

ASX Announcement
23 May 2013

ASX Code: MOU

BRIQUETTE TESTING INDICATES SUBSTANTIAL UPGRADE IN COAL QUALITY FOR NUURST PROJECT

Highlights:

- Briquettes created from Nuurst coal has resulted in a significant increase in calorific value to 5,648 kcal/kg on an as received basis (compared to 4,178 kcal/kg for the raw coal sample)
- Test results indicate that Nuurst coal in the briquette form now reaches the benchmark 5500Kcal/kg Newcastle thermal coal energy level.
- Discussions with the Mongolian Government concerning supplying coal under their clean coal initiative continue to progress

Coal explorer Modun Resources Ltd (**ASX: MOU**) (**Modun**) is pleased to announce that the test results of briquettes created from Nuurst coal has resulted in a significant upgrade in coal energy.

The test work was conducted at the request of the Mongolian Government and was carried out independently by ALS Group LLC and the City Air Quality Agency laboratory in Ulaanbaatar. The test results from ALS are as follows:

Sample ID	PROXIMATE ANALYSIS															
	AS RECEIVED BASIS						AIR DRIED BASIS						DRY BASIS			
	Total Moisture (TM)	Ash (CPAA)	Volatile Matter (CPAV)	Fixed Carbon	Total Sulphur (TS)	Calorific Value (CV)	Moisture (CPAM)	Ash (CPAA)	Volatile Matter (CPAV)	Fixed Carbon	Total Sulphur (TS)	Calorific Value (CV)	Ash (CPAA)	Volatile Matter (CPAV)	Fixed Carbon	Total Sulphur (TS)
	%	%	%	%	%	cal/g	%	%	%	%	%	cal/g	%	%	%	%
Raw Coal	30.71	6.90	28.60	33.79	0.77	4178	9.90	8.97	37.18	43.94	1.01	5432	9.96	41.27	48.77	1.12
Briquettes	6.45	8.87	39.14	45.54	1.00	5648	6.02	8.91	39.32	45.75	1.00	5674	9.48	41.84	48.68	1.07

Rick Dalton, the Managing Director of Modun said “we are very excited about these test results and our ability to achieve significant improvements in coal quality via a very cost-effective beneficiation process. The Nuurst coal briquettes bring our coal up to the Newcastle thermal coal energy benchmark, ensuring a far more efficient burning coal.

“These results are significant as we seek to work with the Mongolian Government to develop a low cost, high energy and low emission coal to help improve the air quality in Ulaanbaatar. Nuurst briquettes have the potential to be of great assistance in helping the Mongolian Government achieve their targets for pollution reduction in Ulaanbaatar and we remain positive about the ongoing discussions we are having with the Government in relation to their clean coal initiatives.

Briquette Technology

The Nuurst briquettes were created in Australia using a binderless coal briquetting process. This proven technology crushes the raw coal and uses hot gas to dry the coal to extract moisture. The dry coal is then pressed under extreme pressure to bind it together into

briquettes. The briquettes produced have a substantial increase in energy as well as a significant decrease in emissions



Figure 1: Mongolian Government officials visiting briquette plant in Australia



Figure 2: Nuurst coal briquettes

Mining Licence

Modun has had several discussions with the Mineral Resources Authority of Mongolia (MRAM) over the last few weeks as part of the approval process for the mining licence. All queries from MRAM have been addressed and they do not require any further information from

Modun. It is expected that the Mining Licence will be granted after the completion of the administrative process that is in place at MRAM.

For further information, please contact:

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About Modun Resources

ASX-listed Modun Resources (ASX: MOU) is developing the 100%-owned Nuurst Coal Project in central Mongolia. Nuurst is a thermal coal project, which encompasses a 34.5 square kilometre licence area. In November 2012, Modun announced a 478 million tonne JORC reported Coal Resource at Nuurst (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred). The Nuurst Coal Project is located 120 kilometres south of Mongolia's capital Ulaanbaatar and six kilometres from existing rail infrastructure which links directly into China.

Competent Person Statement

The information in this announcement that relates to the Nuurst Coal Resource is based on information compiled by Mr Dwiyoiko TU. Taruno of CSA Global Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Dwiyoiko 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 Dwiyoiko 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 announcement that related to exploration results is based on information obtained from drilling and trenching activities on site undertaken by Modun in 2011 & 2012. This information has been reviewed by Ms Dierdre Westblade of CSA Global Pty Ltd, Western Australia. Ms 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'. Ms Westblade consents to the inclusion in the report of the matters based on his information in form and context in which it appears