

MOD to consolidate 100% of T3 Project including rights to acquire all JV exploration assets

Key benefits to MOD shareholders:

- **Binding agreements with MTR to acquire MTR's 30% interest in the substantial T3 Project**
- **100% consolidation streamlines proposed financing and development of the T3 Project**
- **Transaction ~14% accretive for MOD shareholders in terms of per share ownership of T3 Project**
- **MOD receives rights to acquire, at its election, all other JV Exploration Assets**
- **These rights provide significant additional option value for MOD shareholders**
- **MTR to continue to fund its 30% share of JV Exploration Assets, outside the T3 Project**
- **Total scrip consideration ~A\$26.6m¹, significant restrictions including 12 months escrow**

Transaction overview

MOD Resources Limited (**ASX: MOD**) is delighted to announce that it has executed binding agreements (**Agreements**) with Metal Tiger Plc (**LON: MTR**) to acquire (**Transaction**):

1. MTR's 30% stake in the T3 Project² such that at completion MOD will own 100% of the T3 Project (the **Acquisition**); and
2. Rights to purchase, at MOD's election, MTR's 30% interest in all other joint venture exploration assets (**JV Exploration Assets**) up to 3 years from completion.

Total value of the consideration for the Transaction equates to approximately A\$26.6m¹, comprising the following securities to be issued to MTR upon completion:

- 17.2m ordinary MOD shares which, including MTR's current holding in MOD, will result in MTR's shareholding in MOD increasing to 12.5%³; and
- ~40.6m options with zero exercise price (**Options**) able to be converted to MOD ordinary shares within 3 years, provided that such conversion will not result in MTR's shareholding in MOD increasing to more than 12.5% (post conversion)³.

Significant restriction apply to MTR including a 12 month escrow on all shares issued to MTR as consideration pursuant to the Transaction, or issued as a result of the conversion of Options. Other key terms include:

1. Options have no voting or dividend rights until they are converted into ordinary shares;
2. MTR will have a right to nominate a board representative provided MTR holds at least 10% of MOD's issued share capital (including unconverted Options); and
3. MTR has agreed to support all MOD Board recommendations put to shareholders, including in respect of change of control transactions.

¹ Based on MOD's 20 trading day VWAP of 0.461 as at 17 July 2018

² See Appendix B for a diagram of the T3 Project

³ See Appendix C for detailed terms of the Transaction

The Transaction is approximately 14% accretive on a fully diluted basis for MOD shareholders in terms of their respective ownership of the T3 Project.⁴

Importantly, MOD shareholders will receive additional value through several rights (**Rights**) which provide MOD flexibility to acquire:

1. 100% of any JV Exploration Asset that progresses to a completed scoping study level within 3 years from completion of the Transaction; and
2. MTR's 30% interest in the remaining JV Exploration Assets 3 years after completion of the Transaction, or alternatively, following an announcement of a change of control transaction recommended by the MOD board.⁵

The Rights may be exercised at MOD's election and MOD may choose to pay for the exercise through any combination of cash or scrip.⁶ This allows MOD to determine, prior to exercise, whether acquisition of any JV Exploration Assets will be accretive, and what form of consideration maximises value for its shareholders.

The Rights enable MOD to acquire MTR's 30% interest in the JV Exploration Assets only when these assets have been proven to have development potential. The valuation methodology is based on the relative proportion of MOD's enterprise value attributed to the value of the asset at the time of exercise and calculated using average broker valuations.

MOD's 100% held licences in Botswana are not affected by this Transaction including the T1 Underground Project.

Key terms of the Transaction are summarised in Appendix C.

Benefits to MOD shareholders

This Transaction provides numerous benefits to MOD shareholders including:

T3 Project

- 100% ownership of a substantial long life, financially robust copper project
- Simplifies ownership of the T3 Project and streamlines decision making
- Enables accelerated financing and development of the T3 Project
- ~14% accretive for MOD shareholders in terms of per share ownership of the T3 Project
- Full ownership of the T3 Project processing plant will provide other strategic opportunities in the Botswana Copper belt

Exploration JV

- MOD and MTR share all exploration spend pro-rata on JV Exploration Assets
- Enables the JV to maintain the current high level of exploration activity
- Flexibility for MOD to consolidate remaining JV Exploration Assets

⁴ For instance, a 10% shareholder in MOD will increase their relative theoretical ownership of T3 from 7% prior to the Transaction (given MOD owns 70% of T3) to 8% post the Transaction assuming full conversion of MTR's Options (given MOD will own 100% of T3 post Transaction). An illustrative 10% current shareholder of MOD owning 23.1m shares will be diluted to an 8% ownership post the transaction assuming full conversion of MTR's Options (based on MOD number of shares of 289.2m calculated as current number of shares of 231.5m plus 17.2m shares and 40.6m Options)

⁵ Completion of the acquisition following exercise of the Rights will be subject to the receipt of any shareholder or regulatory approvals that may be required

⁶ The type of consideration payable on exercise of the Rights is subject to any requisite ASX approvals and the consideration for the JV Consolidation Option must be cash.



Discussion

MOD directors recommend MOD shareholders vote in favour of the Transaction at the upcoming shareholder meeting.

MOD's Managing Director, Julian Hanna commented: *"The MOD Board believes this binding agreement with Metal Tiger has the potential to add significant value for MOD shareholders.*

Firstly, it will consolidate ownership of the very substantial T3 Copper Project which, assuming a decision to mine is made in early 2019, should underpin the future of this company for many years.

Secondly, it provides a very flexible structure for MOD, with options to acquire MTR's interests in any new discoveries that reach the scoping study level within 3 years, and an option to consolidate the remaining exploration assets 3 years after completion.

This Transaction also lays the foundation for the financing and development of the T3 Project and positions MOD as a dominant player in the Botswana copper belt."

MTR's Managing Director, Michael McNeilly commented: *"We are delighted to sign this deal with our partners at MOD, which is the culmination of many months of hard work on both sides.*

We believe this deal represents an exceptional outcome for both Metal Tiger and MOD shareholders and the optimal path forward for the development of the T3 Project.

The creation of the new exploration JV preserves and formalises Metal Tiger and MOD's highly successful exploration partnership in the Kalahari Copper Belt where we continue to see scope for substantial value creation in the short term, which will continue to draw upon the joint financing capabilities of both the London and Australian markets."

Conditions Precedent

Completion of the Transaction is subject to several conditions precedent, including:

- MOD shareholder approval;
- Regulatory approvals including Ministerial approval in Botswana for the transfer of the JV Exploration Assets and extension of PL190 (includes T3 Project)⁷; and
- Completion of the transfer of the JV Exploration Assets.

The JV Exploration Assets (including all JV licences and excluding the T3 Project) will be transferred into a new Botswana registered joint venture company, Tshukudu Exploration (Pty) Ltd (**Tshukudu Exploration**), which will be owned 70% by MOD and 30% by MTR.

Tshukudu Exploration will be managed by MOD through a customary joint venture agreement, with both parties funding ongoing exploration pro-rata to their retained interests. A diagram of the ownership structure before and after the Transaction is provided in Appendix A.

⁷ Discussions ongoing with the Department of Mines regarding the transfer of the licences and extension of PL190



Indicative Timetable

An indicative timetable of key milestones is set out below. Further details on the timing and details of the Transaction will be included in the notice of meeting to be dispatched to MOD shareholders in due course.

Event	Indicative Date*
Dispatch MOD Notice of Meeting	Early August
MOD shareholder meeting to approve Transaction	September
Obtain regulatory approvals for transfer of JV Exploration Assets	Mid October
Completion of Transaction	Late October

*The above timetable is indicative only and all dates may be subject to change

Advisers

Sternship Advisers is acting as financial adviser and DLA Piper Australia is acting as legal adviser to MOD.

Investor Information Session

An information session outlining the transaction will be led by MOD's Managing Director, Julian Hanna, today at 4.15pm. Investors are encouraged to participate by submitting questions via email, prior to the call. Details are as follows:

Date: Wednesday 18 July 2018

Time: 4.15pm (Australian Eastern Time)

Email questions: administrator@modresources.com.au

Dial in Details:

Australia: 1800 280 741

International: +61 3 8687 0650

-ENDS-

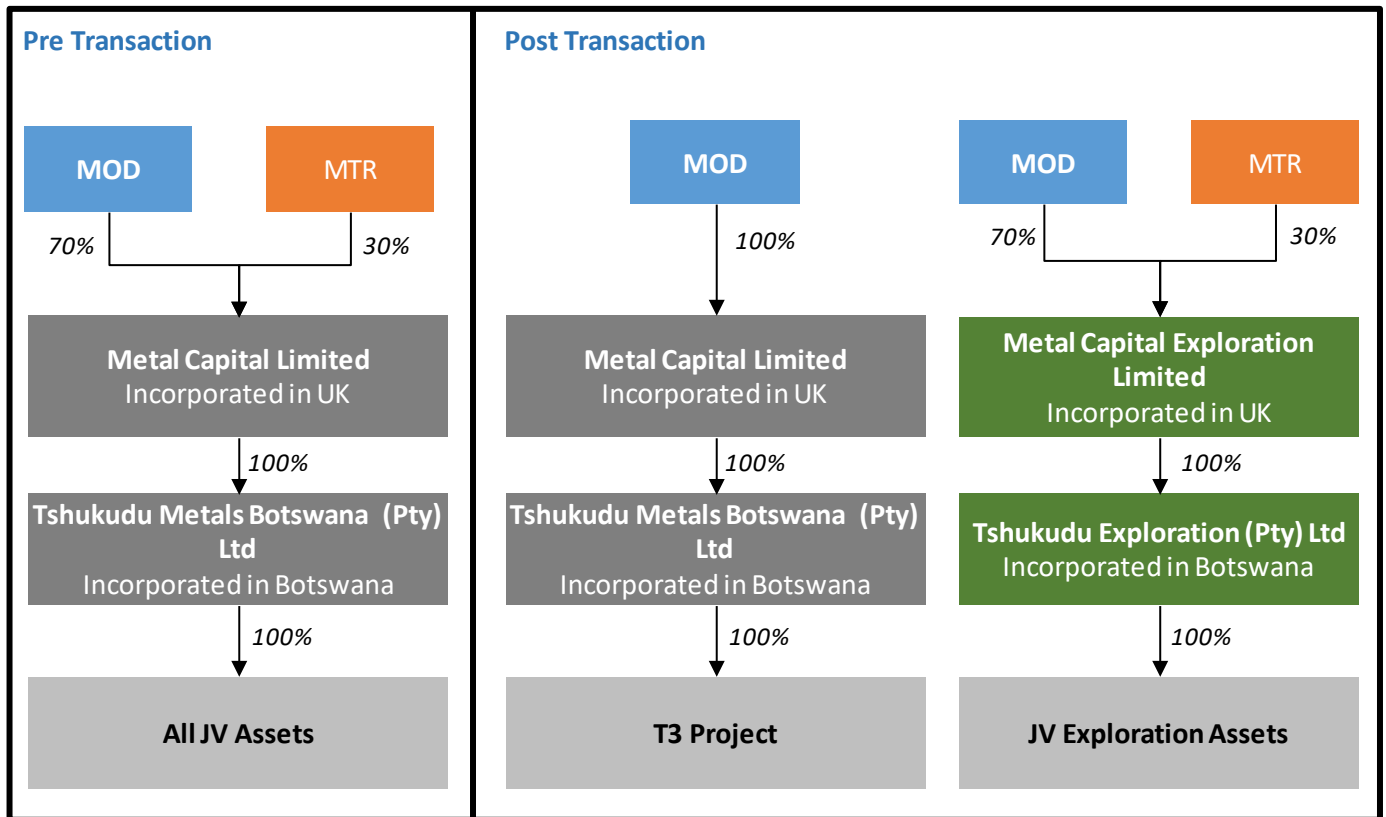
For and on behalf of the Board.

Julian Hanna
Managing Director

Mark Clements
Executive Chairman and Company Secretary

Jane Stacey
AMN Corporate
+61 412 159 433
jane@amncorporate.com

APPENDIX A: Shareholding Structure Pre and Post Transaction

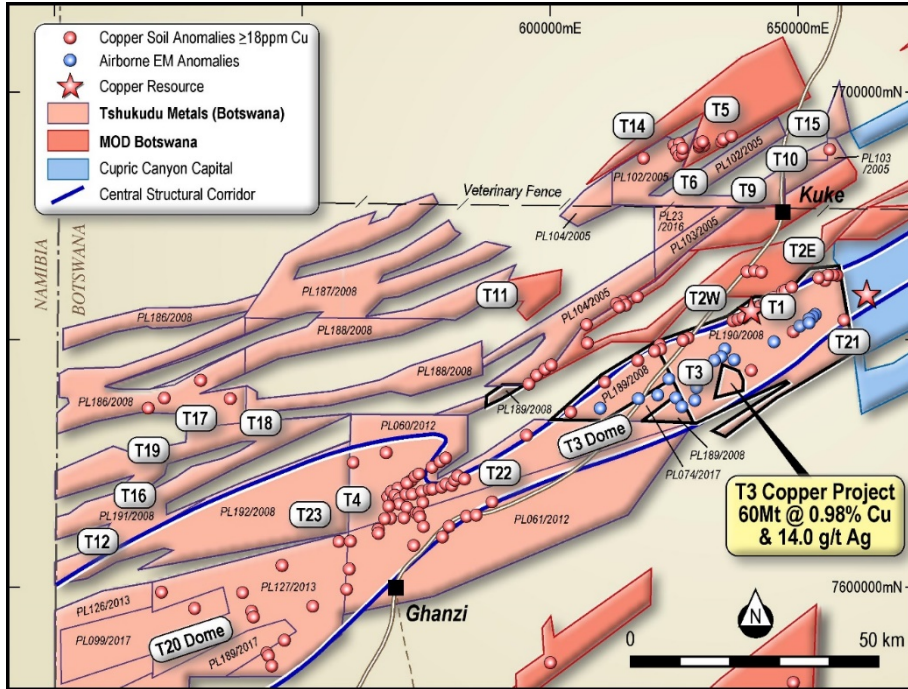


Note: excludes MOD's currently 100% owned assets

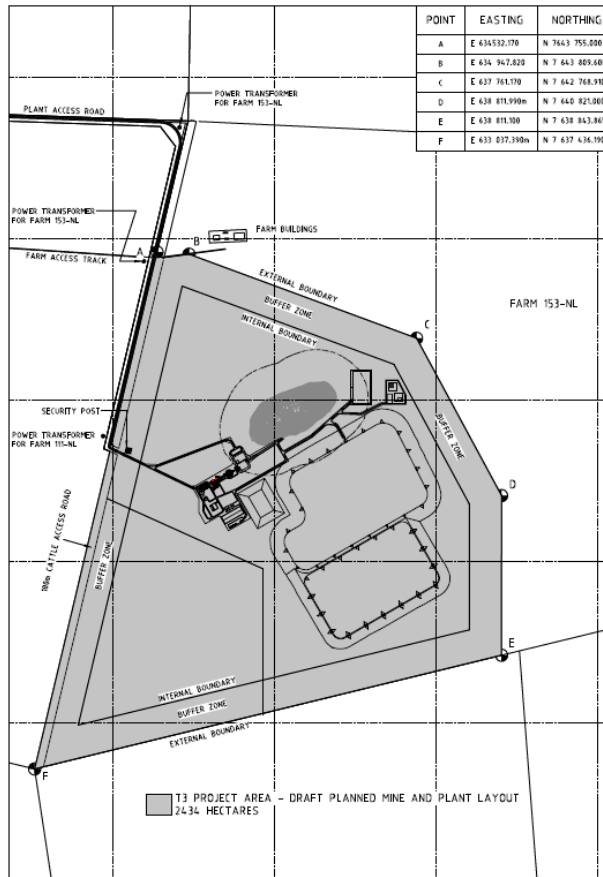


APPENDIX B: T3 Project Area

'T3 Project Area' refers to the T3 copper-silver deposit in the Kalahari Copper Belt, Botswana, which includes an approximate 24.3km² within PL190/2008 and is delineated in the map and plan below (refer ASX Announcement 31 January 2018).



Kalahari Copper Belt



T3 Project Plan



APPENDIX C: Key Commercial Terms

Terms	
Purchase of T3 and Rights to purchase all other JV Exploration Assets	<ul style="list-style-type: none"> • MOD to acquire MTR's 30% stake in the T3 Project and Rights to acquire all other JV Exploration Assets for a consideration of 57,763,566 MOD securities, comprised of: <ul style="list-style-type: none"> • 17,200,000 MOD shares; and • 40,563,566 Options⁸ • Options can be converted to MOD ordinary shares at nil consideration within 3 years, provided MTR holds $\leq 12.5\%$ of the issued capital of MOD post conversion • Options will have no voting or dividend rights until they are converted • Any shares issued pursuant to the Transaction or any Options converted to shares will be escrowed for a period of 12 months post completion of the Transaction • MTR maintains its current 2% NSR over the T3 Project which is capped at US\$2m. This will be formalised into a binding royalty deed • All exploration licences, including PL190/2008 (other than the portion relating to the T3 Project – see Appendix B) (JV Exploration Assets) are to be transferred into a new company, Tshukudu Exploration (Pty) Ltd (Tshukudu Exploration). This will be a 70/30 JV between MOD/MTR • Following completion of the Transaction, MOD will have contractual rights (Rights) to purchase: <ul style="list-style-type: none"> • 100% of further discoveries on licences held by Tshukudu Exploration which progress to an announced scoping study (Mineral Resource Option) • MTR's 30% interest in Tshukudu Exploration three years after completion of the Transaction (JV Roll-up Option) • MTR's 30% interest in Tshukudu Exploration in the event of a board endorsed change of control at MOD (JV Consolidation Option) • All 3 options / Rights will be subject to any requisite shareholder and regulatory approvals/waivers
Mineral Resource Option	<ul style="list-style-type: none"> • MOD will have a right to purchase any announced mineral resource resulting from a discovery within Tshukudu Exploration that progresses to an announced scoping study • MOD may exercise the right in cash, shares or a mixture of cash and shares at MOD's election and subject to any ASX Listing Rule requirements • Consideration paid on exercise to be calculated according to the relative proportion of MOD's enterprise value that brokers attribute to the value of the scoping study asset at the time of exercise multiplied by MOD's actual trading enterprise value based on its 20-day VWAP and applied to MTR's percentage ownership in the asset • All Mineral Resource Options will lapse following a change of control to acquire 100% of MOD pursuant to which a bidder acquires at least 51% of MOD
JV Roll-up Option	<ul style="list-style-type: none"> • Three years after completion of the Transaction, MOD will have a one-off right to acquire MTR's 30% interest in Tshukudu Exploration • MOD may exercise the right in cash, shares or a mixture of cash and shares at MOD's election and subject to any ASX Listing Rule requirements • Consideration to be paid will be calculated based on the relative proportion of MOD's enterprise value that brokers attribute to the value of Tshukudu Exploration at the time of exercise multiplied by MOD's trading enterprise value based on its 20-day VWAP and applied to MTR's percentage ownership in the asset • MTR will receive a 2% net smelter royalty in respect of any future production from the JV Exploration Assets (excluding those assets acquired under the Mineral Resource Option) • The JV Roll-up Option will lapse following a change of control to acquire 100% of MOD pursuant to which a bidder acquires at least 51% of MOD
JV Consolidation Option	<ul style="list-style-type: none"> • Following any MOD board endorsed 100% change of control offer for MOD (Change of Control), MOD will have a right to acquire MTR's 30% stake in Tshukudu Exploration at any time prior to completion of the Change of Control - being a bidder acquiring 51% of MOD

⁸ The number of shares and options may be adjusted to account for any change in MTR's voting power in MOD prior to completion.



- If the Change of Control event fails to complete, the JV Consolidation Option will also fail to complete. The JV Consolidation Option will not, however, be extinguished for any future Change of Control events
- Consideration on exercise can only be paid in cash
- Consideration will be calculated according to the relative proportion of MOD's enterprise value that brokers attribute to the value of Tshukudu Exploration at the time of exercise multiplied by the implied enterprise value of the Change of Control offer and applied to MTR's percentage ownership in the asset
- MTR will receive a 2% net smelter royalty in respect of any future production from the exploration assets (excluding those assets acquired under the Mineral Resource Option)

MTR Board nominee and voting restriction

- MTR has a right to nominate a MOD Board representative if MTR owns at least 10% of MOD's issued capital (including unconverted Options)
- MTR hereby publicly confirms that following completion of the Transaction and for a period of 3 years, MTR's shareholding must not exceed 12.5% and must not fall below 6.25%, without MOD consent, it may not transfer MOD shares to certain restricted persons and that it will vote in accordance with the majority of the Board on all matters - this includes accepting or rejecting, or voting in favour or against any Change of Control in accordance with the majority of the MOD board's recommendation. These arrangements are contained in the voting agreement to be released to the ASX platform following the date of this announcement

Tshukudu Exploration JV

- If either MOD or MTR's interest in Tshukudu Exploration is diluted below 10%, their JV interest is replaced with a 2% NSR
- Dilution of each party's stake in Tshukudu Exploration will be calculated based on contributed capital provided the JV Roll up Option or JV Consolidation Option have not lapsed
- If the JV Roll up Option or JV Consolidation Option have lapsed, all subsequent dilution will be determined in accordance with average dilution recommended by two Independent Experts based on asset values
- MOD will manage the JV Exploration Assets and will have control of the Tshukudu Exploration JV at board and shareholder level
- The Tshukudu Exploration JV will contain customary share issue and transfer rights and restrictions

Conditions Precedent to the Transaction

- MOD shareholder approval of the issue of the consideration securities
- Unanimous MOD Board recommendation of the Transaction and MOD directors agreeing to vote their shares in favour of the requisite shareholder approvals
- Completion of the transfer of exploration licences
- Conversion of ASX in-principle waiver to a full waiver
- Ministerial approval by relevant minister in Botswana
- Extension of exploration licence PL190/2008 for 2 years
- Execution of 2% Royalty Deed (capped at US\$2m) in favour of MTR in respect of T3
- No breach of MTR warranties under sale agreement



About MOD Resources

MOD Resources Ltd (ASX: MOD) is an Australian-listed copper company actively exploring in the central Kalahari Copper Belt, Botswana. MOD owns 70% of a UK incorporated joint venture company, Metal Capital Limited with AIM-listed Metal Tiger Plc (30%).

Metal Capital's wholly owned subsidiary, Tshukudu Metals Botswana (Pty) Ltd (Tshukudu) is the Botswana operating company which owns the T3 copper/silver deposit where a discovery RC drill hole intersected 52m @ 2.0% Cu and 32g/t Ag from shallow depth in March 2016. Tshukudu also holds the prospecting licence which covers the major part of the T3 Dome Complex.

MOD announced a substantial maiden copper/silver resource at T3 on 26 September 2016. Total cost of discovery of T3 and delineation of the maiden resource was an exceptionally low US\$1.7 million, equivalent to only US 0.22 cents/lb copper contained within the resource.

On 6 December 2016, MOD announced results of its scoping study for an open pit mine at T3. MOD announced an updated resource at T3 comprising 36Mt at 1.14% Cu containing 409kt copper, on 24 August 2017. MOD announced a further resource upgrade, comprising 60Mt @ 0.98% Cu and 14 g/t Ag containing ~590.4 Kt copper and 26.9 Moz silver, on 2 July 2018.

Results of a pre-feasibility study for a robust long life open pit mining and processing operation at T3 were announced on 31 January 2018 with the T3 Pit Feasibility Study due for completion Q1 2019.

MOD is conducting a substantial drilling program exploring for similar T3 Type deposits at numerous other targets along the T3 Dome Complex. Drilling at the large A4 Dome within the T3 Dome Complex has already intersected strong visible copper mineralisation. In addition, Tshukudu is advancing other high priority exploration targets at the extensive T20 Dome and across the Company's wider regional holdings.

About Metal Tiger

Metal Tiger plc is listed on the London Stock Exchange AIM Market ("AIM") with the trading code MTR and invests in high potential mineral projects with a precious and strategic metals focus.

The Company's target is to deliver a very high return for shareholders by investing in significantly undervalued and/or high potential opportunities in the mineral exploration and development sector timed to coincide, where possible, with a cyclical recovery in the exploration and mining markets. The Company's key strategic objective is to ensure the distribution to shareholders of major returns achieved from disposals.

Metal Tiger's Metal Projects Division is focused on the development of its key project interests in Botswana, Spain and Thailand. In Botswana, Metal Tiger has a growing interest in the large and highly prospective Kalahari copper/silver belt. In Spain, the Company has tungsten and gold interests in the highly-mineralised Extremadura region. In Thailand, Metal Tiger has interests in two potentially near-production stage silver/lead/zinc mines as well as licences, applications and critical historical data covering antimony, copper, gold, silver, lead and zinc opportunities.

The Company has access to a diverse pipeline of new opportunities focused on the natural resource sector including physical resource projects, new natural resource centred technologies and resource sector related fintech opportunities. Pipeline projects deemed commercially viable may be undertaken by Metal Tiger or by an AIM or NEX Exchange (formerly ISDX) partner with whom the Company is engaged.



Competent Person's Statement

The information in this announcement that relates to Geological Data and the T3 Mineral Resource described in this release is reviewed and approved by Mr Bradley Ackroyd, BSc (Hons), Manager Mine Geology for MOD Resources Ltd. Mr Ackroyd is a registered member of the Australian Institute of Geoscientists and has reviewed the technical information in this report. Mr Ackroyd has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and the activity, which it is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Ackroyd consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Exploration Targets and Results

This announcement refers to Exploration Targets as defined under Sections 18 and 19 of the 2012 JORC Code. The Exploration Targets quantity and quality referred to in this announcement are conceptual in nature. There has been insufficient exploration at Exploration Targets, which include EM targets and conductive domes mentioned in this announcement to define a Mineral Resource and it is uncertain if further exploration will result in the Exploration Targets being delineated as a Mineral Resource.

Forward Looking Statements and Disclaimers

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of MOD Resources Limited.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, MOD Resources Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

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The announcement may not be distributed in any jurisdiction except in accordance with legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

This announcement does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons.



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