

Modun Resources
Nuurst Thermal Coal Project
Mongolian Mining Summit
31 October 2013



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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'. Any securities described in this presentation have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities law.

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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 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.

Who are Modun Resources?

- The People
- The Project
- The Location
- The Opportunity



The Right Team



Hugh Warner BEc
Non-Executive Chairman

Rick Dalton BSc Hons Mining Eng
Managing Director. 25 yrs in coal with
BHP, Wesfarmers, Griffin Coal

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

Daniel Rohr B.Comm, CA
Chief Financial Officer. 20+ years
corporate and financial experience

Neil Hackett BEc FFin CSA GAICD
Company Secretary



Achit-Erdene Darambazar
Local Non-executive Director. Head of
MICC Investment Bank, Mongolia

Paul Korpi
Project Manager. 10+ yrs mining
experience in Mongolia

Baigalmaa Molom
Office Manager, UB
Enkhbayar Batmunkh
Chief Geologist

183 Years
Experience

The Nuurst Project

- Area
 - 4 km x 1.5 km – 2,497ha
- Resources
 - 478M Tonnes JORC Resource
- Quality
 - Upgrade by briquettes
- Lease
 - 30 years
 - Neighbours Peabody Winsway

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

Category	Moist. (%ar)	Ash (%ar)	FC (%ar)	TS (%ar)	CV
					Kcal/kg
As Received Total	30	14.7	23.8	0.84	3,701
Trial Briquettes	6.5	8.9	45.5	1.00	5,648

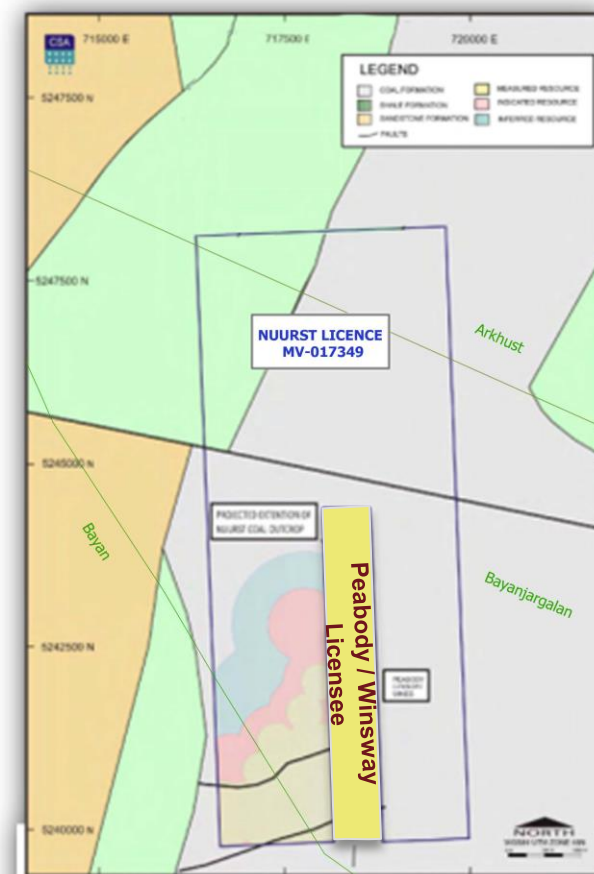
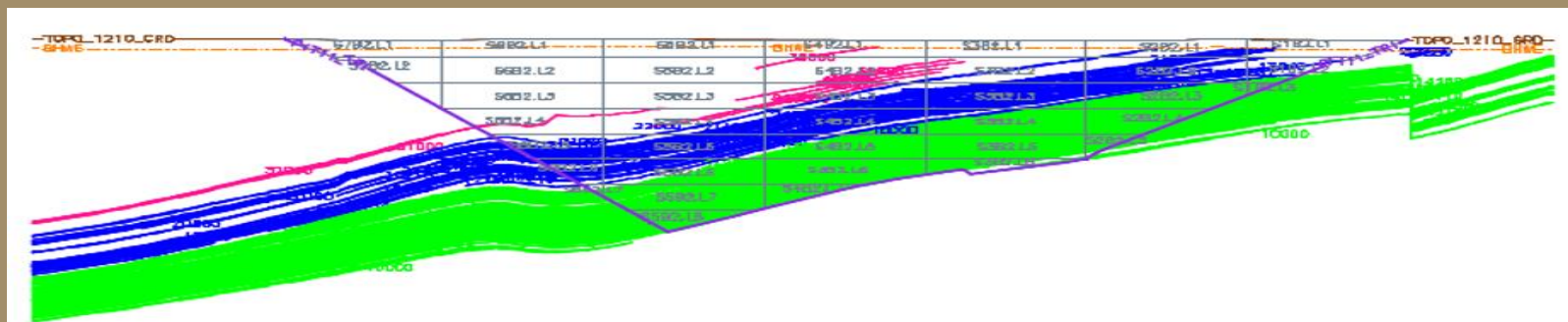
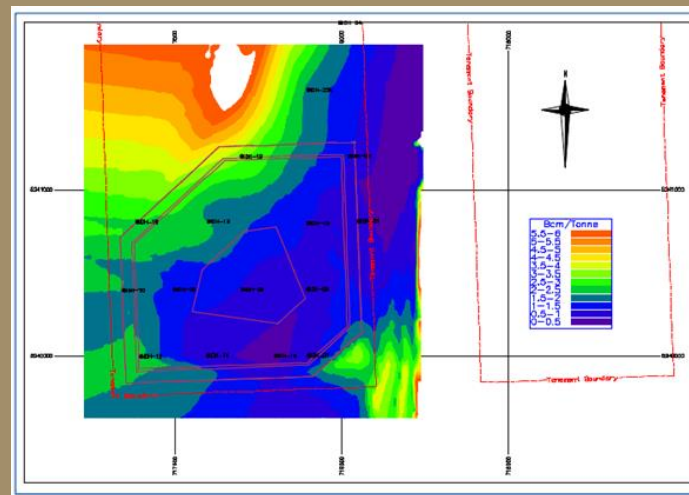
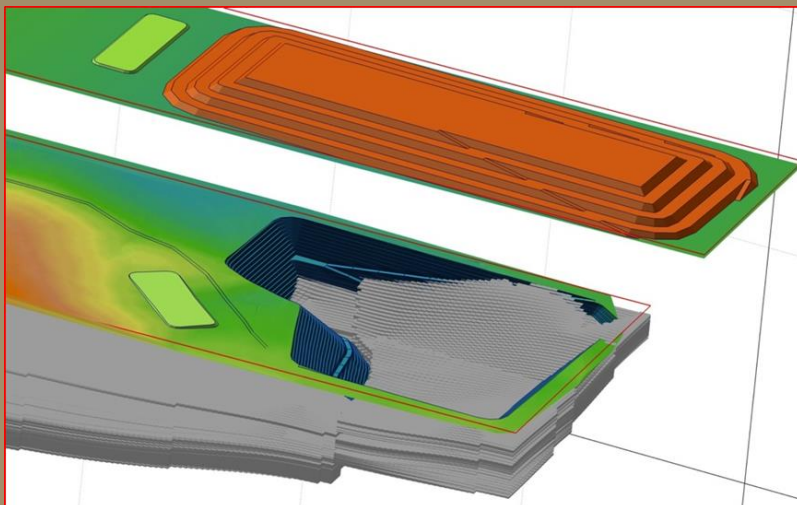


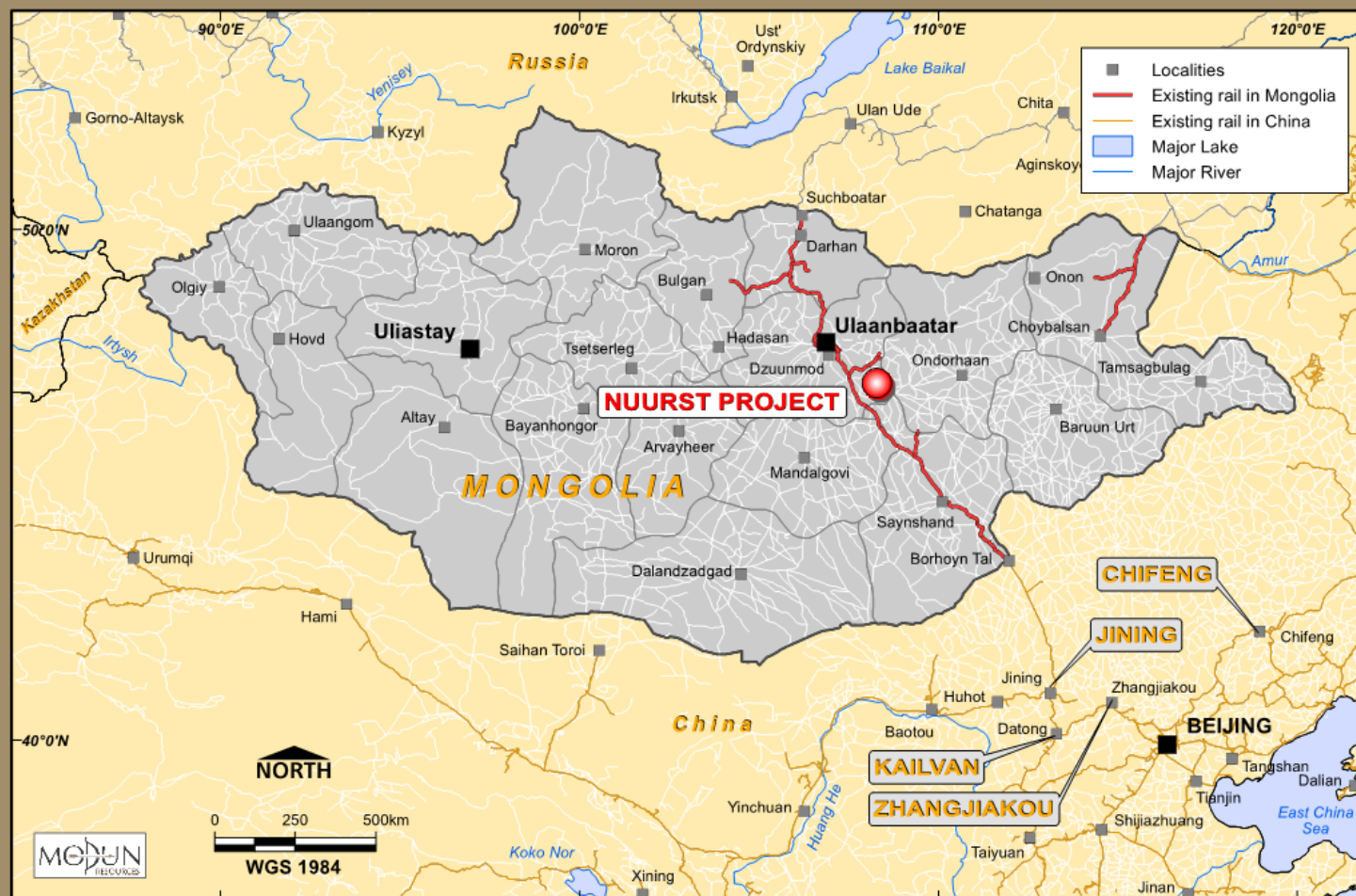
Figure 5. Tenement, Geology, and Resource Area

Initial Mine Study

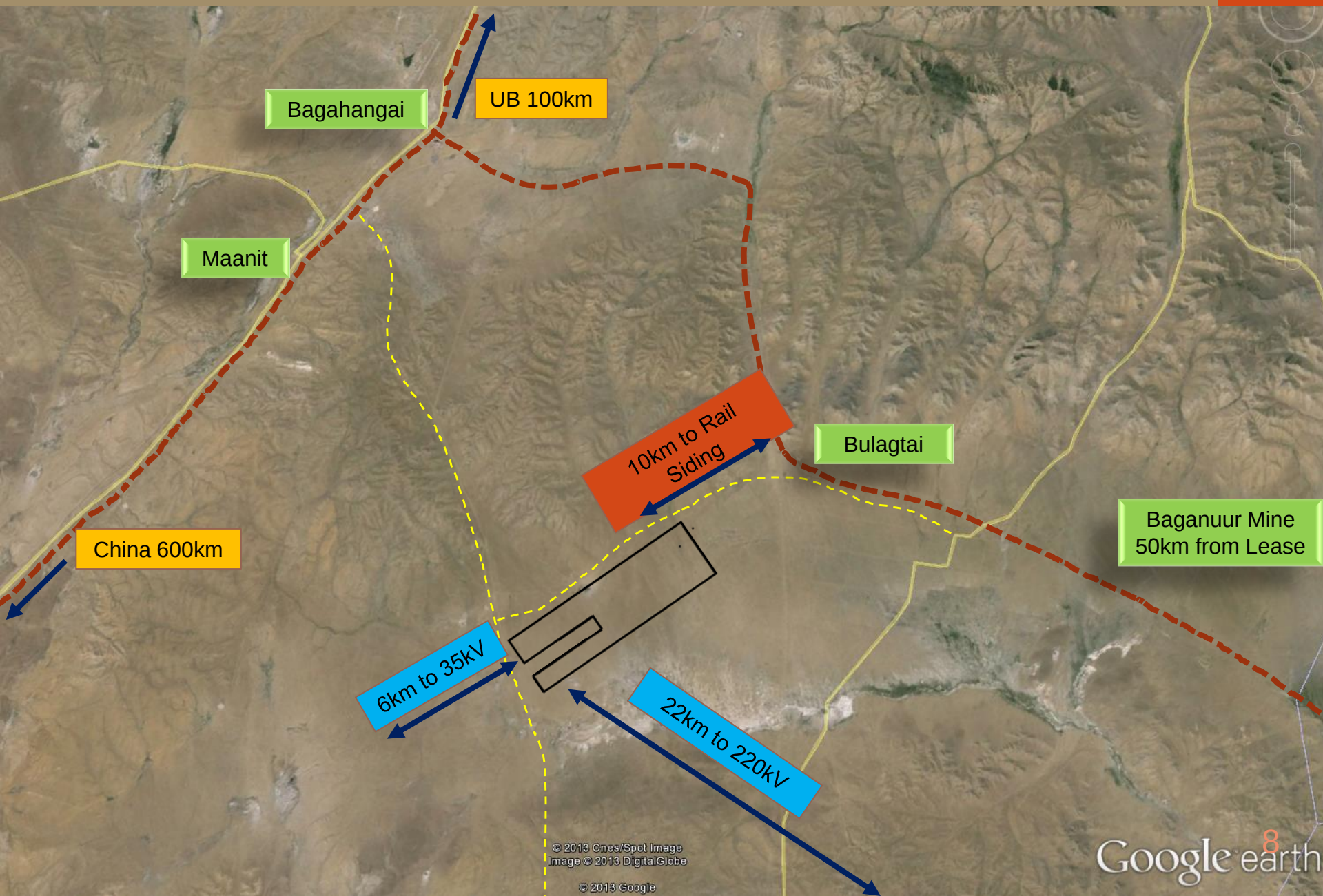


85m Tonnes Under Mine Plan at 2.3:1 Strip Ratio

The Right Location



The Nuurst Location



The Nuurst Location: Large Flat License Area



Mongolian Opportunities

- Reduce pollution
- Increasing power demand
- Domestic coal supply issues



The Pollution Problem

- Key Issue
UB - 2nd most polluted city in the world
(according to WHO)
- Government Findings
Main issue is the burning of raw coal
in the Ger District
- Government Clean Air Initiative
To Reduce Pollution in UB
Seeking options for clean fuel facilities



Rating	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 to 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)

Power Supply to Ulaanbaatar

- Current Capacity
 - 4 power stations in Ulaanbaatar
 - 856MW installed capacity
 - Importing Capacity from Russia 175MW
- Forecast Demand
 - 3000MW extra capacity required for Mongolia in next ten years
- Require Cost-Effective Timely Solutions



Coal Power Station

Current Coal Supply Issues

- Current Suppliers

- Old mines
- High stripping ratio's
- Lower energy coal



- Significant Capex Required

- To meet increasing demand

- Brown outs

The Nuurst Solution

- Reduce pollution via dried coal binderless briquettes
- A new reliable, higher energy coal supply
- Potential site for a mine mouth power station



Pollution Solution: Dried Coal Binderless Briquettes

- A cleaner and more efficient product
 - Successfully tested by Govt lab
 - Preferred supplier to Govt
 - Negotiating off-take agreement for 250,000 tonnes pa
- Binderless briquette technology
 - Low cost mechanical process
 - Crush, heat, recompress
 - Increased energy, reduced emissions
 - Met Govt standards for pollution reduction
 - Only works with specific coal types



Binderless Coal Briquettes



Briquette Processing Plant

Category	Moist. (%ar)	Ash (%ar)	FC (%ar)	TS (%ar)	CV
					Kcal/kg
As Received Total	30	14.7	23.8	0.84	3710
Trial Briquettes	6.5	8.9	45.5	1.00	5648

Coal Supply to Power Stations

- New Power Stations Needed
 - Demand forecast to increase by 3000MW by 2023
 - Coal dependence
 - Existing mines unable to cost effectively meet forecast demand
- Modun well placed to supply coal to power stations
 - Close to UB and existing infrastructure
 - Higher quality coal than current suppliers
 - Able to supply existing and new power stations
 - First raw coal production within 6 months of mine permits and finance approval
- Nuurst license can support mine mouth power station
 - Large license area
 - Modun to supply coal
 - Discussions with power companies on-going

Social Responsibility

- Local Government Area
 - Local jobs
 - Economic growth
 - Education assistance
 - Medical assistance
- Agribusiness
 - Large potable water supply from dewatering
 - Abundant flat land
 - Local need for business
 - Heat and power supply access



Good Strong Economics

- Initial Production
 - 1,000,000 tons of raw coal and 250,000 tons of coal briquettes
- Price negotiations:
 - The government paid approximately 187,000 MNT (US\$130) per tonne for Semi-coking briquettes last year
- 2.3:1 Stripping ratio
- Estimated mining cost:
 - \$US13 / tonne of unprocessed coal
- Estimated processing cost:
 - \$US12 / tonne for briquettes

Briquette and Raw Coal Forecast CAPEX	
Uses	000's USD\$
Mine Development	23,500
Briquette Processing Plant	25,000
Total	48,500

The Modun Journey

Achievements

- Project acquisition and exploration drilling program
- JORC Resource
- Initial mining study
- Produced briquettes
- Briquette testing passed
- Aligned ourselves with government initiatives
- Appointed preferred supplier
- Mining Licence granted

Next Steps

- Sign off-take agreement with Government
- Raise capital to complete all feasibility studies
- Obtain mine permits
- Secure project finance
- Development of mine and briquette plant

Vision

- 4MTPA domestic and export coal supply.
- Domestic power supply partner
- Clean coal solutions

Summary

Key Opportunities

- One coal project to help Mongolian Government:
 - Meet its pollution reduction targets through dried coal briquettes
 - Maintain regular coal supply to existing power stations
 - Provide a new coal supply for new power stations
 - Provide a location for a new environmentally friendly power supply
- Export potential to China

Benefits

- A proven local and international management team
- Prime location, close to UB and existing infrastructure
- Proven coal reserves
- Low Start-up costs
- Established relationships

Modun Resources Thank You

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