

Modun Resources AGM Presentation

November 2012

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 Projects 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 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.

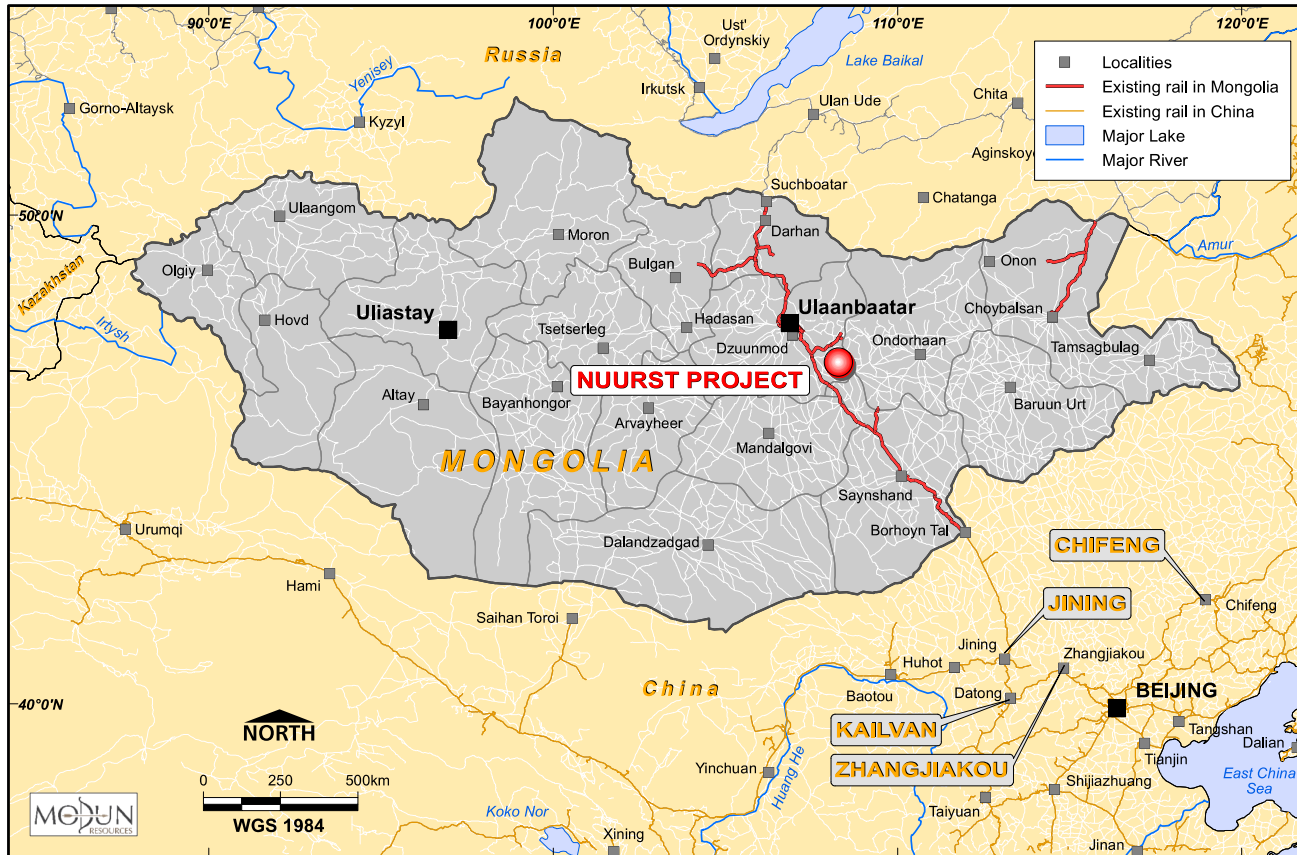
Competent Person Statement

The information in this 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.

- The Company is Moving from exploration to Development Phase at Nuurst Project in Mongolia
 - Planned production commencing in 12 - 18 months.
- Nuurst Coal Project
 - 478MT Resource sub-bituminous coal.
 - Close to infrastructure, 6km to existing Rail
- Board Composition:
 - Technical: Mining Engineering and Geology
 - Financial: Mining Finance and Project Management
- Mongolian Team experience:
 - Well respected, highly experienced exploration team in Mongolia.
- Beijing Team Experience:
 - Tennant Metals are our 'off-take' partner who will be marketing our coal in China.

Nuurst Location Map



- 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 updated JORC Resource detail reported in 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

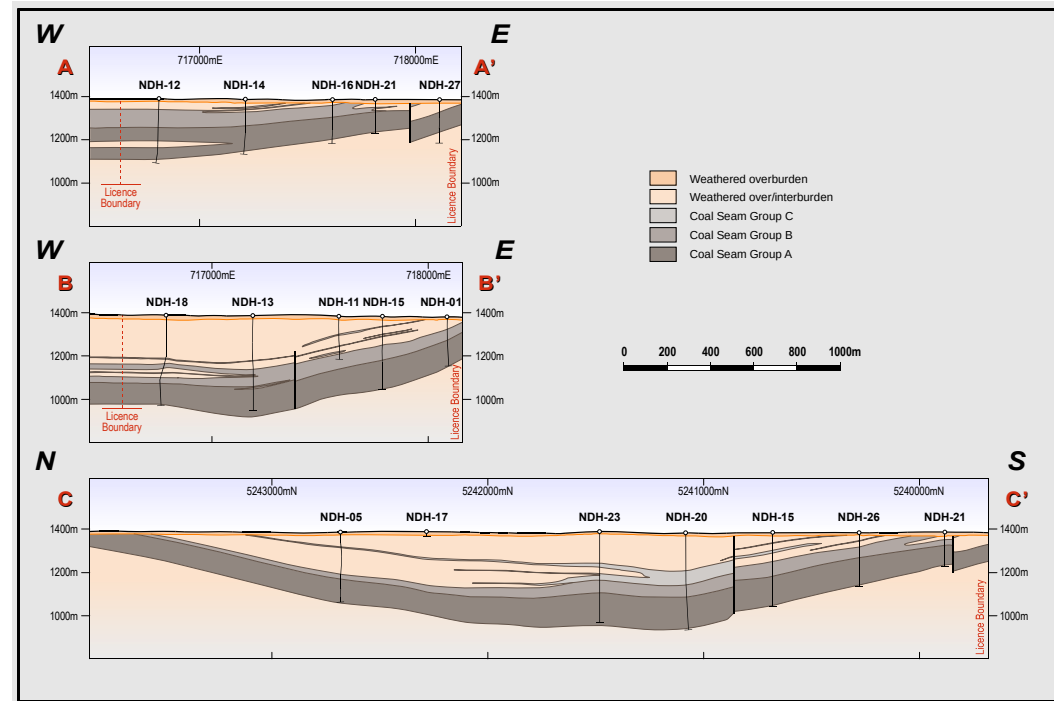
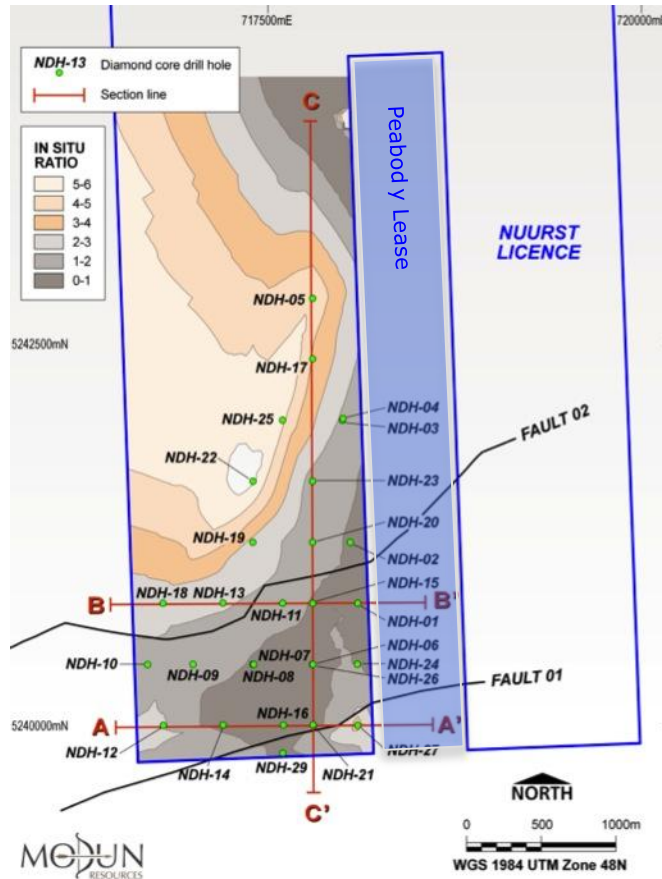
Category	Mass (M Tonnes)	IM (%adb)	Ash (%adb)	VM (%adb)	FC (%adb)	TS (%adb)	CV			RD gr/cm ²
							%adb	%db	%daf	
Measured	326	9.99	18.89	40.77	30.37	1.05	4774	5303	6711	1.31
Indicated	104	10	18.88	39.91	31.22	1.13	4773	5304	6711	1.33
Inferred	48	10	18.93	40.02	31.05	1.21	4721	5245	6642	1.32
Grand Total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

- Previous results announced in December 2011 (now superseded)

Category	Mass (M Tonnes)	IM (%adb)	Ash (%adb)	VM (%adb)	FC (%adb)	TS (%adb)	CV			RD gr/cm ²
							%adb	%db	%daf	
Grand Total	489	24.85	13.78	36.38	24.91	0.92	4113	5972	6701	1.37

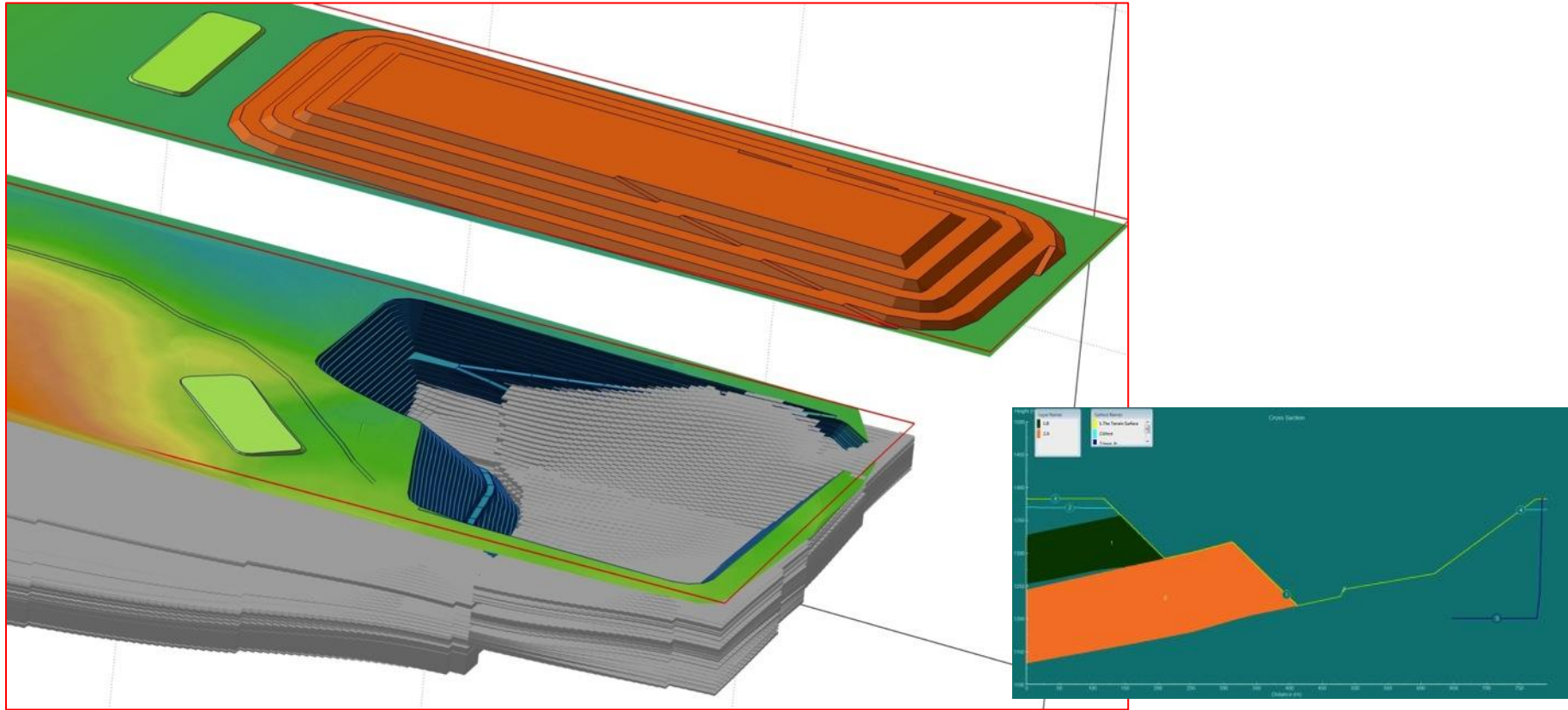
Nuurst Project – Low Stripping Ratio

- First 30mT at less than 1:1 strip ratio
- Next 60mT at less than 2:1 strip ratio



Nuurst Project – Indicative Mine Schematic

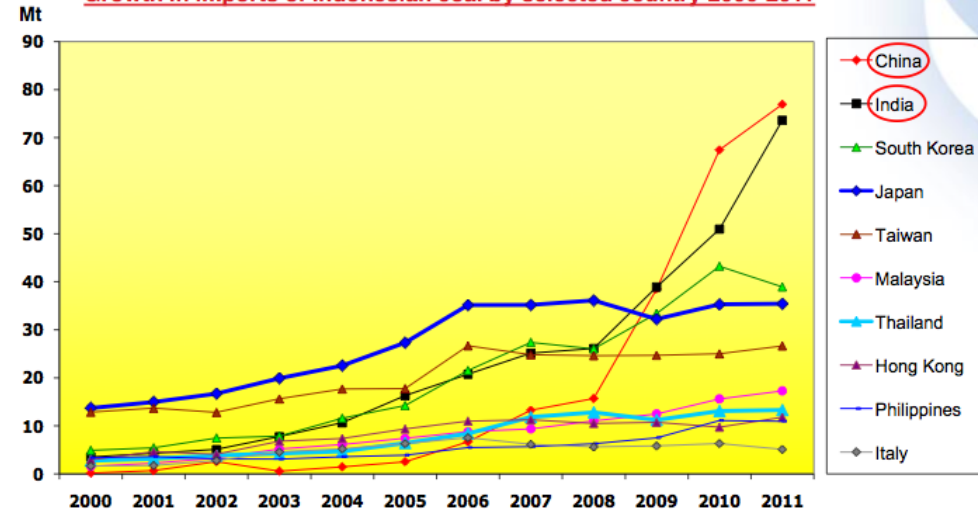
- Seams up to 41m Thick in lower section



International Coal Demand

- Tennant are focussed on selling coal into the Chinese market plus domestic supply.
- The growth in coal demand from Asia, particularly China and India, has been dramatic in the last three years.
- Indonesia is the largest exporter of similar grade thermal coal to China
- 3.6mT exported to China in Sept 2012 (source: Baiinfo)

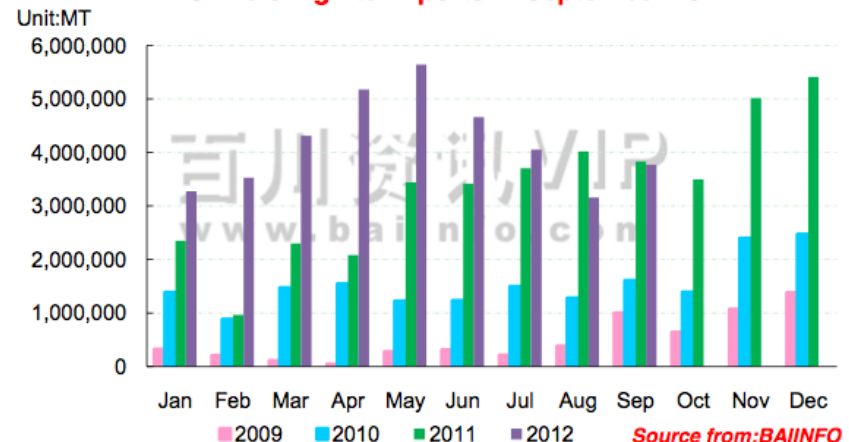
Growth in imports of Indonesian coal by selected country 2000-2011



Source: Marketing, Sales and Logistics Analyst, Banpu PCL

- Indian Power Demand continues to increase

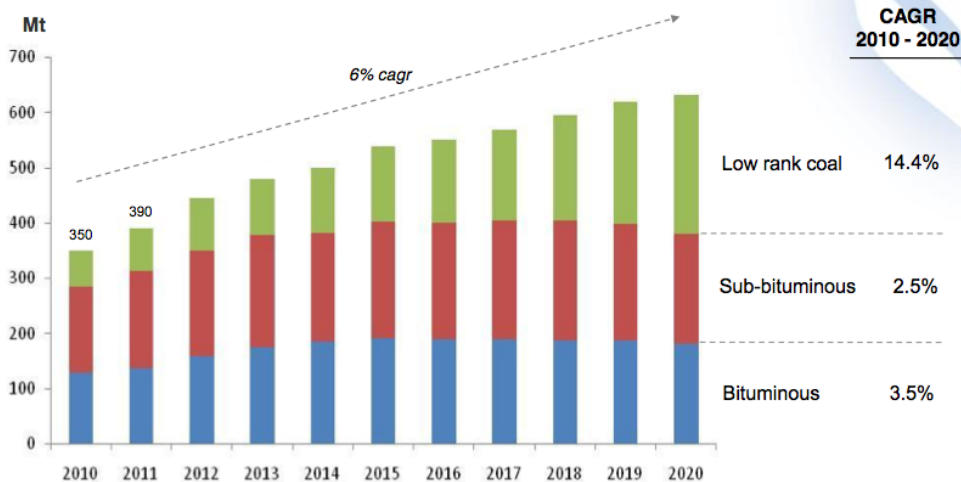
China's Lignite Imports in September 2012



Source from: BAIINFO

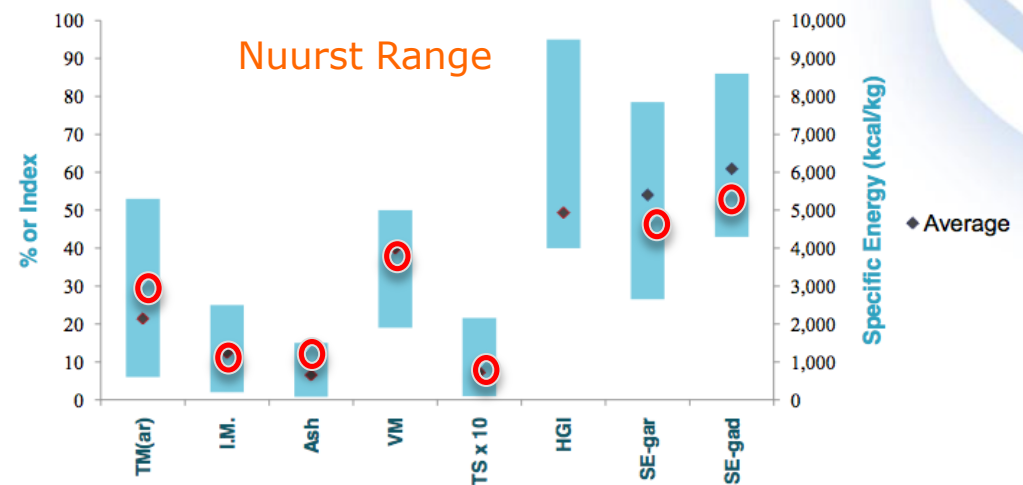
Nuurst Coal Comparable to Indonesian Coal

Significant growth in LCV coal while HCV coal expect to grow in short term mainly because of stated expansion of one major producer and could be constant after 2015



- Chinese demand for low rank thermal coal continues to grow.
- Nuurst Coal is very similar specification to Indonesian Coal

Indonesian Coal Quality Range



Source for charts: Marketing, Sales and Logistics Analyst, Banpu PCL

- 3mTonne per annum profile for first three years
- Split 1 Million Tonnes of Low Grade Coal for Domestic use @ 4500 Kcal/ Kg adb.
- Split 2 Million Tonnes of Higher Grade Coal for Export use @ 5100 Kcal/Kg adb.
- Lock in Base long term contract to raise capital for expansion and potential for IPP or other downstream products

- Costing Based on Contractor Model from initial scoping study and subject to firm pricing:

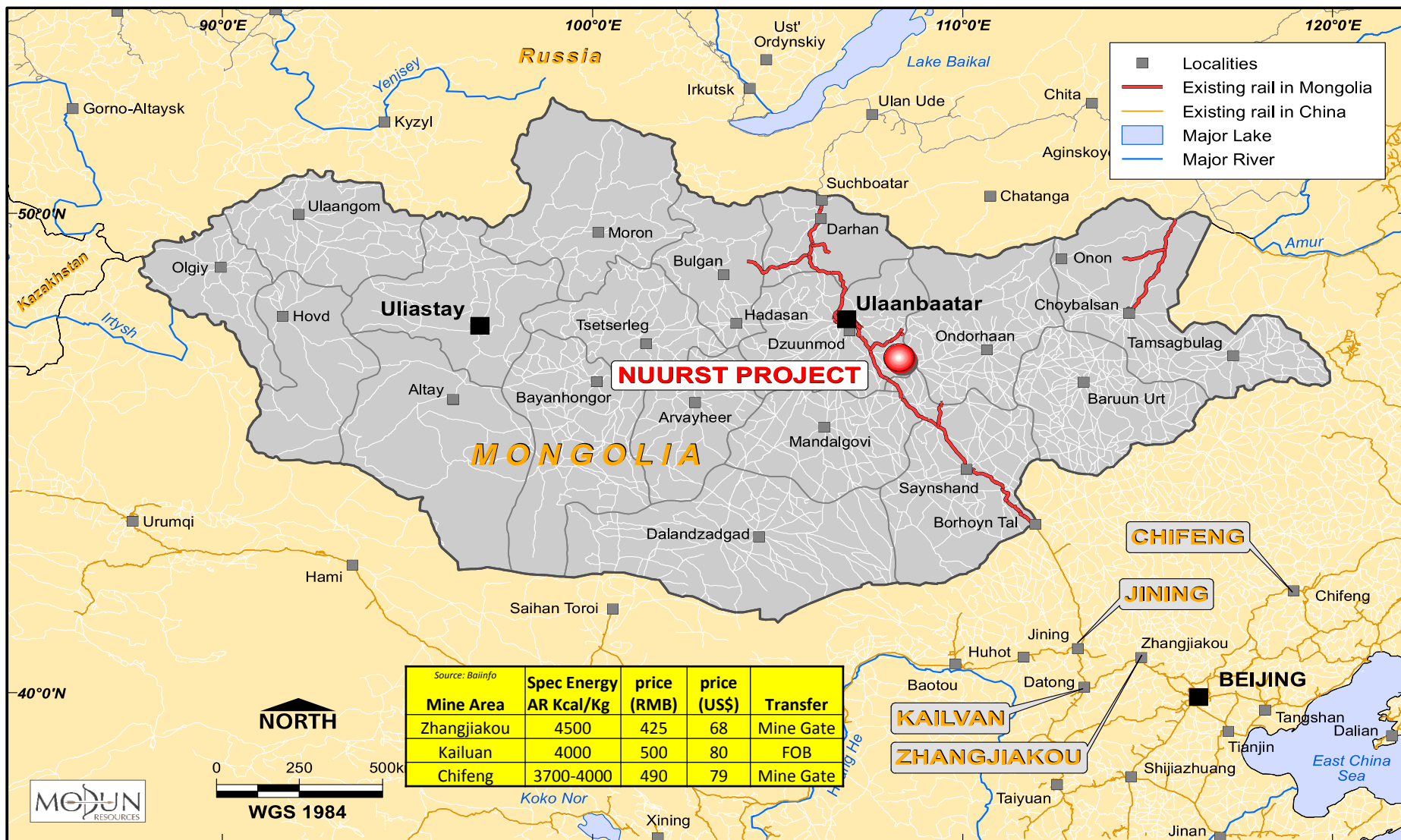
Domestic Assumptions

- Capex - \$US30-40m
- Operating costs - \$US10-12 (1:1 Stripping ratio)
- Domestic Royalties at 2%
- Current domestic sales price - \$US21 per tonne at Mine Gate

Export Assumptions

- Capex and Opex as above
- Export Royalties at 5%
- Transport Rail Costs to Chinese Border US\$14
- Current price at Chinese Border (Zamiin Uud/Erenhot) - \$US37 per tonne (source: Tennant Metals)

Chinese Competitor Mining Locations

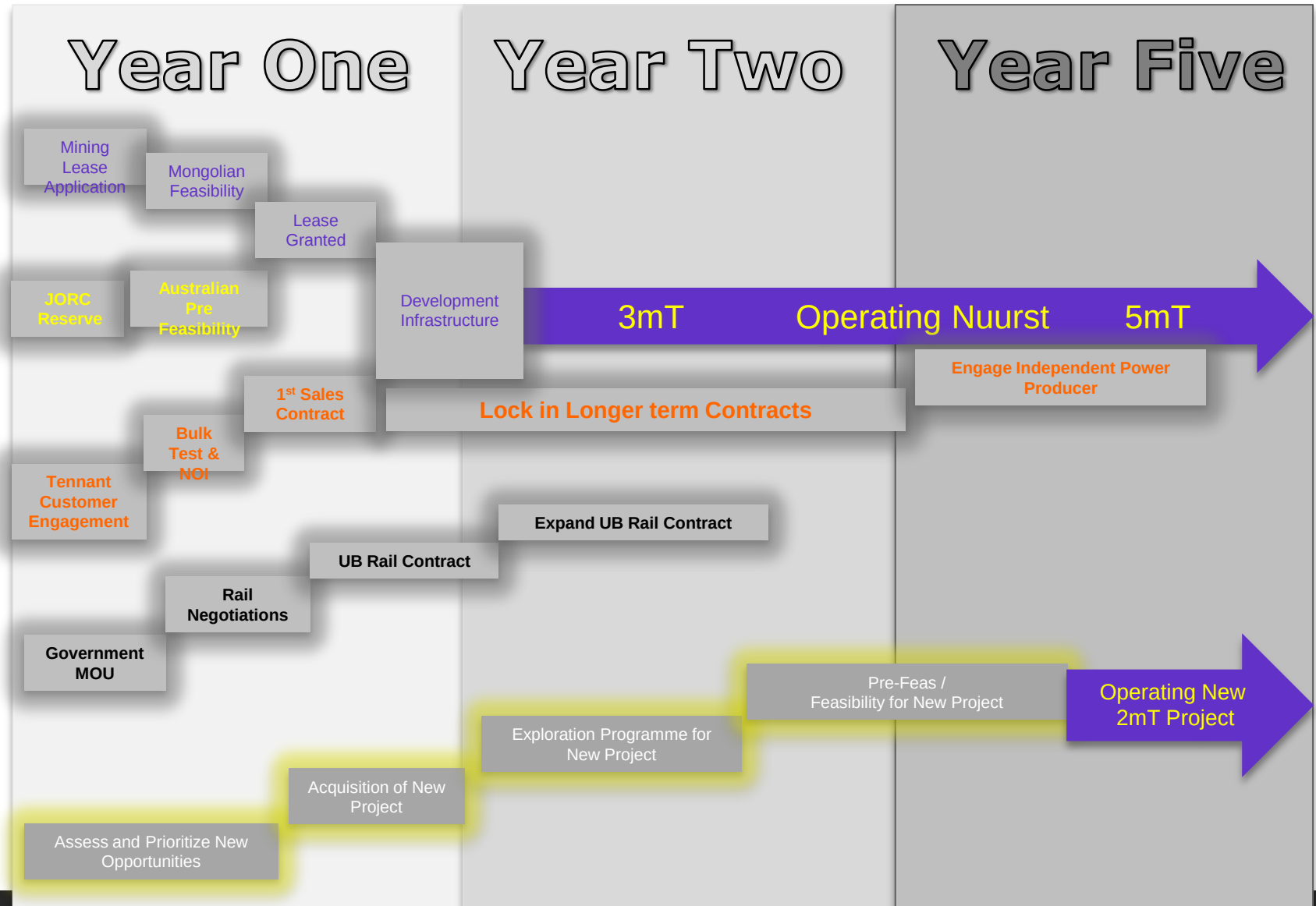


- Current Process:
 - Submit Report to Independent Experts (Oct 12)
 - Submit Project Report to MRAM for Assessment (Nov 12)
 - Attend Council Meeting to go through report and gain approval (Jan 13)
 - Gain Approval for Mining license (End Jan 13)
 - Perform necessary work for Mongolian feasibility (Feb to April 13)
 - Re-submit Feasibility study for Mining Approval (May 13)
 - Ability to develop mine (June 13)

5 Year Plan - Key Goals

1. Commence Production at Nuurst in 12 - 18 months:
 - Production Rate of 3 MTPA
 - 2 MTPA Export, 1 MTPA Domestic
 - Commence mine with contractors.
2. Expand portfolio by acquisition of another project:
 - In coal or energy sector, preferably coking coal.
 - Assess overseas acquisitions to diversify portfolio.
3. 5 Year Goal:
 - 5MTPA Nuurst Project
 - 2MTPA second project.
 - Domestic power supply partner.

Five Year Goals



Appendix

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- Collaborate with Peabody Winsway
 - We have adjoining Leases. They have a resource of 160mTonnes
 - Shared Infrastructure for Transport etc would be of mutual benefit.
 - We have an information sharing arrangement in place and seek to expand on this relationship.
- JV with Local Power Producer / Consumer
 - Indications are that there will be an increase in industry along the rail corridor to China plus an industrial park called Sainshand approx. 400km from Ulaanbatuur and 300km from Nuurst.
- Technology
 - Coal drying or briquettes are an option to increase energy of the coal for target customers.
 - Potential for Coal to gas or liquids.
- New Projects
 - International opportunities to acquire coking coal or other energy related projects.

Partner with Independent Power Producer

- Mongolian Government have just announced the first Independent Power supply Contract to Newcom.
- Mongolia is still a nett importer of Power
- Modun will look to partner a power producer for this type of arrangement as the economy and the demand for power grows.



1. Experience Operating Large Coal Mining Projects

- Managing Director has 20 years experience running similar types of coal deposits in the SW of Australia and experience in Queensland Coking Coal.
- Excellent track record in customer focus and delivering value to all stakeholders
- Corporate team have collectively 80+ years experience in raising funds and maximising NPV on projects.

2. Growth Capability:

- The management team have significant experience in performing due diligence to assess the value of other opportunities and maximise their value.
- The team have clear goals for the strategic plan to transform Modun from an exploration play to a viable, reliable supplier of consistent quality, low cost coal products.

Hugh Warner, Non-Executive Chairman, BEc

Mr Warner holds a Bachelor of Economics degree from the University of Western Australia. Mr Warner has extensive experience as a public company director having been a director of approximately 25 publicly listed companies involved in the mining, oil & gas, biotechnology and service industries.

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

Mr Dalton has over 25 years experience in the mining, oil and gas sector. With more than 20 years in the coal industry, he is an experienced coal mining engineer with an extensive background in mine planning, strategy, operations and logistics at large scale open cut coal mines. Mr Dalton has also been responsible for leading numerous feasibility studies on expansion and development of new coal mining projects in Australia and overseas.

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

Mr Fahey has over 35 years experience in both the international and local minerals industry. He is a specialist in mining geology, mine development and training and worked for 10 years as Chief Geologist Mining for Delta Gold where he was actively involved with the development of Kanowna Belle, Golden Feather, Sunrise and Wallaby projects. Gerry is currently a Director of CSA Global Pty Ltd and a 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).

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Directors & Management (continued)

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

Mr Thompson has 20 years experience in principal investment, investment banking and corporate finance. He is a qualified chartered accountant, admitted legal practitioner, Fellow of FINSIA and holds a Bachelor of Commerce and Bachelor of Laws.

Neil Hackett, Company Secretary, BEc FFin CSA GAICD

Mr Hackett has approximately 19 years company secretarial, compliance and corporate governance experience including 7 years ASX200 listed company secretary experience with diversified industrial and financial services entities. Neil holds a Bachelor of Economics and is a Fellow of Finsia, GAICD and Affiliate of Chartered Secretaries Australia.

Daniel Rohr, Chief Financial Officer, B.Comm, CA

Mr Rohr is a member of the Institute of Chartered Accountants and has 20 years management, corporate advisory, finance and accounting experience working for a number of listed and unlisted companies. He has extensive experience in managing the development of high growth and start up companies.

Enkhbayar Batmunkh, Chief Geologist

Mr Enkhbayar has over 35 years experience in the Mongolian coal sector, most recently with Peabody Winsway Resources.

Ch. Enkh - Amgalan, Senior Exploration Geologist

Mr Amgalaan has over 20 years experience in the Mongolian Exploration industry and led a team of up to sixty local personnel through the initial drilling phase.

Corporate Overview

Capital Structure

		Current
Ordinary shares on issue	m	844.6
Share price	A\$	\$0.014
Market capitalisation	A\$m	\$11.8
Net cash	A\$m	\$2.2
Undiluted enterprise value	A\$m	\$9.6

Options on issue: 17.5m exercisable at \$0.10 before 31.12.14

Recent Announcements:

19/11/12 Change of Directors Interest Notice
 08/11/12 Upgraded Nuurst JORC Resource
 30/10/12 Quarterly Activities Report
 25/10/12 Heads of Agreement for Coal Off-take with Tennant Metals
 15/10/12 Commencement of Managing Director

Substantial Shareholders

Name	% of Shares on Issue
Elliot Holdings	8.3%
Directors & Management ¹	15.0%

1. Directors and Management includes the shareholding of Elliot Holdings

Share Price History

