

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MOD RESOURCES LIMITED	
ABN	Quarter ended ("current quarter")
78 003 103 544	31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation*	(3,687)	(8,306)
(b) development	-	-
(c) production	-	-
(d) staff costs	(214)	(923)
(e) administration and corporate costs	(297)	(1,344)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	73	280
1.5 Interest and other costs of finance paid	(10)	(67)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash used in operating activities	(4,135)	(10,360)

*Based on 100% of Exploration and Evaluation payments and therefore includes Metal Tiger 30% interest (refer section 3.9). Section 1.2 also include payments made for the T3 PFS.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(173)	(651)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash used in investing activities	(173)	(651)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	14,896
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	20	389
3.4	Transaction costs related to issues of shares, convertible notes, options or performance rights	(2)	(876)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(250)	(1,000)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Metal Tiger contributions to Joint Venture	920	2,121
3.10	Net cash from financing activities	688	15,530

4.	Net (decrease)/increase in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	13,634	5,546
4.2	Net cash used in operating activities (item 1.9 above)	(4,135)	(10,360)
4.3	Net cash used in investing activities (item 2.6 above)	(173)	(651)
4.4	Net cash from financing activities (item 3.10 above)	688	15,530
4.5	Effect of movement in exchange rates on cash held	7	(44)
4.6	Cash and cash equivalents at end of period	10,021	10,021

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,021	1,509
5.2 Call deposits	8,000	12,125
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,021	13,634

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
188
-

Included at 6.1 are payments for director fees and company secretarial fees paid to a director or director associated companies.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
157
-

Included at 7.1 are consultancy services for metallurgical test work and scoping study provided by Independent Metallurgical Operations Pty Ltd, a company associated with Steve McGhee.

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	500	500
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

On 8 July 2013, MOD secured a \$2 million loan from SHL Pty Ltd, a company controlled by a related party of MOD director Mr Lee, AO. The \$2 million loan was unsecured for an initial 12-month period at an interest rate of 8% per annum, payable monthly in arrears. MOD was not required to pay an establishment fee for the loan and has the right to repay the loan early without incurring any penalty.

A Deed of Extension and Variation was signed on 5 May 2014 so as to extend the Initial Facility Period to end on 4 January 2015. MOD exercised its option to extend the term of the loan for a further 12-month period at a reduced interest rate of 7% per annum with the loan secured against the unencumbered assets of MOD subject to shareholder approval.

On 19 October 2015, MOD entered into a Deed of Amendment with SHL Pty Ltd to extend the repayment date for its existing \$2 million loan to 4 April 2016. If MOD does not have the capacity to repay the loan on this date, the parties have agreed that the repayment date for the loan will be extended a further three months to 4 July 2016.

On 25 May 2016, MOD entered into a Deed of Extension and Variation with SHL Pty Ltd which stipulated that the Company was to repay a minimum of \$0.5 million and outstanding interest payments owing to SHL by 4 July 2016. This condition was met by MOD and both parties agreed to review the financial capacity of the Company to repay the balance of the SHL Loan on a rolling 3-month basis.

The Company has repaid a further \$1 million to SHL during the 12-month period ending 31 December 2017 and a further \$0.25 million in early January 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	3,000
9.2 Studies ¹	300
9.3 Capital cost ²	1,100
9.4 Staff costs	300
9.5 Administration and corporate costs	280
9.6 Other (provide details if material) ³	(980)
9.7 Total estimated cash outflows	4,000

Notes:

¹ Includes costs associated with Prefeasibility and Bankable Feasibility Studies.

² Includes costs for accommodation camp, sample prep. assay lab and deposit on purchase of farm

³ Reflects the net amount of Metal Tiger JV contributions of \$1.230 million less the repayment of \$0.25 million of the loan to SHL.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	PL 211/2017	Acquired (Commencement date for licence is 1 January 2018)	0%	100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Mark Clements
Company Secretary
29 January 2018

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.