MODUN RESOURCES

Towards Production
South Gobi, Mongolia

March 2012

Modun Resources Limited ABN 95 066 139 991

ASX: MOU

Disclaimer and Competent Persons Statement

Disclaimer

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Competent Person Statement

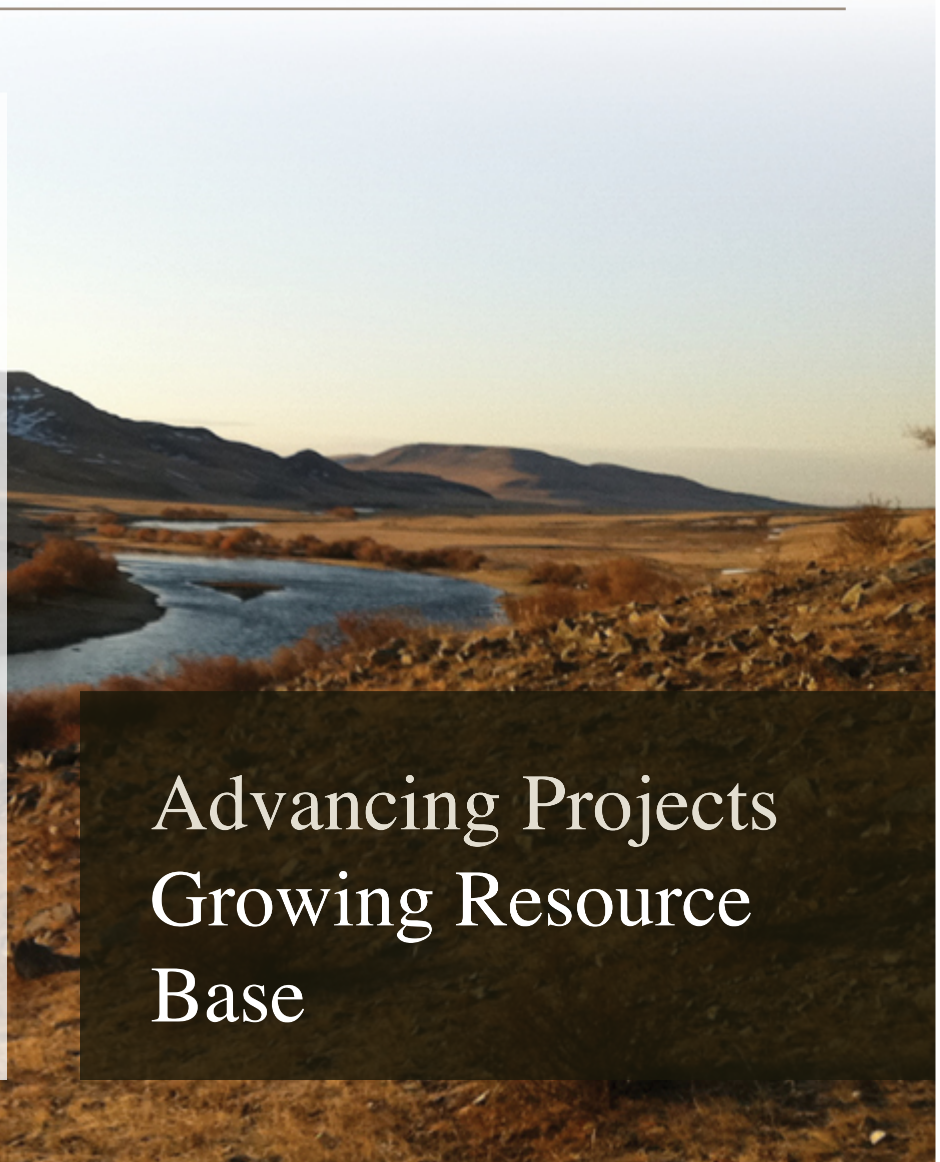
The information in this presentation that relates to Mineral Resources is based on information compiled by Mr Geoff Richards of CSA Global Pty Ltd, Western Australia. Mr Geoff Richards, has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the 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 Geoff Richards, consents to the inclusion of such information in this presentation in the form and context in which it appears.

The information in this announcement that related to exploration results and exploration targets is based on information obtained from the vendor and Cadastral archives in Mongolia and drilling and trenching activities on site undertaken by the vendor between 2004 and 2008. 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 presentation of the matters based on his information in form and context in which it appears

Moving Towards Production - Overview

- Pre-production project: Tsagaan Tolgoi with mining licence in place.
- 45.4 million tonne Resource in Sth Gobi (36.4m Measured & Indicated, 9m Inferred)
- High quality bituminous thermal coal HvBb, HvCb (ASTM)
- Exploration Target[1] 150 to 250 million tonnes in South Gobi (Qadb 5300 kcal/kg to 6500 kcal/kg)
- Potential coking coal
- SouthGobi Resources to become a major shareholder of Modun
- Additional expertise added to Board upon appointment of SouthGobi Director
- Continued development of 489 million tonne Resource at Nuurst Project, Central Mongolia

1 *It must be noted that this range is an Exploration Target only, the potential quantity and grade is conceptual in nature and it is not to be misconstrued as an estimate of Mineral Resources and that there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*



Advancing Projects Growing Resource Base

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Clear Path:

- Rapid expansion of Tsagaan Tolgoi Resource base (2012 drilling season)
- Bring Tsagaan Tolgoi into production (end 2012)
- Gain Nuurst Project mining licence (2H 2012)
- Acquire coking coal projects (ongoing)

Additional Projects to Create Southern Resource Hub

412 km^2 Prime Location in South Gobi

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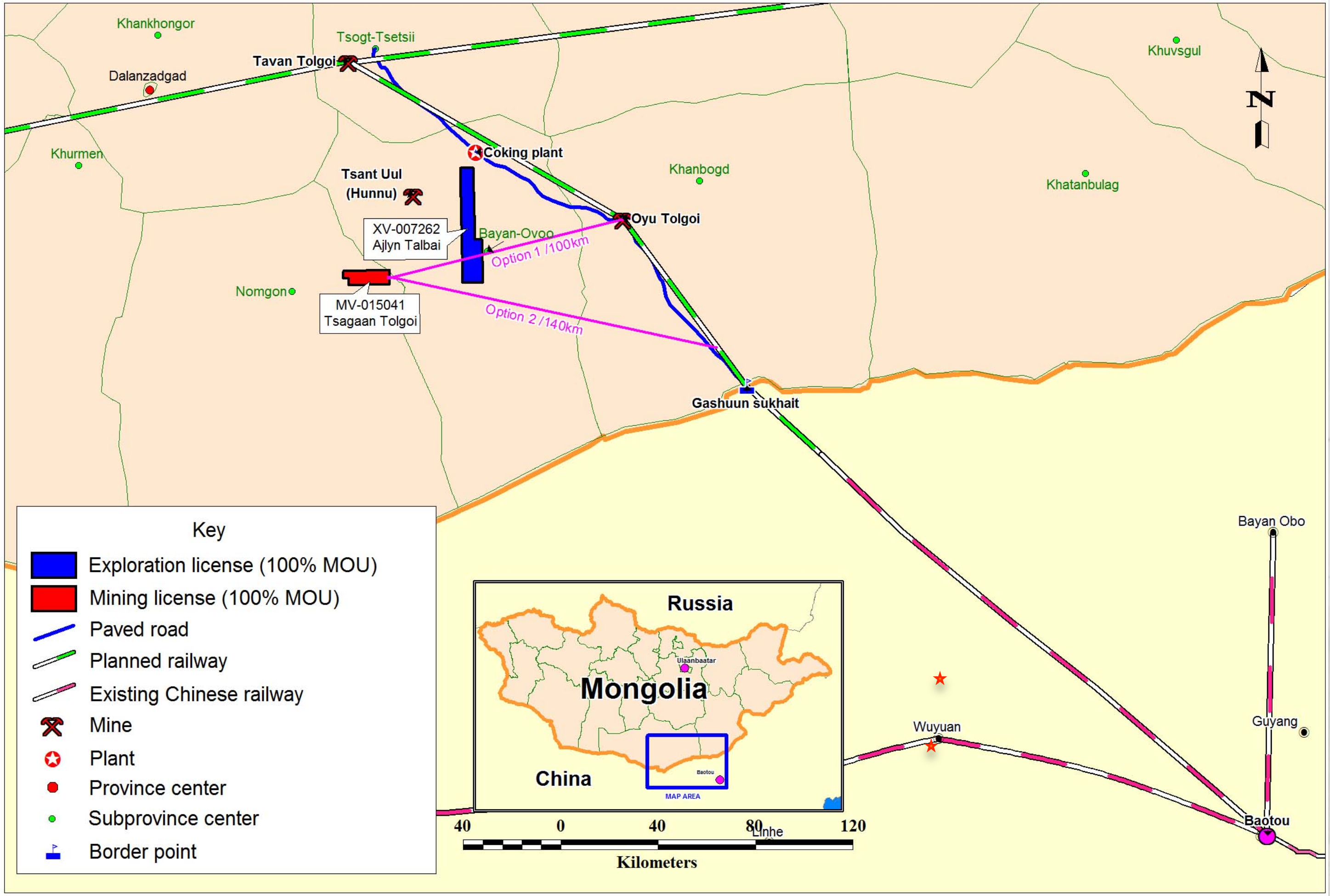
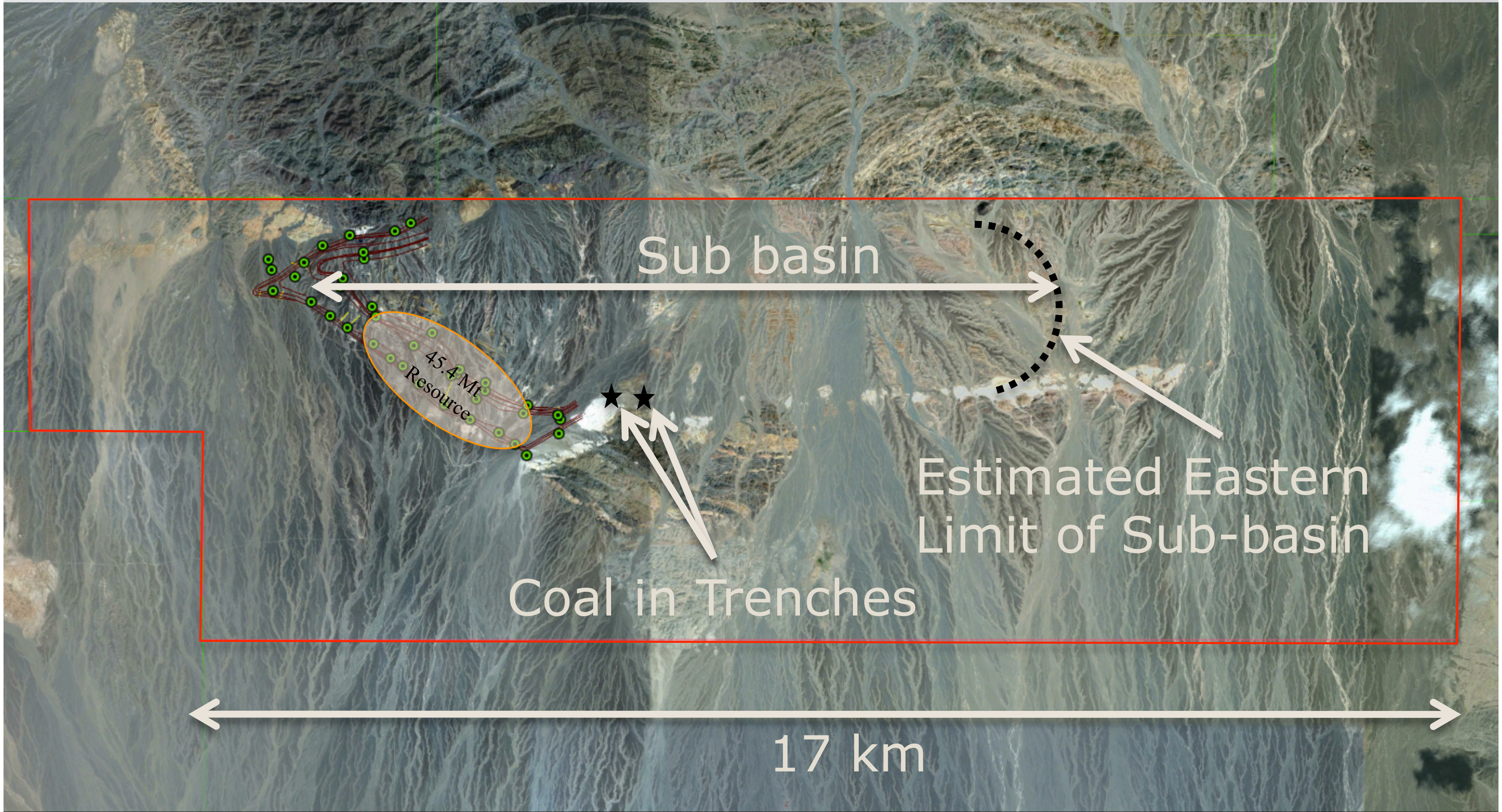


Tsaagan Tolgoi (Mining licence):

- 160 km by road to Chinese border point
- 40 km from Hunnu's Flagship Tsaant Uul Project
- Mining License
- Resource growth potential
- Coking potential
- Pre-development asset
- **First production December 2012**

Tsagaan Tolgoi Clear Resource Growth Potential



Tsagaan Tolgoi Development Strategy

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Simple, low capital development strategy

- Stage 1 (April – Sept.)
  - Drill out 100 Mt Resource
  - Bulk sample for detailed analysis and customer evaluation
  - Gain outstanding approvals
  - Test coking potential
- Stage 2 (≈ 12 months)
  - Build camp & road
  - First Production December 2012
  - Ramp up to 3 Mtpa over 12 months
  - Sell at mine gate
  - Optimise Wash Plant design
  - Further expand resource
  - Targeting product quality grading Qadb 5300 kcal/kg to Qadb 6500 kcal/kg)
- Stage 3
  - Construct Wash Plant
  - Manage Haulage
  - Sell at border or directly to customer
  - Optimise product with potential blending from other sources
  - Improved Product quality
  - Higher price for product

Tsagaan Tolgoi Conceptual Open Pit Operation / Economics

- **Stage 2 Modun Concept 2012:**
- Resource of 45.4 mt (Target 100 Stage 1)
- Focus on high quality seams
- 2 – 3 mtpa
- Contract Alliance Outsource Model
- Mining cost circa $15 per tonne
- Deliver to stockpile at mine gate
- Capital USD $21 million
- Sale price of product at gate above USD $35

- **Stage 3:** Wash plant & corresponding increase in price received; Selling at border

- **2008 Scoping Study**
- Resource 45.4 mt
- Focus on largest seams
- 0.9 mtpa
- Owner Operator Model
- Mining cost $11.49 per tonne
- Deliver to Stockpile at mine gate
- Capital USD$57 million

Achievements to Date (June 2011 to Present)

- Modun completed acquisition of 100% of the Nuurst Project (Licence XV-008159)
- 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); Set-up Mongolian office with 9 staff including 8 geologists
- Have raised over $12.5 million in last 8 months to complete transactions and advance exploration
- **Release of maiden JORC Reportable Coal Resource of 489 Mt within 6 months of project acquisition**
- Commenced scoping studies for Nuurst Project
- **Acquired SouthGobi mining licences (subject to shareholder approval)**

Nuurst Coal Project

- 120 km south of Ulaanbaatar, 610 km from Chinese border
- Licence area: 34.5 sq.km
- 489 million tonne Resource at Nuurst (417 mt indicated, 72mt inferred)
- Resource area covers 16% of overall licence
- Commenced Scoping Study to assess potential for large scale, thermal coal project
- 6 km from rail siding, direct rail access to China
- Surrounds Peabody-Winsway licences

Peer Comparison

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Company	Projects	Location	Coal Type	Resource Coal Quality kcal/kg (adb)	Area (ha)	Infrastructure	Distance to Border	Defined Resource (Mt)	Resource target (Mt)	Mkt Cap ($m)	EV ($m)	EV/Resource ($/t)
Modun (Sth Gobi)	Tsagaan Tolgoi - Upper	South Gobi	Possible Coking & thermal	5,537	10,541	Could connect into existing South Gobi infrastructure or construct own haulroad to border crossing point	95km to Chinese border	18.0	150-250	41.2	32.6	0.061
	Tsagaan Tolgoi - Lower			4,841				27.4				
	Ajlyn Talbia	South Gobi	Possible Coking		30,690	Directly adjacent to existing sealed road and planned railway line	80km to Chinese border					
Modun (Central Tuv)	Nuurst	Central Mongolia	Thermal	4,113	3,541	6km to existing Trans-Mongolian railway	610km to Chinese border	489.0				
Total Modun					**44,772**			**534**	**639-739**			
Hunnu Coal	Altai Nuurs	Gobi Alti	Hard Coking	(undefined)	46,212	Possible dirt road connection to existing iron ore mine	250km to Chinese border		250.0	481.3	459.3	0.54
	Unst Khudag	Middle Gobi	Thermal	3,995	59,000	Would require 180km rail spur to the existing Trans- Mongolian railway	610km to Chinese border; 760km to Russian border	676.0				
	Tsant Uul	South Gobi	Possible Coking	5,488	69,000	40km to planned railway near Tavan Tolgoi project	140km to Chinese border	167.1				
Draig Resources	Ongi River	Ovorhangay	Possible Coking & thermal	(undefined)	18,106	Truck 250km to planned Gobi Coal road/rail infrastructure, unlikely before 2017; or truck 340km direct to border	340km to Chinese border	N/A		30.2	22.0	N/A
	South Gobi	South Gobi	NA		44,393	Could connect into existing South Gobi road to border	80km to Chinese border	N/A				
Aspire Mining	Ovoot	Northern Mongolia	Hard Coking	6,668	50,000	Proposed 552km rail to the existing Trans-Mongolian railway	852km to Russian border	330.7		284.1	241.9	0.731
Prophecy Resources	Ulaan Ovoo	Northern Mongolia	Thermal	5,040	33,000	Proposed ~120km truck route to the existing Trans- Mongolian railway north into Russia	140km to Russian border	208.8		97.7	92.4	0.4
Guildford Coal	South Gobi	South Gobi	Coking & Thermal	(undefined)	82,600	Could connect into existing South Gobi infrastructure	60km to Chinese border	70.4	892.0	318.7	303.7	0.229
	Middle Gobi	Middle Gobi	NA	(undefined)	36,000	Would require 200km railway to connect to the existing Trans-Mongolian railway	600km to Chinese border	221.4	830.0			
Gobi Coal	Shinejinst	Bayankhongor	Semi-soft Coking	7,530	230,000	On proposed Phase 3 gov railway unlikely before 2017, plan to truck in interim	278km to Chinese border	229.0				
	Zeegt	Gobi Altai	Semi-soft Coking		97,000	On proposed Phase 3 gov railway unlikely before 2017	255km to Chinese border	93.0				
Xanadu Mines	Khar Tarvaga	Central Mongolia	Thermal	3,742	5,370	Would require 37km railway to connect to the existing Trans-Mongolian railway	497km to Chinese border	327.0		49.3	30.0	0.060
	Galshar	Eastern Mongolia	Thermal	3,833	13,152	65km to rail spur which connects to Trans-Mongolian railway	200km to Chinese border	170.0				

Corporate Overview

Capital Structure

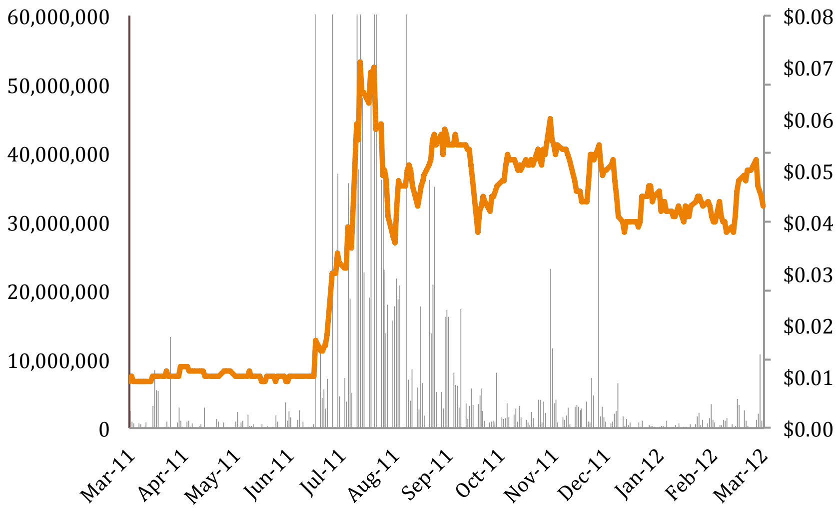
		Current
Ordinary shares on issue[1]	m	927.07
Share price	A$	$0.043
Market capitalisation	A$m	$39.86
Net cash [2]	A$m	$8.00
Undiluted enterprise value	A$m	$31.86

1. Assumes all shares are issued, including 82.5m shares which are to be issued subject to shareholder approval.
2. Includes $7.08m held in escrow/trust accounts pending the completion of the South Gobi acquisition which is subject to shareholder approval.
3. Includes the shareholding of Elliot Holdings and RJZ Capital Management

Substantial Shareholders

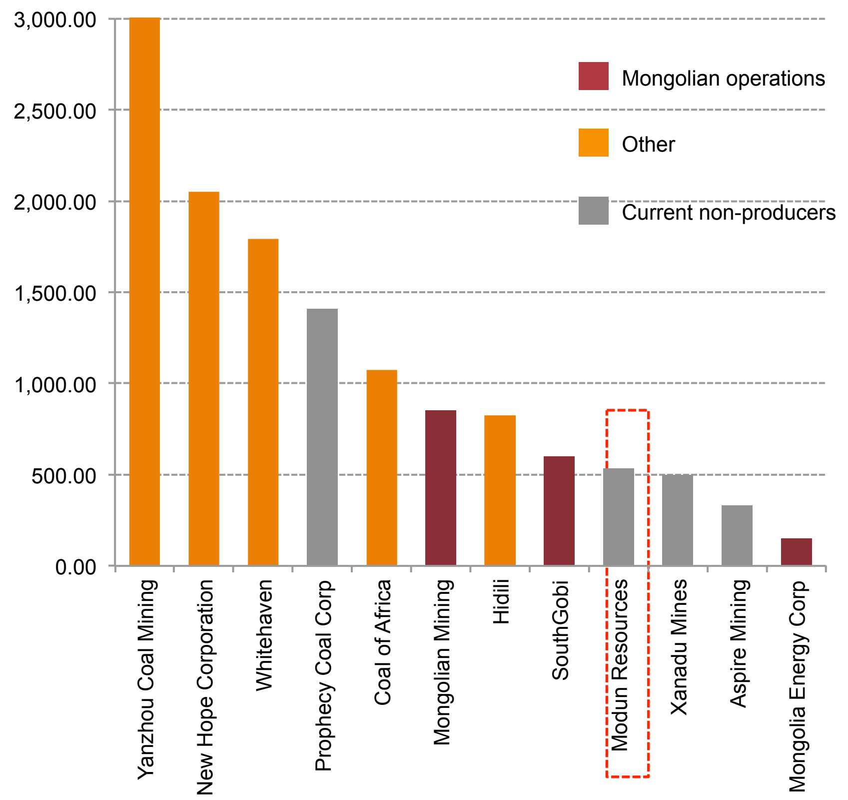
Name	% of Shares on Issue
Elliot Holdings [1]	7.6%
Directors & Management [1,3]	15.0%

Share Price History

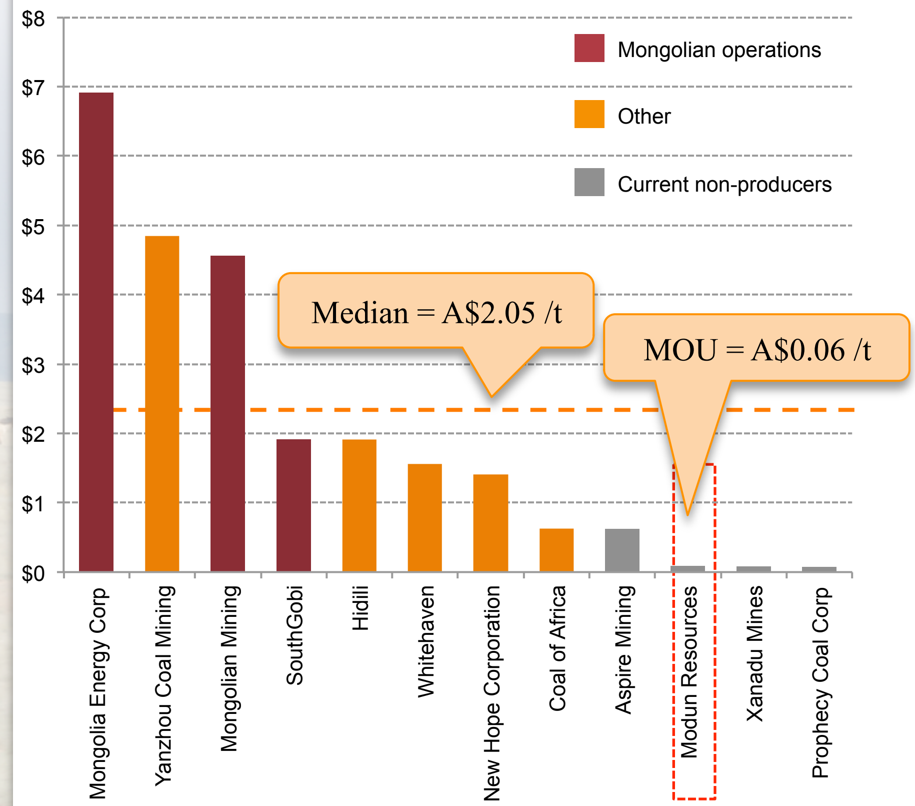


Resource Comparables – Modun Undervalued

Resources (Mt)[1]



EV / Resources (A$/t)[1,2]



1. Resources include thermal, semi-soft, PCI and hard-coking coal types
2. Enterprise value (EV) calculated on an undiluted basis and adjusted for cash and debt
3. Modun EV is post acquisition (assumes current share price $0.043) and shares issued to SouthGobi are at a deemed issue price of $0.06

Source: Bloomberg , IRESS, Company Announcements as at March 2012

Appendix 1 Coal Resource Layout