

Nuurst Project Mongolian Coal Asset

December 2011

Modun Resources Limited ABN 95 066 139 991

ASX: MOU

Disclaimer and Competent Persons Statement

Disclaimer

Certain statements made during or in connection with this communication, including without limitation, those concerning the economic outlook for the coal mining industry, expectations regarding coal prices, production, cash costs and to the operating results, growth prospects and the outlook of Modun Resources Ltd's ("Modun") operations including the likely commencement of commercial operations of the Nuurst Project and its liquidity and capital resources and expenditure, contain or comprise certain forward-looking statements regarding Modun's exploration operations, economic performance and financial condition. Although Modun believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes in the regulatory environment and other government actions, fluctuations in thermal coal prices and exchange rates and business and operational risk management. Modun undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

Competent Person Statement

The information in this presentation that relates to Mineral Resources is based on information compiled by Mr Dwiyo TU. Taruno 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.

The information in this presentation that related to exploration results is based on information obtained from the vendor and Cadastral archives in Mongolia and recent drilling and trenching activities on site. This information has been reviewed by Mr Geoff Richards of CSA Global Pty Ltd, Western Australia. Mr Richards 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'. Mr Richards consents to the inclusion in the report of the matters based on his information in form and context in which it appears. Gerry Fahey, is both a Non-Executive Director of Modun Resources Ltd and a Director CSA Global Pty Ltd.

Modun owns 100% of the Nuurst Project in Mongolia

- Maiden JORC Reportable Coal Resource of 489 Mt (417 Mt indicated, 72 Mt inferred), almost double previous exploration target of 200-300 Mt
- Maiden Coal Resource covers 16% of licence area, 84% remains under-explored
- Nuurst surrounds Peabody Winsway Resources' Tsaidam Deposit (149.7 Mt)¹
- Immediate commencement of scoping study and application for mining lease
- Located in close proximity to existing infrastructure (6km from rail siding)
- Potential for development of large scale mine

Dual Strategy

- Drive Nuurst Project development
- Seek quality thermal and coking acquisitions

1: 2010 Polo Resources (the then Peabody JV partner) reported a NI43-101 reportable resource amounting to 149.7 Mt of coal: Pg 29, Polo Resources Ltd, Annual Information Form, March 29, 2010 – available on www.sedar.com

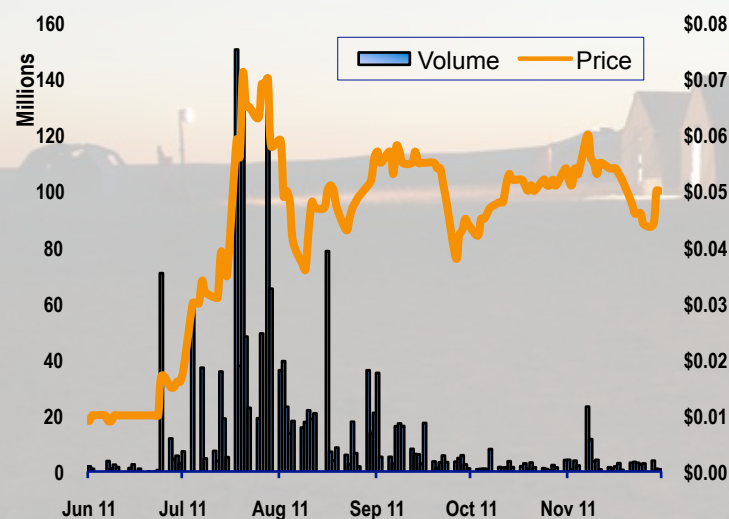
A photograph of a small, single-story building with a stone or brick facade and two small windows. The building is situated in a dry, open landscape with some sparse vegetation and a clear sky in the background.

**489 Mt
Thermal Coal**

Snapshot (02 December 2011)

Share price / volume history (A\$; millions)

	52 week low	52 week high	30 day VWAP
Date	8-Dec-10	28-Jul-11	
Share price	\$0.008	\$0.091	\$0.053



1. Includes in the money options only – 26.5m @ 1.0c and 31.0m @ 2.0c.

2. Adjusted for cash received from exercise of options.

3. Including management.

Source: Orient Capital 01 December 2011.

Key Statistics (A\$)

Ordinary shares on issue	02-Dec-11	703.9m
Fully diluted shares on issue ¹	02-Dec-11	761.4m
Share price	02-Dec-11	\$0.052
Market capitalisation	02-Dec-11	\$36.6m
Fully diluted market capitalisation	02-Dec-11	\$39.6m
Net cash	02-Dec-11	\$1.7m
Undiluted enterprise value		\$34.9m
Diluted enterprise value ²		\$37.0m

Substantial Shareholders

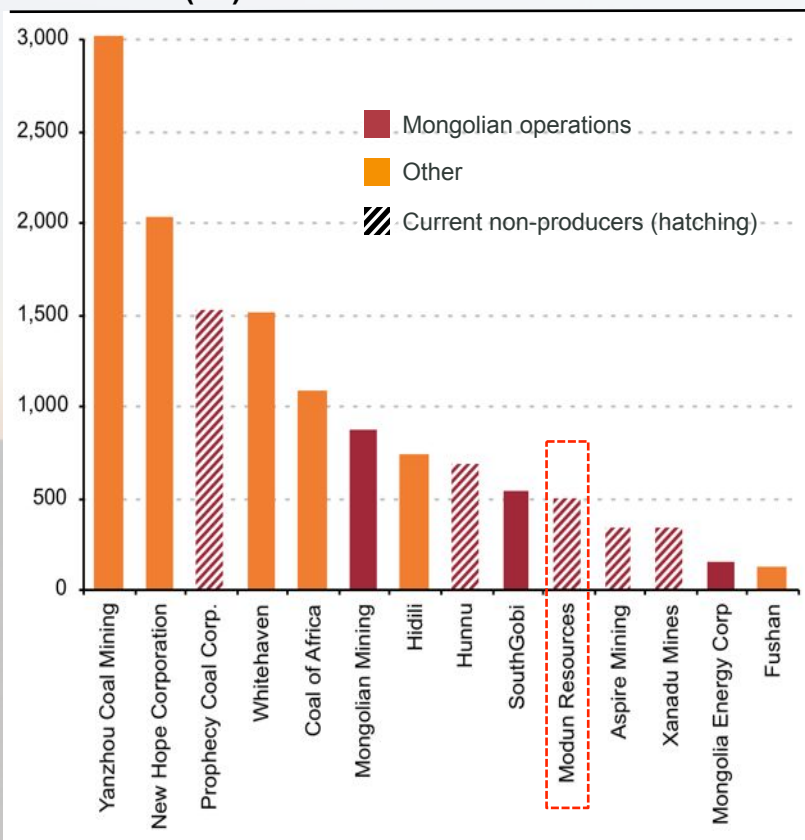
Name	% of Shares on Issue
Elliot Holdings	10.0%
RZJ Capital Management	5.0%

Directors' Interest

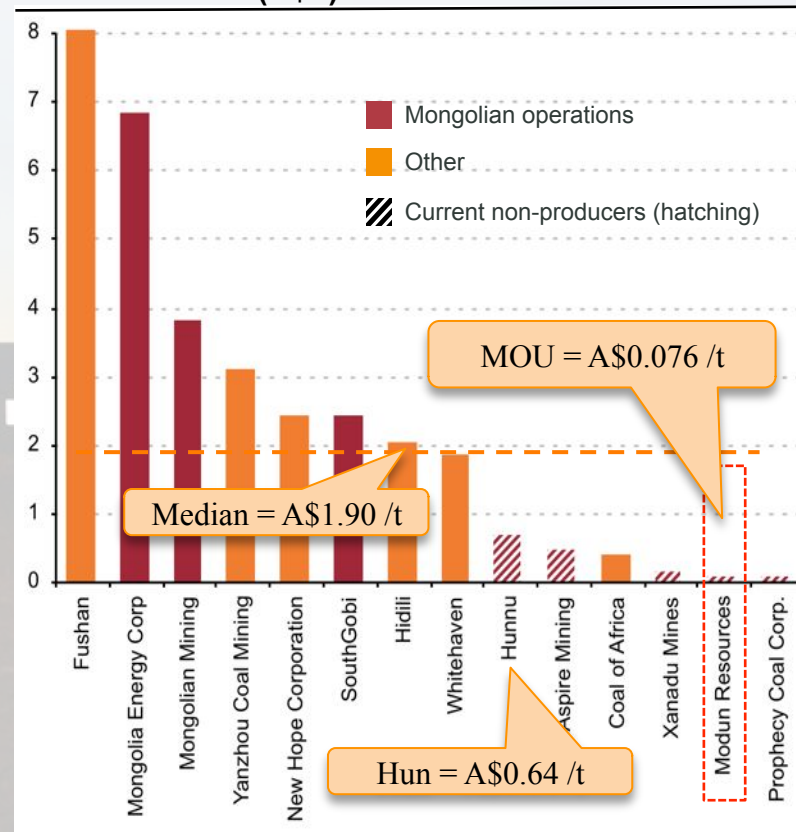
Directors³ collectively hold 17.6% of the securities on issue.

Resource Comparables – Modun Undervalued

Resources (Mt)¹



EV / Resources (A\$/t)^{1,2}



- Resources include thermal, semi-soft, PCI and hard-coking coal types.
 - Enterprise value (EV) calculated on an undiluted basis and adjusted for cash and debt.
- Source: Bloomberg as at 1 Dec 2011, company announcements.

Achievements to Date (June 2011 to Present)

- Modun completed acquisition of 100% of the Nuurst Project (Licence XV-008159)
- Mobilised a drilling team that peaked at 49 people and 4 diamond drill rigs on site by early November and completed 7,411m of drilling over 26 holes
- Discovered a major coal seam development 1.5 km x 3 km in size, including 100m+ coal sequences
- Identified over 700 m of sub-cropping coal seam development
- Appointed key personnel (Enkhbayar Batmunkh – Exploration Manager, 35 years Mongolian coal experience, Daniel Rohr – CFO)
- Obtained foreign investment approval and established an office in Ulaanbataar
- Appointed CSA Global to undertake the resource estimation work on the Nuurst Project
- Have raised over \$5 million in 2011 to complete transaction and advance exploration
- **Release of maiden JORC Reportable Coal Resource of 489 Mt within 6 months of project acquisition**



Nuurst Coal Project

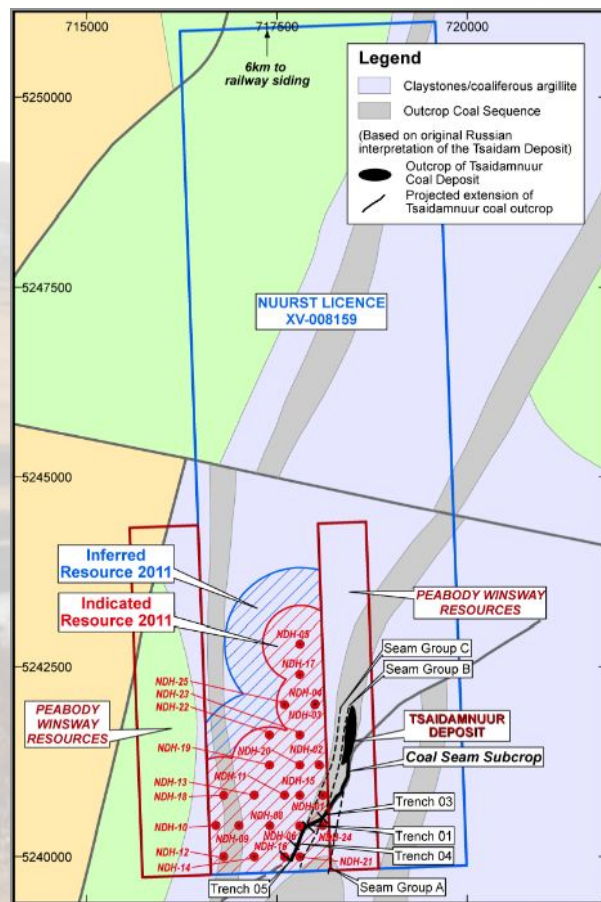
- 120 km south of Ulaanbaatar, 610 km from Chinese border
- Licence area: 34.5 sq.km
- JORC Resource area covers 16% of overall licence
- Modun to commence Scoping Study to assess potential for large scale, high quality coal project
- 6 km from rail siding, direct rail access to China
- Surrounds Peabody-Winsway licences¹ (149.7 Mt resource)

¹ 2010 Polo Resources (the then Peabody JV partner) reported a NI43-101 reportable resource amounting to 149.7 Mt of coal: Page 29, Polo Resources Ltd, Annual Information Form, March 29, 2010 – available on www.sedar.com



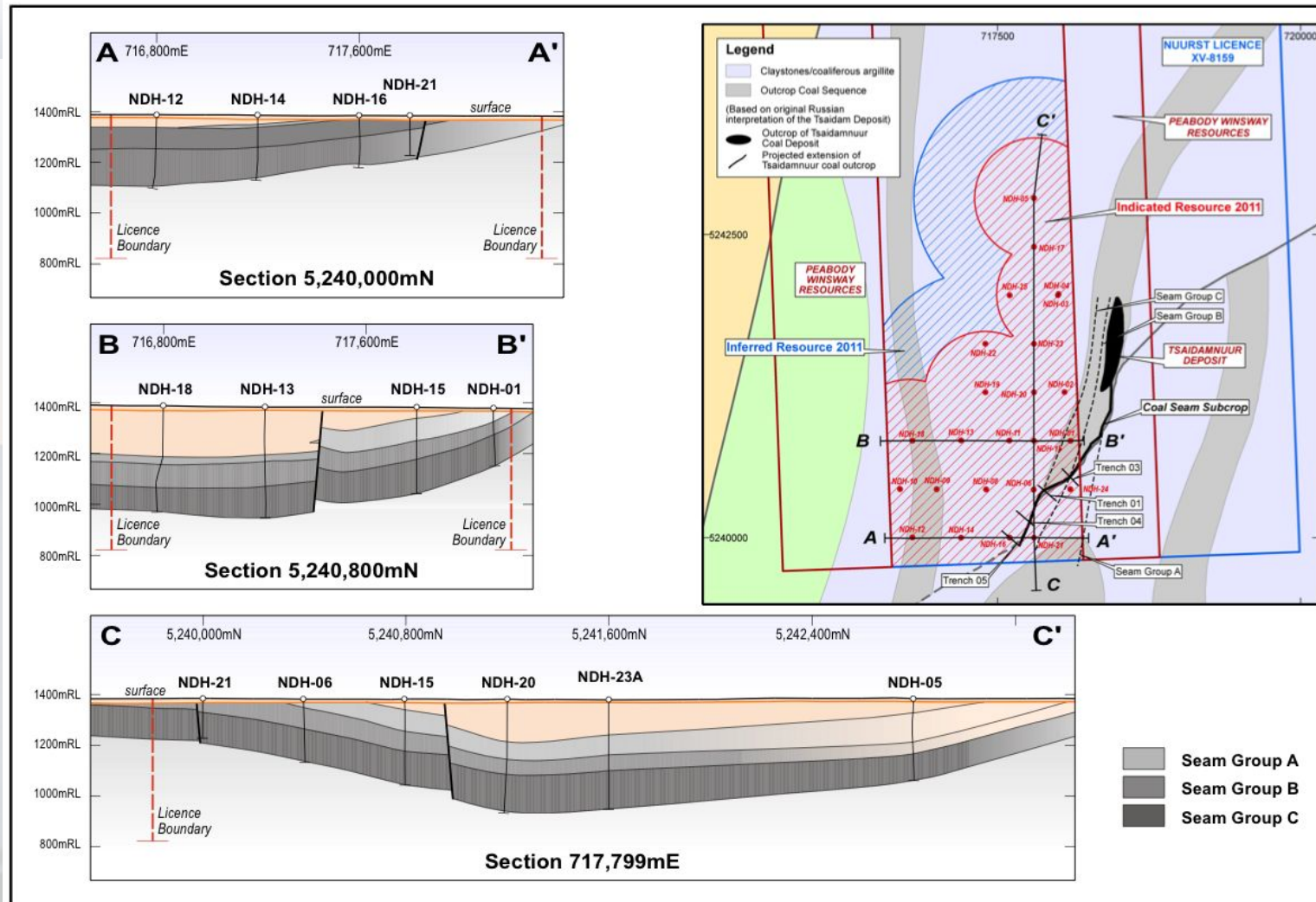
Map sourced from: http://www.nationsonline.org/oneworld/map/mongolia_map2.htm

Nuurst Geology – Part of larger known Tsaidam Coal Deposit

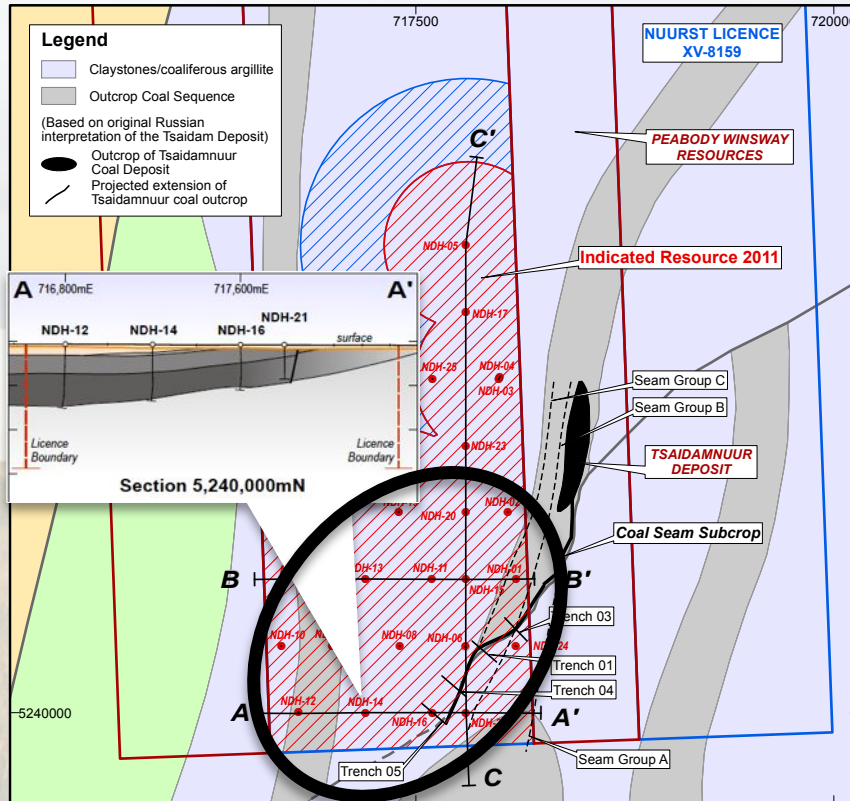


84% of Licence
Under- Explored

Cross Sections Through Nuurst



2012 Scoping Study Focus



The area likely to have a low ratio of overburden to coal within the Indicated Resource area

Consider potential coal upgrading options

Identify infrastructure requirements

Identify areas of further opportunity

Coal Quality Comparison

Company	Project	Distance to existing Rail km	Resource t (million)	Inherent Moisture % adb	Ash % adb	Volatile Matter % adb	Fixed Carbon % adb	Total Sulphur % adb	Calorific Value Kcal/kg adb	Calorific Value Kcal/kg db	Calorific Value Kcal/kg daf	Relative Density g/cm ³ ad
Hunnu	Unst Khudag	180	676	18.28	21.30	30.07	30.38	1.27	3,995	4,889	6612	1.41
Modun	Nuurst	6	489	24.85	13.78	36.36	24.91	0.92	4,113	5,972	6,701	1.37
Peabody Winsway	Union (M&I resource)	13	95	13.10	14.40	38.00		1.40	4,916			1.40
Peabody Winsway	Union (inferred)	13	55	10.80	14.20	38.00		1.20	4,002			1.43
Peabody Winsway	Erds Project	75	807	19.25	25.32	29.70	25.73	1.29	3,710			1.55
Xanadu	Galshar	65	62	8.24	9.10	40.80		0.57	5,371		6,476	1.37
Xanadu	Khar Tarvaga	45	327	19.25	25.32	29.70	25.73	1.29	3,742			1.54

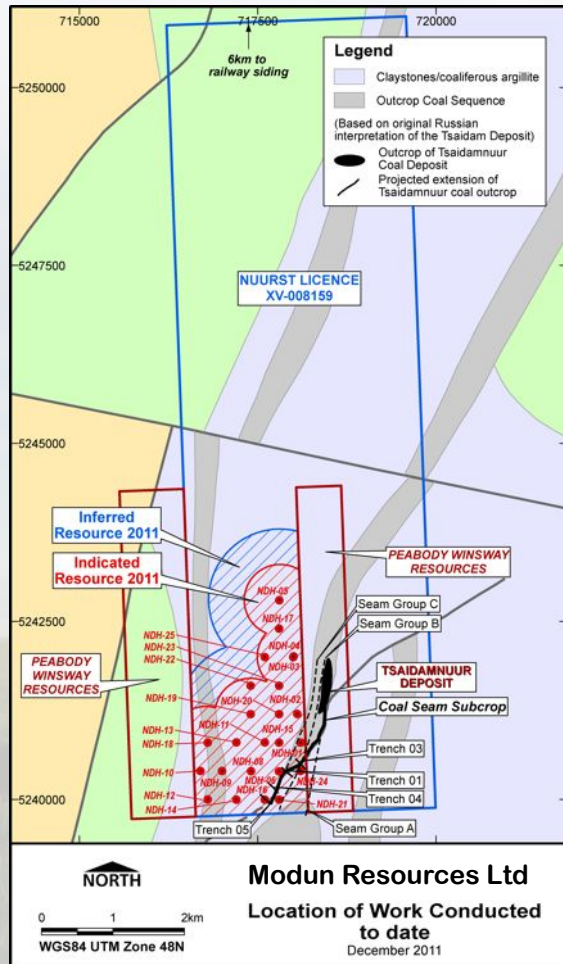
References:

Hunnu Coal ASX announcement 1 July 2011 – “JORC Resources estimate for the Unst Khudag Thermal Coal Project”
 Polo Annual information form, March 29 2010
 Xanadu Mines Prospectus

- Town with siding 6 km north of licence
- Simple siding extension
- Power available
- Apartment buildings
- Thermal power station
- Room to expand



Nuurst Exploration & Development Plan 2011/12



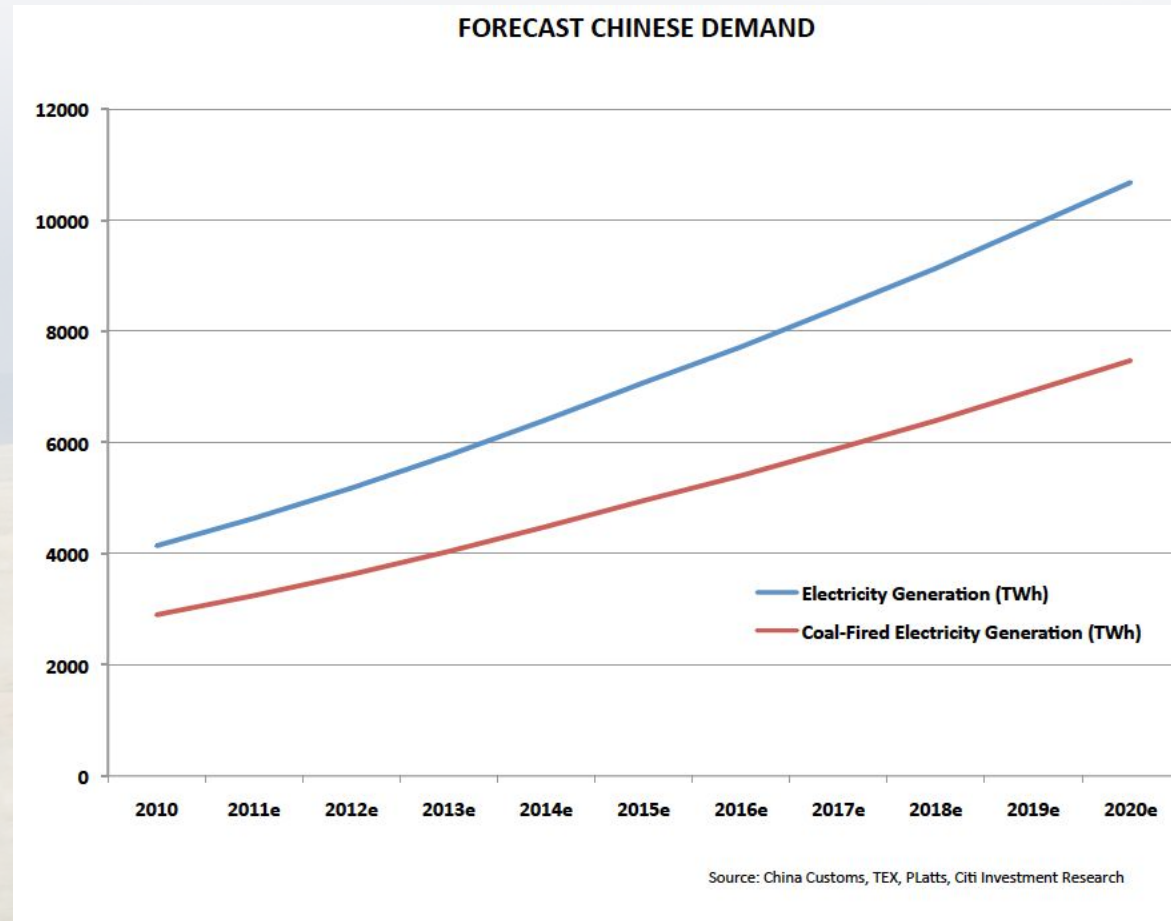
- Commence Mining Scoping Study
- Define and commence 2012 exploration and resource drilling programme
- Progress mining licence application
- Extend known Resource to the north
- Identify areas of additional coal seam development
- Further coal analysis to assess marketing properties



Developing large scale coal projects

- Drive Nuurst Project towards development through Scoping Studies and further Resource delineation
- Focus on acquisition of further coking and thermal projects in Mongolia:
 - Quality coking projects, close to existing or planned transport infrastructure
 - Large, good quality thermal projects, close to existing infrastructure
- Continuously review project pipeline
- Attract further quality shareholders to the register

Forecast Chinese Demand (CITI)



Chinese Demand
Set to Double in Less
Than 10 Years

Mongolia Overview

Key Statistics

Government Parliamentary Republic

President Tsakhia Elbegdorj

Area 1,564,116 km²

Population 3,133,318

GDP US\$11.0 billion



Source: CIA Factbook, World Bank.

- Mongolia is a politically stable, mining friendly jurisdiction undergoing strong economic growth
 - The economy grew 6.1% in 2010, largely on the strength of exports to nearby countries with average growth of ~9% per annum between 2004-2008
 - The World Bank forecasts Mongolia to be the world's fastest growing economy by 2013 with a forecast GDP growth rate of 22.9% in 2013
- Economic activity in Mongolia has traditionally been based on herding and agriculture, however, Mongolia's extensive mineral deposits have recently attracted a significant number foreign investors

Mongolia – Emerging Mining Destination

- Mongolia is an emerging mining destination, hosting a considerable number of world class mineral deposits including Oyu Tolgoi (copper) and Tavan Tolgoi (coal), with six exporting coal mines currently in operation
 - Oyu Tolgoi is currently under construction and is expected to enter commercial production in 2013, with average annual output of 1.2 billion pounds of copper and 650,000 ounces of gold (over first 10 years)
 - ~US\$4.5 billion capital spend required to complete initial development phase
- Mongolia is estimated to have ~162 billion tonnes of coal resources and 9.8 billion tonnes of recoverable coal reserves
- Mongolia is directly adjacent to China and in particular its rapidly growing western regions
 - China is the world's largest consumer and second largest importer of coal
 - Demand for thermal coal in China was up 9.9% YoY in the March quarter 2011 at 490 million tonnes and annual demand growth is on track for at least a 9.0% YoY increase to 1.9 billion tonnes
 - Mongolia has a significant freight advantage to China over other thermal coal producers
- Mongolia can also access markets in Japan and South Korea (two of the three largest coal importing nations globally)
- Modun will have direct access to these markets via access to existing infrastructure
- Demand for thermal coal is expected to grow and supply is coming under ever increasing cost pressures

Source: Renaissance Capital, RBC.