

ASX Code: MOU
29 January 2015

December 2014 Quarterly Report

Highlights:

- **Conditional Agreement to sell the Nuurst Thermal Coal Project for US\$8,000,000**

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

Conditional Agreement to sell the Nuurst Thermal Coal Project

On 24 November 2014, Modun announced the signing of a highly conditional agreement to sell 100% of the Nuurst Coal Project in Mongolia with a Mongolian based company (the Purchaser) for a total consideration of US\$8,000,000.

The key terms of the conditional agreement, require Modun to sell, and for the Purchaser (or nominee) to acquire, 100% of the issued share capital of Modun Resources LLC (Modun LLC) which owns 100% of the Nuurst Thermal Coal Project in Mongolia comprising Mongolian Mining License MV-017349 (2,497 hectares) and a novation to the Purchaser of 100% of the intercompany debt (Debt Novation) (Nuurst, or Project) in consideration of US\$8m payable as to US\$1,000,000 in cash and US\$7,000,000 in deferred (royalty) payments, paid on the basis of \$0.50 per tonne for the first 14 millions tonnes of coal extracted and sold by the Purchaser (the Agreement).

The Purchaser has paid to Modun a fee of US\$100,000 (Exclusivity Fee) to obtain a period of up to 90 days (Exclusivity Period) during which to conduct due diligence on the Project and enter into a binding agreement with Modun consistent with the key commercial terms outlined below. (Please refer to the announcement of 24 November 2014 for further details)

Nuurst Thermal Coal Project

During the quarter, Modun has worked with the Purchaser to provide them with the necessary information they require to complete due diligence on Modun LLC and this process remains on-going.

Modun also held further discussions with the relevant authorities in relation to its dispute with the Mongolian Tax Authority for additional withholding tax to be paid as a result of the acquisition of the Nuurst Licence in 2011. Modun continues to believe that no additional withholding tax is required to be paid and is defending its position.

Corporate

Modun continues to investigate new opportunities to diversify the into technology sector via the acquisition of a technology business to drive shareholder value. This process remains on-going

At the end of the quarter, Modun had cash reserves of \$1,384,000.

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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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 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.