Modun Resources

Mines and Money Hong Kong Investor Update

March 2013

Modun Resources Limited ABN 95 066 139 991

ASX: MOU

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Competent Person Statement

The information in this announcement that relates to Mineral Resources is based on information compiled by Mr Dwiyoko Taruno who is a member of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientists. Mr Dwiyoko 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 Dwiyoko 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.

Corporate Overview

Hugh Warner, Non-Executive Chairman,BEc

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

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

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

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

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

Achit Erdene Darambazaar, Non-executive Director Mongolia

- President of MICC Bank, a leading investment bank in Mongolia

Neil Hacket, Company Secretary, BEc FFin CSA GAICD

- 20 years corporate finance and governance experience

Dan Rohr, Chief Financial Officer, BCom CA

- 20 years corporate management experience

Enkhbayar Batmunkh, Chief Geologist

- 35 Years experience in Mongolian Coal Exploration

Capital Structure (ASX: MOU)		Current
Ordinary shares on issue	m	854.6
Share price	A$	$0.012
Market capitalisation	A$m	$10.3
Net cash	A$m	$1.6
Undiluted enterprise value	A$m	$8.7

Substantial Shareholders	% of Shares on Issue
Elliot Holdings	8.2%
Directors & Management [1]	10.2%

1. Directors and Management includes the shareholding of Elliot Holdings

Modun Current Position

- The Company is Moving from exploration to Development Phase at Nuurst Project in Mongolia
    - Planned production commencing in 12 - 18 months.
    - Our vision is to become a Global Leader in supplying Energy Based products, delivering value to all stakeholders.

- Nuurst Coal Project
    - 478MT Resource sub-bituminous coal.
    - Close to infrastructure, 6km to existing Rail

- 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.

Why Mongolia?

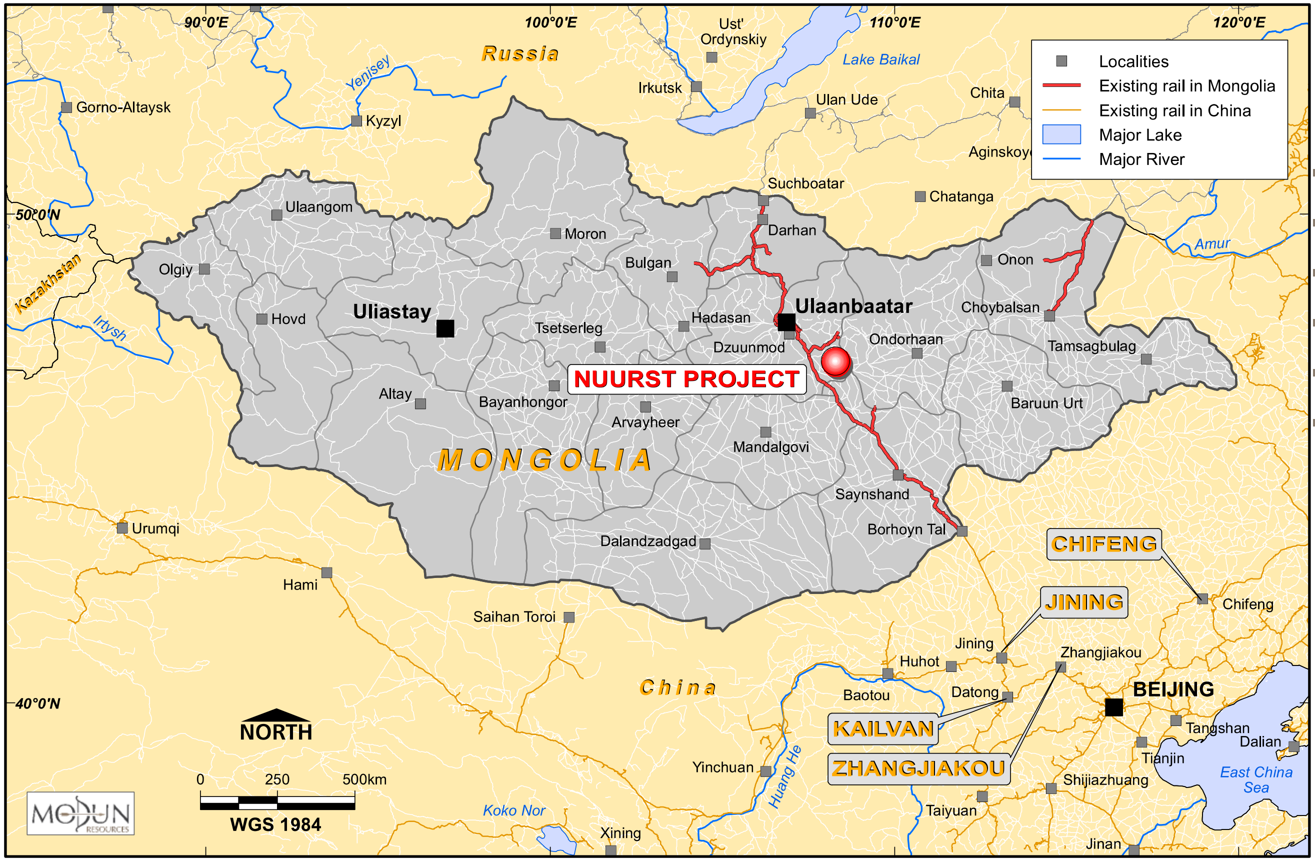
General Overview

- Democratically elected Government
- One of the fastest growing economies in the World.
- IMF forecast GDP growth of 14% pa from 2012 to 2016.
- Government raised US$1.5bn from bond issue to be spent on infrastructure.

Mining Factors

- Western Mining Companies and contractors have been in-country for a substantial time and have trained local people to operate in a safe and productive manner.
- Mongolia is a country of large un-tapped Mineral Wealth.
- The major market of China is on the doorstep.

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 JORC Resource Table as of November 2012

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

- Quality Parameters on an air dried basis

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

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

Category	Moist. (%ar)	Ash (%ar)	FC (%ar)	TS (%ar)	CV Kcal/kg
As Received Total	30	14.7	23.8	0.84	3701
Briquette	10	9	38.0	1.11	5428

Note: Briquettes are sourced from lower ash seams

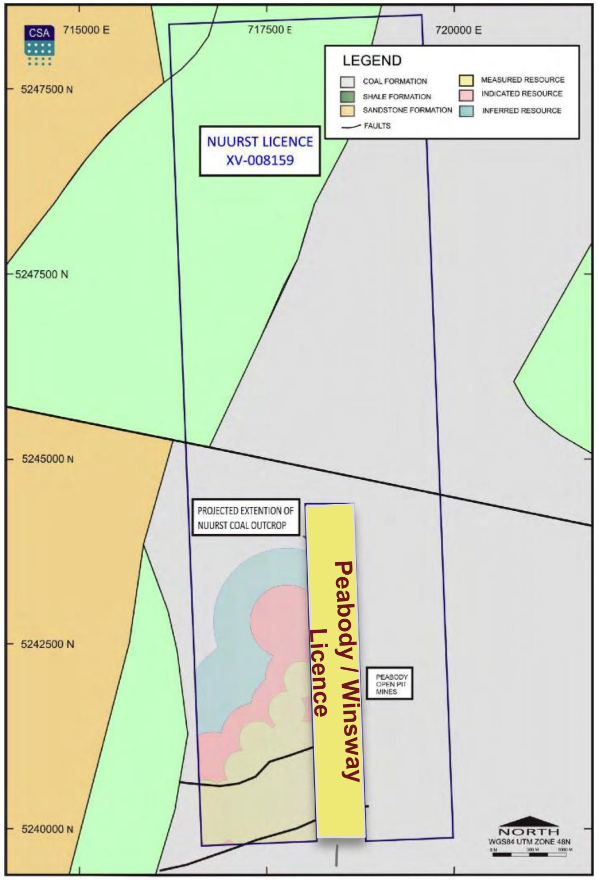
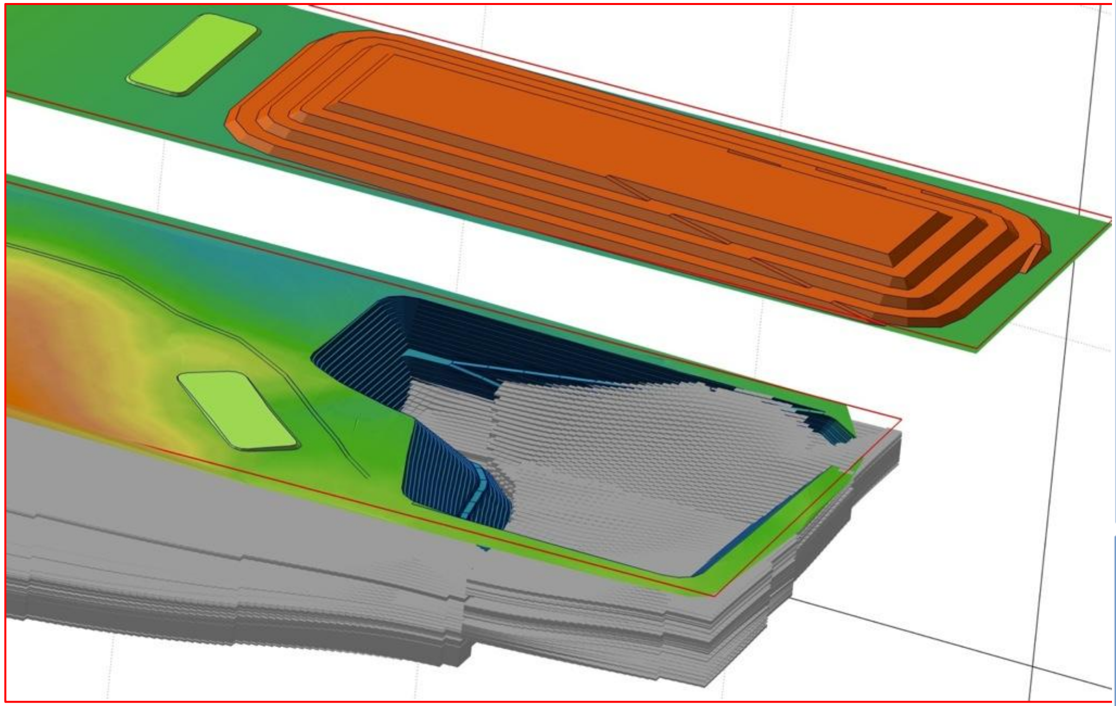
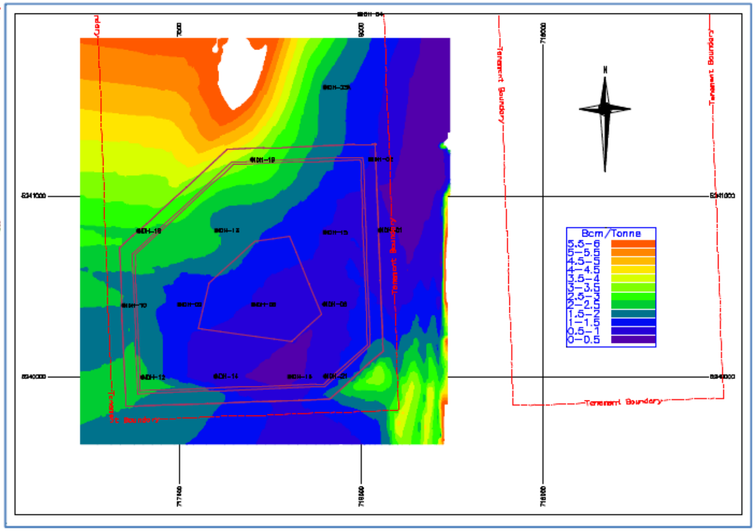
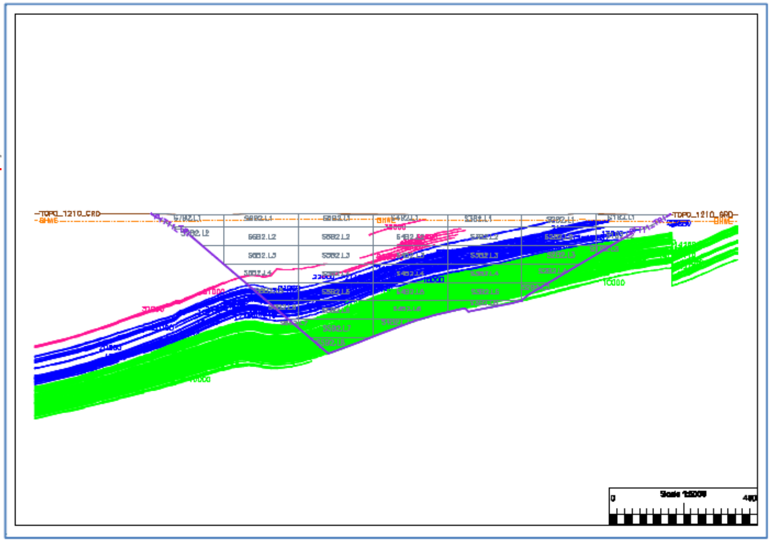


Figure 5. Tenement, Geology, and Resource Area

Nuurst Project – Initial Mine Study



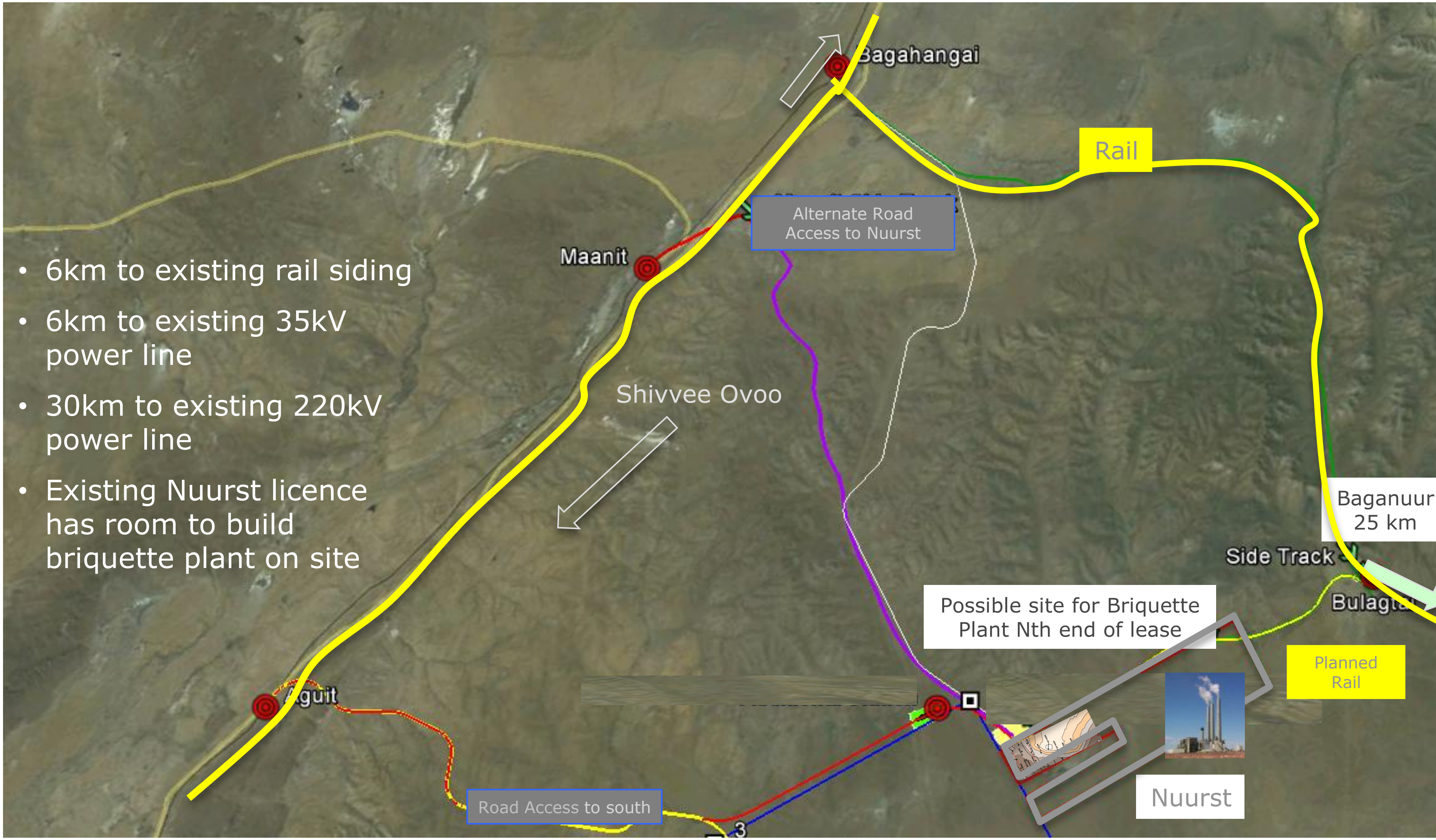




- Independently prepared by Bluefield Pty Ltd
- 84.7mT ROM Pit Shell – 30 year mine life
- ROM 2.3:1 Ratio overall
- Mining costs of $US13/tonne
- Potential to increase mine life with more drilling

Close to Transport and Infrastructure

- 6km to existing rail siding
- 6km to existing 35kV power line
- 30km to existing 220kV power line
- Existing Nuurst licence has room to build briquette plant on site



5 Year Plan - Key Goals

1. Commence Production at Nuurst in 12 - 18 months:
    - Production Rate of 3 MTPA
    - Domestic and Export Customer Focus
    - Commence mine with contractors.
    - Produce Briquettes if feasibility study is positive technically and economically.

2. Expand portfolio by acquisition of another project:
    - In coal or energy sector, preferably coking coal.

3. 5 Year Goal:
    - 5MTPA Nuurst Project
    - 2MTPA second project.
    - Domestic power supply partner.

The Need for Clean Coal

- Ulaanbaatar has been ranked as the 2nd most polluted capital city
- Experts attribute high pollution levels to the burning of raw coal in the ger district during winter; traffic; proximity and age of existing power stations to the capital
- The Government is committed to reducing pollution and have formed the National Committee for Air Pollution Reduction to implement reform and to establish a new cleaner fuel production facility
- The Committee has asked for expressions of interest to build such a facility
- Modun submitted a plan to deliver a solution by using briquette technology and discussions with the Committee remain ongoing

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

	SO_2	NO_2	PM10	PM2.5	CO	O_3
Center West	120	-	180	236	21	-
Center East	310	245	188		25	18
Songinohairhan (West)	105	145	257		15	

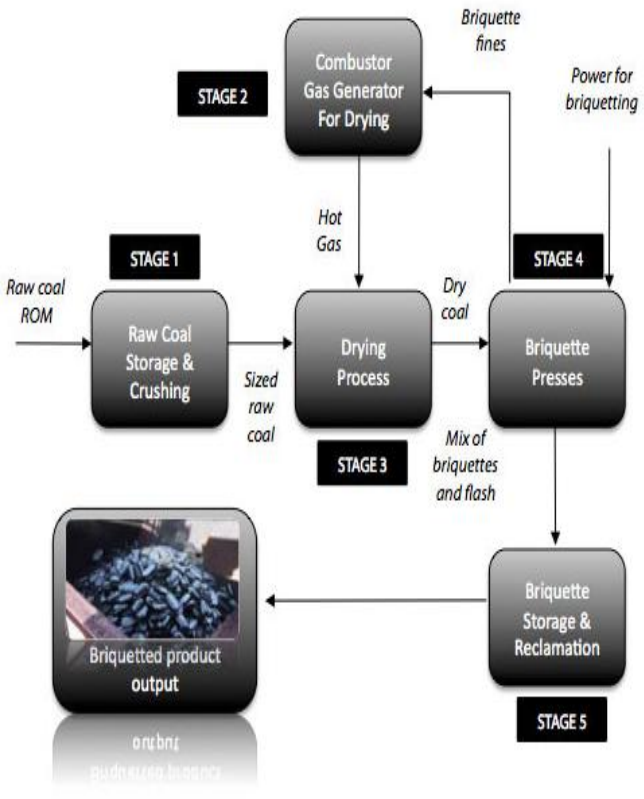
Source: The National Committee on Reducing Air Pollution of Ulaanbaatar (Office of the President of Mongolia)

Binderless Coal Briquetting Process

MODUN RESOURCES

Proven, Simple, Low Cost Process

1. Primary and secondary crushing of Raw Coal
2. Create hot gas in a furnace from waste coal from process. Hot Gas is required to dry the coal.
3. "Flash dry" the crushed coal in a drying column injected with hot gas.
4. The dry coal is then pressed under extreme pressure to bind it together into briquettes.
5. The briquettes are cooled and stored for transport in the open air.



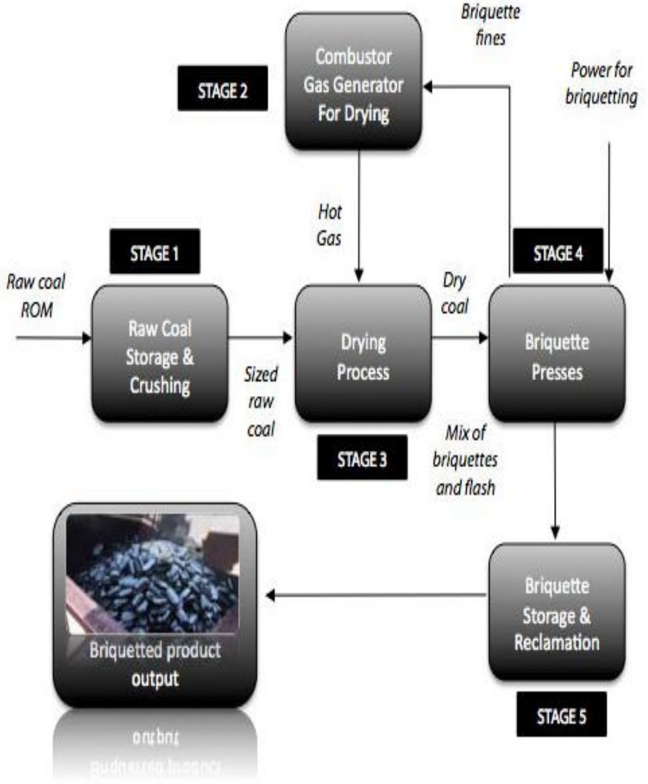
Technology proven in Australia and Indonesia

Current test work on coal projects in United States, South Africa, China, and Mongolia

Key Metrics and Environmental Impact

Trial results on comparative coal

- 26% reduction in CO_2 emissions
- 17% Reduction in CO emissions
- 12% reduction in SO_2 emissions
- 22% reduction in PM2.5 mass emissions.
- reduction in 5 toxic hazardous air pollutant metals in PM10
- 18% reduction in ash handling
- Increase in energy from 3700 Kcal/Kg to 5500 Kcal/kg



Nuurst Project – Low Cost Operation

- Indicative Costing based on contractor model from independently prepared initial mining study and subject to firm pricing:

<u>Domestic Assumptions</u>

- Capex - $US30-40m including 9km Rail Spur
- Production operating costs $US13/tonne (2.3:1 ROM stripping ratio).
- Domestic royalties at 2.5%
- Capex for 1MTonne briquettes (US$50m)
- Operating cost of briquette plant = $US10/Tonne.

<u>Export Assumptions</u>

- Capex and opex as above
- Export royalties at 5%
- Transport rail costs to Chinese border US$14/Tonne

Summary: Advantages of Nuurst Project

- Key Benefits and Opportunities:
  - Low Ratio / low operating cost thermal coal
  - Close to main Rail infrastructure;
    - ✧ Access to Ulaanbaatar and local power stations.
    - ✧ Access to Chinese export market
  - Close to existing Power Grid to East.
  - Adjacent to Peabody / Winsway License to share infrastructure costs and benefit from combined lower effective strip ratio.
  - Abundant Potable Water supply for local town use and steaming for Power Station.
  - Local town employment
  - Nuurst sits close to Rail Corridor for future industrial expansion to the South.
  - Excellent local and International management capability.
  - Ability to be a back-up supplier to State Run Power stations.
  - Opportunity to upgrade quality to Briquettes:
    - Reduce environmental impact; provide higher energy coal for domestic and export market.
    - Creates more jobs with downstream processing.

Modun Resources

Thank You

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