	Knight Piesold engaged. Geochem assays completed, additional samples selected for further work
Closure and Rehabilitation	Work to support ESIA underway
Community and Social Licence	Community Relations Office opened in Ghanzi, in-country staff appointed

**Table 1: Status of T3 Pit Feasibility Study related activities during the June Quarter**

Most activities associated with the ongoing Environmental and Social Impact Assessment (ESIA), a key requirement prior to applying for a mining license, are on schedule.

Water bore drilling and pump testing commenced, however progress has been slower than planned. To try and meet the original schedule, an additional drill rig is on site and a second rig is undergoing refurbishment so that it can also be deployed.

A total of eight FS pit geotechnical drill holes have been completed and all the core has been logged. Samples have been submitted for physical testwork.

Additional metallurgical testwork has been completed post the PFS to generate additional data for grade/recovery regression models at a lower range of feed grades. Additional grind versus recovery testwork supports increasing the design flotation feed size. Following the latest resource upgrade, the design throughput of the T3 process plant is currently being reviewed.

The updated resource estimate, grade/recovery regression models and latest geotechnical data will be used by SRK to support FS mining engineering activities.



**Figure 4: Visible massive vein hosted bornite in core sample from Geotech drill hole 16**

### T3 Underground Project (MOD 70%)

SRK will carry out optimisation studies for the T3 pit, which is due for completion in the December quarter. This will define the boundaries of the proposed T3 open pit. It will then be possible to estimate the tonnes and grade of ore that could potentially be available for underground mining and if sufficient, an underground scoping study will commence in the December quarter for the T3 Underground Project. Additional underground resource extension drilling is planned.

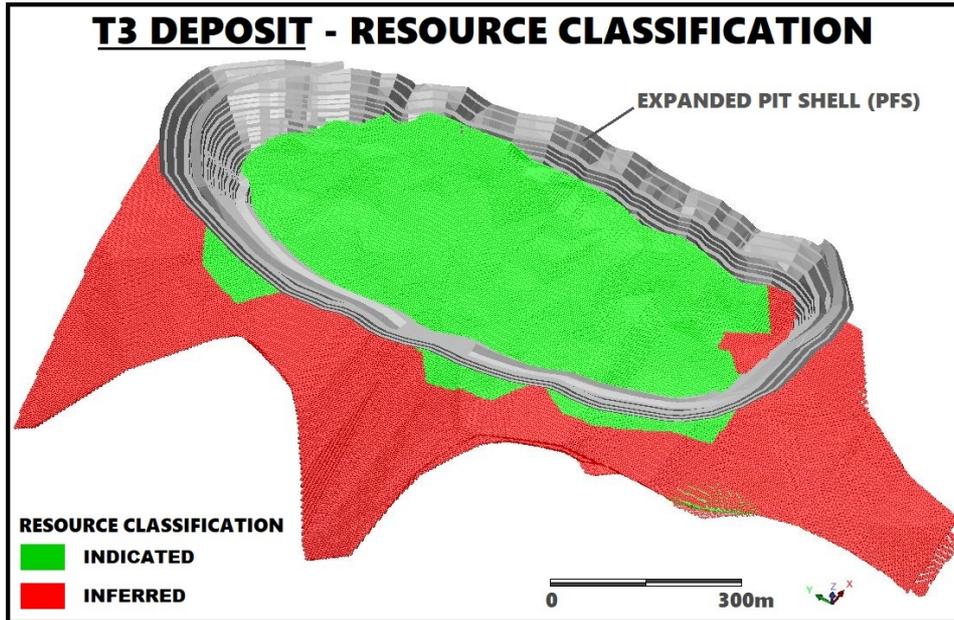


Figure 5: T3 Resource Classification model (Indicated and Inferred)

### Sample Preparation Facility

The sample preparation facility, commissioned in the March 2018 quarter, processes over 100 samples per day and is managed by certified analytical laboratory, ALS. The technicians are employed by Tshukudu and have been trained by ALS. Sample preparation procedures are currently undergoing a review with the aim of significantly increasing throughput. The facility is also intended for use in future planned mining operations.

During the quarter, an automatic Almonte core saw was commissioned, increasing cutting capacity of core to 250m per day, compared to the 50m to 70m per day on a manual saw. The Almonte core saw significantly reduces injury risk and minimises both dust and rock fragments, as cutting takes place under a cover. Tshukudu core cutters were trained by Westernex, the supplier of the saw.



Figure 6: Training for the newly commissioned Almonte core saw

## Infrastructure

Existing infrastructure in the region includes the sealed two lane A3 Highway only 12km from T3 site and the town of Ghanzi approximately 80km from T3. The Botswana Government has awarded contracts for the extension of grid power transmission along the highway near T3, scheduled to be available during Q1 2020. MOD will meet the Botswana Power Corporation in the coming weeks to discuss the status of grid power extension.

## Accommodation Village

Work has continued on the Tshukudu accommodation village, which is located on the A3 Highway, 5km east of Ghanzi. Construction of the first stage is nearing completion and includes accommodation units, large kitchen, dining area and an administration office complex. Testing of site bore water has been completed and quotes for water treatment options are being reviewed. The Botswana Power Corporation has been notified of the power requirements for the village so they can install a transformer and connect the camp to grid power. The initial village will consist of 40 self-contained ensuite rooms with a major staged expansion in capacity already planned, subject to local Council and other approvals.

## Farm Purchase Agreement

During the June quarter, a purchase agreement was finalised with the owner of the farm where the T3 Project Area is located (Figure 2). The land area is approximately 25km<sup>2</sup>, which is sufficient for the open pit, process plant and associated infrastructure with ample capacity for expansion over and above the PFS design parameters.

Ownership of the land is a pre-requisite for water rights that will be required for ore processing and site infrastructure needs.

## T1 (Mahumo) Underground Project (MOD 100%)

T1 Mahumo, a high-grade continuous vein hosted copper and silver deposit, is located approximately 20km northeast of T3, and is a potential future underground ore source for the planned T3 processing plant.

Drilling commenced at T1 last quarter testing for potential extensions below the existing resource of 2.7Mt @ 2.0% Cu and 50g/t Ag (announced 25 March 2015, refer Appendix 1-Table 4).

The first 11 drill holes (MO-155D to MO-165D) of a planned 20-hole diamond drilling program to scope out the deeper potential of the mineralisation have been completed (Figure 7). Most holes have intersected visible copper mineralisation (bornite and chalcocite) on the prospective NPF contact. Significant intersections for assay results received to date are given below (refer Appendix1-Table 3 for parameters) with further assays pending:

HOLE_ID	INTERSECTIONS
MO-156D	5.5m @ 1.9% Cu & 48g/t Ag from 432.7m downhole
MO-158D	3m @ 1.4% Cu & 35g/t Ag from 370m downhole
MO-159D	2.4m @ 3.0% Cu & 89g/t Ag from 377.6m downhole
MO-161D	2.8m @ 1.8% Cu & 26g/t Ag from 516.7m downhole
MO-162D	1.8m @ 1.9% Cu & 34g/t Ag from 345.2m downhole

**Table 2: Significant Drill Hole Intersections from the Latest Drilling at T1**

An AEM survey is planned for T1 (Mahumo) in the December quarter to assist in drill hole targeting along this 12 to 15km prospective zone.

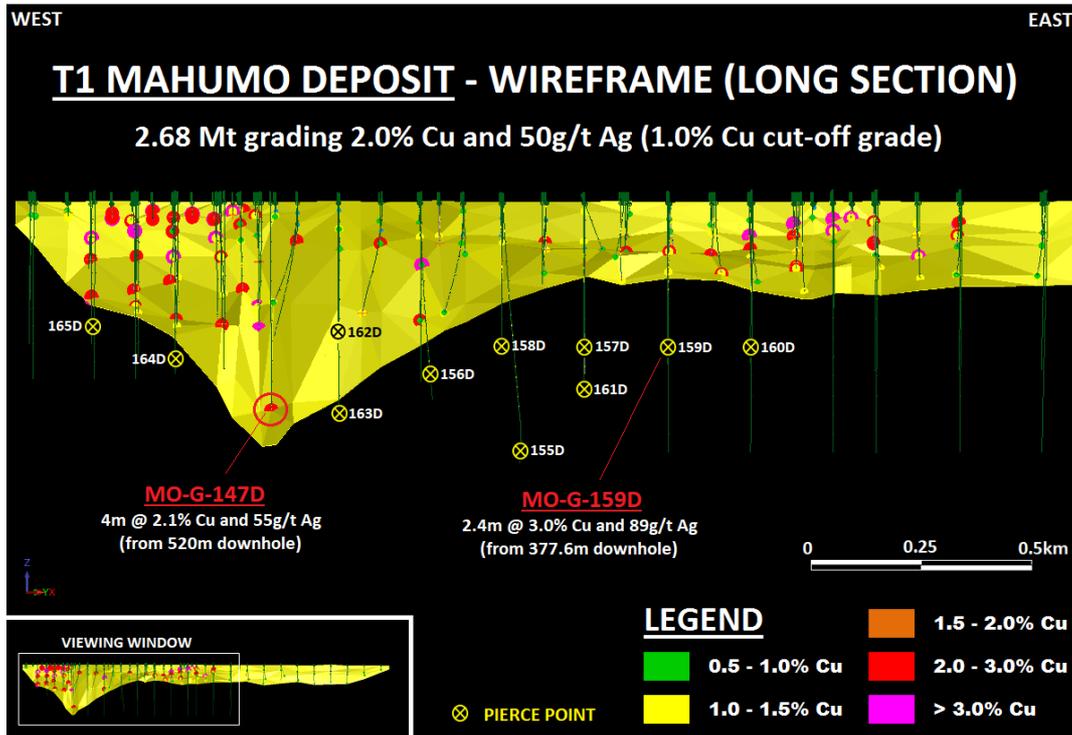


Figure 7: Long Section of T1 Mahumo Deposit Showing Latest Drill Hole Locations

## HEALTH AND SAFETY

One Lost Time Injury (LTI) was recorded during the June 2018 quarter involving a finger injury to a drill rig assistant, who has now returned to work.

Basic fire, First Aid and Incident Cause Analysis Method (ICAM) training sessions were all conducted during the quarter.

Safety is a key focus for Tshukudu who continuously review key risks and improve systems and procedures to ensure a safe working environment for contractors and staff.

## ENVIRONMENT

During April, approval was received from the Department of Environmental Affairs (DEA) for the substantial drilling campaign currently in progress at the T3 Dome Complex.

An EMP was lodged in April for the planned drilling campaign in the vast T20 Dome area and the Company is currently awaiting the outcome.

Environmental consultants, LOCI Environmental, performed the usual monthly inspections and all site rehabilitations were completed on schedule.

## COMMUNITY RELATIONS

Tshukudu has recently appointed the first of its employees to the Community Relations Team and has opened a Community Relations office in a local shopping centre in Ghanzi. This provides a focal point for community to connect with the Company to discuss development plans, register for potential employment and discuss opportunities for local content.

During the quarter, Tshukudu implemented a formal system for community sponsorship and support and allocated 0.5% of the annual exploration expenditure for community projects. A Community Liaison Committee made up of Tshukudu employees, has been formed to assess requests for community support through its sponsorships and donations programme and the first meeting of this group took place during the quarter (refer Figure 8).

The first project to be sponsored by the Community Relations office is the CL Woolcott Vulture Restaurant in Ghanzi. This important facility provides education around conservation and protection of the African Vulture and provides a safe feeding location and breeding area for vultures.



**Figure 8: Community Relations Team outside the Community Relations office in Ghanzi**

## REGIONAL EXPLORATION (MOD 70%)

Tshukudu's extensive landholding in the Kalahari Copper Belt includes numerous regional soil and AEM anomalies extending over >140km along the Central Structural Corridor. These anomalies have resulted from the collection and acquisition of approximately 80,000 soil samples and extensive areas flown using state of the art Airborne electromagnetic (AEM) surveys.

### T3 Dome Complex

The extensive 700km<sup>2</sup> T3 Dome is now described as a 'Complex', given the growing number of copper/silver targets interpreted from geophysical data to be dominated by several shallow-angle thrust related domal structures.

During the quarter, the Environmental Management Plan (EMP) covering an area of 680km<sup>2</sup> was approved for drilling which commenced in May to test numerous prospective AEM targets and several larger formational conductors along the >50km long district scale T3 Dome Complex. Ten high priority targets were identified for the initial drilling phase.

### A4 Dome

A4 Dome is the first of seven 'buried domes' to be drilled at T3 Dome Complex with four drill rigs now operating. The drilling campaign had immediate success with visible copper intersected in the first hole drilled at the >5km long A4 Dome, approximately 6km NW of the T3 Project (refer announcement 12 June 2018). This was followed up with a second hole intersecting potentially significant visible copper mineralisation in veins within a zone extending up to 67m down hole width (refer announcement 9 July 2018). The second hole is currently being deepened to test other EM targets within the core of the A4 Dome and will also test the prospective Ngwako Pan Formation (NPF) contact inferred below the target sequence.

Drill core is being processed through Tshukudu's sample preparation facility in Ghanzi and the site team is making arrangements to have this assayed as soon as possible.

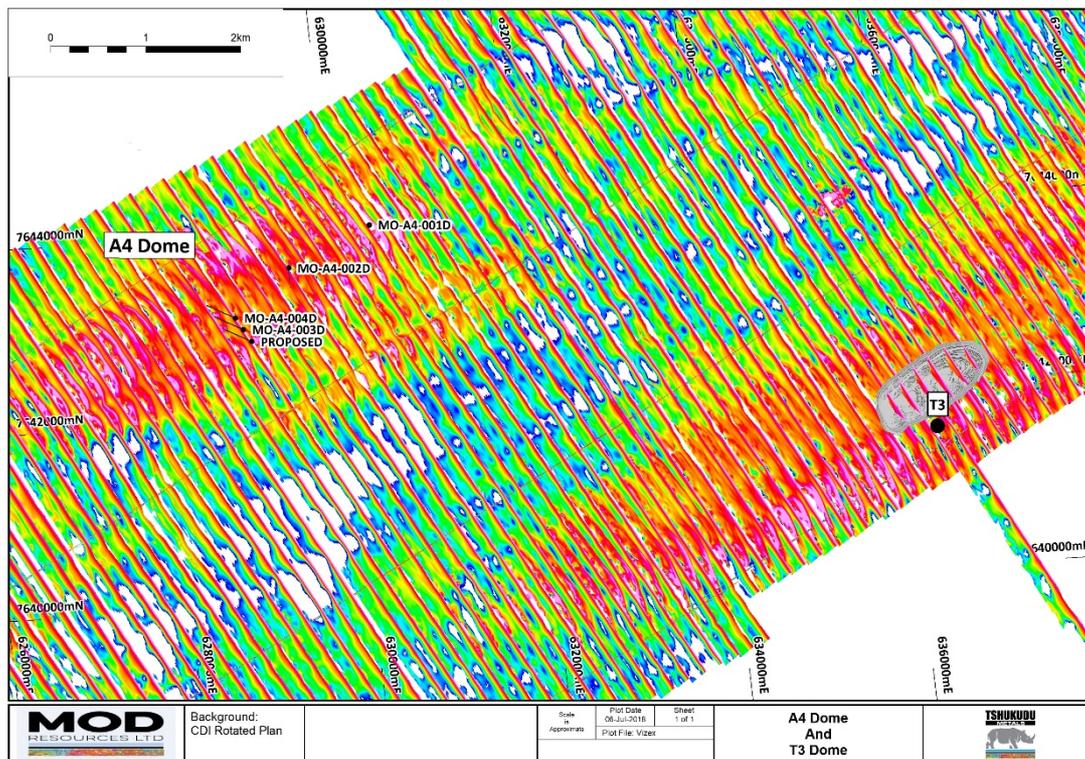


Figure 9: EM CDI sections at 200m spacing showing A4 Dome, A4 drill holes and the T3 Pit Project

### T-Rex Dome

The T-Rex Dome, which lies under the T3 Project, was defined from the airborne EM data to extend approximately 11km along strike. 3D modelling of EM data to approximately 500m depth identified a number of potential structural targets along the T-Rex Dome.

Previous widely spaced drilling along the T-Rex Dome intersected low grade disseminated copper mineralisation directly above the prospective Ngwako Pan Formation (NPF) contact, which is considered an important geological feature below the T-Rex Dome and across the wider area of the T3 Dome, in areas of structural complexity.

During the quarter, drilling along the T-Rex Dome visually intersected the NPF, giving greater understanding of the geological patterns within the region. With approvals received to drill at the highly prospective A1 and A4 Domes, drilling focus has moved to these higher priority prospects.

### T20 Dome

The ~2,000km<sup>2</sup> T20 Dome, approximately 120km west of the T3 Dome and interpreted to occur within the same structural corridor, is a major priority for the 2018 drilling program. In April 2018, an EMP application was lodged with the DEA for drilling within a large (~697km<sup>2</sup>) prospective area along the northern part of the T20 Dome complex (refer announcement 16 April 2018). The EMP document was lodged for approval in June.

T20 Dome is interpreted from geophysical data to be underlain by shallow dipping sediments including the prospective NPF contact. This contact hosts high grade structurally related copper deposits in the eastern part of the Kalahari Copper Belt. The combined strike length of the zone that hosts the scattered T20 Dome soil anomalies and the T3 Dome AEM and soil anomalies is interpreted to extend >140km (Figure 5).

The nearest known copper occurrence to T20 is at T4, directly northeast of the T20 Dome. In April 2016, MOD announced an intersection at T4 of **2m @ 6.12% Cu and 111g/t Ag** from 101m down hole depth in hole MO-A-04R, associated with a 2km long soil anomaly (announced 1 April 2016). No further drilling was carried out because T4 was eclipsed by the discovery of T3 in March 2016.

A surface calcrete layer covers large areas of the T20 Dome and there is no known previous exploration drilling apart from the shallow drilling on the adjacent T4 prospect.

Multiple anomalous copper and zinc soil values have been identified, several with similar or higher values to those associated with the original T3 discovery, over a ~60km long zone extending from the T20 Dome to the T4 copper prospect (refer announcements 20 June 2017 and on 25 January 2018).

T4 and a compelling new target, T23 (refer announcement 16 April 2018) are the likely first targets for drilling, after environmental approval is received.

From experience gained at T3, it appears that zinc is more mobile than copper in the weathering profile and may be detected in soil above the calcrete layer more readily than copper. The peak soil value that led to the discovery of T3 at shallow depth below calcrete was only 28ppm Cu and 27ppm Zn. The highest copper value at T20 Dome is 62ppm Cu.

A substantial trial AEM survey was undertaken in the March quarter covering ~787km<sup>2</sup> to test the effectiveness of this technique over part of the T20 Dome and also identify possible formational conductors which may potentially be associated with surface copper anomalies discovered during the soil sampling program.

An additional ~939km<sup>2</sup> AEM survey of the T20 Dome linking the three trial EM blocks, is expected to commence during the September quarter.

## T17

The planned airborne EM survey over T17 and other structural targets within joint venture licences near the Namibian border is due to commence during the September quarter, subject to Civil Aviation Authority approval.

## REGIONAL EXPLORATION (MOD 100%)

MOD has allocated approximately A\$2.5 million of the expanded exploration budget to accelerate exploration specifically targeting extensions to the high-grade T1 resource and the potential of the extensive T7 Dome area. A summary of work underway at the T1 Project is included earlier in this report under 'Projects'.

## T5 (Molelo)

T5 is an exploration target associated with a distinctive and isolated magnetic anomaly located approximately 60km north of the T3 Project. T5 is interpreted to be an intrusion of unknown type. Specialist consultant studies were undertaken on drill core from T5 during the March quarter with results from these studies expected soon.

## T7

Located approximately 50km south of Ghanzi, the T7 exploration area licences cover a number of domes and potentially prospective geological contacts interpreted from magnetics. Widely spaced soil sampling identified anomalous copper soil results and preliminary RC drilling intersected favourable sediments, similar to the T3 sequence.

The trial airborne EM survey across T7 is planned to be flown later in the September quarter.

## SAMS CREEK GOLD JV, New Zealand (MOD 80%)

On 3 July 2017, MOD Resources Ltd entered into a binding Share Sale Agreement (SSA) to divest its Sams Creek Gold Project to newly incorporated Condamine Resources Ltd (Condamine). The SSA signed with Condamine has now been mutually terminated recently and will no longer proceed. The SSA was subject to a number of conditions precedent, which were not fully achieved by Condamine within an acceptable time frame.

The SSA covered the Sams Creek Project, including EP 40338 (MOD 80%) and EP 54454 (MOD 100%). Following the termination of the SSA, OceanaGold Corporation (TSX/ASX: OGC) will continue to hold the remaining 20% in EP 40338 through a joint venture with MOD and the 100% interest in EP 54454 will remain with MOD.

Sams Creek is a substantial undeveloped gold project with >1M ounce porphyry hosted gold resource (see Appendix 1-Table 5) which remains open at depth and along strike, supporting significant additional exploration potential. MOD remains focused on advancing its copper projects in Botswana and is exploring other opportunities to monetise the Sams Creek Gold Project.

## CORPORATE

### Transaction

Post the end of the quarter, on 18 July 2018, MOD announced it had signed binding agreements with JV partner MTR, to consolidate 100% of the T3 Project and acquire the rights to purchase, at MOD's election, MTR's 30% interest in all other JV assets up to three years from completion (Transaction).

The Transaction is approximately 14% accretive on a fully diluted basis for MOD shareholders in terms of per share ownership of the T3 Project and is subject to shareholder approval.

One of the key benefits of simplifying the ownership structure is enabling the accelerated financing and development of the T3 Project. It will also enable the JV to maintain the current high level of exploration activity and gives MOD the flexibility to create additional shareholder value through the rights to acquire the remaining JV assets.

The T3 Project area consists of the T3 Open Pit Project, the T3 Underground Project and the proposed processing plant within PL 190/2008.

Consideration for the transaction equates to approximately A\$26.6m comprising:

- 17.2m ordinary MOD shares which, including MTR's current holding in MOD, will result in MTR's shareholding in MOD increasing to 12.5%
- ~40.6m zero exercise price options able to be converted to ordinary MOD shares within 3 years, provided that such conversion will not result in MTR's shareholding in MOD increasing to more than 12.5% (post conversion)

Significant restrictions apply to MTR including a 12-month escrow on all shares issued to MTR as consideration pursuant to the Transaction or issued as a result of the conversion of Options. Other key terms include:

1. Options have no voting or dividend rights until they are converted into ordinary shares;
2. MTR will have a right to nominate a board representative provided MTR holds at least 10% of MOD's issued share capital (including unconverted Options); and
3. MTR has agreed to support all MOD Board recommendations put to shareholders, including in respect of change of control transactions.

Importantly, MOD shareholders will receive additional value through several rights, exercisable at MOD's election through any combination of cash or scrip, which provide MOD flexibility to acquire:

1. 100% of any JV Exploration Asset that progresses to a completed scoping study level within 3 years from completion of the Transaction; and
2. MTR's 30% interest in the remaining JV Exploration Assets 3 years after completion of the Transaction, or alternatively, following an announcement of a change of control transaction recommended by the MOD board.

### Investor Conferences

In May 2018, MOD presented the London 121 Mining Investment conference as well as the Share Talk Investor evening in Birmingham. MOD also attended the annual Botswana Resources Conference in June.



Figure 10: MOD and Tshukudu Metals teams at the Botswana Resources Conference

### Share Consolidation

On 30 May 2018, shareholders approved the consolidation of the Company's shares through the conversion of every 10 shares into one share. All options and performance rights were reorganised on the same basis. The Company now has a more appropriate, effective capital structure and a share price more appealing to a wider range of investors.

### Cash & Debt Position

MOD's cash on hand as at 30 June 2018 was approximately A\$17.3 million. The Company is debt free.

- ENDS -

### For and on behalf of the Board.

**Julian Hanna**  
Managing Director

**Mark Clements**  
Executive Chairman and Company Secretary

**Jane Stacey**  
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## About MOD Resources

**MOD Resources Ltd (ASX: MOD)** is an Australian-listed copper company actively exploring in the central Kalahari Copper Belt, Botswana. MOD owns 70% of a UK incorporated joint venture company, Metal Capital Limited with AIM-listed Metal Tiger Plc (30%).

Metal Capital's wholly owned subsidiary, Tshukudu Metals Botswana (Pty) Ltd (Tshukudu) is the Botswana operating company which owns the T3 copper/silver deposit where a discovery RC drill hole intersected 52m @ 2.0% Cu and 32g/t Ag from shallow depth in March 2016. Tshukudu also holds the prospecting licence which covers the major part of the T3 Dome Complex.

MOD announced a substantial maiden copper/silver resource at T3 on 26 September 2016. Total cost of discovery of T3 and delineation of the maiden resource was an exceptionally low US\$1.7 million, equivalent to only US 0.22 cents/lb copper contained within the resource.

On 6 December 2016, MOD announced results of its scoping study for an open pit mine at T3. MOD announced an updated resource at T3 comprising 36Mt at 1.14% Cu containing 409kt copper, on 24 August 2017. MOD announced a further resource upgrade, comprising 60Mt @ 0.98% Cu and 14 g/t Ag containing ~590.4Kt copper and 26.9 Moz silver, on 2 July 2018. This was followed on 16 July 2018, by a reclassification increasing contained copper in the Indicated Resource category, which now contains 417Kt copper and 18.6Moz silver (0.4% cut-off), representing 70% of contained copper and 61% of the tonnes in the total Mineral Resource.

Results of a pre-feasibility study for a robust long life open pit mining and processing operation at T3 were announced on 31 January 2018 with the T3 Pit Feasibility Study due for completion Q1 2019.

MOD is conducting a substantial drilling program exploring for similar T3 Type deposits at numerous other targets along the T3 Dome Complex. Drilling at the large A4 Dome within the T3 Dome Complex has already intersected strong visible copper mineralisation. In addition, Tshukudu is advancing other high priority exploration targets at the extensive T20 Dome and across the Company's wider regional holdings.

## Competent Person's Statement

The information in this news release that relates to Mineral Resource estimates (excluding prior estimates) is based on and fairly represents information and supporting documentation compiled by Dr Matthew Cobb; an employee of CSA Global Pty Ltd. Dr Cobb is a member of both The Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Dr Cobb has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking 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". Dr Cobb consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.

The information in this announcement that relates to Geological Data and the T3 Mineral Resource described in this release is reviewed and approved by Mr Bradley Ackroyd, BSc (Hons), Manager Mine Geology for MOD Resources Ltd. Mr Ackroyd is a registered member of the Australian Institute of Geoscientists and has reviewed the technical information in this report. Mr Ackroyd 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 of Exploration Results, Mineral Resources and Ore Reserves. Mr Ackroyd consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

The information in this announcement that relates to Geological Data and Exploration Results at the Sams Creek Gold Project is based on and fairly represents information compiled by Mr Paul Angus, Project Manager of Sams Creek and a Director of MOD Resources Limited's subsidiary, Sams Creek Gold Limited. Mr Angus is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr Angus has approved the Statement as a whole and consents to the inclusion in this announcement in the form and context in which it appears.

## No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new material information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

## 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 including the A4 Dome and T20 Dome referred to in this announcement are conceptual in nature. There has been insufficient exploration at 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.

## Forward Looking Statement - Inferred Resources

The Company notes that there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that in-fill drilling of the T3 deposit will result in confirmation of additional Measured and Indicated Mineral Resources or that the Expansion Case Production Target will be realised. A substantial in-fill drilling program is in progress with the objective to upgrade Inferred Mineral Resources to Measured and Indicated Mineral Resource categories.

While MOD considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated in the Expansion Case will be achieved. The Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement.

## 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.

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. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

The announcement is for information purposes only. Neither this announcement nor information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction. The announcement may not be distributed in any jurisdiction except in accordance with legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

This announcement does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons.

Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the fullest extent of the law, MOD Resources Limited, its officers, employees, agents and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.

### Pre-Feasibility Study Parameters - Cautionary Statements

The Base Case is based on Proved and Probable Ore Reserves derived from Measured and Indicated Mineral Resources respectively. No Inferred Mineral Resource was included in the estimation of Ore Reserves. The Base Case was prepared to an overall level of accuracy of  $\pm 25\%$ . It is based on material assumptions in Appendix 1 Material Assumptions Base Case of the ASX announcement dated 31 January 2018. The Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement.

The Expansion Case assumes open pit mining and conventional flotation processing with a plant throughput of 2.5Mtpa for the first three years. Assuming the Expansion Case proceeds, the plant will then be upgraded to 4Mtpa in Year 3 to enable the throughput rate to increase from Year 4.

The Expansion Case includes material that is currently in the Inferred Mineral Resource category. Inferred Mineral Resources represent approximately 34% of the Expansion Case Production Target by tonnage. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that in-fill drilling of the T3 deposit will result in confirmation of additional Measured and Indicated Mineral Resources or that the Expansion Case Production Target will be realised. A substantial in-fill drilling program is in progress with the objective to upgrade current Inferred Mineral Resources to Measured and Indicated Mineral Resource categories.

The Expansion Case is based on a Production Target using the material assumptions summarised in Appendix 2 Material Assumptions Expansion Case of the ASX announcement dated 31 January 2018. While MOD considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated in the Expansion Case will be achieved. The Company has concluded it has a reasonable basis for providing the forward-looking statements included in this announcement.

Given the uncertainties involved, investors should not make any investment decisions based solely on the Expansion Case.

**APPENDIX 1**

**Table 1: T3 Revised Mineral Resources (16 July 2018)**

JORC Category	Cut-off Cu%	Tonnes	Grade Cu%	Grade Ag g/t	Contained Cu (Kt)	Contained Ag (Moz)
<b>Indicated</b>	0.25	50,040,000	0.92	13.00	461.3	20.95
	0.4	36,631,000	1.14	16.00	417.0	18.60
	0.5	27,139,000	1.38	19.00	374.5	16.82
	1	14,154,000	2.06	31.00	291.9	14.30
	1.5	10,962,000	2.29	36.00	250.7	12.61
<b>Inferred</b>	0.25	27,667,000	0.68	10.00	187.3	9.18
	0.4	23,524,000	0.74	11.00	173.3	8.30
	0.5	19,884,000	0.79	11.00	156.9	7.35
	1	3,511,000	1.58	22.00	55.6	2.46
	1.5	1,640,000	2.04	29.00	33.5	1.55
<b>TOTAL</b>	<b>0.25</b>	<b>77,706,000</b>	<b>0.83</b>	<b>12.00</b>	<b>648.6</b>	<b>30.14</b>
	<b>0.4</b>	<b>60,155,000</b>	<b>0.98</b>	<b>14.00</b>	<b>590.4</b>	<b>26.90</b>
	<b>0.5</b>	<b>47,023,000</b>	<b>1.13</b>	<b>16.00</b>	<b>531.5</b>	<b>24.17</b>
	<b>1</b>	<b>17,665,000</b>	<b>1.97</b>	<b>30.00</b>	<b>347.6</b>	<b>16.77</b>
	<b>1.5</b>	<b>12,602,000</b>	<b>2.25</b>	<b>35.00</b>	<b>284.2</b>	<b>14.16</b>

**Table 2: T3 Pre-Feasibility Study Key Project Metrics (31 January 2018)**

<b>T3 Project Summary</b>	<b>Base Case 2.5Mtpa</b>	<b>Expansion Case 4Mtpa</b>
Development	<b>US\$154.8</b>	<b>US\$191.6</b>
Life of Mine from production	<b>8.8</b>	<b>11.7</b>
Waste: ore	<b>4.7</b>	<b>4.2</b>
Copper	<b>1.0</b>	<b>0.8</b>
Average annual production	<b>23kt Cu, 690koz Ag</b>	<b>28kt Cu, 903koz</b>

<b>Life of Mine Financials (US\$3.00/lb, AUD:USD \$0.76)</b>	<b>Base Case</b>	<b>Expansion Case</b>
Revenue	<b>US\$1,410m</b>	<b>US\$2,263m</b>
C1 Cash Costs LOM	<b>US\$1.22/lb Cu</b>	<b>US\$1.30/lb</b>
AISC, LOM	<b>US\$1.36/lb Cu</b>	<b>US\$1.46/lb</b>
EBITDA	<b>US\$734m</b>	<b>US\$1,103m</b>
Net Cash Flow (pre-tax)	<b>US\$530m</b>	<b>US\$840m</b>
NPV (8% real, pre-tax)	<b>US\$281m</b>	<b>US\$402m</b>
NPV (8% real, pre-tax)	<b>A\$370m</b>	<b>A\$529m</b>
IRR (pre-tax)	<b>39%</b>	<b>38%</b>
Payback (from first production)	<b>2.7 years</b>	<b>3.3 years</b>

Table 3: Parameters for diamond core drill holes at T1 Mahumo Underground Project

Drill Hole ID	WGS84_34S_E	WGS84_34S_N	RL (m)	EOH (m)	Azi (UTM)	Dip	COLLAR SURVEY
MO-156D	646080	7658804	1090	496.80	324.00	-70.00	GPS
MO-158D	646232	7658931	1090	391.70	325.00	-70.00	GPS
MO-159D	646582	7659132	1090	421.70	326.00	-70.00	GPS
MO-161D	646530	7658845	1090	541.60	326.00	-60.00	GPS
MO-162D	645858	7658778	1090	361.48	326.00	-70.00	GPS

Table 4: T1 (Mahumo) Resource Table – announced (25 March 2015)

Mahumo Stage One - Total Resources @ 1.0% Cu cut-off						
JORC Category	Tonnes (Mt)	Cu %	Ag g/t	CuEq <sup>2</sup> %	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
<b>Total</b>	<b>2,677,000</b>	<b>2.00%</b>	<b>50.0</b>	<b>2.44%</b>	<b>53,180</b>	<b>4,273,000</b>

1. Tonnes, grade and metal content have been rounded. Rounding may lead to computational discrepancies.

2. The formula used is:  $CuEq = Cu\% + (Ag\ g/t \times 0.009)$ .

Table 5: Sams Creek Resource Table (9 October 2013)

Sams Creek Resource Category	Cut-Off g/t Au	Tonnes (Mt)	Grade g/t Au	Contained 000's oz Au
Indicated	0.7	10.1	1.77	575
Inferred	0.7	10.4	1.31	439
<b>TOTAL</b>	<b>0.7</b>	<b>20.5</b>	<b>1.54</b>	<b>1,014</b>
Indicated	1.0	7.9	2.03	515
Inferred	1.0	5.8	1.70	315
<b>TOTAL</b>	<b>1.0</b>	<b>13.7</b>	<b>1.89</b>	<b>830</b>
Indicated	1.5	5.0	2.48	402
Inferred	1.5	2.5	2.33	187
<b>TOTAL</b>	<b>1.5</b>	<b>7.5</b>	<b>2.43</b>	<b>588</b>

**APPENDIX 2****Schedule of Exploration Licences****Botswana Copper/Silver Project**

Permit/Licence Number	Size (km <sup>2</sup> ) (approx.)	Holding	Title Holder	Licence Commencement Date	Renewal Date
<b>MOD Licences</b>					
PL686/2014	463.0	100%	MOD Resources Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL204/2014	35.5	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 18	31-Mar-20
PL280/2014	70.2	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 18	31-Mar-20
PL034/2015	619.5	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 18	31-Mar-20
PL035/2015	496.6	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 18	31-Mar-20
PL036/2015	470.0	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 18	31-Mar-20
PL141/2012	387.3	100%	MOD Resources Botswana (Pty) Ltd	01 Apr 18	31-Mar-20
PL 211/2017	974.0	100%	MOD Resources Botswana (Pty) Ltd	01 Jan 18	31 Dec 20
<b>MOD/MTR JV Licences</b>					
PL186/2008	557.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL187/2008	648.8	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL188/2008	395.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL189/2008	210.7	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL190/2008	708.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL191/2008	572.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL192/2008	604.5	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL102/2005	331.1	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL103/2005	131.1	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL104/2005	285.3	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 18
PL060/2012	809.2	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 16	31 Dec 18
PL061/2012	974.9	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 16	31 Dec 18
PL231/2016	65.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Oct 16	30 Sep 19
PL074/2017	45.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jan 17	31 Dec 19
PL099/2017	285.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Oct 17	30 Sep 20
PL189/2017	370.0	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Oct 17	30 Sep 20
PL126/2013	341.4	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jul 16	30 Jun 18*
PL127/2013	668.6	70%	Tshukudu Metals Botswana (Pty) Ltd	01 Jul 16	30 Jun 18*
<b>TOTAL</b>	<b>11,518.66</b>				

Note:

\* Renewals currently underway

**Sams Creek Gold Project**

Permit/Licence Number	Size (km <sup>2</sup> )	Holding	Title Holder	Licence Commencement Date	Renewal Date
EP40338	30.6	80%	Sams Creek Gold Limited	27 Mar 98	26 Mar 21
EP54454	32.0	100%	Sams Creek Gold Limited	25 Sep 17	25 Sep 22
<b>TOTAL</b>	<b>62.6</b>				

**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
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drill core was sampled in 1m intervals or as appropriate to align with the geological contacts</li> <li>All samples were geologically logged by a suitably qualified geologist on site</li> <li>Samples are submitted to ALS Laboratories in Johannesburg</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li>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.).</li> </ul>	<ul style="list-style-type: none"> <li>The diamond drilling referred to in this release was either drilled by NQ diameter drill core</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>Diamond drilling recorded recovery. Core recovery was good</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>During the core logging geologists follow MOD's standard operating procedure for Diamond logging processes. The metre interval (from and to) is recorded and the data below is described within the drill logs:                         <ul style="list-style-type: none"> <li>Major rock unit (colour, grain size, texture)</li> <li>Weathering</li> <li>Alteration (style and intensity)</li> <li>Mineralisation (type of mineralisation, origin of mineralisation, estimation of % sulphides/oxides)</li> <li>Veining (type, style, origin, intensity)</li> </ul> </li> </ul>

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>Data is originally recorded on paper (hard copies) and then transferred to Excel logging sheets</li> <li>Logging is semi quantitative based on visual estimation</li> <li>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</li> </ul>
<p><b>Sub-sampling techniques and sample preparation</b></p>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li>All NQ diameter core samples for the drill hole intersections were taken as half core samples.</li> <li>MOD took photos of all core samples on site</li> <li>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 ALS laboratories in Johannesburg, SA.</li> <li>Field duplicates, blanks and standards are inserted at a ratio of 1:10. ALS also has its own internal QA/QC control to ensure assay quality</li> </ul>
<p><b>Quality of assay data and laboratory tests</b></p>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Field duplicates, blanks and standards are inserted at a ratio of 1:10 on site</li> <li>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 &lt;2%</li> <li>Analysis for Cu and Ag by HF-HNO<sub>3</sub>-HClO<sub>4</sub> acid digestion, HCl leach and ICP-AES. ME-ICP61 as well as Non sulphide Cu by sulfuric acid leach and AAS: Cu-AA05</li> <li>All reported results are down hole widths</li> </ul>
<p><b>Verification of sampling and assaying</b></p>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic protocols).</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>15-20% QA/QC checks are inserted in the sample stream, as lab standards, blanks and duplicates</li> </ul>
<p><b>Location of data points</b></p>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>The collar coordinates of the drill holes were taken by GPS and later by DGPS and are reflected in Appendix 1 - Table 3</li> <li>Down hole surveys have been done on all diamond holes.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Samples of drill core for assaying were throughout taken at a maximum of 1m intervals</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling planned at right angles to known strike and at best practical angle to intersect the target mineralisation at approximately right angles</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Sample bags were tagged, logged and transported to ALS laboratory in Johannesburg</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>MOD's sampling procedure is done according to standard industry practice</li> </ul>

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>PL686/2014 is a granted Prospecting Licence which is wholly owned by MOD Resources Botswana (Pty) Ltd</li> <li>In November 2016, the Minister of Minerals, Water and Energy extended the licence date to 31 December 2018</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Limited previous exploration in the area of drilling apart from widely spaced soil sampling conducted by Discovery Mines, and two previous, diamond drill hole</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The visible copper mineralisation intersected in drill holes on PL686/2014 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</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>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:                             <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Information relating to the diamond drill holes described in this announcement are listed in Table 2 and Appendix 1 - Table 3 as well as Figure 7 of the release</li> <li>All diamond drill holes are surveyed</li> <li>There is no material change to this drill hole information</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>○ hole length.</li> <li>● 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.</li> </ul>	
<p><b>Data aggregation methods</b></p>	<ul style="list-style-type: none"> <li>● 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.</li> <li>● 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.</li> <li>● The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	<ul style="list-style-type: none"> <li>● Significant copper and silver intersections will be compiled and reported by MOD when all assay results from the current drilling program are received from the laboratory</li> </ul>
<p><b>Relationship between mineralisation widths and intercept lengths</b></p>	<ul style="list-style-type: none"> <li>● These relationships are particularly important in the reporting of Exploration Results.</li> <li>● If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>● 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').</li> </ul>	<ul style="list-style-type: none"> <li>● True widths are estimated and are subject to confirmation by further drilling</li> <li>● Down hole widths are used throughout</li> </ul>
<p><b>Diagrams</b></p>	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● Figure 7: Long Section of T1 Mahumo Deposit Showing Latest Drill Hole Locations</li> </ul>
<p><b>Balanced reporting</b></p>	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● The accompanying document is considered to be a balanced report with a suitable cautionary note</li> </ul>
<p><b>Other substantive exploration data</b></p>	<ul style="list-style-type: none"> <li>● 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.</li> </ul>	<ul style="list-style-type: none"> <li>● All substantive data is reported</li> </ul>
<p><b>Further work</b></p>	<ul style="list-style-type: none"> <li>● The nature and scale of planned further work (tests for lateral, depth extensions or large-scale step-out drilling).</li> <li>● Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>● Any further work on T1 and PL686/2014 will be dependent on results from RC and diamond drilling programs</li> </ul>