

ASX Code: MOU
28 July 2014

June 2014 Quarterly Report

Highlights:

- **Placement to sophisticated investors raising \$200,000**
- **Discussions with local partners to invest in the Nuurst Project are ongoing**
- **Discussions with Mongolian Government for the off-take agreement are ongoing**
- **Expansion of company strategy to review new opportunities**

The Directors of Modun Resources Ltd (ASX: MOU) (**Modun**) provide you with an update of activities during the March 2014 quarter.

Placement

On 11 June 2014, Modun completed a placement to a sophisticated investor raising \$200,000 via the issue of 100m shares at a placement price of 0.2c. In addition to this placement, at the General Meeting held on 10 June 2014, shareholders approved a placement to family interests associated with a director, Hugh Warner raising \$200,000 via the issue of 100m shares at a placement price of 0.2c. At the end of the quarter, Modun has total cash reserves of \$601,000.

Nuurst Thermal Coal Project

During the quarter, Modun has continued to focus on sourcing a local partner to help fund the development of the Nuurst Thermal Coal Project. Discussions with a number of potential partners remain ongoing. In addition to this, our Mongolian representatives have continued to hold discussions with the Mongolian Government to progress the completion of the Off-take Agreement, however the timing for the Government to sign the agreement remains uncertain.

Company Strategy

Despite the success we have achieved in generating a 478 million tonne 2004 JORC Compliant Coal Mineral Resource at the Nuurst Thermal Coal Project (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred), as announced to the ASX on 8 November 2012, we have not been able to convert this asset into growth in the Company's share price nor have we been able to bring the project into production.

As a consequence, the Company has been considering other opportunities available to it to bring value to its Shareholders. The consideration of these opportunities has led the Directors to develop three alternative strategies, to either:

1. continue to explore and focus on the Nuurst Coal Project solely; or
2. keep the Nuurst Coal Project and continue to explore and develop that Project while also looking at and acting on opportunities to acquire additional assets, and develop both of

- those assets side by side; or
3. sell the Nuurst Coal Project and focus on identifying a new asset that the Directors consider could bring value to Shareholders.

The Company has been investigating the opportunity to diversify into the technology sector via the acquisition of a technology business. The Company has been advised by ASX that, if it does pursue this strategy, then it will most likely need to re-comply with Chapters 1&2 of the Listing Rules. Shareholder approval will be required to sell the Nuurst Coal Project.

Clearly we could maintain our focus on the Nuurst Coal Project and not suffer any compliance burdens, but history has demonstrated that this is not a value creating strategy and so it is not our preferred course of action.

The Directors continue to assess opportunities across the range of the alternative strategies listed above.

Tenement Schedule

At the date of this report, Modun has an interest in one tenement as follows and there have been no changes during the quarter:

Tenement	Project	Location	% Interest
MV 017349	Nuurst Thermal Coal	Mongolia	100

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For further information, please contact:

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About Modun Resources Limited

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 2,497 hectare Mining Licence area. In November 2012, Modun announced a 478 million tonne JORC Code 2004 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. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Competent Person Statement

The information in this announcement that relates to the Nuurst Coal Resource is based on and fairly represents information compiled by Mr Dwiyo 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.