

## 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

<b>MOD RESOURCES LIMITED</b>	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
78 003 103 544	31 March 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation <sup>1</sup>	(4,232)	(4,232)
(b) development	-	-
(c) production	-	-
(d) staff costs	(375)	(375)
(e) administration and corporate costs	(493)	(493)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	41	41
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash used in operating activities</b>	<b>(5,065)</b>	<b>(5,065)</b>

### Notes

<sup>1</sup>Based on 100% of Exploration and Evaluation payments and therefore includes Metal Tiger 30% contribution on JV licences (refer section 3.9). Section 1.2 also include final payments made on the T3 PFS and initial payments for the T3 FS.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(282)	(282)
(b) tenements (see item 10)	-	-
(c) investments	-	-

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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
(d) other non-current assets	-	-
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)	-	-
<b>2.6 Net cash used in investing activities</b>	<b>(282)</b>	<b>(282)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	12,000	12,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	122	122
3.4 Transaction costs related to issues of shares, convertible notes, options or performance rights	(681)	(681)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(250)	(250)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Metal Tiger contributions to Joint Venture	1,411	1,411
<b>3.10 Net cash from financing activities</b>	<b>12,602</b>	<b>12,602</b>

<b>4. Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	10,021	10,021
4.2 Net cash used in operating activities (item 1.9 above)	(5,065)	(5,065)
4.3 Net cash used in investing activities (item 2.6 above)	(282)	(282)
4.4 Net cash from financing activities (item 3.10 above)	12,602	12,602
4.5 Effect of movement in exchange rates on cash held	71	71
<b>4.6 Cash and cash equivalents at end of period</b>	<b>17,347<sup>1</sup></b>	<b>17,347<sup>1</sup></b>

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	4,347	2,021
5.2 Call deposits	13,000	8,000
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,347<sup>1</sup></b>	<b>10,021</b>

Notes:

<sup>1</sup> The cash balance excludes A\$6.3M (before costs) raised through the rights issue that settled on 10 April 2018

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	353
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	

Included in 6.1 are payments (including bonus 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	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	98
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	

Included in 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 and consultancy services provided by Integra Management Solutions a company associated with Bronwyn Barnes.

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<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	250	250
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 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. Subsequent to 31 March 2018, MOD repaid the final outstanding amount of \$0.25 million to SHL Pty Ltd.

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	4,100
9.2 Studies <sup>1</sup>	500
9.3 Capital cost <sup>2</sup>	1,000
9.4 Staff costs	350
9.5 Administration and corporate costs	450
9.6 Other (provide details if material) <sup>3</sup>	(1,100)
<b>9.7 Total estimated cash outflow<sup>4</sup></b>	<b>5,300</b>

**Notes:**

<sup>1</sup> Cost associated with the T3 Feasibility Study.

<sup>2</sup> Includes costs for accommodation camp and deposit payable on the purchase of a farm required to develop the T3 Project.

<sup>3</sup> Reflects the net amount of Metal Tiger JV contributions less the final repayment of \$0.25M on the loan from SHL.

<sup>4</sup> The estimated cash outflows excludes the A\$6.3M (before costs) raised through the rights issue that completed on 10 April 2018.

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced <sup>1</sup>	PL204/2014 PL280/2014 PL034/2010 PL035/2015 PL036/2015	Licence area reduced Licence area reduced Licence area reduced Licence area reduced Licence area reduced	100% 100% 100% 100% 100%	100% 100% 100% 100% 100%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

**Note:**

<sup>1</sup> On licence renewal there was a mandated reduction in the respective licences for areas not being considered prospective.

**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  
27 April 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.