

ASX Code: MOU  
30 April 2014

## March 2014 Quarterly Report

### Highlights:

- **Placement to sophisticated investors raising \$510,000**
- **Corporate restructure to reduce costs**
- **Discussions with local partners to invest in the Nuurst Project are ongoing**
- **Mongolian feasibility study on the Nuurst Project approved by Mineral Resources Authority of Mongolia (MRAM)**

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

### Placement

On 18 March 2014, Modun completed a placement to sophisticated investors raising \$510,000 via the issue of 255m shares at a placement price of 0.2c. Funds have been received for \$310,000 with the balance of \$200,000 being issued to family interests associated with a director, Hugh Warner, which is subject to shareholder approval at a General Meeting. At the end of the quarter, Modun has total cash reserves of \$0.38 million with an additional \$0.2 million due to be received at the end of May 2014, subject to shareholder approval.

### Corporate Restructure

During the quarter, Modun implemented a substantial cost reduction programme aimed at reducing costs across the company and included a reduction in staff levels, the termination of all contractors and a significant reduction in employee salaries across the whole company.

As part of this cost cutting programme, Mr Rick Dalton resigned from his position as Managing Director on 31 January 2014, but has remained on the Board as a non-executive Director and will continue to play a key role in the sourcing of a local partner for the Nuurst Project. In addition, Mr Gerry Fahey resigned from the Board of Directors on 31 January 2014 and was replaced by the Modun Company Secretary, Mr Neil Hackett. Mr Hackett will retain his position as Company Secretary in addition to becoming a non-executive Director. Mr Daniel Rohr, Chief Financial Officer, will continue to work with Modun in a part time capacity.

The primary focus for Modun has been to source a local partner to help fund the development of the Nuurst Project. The work associated with completing the bankable feasibility study or any other work required to advance the project was suspended during the quarter until a suitable funding partner has been found. Discussions with the Mongolian Government for the Off-take Agreement also continued during the quarter, however the timing for the Government to sign an agreement remains uncertain.

## Mongolian Feasibility Study

The Mongolian feasibility study for the Nuurst Project was successfully approved by MRAM in January 2014. This is an important part of the process in Mongolia because MRAM will only issue their approval for a Mongolian feasibility study if they believe the deposit is economically viable and sustainable.

The Mongolian feasibility study was independently prepared by Absolute Mining LLC who has a strong knowledge of local conditions and costs. The study identified the potential for a 136.9Mt mine of sub-bituminous thermal coal over a 30 year mining operation, with production ramping up to 4.9Mt of raw coal per annum and 500Kt of dried coal briquettes by the 4<sup>th</sup> year of operation. Indicative production costs are estimated at \$US11.50 per tonne for raw coal over the life of the mine, at today's costs, reflecting the low overall mining ROM strip ratio of 2.4:1.

## 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.*