



MOD Resources Limited
ACN 003 103 544

OFFER DOCUMENT

for

A non-renounceable pro-rata entitlement offer of New Shares at an issue price of \$0.24 each on the basis of one (1) New Share for every thirteen (13) Shares held on the Record Date to raise approximately \$5.2 million (before costs).

The Entitlement Offer is fully underwritten by Ashanti Capital Pty Ltd.

This Offer Document is not a prospectus.

It does not contain all of the information that an investor would find in a prospectus or that may be required in order to make an informed investment decision regarding, or about the rights attaching to the New Shares offered by this Offer Document.

This document is important and requires your immediate attention.

It should be read in its entirety before deciding whether to apply for the New Shares. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker, accountant, solicitor or other professional advisor without delay.

The New Shares offered under this Offer Document should be considered highly speculative.

The Entitlement Offer opens on Wednesday, 6 February 2019 and closes at 5:00 pm (AWST) on Wednesday, 20 February 2019.

Valid acceptances must be received before the Entitlement Offer closes.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

NOT FOR RELEASE INTO THE UNITED STATES OR IN ANY JURISDICTION WHERE THIS DOCUMENT DOES NOT COMPLY WITH THE RELEVANT REGULATIONS

IMPORTANT INFORMATION

This Offer Document is issued pursuant to section 708AA of the Corporations Act for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by MOD Resources Limited (ACN 003 103 544) and was lodged with ASX on Wednesday, 30 January 2019. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or that may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your stockbroker, accountant, solicitor or other professional advisor as soon as possible.

No person is authorised to give any information or to make any representation in connection with the Offers that is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

Eligibility

Eligible Shareholders can only take up their Entitlement by completing and returning the Entitlement and Acceptance Form accompanying this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

Overseas shareholders

This Offer Document does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document.

The Offers are not being extended and New Shares will not be issued to Shareholders with a registered address that is outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares being offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

No action has been taken to permit the offer of New Shares under this Offer Document to existing Shareholders in any jurisdiction other than Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom. The distribution of this Offer Document in jurisdictions outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom is restricted by law and persons outside of those jurisdictions should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Further information in relation to New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom is as follows:

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA). This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

This document does not constitute a prospectus within the meaning of section 85 of the Financial Services and Markets Act 2000 (as amended) ("FSMA"), has not been drawn up in accordance with the Prospectus Rules issued by the Financial Conduct Authority ("FCA") and approved by or filed with the FCA. This Admission Document does not constitute an offer of transferable securities to the public within the meaning of FSMA or otherwise.

No prospectus is required to be published in connection with the Entitlement Offer under section 85(1) of FSMA as the total consideration for the New Shares being offered in the European Economic Area states would not exceed €8,000,000. The New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 85(1) of FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

This document has not been approved by any person authorised under FSMA for the purposes of section 21 of FSMA. In the United Kingdom, this document is being distributed only to, and is directed only at, persons (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to, and any invitation,

offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Notice to nominees and custodians

Nominees and custodians may not distribute this document, and may not permit any beneficial shareholder to participate in the Offers in any country outside Australia, New Zealand and Singapore except, with the consent of the Company, to beneficial shareholders resident in certain other countries where the Company may determine it is lawful and practical to make the Entitlement Offer.

LSE Trading

Application will be made for the admission of all of the New Shares to the standard segment of the Official List of the FCA and to trading on the Main Market of the London Stock Exchange for listed securities ("LSE Listing"). In connection with LSE Listing the Company is required to publish a prospectus in accordance with section 85(2) of FSMA and in accordance with the Prospectus Rules issued by the FCA ("Listing Prospectus"). Publication of the Listing Prospectus is subject to the approval of the UKLA, which the Company will seek to obtain as soon as practicable. If such approval is obtained, and the Listing Prospectus is published, prior to the quotation of the New Shares on the ASX then it is anticipated that LSE Listing will occur on or around the same date as the quotation of the New Shares on the ASX. However, if such approval is obtained, and the Listing Prospectus is published, after quotation of the New Shares on the ASX then LSE Listing will occur after the quotation of the New Shares on the ASX. A further announcement will be made by the Company when the Listing Prospectus is published and when LSE Listing occurs.

No investment advice

The information provided in this Offer Document and the accompanying Entitlement and Acceptance Form is not financial product advice and has been prepared without taking into account each Eligible Shareholder's investment objectives, financial circumstances or particular needs.

The information contained in this Offer Document and the accompanying Entitlement and Acceptance Form should not be considered to be comprehensive or to comprise all the information that an Eligible Shareholder may require in order to determine whether or not to subscribe for New Shares and the information may be changed, modified or amended at any time by the Company. This Offer Document is not intended to, and does not, constitute representations or warranties of the Company. Neither the Company, nor any advisor of the Company intends to update this Offer Document or accepts any obligation to provide the recipient with access to information or to correct any additional information or to correct any inaccuracies that may become apparent in this Offer Document or in any other information that may be made available concerning the Company. Potential investors should conduct their own due diligence investigations regarding the Company.

If an Eligible Shareholder has any questions, it should consult its professional adviser before deciding whether to accept all or any part of its Entitlement.

Forward-looking statements

This Offer Document may contain forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 3. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this Offer Document and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Rounding

Any discrepancies between totals and sums and components in tables and figures contained in this Offer Document are due to rounding.

Glossary

Defined terms used in this Offer document are set out in the glossary of terms in Section 4.

CORPORATE DIRECTORY

Directors

Mr Mark Clements	Executive Chairman/Company Secretary
Mr Julian Hanna	Managing Director
Mr Steven McGhee	Technical Director
Mr Simon Lee AO	Non-Executive Director
Ms Bronwyn Barnes	Non-Executive Director
Mr Michael McNeilly	Non-Executive Director

Registered Office

Address:	First Floor, 1304 Hay Street West Perth WA 6005
Tel:	+61 8 9322 8233
Fax:	+61 8 9322 8077
Email:	administrator@modresources.com.au
Website:	www.modresources.com.au
ASX Code:	MOD
LSE Code:	MOD

Share Registry

Address:	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000
Tel:	1300 850 505/+61 3 9415 4000
Fax:	+61 3 9473 2500
Email:	www.investorcentre.com/contact

Lawyers

DLA Piper Australia
Level 31
152 - 158 St Georges Terrace
Perth WA 6000

Auditor*

Grant Thornton Audit Pty Ltd
Central Park Level 43
152-158 St George's Terrace
Perth WA 6000

Underwriter

Ashanti Capital Pty Ltd
Level 2, 44A Kings Park Road
West Perth WA 6005

* This entity has not been involved in the preparation of this Offer Document and has not consented to being named in this Offer Document. Its name is included for information purposes only.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board of MOD Resources Limited (**Company**), I am pleased to present you with an opportunity to subscribe for additional shares in the Company by participating in the offer detailed in this Offer Document. The Company is undertaking a fully underwritten non-renounceable pro-rata entitlement offer to Eligible Shareholders of New Shares at an issue price of \$0.24 each on the basis of 1 New Share for every 13 Shares held on the Record Date (**Entitlement Offer**). The number of New Shares to which you are entitled to subscribe for is detailed in the Entitlement and Acceptance Form that accompanies this Offer Document.

As at the date of this Offer Document, the Company has completed an equity placement to raise a total of \$10 million (less associated costs). The placement involved the issue of 33,333,333 Shares at an issue price of \$0.30 per Share and was undertaken within the Company's existing Listing Rule 7.1 placement capacity (**Placement**).

This Entitlement Offer will raise approximately \$5.2 million (before associated costs) and enables all of our valued shareholders to have the opportunity to participate in the capital raise at an issue price of \$0.24 per Share.

The Entitlement Offer is fully underwritten by Ashanti Capital Pty Ltd (**Underwriter**) and sub-underwritten by Australian Super Pty Ltd.

The funds raised through the Placement and the Entitlement Offer are to be used to progress the T3 Copper Project through the Feasibility Study and towards production, provide working capital to fund exploration activities to define additional resources within the surrounding T3 Expansion Project area, as well as test regional priority targets to further assess the potential copper-belt scale opportunity of the under-explored Kalahari Copper Belt.

The support received to date in the Placement and underwritten Entitlement Offer confirms the strong shareholder confidence in the Company and the quality of the T3 Copper Project. This has been further demonstrated by the unsolicited, non-binding, indicative, conditional proposal received by the Company from Sandfire Resources NL (ASX:SFR) at \$0.38 per share which the Board believes undervalues the Company's assets. The Board continues to explore a range of funding options to progress the T3 Copper Project towards production including further engagement with Sandfire.

Further information about the Company and its operations is contained in publicly available documents lodged by the Company with the ASIC and ASX and on the Company's website. This Offer Document should be read in conjunction with this material.

There are a number of risks associated with investing in the share market generally and the Company specifically. The New Shares being offered under this Offer Document must be regarded as highly speculative. Investors should read Offer Document in its entirety before deciding to invest and in particular, consider the risk factors detailed in Section 3.

If you have any queries concerning the Entitlement Offer, or the action you are required to take to subscribe for New Shares, please consult your stockbroker, accountant, solicitor or other professional advisor.

Yours faithfully,



Mark Clements
Executive Chairman

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1. Details of the Offers

1.1 Background

On 21 January 2019, the Company announced a fundraising to raise approximately \$15.2 million (before costs), comprising:

- (a) a placement of 33,333,333 Shares (**Placement Shares**) to professional and sophisticated investors at \$0.30 per Placement Share to raise approximately \$10 million (before costs) (**Placement**); and
- (b) a fully underwritten non-renounceable pro-rata entitlement offer of New Shares at an issue price of \$0.24 each on the basis of 1 New Share for every 13 Shares held on the Record Date to raise approximately \$5.2 million (before costs) (**Entitlement Offer**).

It is intended that the Placement Shares will be issued on Wednesday, 30 January 2019.

1.2 The Entitlement Offer

The Company is making a fully non-renounceable pro-rata entitlement offer of New Shares at an issue price of \$0.24 each on the basis of 1 New Share for every 13 Shares held on the Record Date, in accordance with section 708AA of the Corporations Act, to raise approximately \$5,204,418 (assuming no Options are exercised and no Performance Rights vest before the Record Date and before the payment of associated costs).

As at the date of this Offer Document, the Company has on issue 248,572,620 Shares, 45,597,048 Options and 3,050,000 Performance Rights. Assuming no Options are exercised, no Performance Rights vest and the Placement completes before the Record Date, up to 21,685,073 New Shares will be issued under the Entitlement Offer. If all of the existing Options are exercised before the Record Date, up to 25,192,539 New Shares will be issued under the Entitlement Offer.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

Certain terms used in this Offer Document are defined in Section 4.

1.3 Indicative Timetable

Event	Date
Announcement Entitlement Offer	Monday, 21 January 2019
Lodge Offer Document with ASX	Wednesday, 30 January 2019
Ex Date	Friday, 1 February 2019
Record Date (5.00pm AWST)	Monday, 4 February 2019
Opening Date	Wednesday, 6 February 2019
Closing Date (5.00pm AWST)	Wednesday, 20 February 2019
Notify ASX of any shortfall	Monday, 25 February 2019
Issue of New Shares under Entitlement Offer	Wednesday, 27 February 2019
Despatch of holding statements for New Shares	Friday, 1 March 2019

The above timetable is indicative only and all dates may be subject to change. Subject to the Listing Rules and the Underwriting Agreement, the Directors reserve the right to extend the Closing Date at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue of the New Shares.

1.4 Purpose of Offers and Use of Funds

The purpose of the Offers is to raise approximately \$15.2 million (assuming no Options are exercised before the Record Date and before the payment of associated costs).

The Company intends to use the funds raised in the Offers and Placement to:

- (a) progress the T3 Project Feasibility Study, T3 Project mining licence application and early T3 Project development work to reach a decision to mine, targeted by the end of the first half of 2019;
- (b) complete the purchase of the farm on which the T3 Open Pit is located and commence construction of initial project related infrastructure;
- (c) undertake infill drilling to upgrade part of the early stages of T3 mine production to a JORC compliant Measured Resource category;
- (d) undertake advance conceptual underground mining studies for the T3 Expansion Project and A4 Dome with resource drilling as appropriate;
- (e) conduct follow-up drilling of initial, shallow copper and silver intersections at the T4 - T23 Dome; and
- (f) fund general working capital.

The Company intends to apply the funds raised from the Offers as follows:

Description of Cash Outflows	\$	%
Exploration activities ¹	\$5M	33%
Completion of a feasibility study in respect of the T3 Copper Project	\$0.3M	2%
T3 Copper Project Development	\$6M	39%
Working capital	\$3M	20%
Associated expenses of the Offers	\$0.9M	6%
Total funds raised under the Offers	\$15.2M	100%

Note:

- 1 "Exploration activities" include T3 Resource Infill Drilling, T3 near mine exploration drilling, regional exploration drilling, assays, consumables and all other cost directly related to the drilling programs.
- 2 The cost required to complete the definitive feasibility will be predominantly funded out of current cash resources as at the beginning of the March 2019 quarter.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general

economic conditions and environmental factors. In the light of this, the Board reserves the right to alter the way the funds are applied.

1.5 Capital Structure on Completion of the Entitlement Offer

The capital structure of the Company on completion of the Entitlement Offer (assuming no Performance Rights vest before the Record Date) will be:

	Number of Shares	Number of Options ⁽¹⁾	Number of Performance Rights ⁽²⁾
Balance at the date of this Offer Document	248,572,620	45,497,048	3,050,000
To be issued under the Placement ⁽³⁾	33,333,333	-	-
To be issued under the Entitlement Offer ⁽⁴⁾	21,685,073	-	-
Balance after the Offers	303,591,026	45,497,048	3,050,000

Notes:

- 1 Comprising:
 - (a) Unquoted Options exercisable at \$0.60 on or before 15 April 2019; and
 - (b) Unquoted Options exercisable for \$nil on or before 16 November 2021.
- 2 The Performance Rights currently on issue expire 21 February 2022 and are unvested.
- 3 Anticipated to be issued on Wednesday, 30 January 2019.
- 4 The number of New Shares to be issued under the Entitlement Offer is subject to the number of Eligible Shareholders, rounding and assumes that no Options are exercised and no Performance Rights vest before the Record Date.

1.6 Entitlements and Acceptance

The Entitlement of Eligible Shareholders to participate in the Entitlement Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Applicant. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares.

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.7 Shortfall

Any New Shares under the Entitlement Offer that are not applied for will form the Shortfall Shares. The offer to issue Shortfall Shares is a separate offer under this Offer Document (**Shortfall Offer**).

If you do not wish to take up any part of your Entitlement, you are not required to take any action. Any part of your Entitlement not taken up will form part of the Shortfall. Eligible

Shareholders may not apply for Shortfall Shares. Any Entitlements not taken up pursuant to the Entitlement Offer will be subscribed for by the Underwriter (or the Underwriter will procure subscriptions) in satisfaction of its commitment under the Underwriting Agreement.

The offer and subscription of Shortfall Shares to the Underwriter and any sub-underwriters made under this Offer Document.

If there are remaining Shortfall Shares due to a default under or termination of the Underwriting Agreement, the Company reserves the right to proceed to allocate New Shares under the Entitlement Offer and to issue the remaining Shortfall Shares within three months after the Closing Date at its absolute discretion.

1.8 Underwriting

The Entitlement Offer is fully underwritten by Ashanti Capital Pty Ltd.

The Underwriter has agreed to act as underwriter of the Entitlement Offer, and to fully underwrite the Entitlement Offer, on the terms set out in the Underwriting Agreement.

The material terms of the Underwriting Agreement are as follows:

- (a) the obligation of the Underwriter to underwrite the Entitlement Offer is subject to certain termination events. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain events. A summary of these events is detailed in the Schedule;
- (b) the Underwriter will receive its underwriting commission of 3.5% (excluding GST) of all monies raised by the Company under the Entitlement Offer;
- (c) the Underwriter is entitled to reimbursement of all reasonable costs and expenses;
- (d) the Underwriter may appoint sub-underwriters to sub-underwrite the Entitlement Offer; and
- (e) a number of indemnities, representations and warranties are given by the Company to the Underwriter that are standard for an agreement of this type.

The Underwriter and Australian Super Pty Ltd (**AusSuper**) have entered into a sub-underwriting agreement pursuant to which AusSuper has agreed to sub-underwrite all New Shares offered under the Entitlement Offer and to subscribe for such Shortfall Shares that are allocated to it by the Underwriter up to 100% of the Shortfall.

No persons voting power in the Company will increase from 20% or below to more than 20%, or from a starting point that is above 20% and below 90% in breach of section 606 of the Corporations Act.

1.9 Minimum Subscription

There is no minimum subscription for the Entitlement Offer.

1.10 No Rights Trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party. If you do not take up your Entitlement to

New Shares under the Entitlement Offer by the Closing Date, the Entitlement Offer to you will lapse.

1.11 Directors' Interests

Each Director's interest in the securities of the Company as at the date of this Offer Document and their Entitlement is detailed in the table below.

Director	Shares	Options	Performance Rights	Entitlement ¹
Mark Clements ²	3,656,631	560,869	400,000	281,279
Julian Hanna ³	6,161,685	714,374	500,000	473,975
Simon Lee AO ⁴	15,207,153	93,665	250,000	1,169,781
Steven McGhee ⁵	4,838,009	283,523	400,000	372,154
Bronwyn Barnes	-	-	500,000	-
Michael McNeilly	-	-	-	-

Notes:

- 1 The Entitlement shown assumes that none of the Options held by a Director are exercised prior to the Record Date.
- 2 Mr Clements is a director of Balion Pty Ltd, which is the holder of 3,643,946 shares and 560,615 unlisted \$0.60 options expiring 15 April 2019.
- 3 Mr Hanna is a trustee and beneficiary of the J Hanna Superannuation Fund, which is the holder of 4,697,810 shares and 81,104 unlisted \$0.60 options expiring 15 April 2019. Mr Hanna is the spouse of Mrs Patricia Hanna who is the holder of 1,463,875 shares and 333,270 unlisted \$0.60 options expiring 15 April 2019.
- 4 Phoenix Properties International Pty Ltd is a Trustee of the Wellington Place Property Trust, which is the holder of 9,871,312 shares. Mr Lee AO is not a director, shareholder or involved in the management of Phoenix Properties International Pty Ltd as trustee for the Wellington Place Property Trust. He is only a direct and indirect contingent beneficiary of this trust.
- 5 Mr McGhee is a director and shareholder of McGhee Investment Holdings Pty Ltd, which is the holder of 4,542,198 shares and 83,523 unlisted \$0.60 options expiring 15 April 2019.

1.12 Opening and Closing Dates

The Entitlement Offer opens on the Opening Date, being Wednesday, 6 February 2019. The Company will accept Entitlement and Acceptance Forms until the Closing Date, being 5.00 pm (AWST) on Wednesday, 20 February 2019, or such other date as the Directors in consultation with the Underwriter shall determine, subject to the Listing Rules and the Underwriting Agreement.

Please note that payment made by BPAY® must be received by no later than 5:00 pm (AWST) on the Closing Date. It is the responsibility of all Eligible Shareholders to ensure that their BPAY® payments are received by the Company on or before the Closing Date.

The Directors may at any time decide to withdraw this Offer Document, the Entitlement Offer, in which case the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

1.13 Issue and Dispatch

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Offer Document until the New Shares are issued. All Application Monies will be returned (without interest) if the New Shares are not issued. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim any such interest.

1.14 ASX Listing

Application has been made to ASX for the official quotation of the New Shares. If ASX does not grant quotation of the New Shares within 3 months after the date of this Offer Document (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to the Entitlement Offer.

1.15 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

1.16 Depository Interests Holders

Depository Interest holders will be contacted/regarding on how to apply for New Shares and should, in the context of this Offer Document, read all documentation prior to making any acceptance.

1.17 Rights and Liabilities Attaching to New Shares

The New Shares offered under this Offer Document will rank equally in respect of dividends and have the same rights in all other respects (e.g. voting, bonus issues) as existing Shares.

Full details of the rights and liabilities attaching to New Shares are set out in the Constitution, a full copy of which is available from Company on request free of charge.

1.18 Overseas Shareholders

This Offer Document and accompanying Entitlement and Acceptance Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom because of the small number of Ineligible Shareholders and the number and value of New Shares that would be offered to Ineligible Shareholders. The cost of complying with applicable regulations in other jurisdictions and the administrative burden that would be placed on the Company result in the Company's view that making the Entitlement Offer available to Ineligible Shareholders is unreasonable.

No action has been taken to comply with legal and regulatory requirements of jurisdictions outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom to permit an offer of New Shares in any jurisdiction outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom.

Save as the Directors may otherwise determine, this Offer Document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom.

1.19 Taxation Implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

1.20 Risk factors

An investment in New Shares should be regarded as highly speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company that are detailed in Section 3.

1.21 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities markets conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company, which has been notified to ASX, and does not include information that would be included in a disclosure document or which investors ought to have

regard to in deciding whether to subscribe for New Shares under the Entitlement Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website at www.modresources.com.au or ASX's website at www.asx.com.au.

Additionally, the Company is required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and ASX websites.

This Offer Document (including the Entitlement and Acceptance Form) and the contracts that arise from the acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

1.22 Cleansing Notice

The Company will lodge a Cleansing Notice with ASX immediately after lodgement of this Offer Document. The Cleansing Notice will be able to be viewed on the websites of the Company and ASX.

1.23 Enquiries Concerning Offer Document

If you have any questions in relation to this Offer Document should be directed to the Company Secretary by telephone on +61 (8) 9322 8233.

If you have any questions on the Entitlement and Acceptance Form, please contact Computershare Investor Services Pty Limited by telephone on 1300 850 505/+61 3 9415 4000.

2. Action Required by Shareholders

2.1 What Eligible Shareholders May Do

The number of New Shares to which Eligible Shareholders are entitled to is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- (a) accept their Entitlement in full (refer to Section 2.2);
- (b) accept a proportion of their Entitlement (refer to Section 2.3); or
- (c) not take up any of their Entitlement (refer to Section 2.4).

2.2 Acceptance of Your Full Entitlement

If you wish to accept your Entitlement to New Shares in full, you should complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and submit your acceptance either electronically by BPAY® or together with a cheque by mail to reach the Share Registry no later than 5:00 pm on the Closing Date. Please read the instructions on the Entitlement and Acceptance Form carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided.

Refer to Sections 2.5 and 2.6 for further details regarding payment.

2.3 Acceptance of Part of Your Entitlement

Should you wish to only take up part of your Entitlement, you should complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and submit your acceptance either electronically by BPAY® or together with a cheque by mail to reach the Share Registry no later than 5:00 pm on the Closing Date. Please read the instructions on the Entitlement and Acceptance Form carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the Application Monies (calculated at \$0.24 per New Share accepted).

Refer to Sections 2.5 and 2.6 for further details regarding payment.

2.4 Entitlement Not Taken Up

If you do not wish to accept any of your Entitlement under the Entitlement Offer, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept your Entitlement, however, your percentage holding in the Company will be diluted.

2.5 Payment by cheque / bank draft / money order

If you wish to pay other than by BPAY®, your completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "MOD Resources Limited".

Your completed Entitlement and Acceptance Form and cheque, bank draft or money order must reach the Share Registry, at the address detailed below, no later than 5.00 pm (AWST) on the Closing Date.

By Post

MOD Resources Limited
C/- Computershare Investor Services Pty Ltd
GPO Box 2975
Melbourne VIC 3001
AUSTRALIA

2.6 Payment by BPAY®

If you wish to pay by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY® you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm (AWST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

2.7 Application Monies

Application Monies will be held on trust for applicants until allotment of the New Shares. Interest earned on Application Monies will be for the benefit of the Company. No interest will be paid on any Application Monies received or refunded.

Any Application Monies received for more than your Entitlement allocation of New Shares will be refunded only where the amount is \$1.00 or greater.

2.8 Entitlement and Acceptance Form is Binding

Completing and returning your personalised Entitlement and Acceptance Form or paying any Application Monies by BPAY® will be taken to constitute a binding acceptance of New Shares on the terms and conditions set out in this Offer Document and, once lodged or paid, cannot be withdrawn.

If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision, made in consultation with the Underwriter, whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

2.9 Representations by Acceptance

Completing and returning your personalised Entitlement and Acceptance Form or paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Offer Document and in the Entitlement and Acceptance Form, you:

- (a) represent to the Company that you are an Eligible Shareholder;

- (b) acknowledge that you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;
- (c) agree to be bound by the terms of the Offers, the provisions of this Offer Document and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Shares allotted to you;
- (e) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (g) acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares specified in the Entitlement and Acceptance Form at the issue price of \$0.24 per New Share;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (j) declare that you were the registered holder at 5:00 pm on the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you at 5:00 pm on the Record Date;
- (k) acknowledge that this Offer Document is not a prospectus, does not contain all of the information that you require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX and that, in the United Kingdom, this document does not constitute a prospectus within the meaning of section 85 of FSMA;
- (l) acknowledge the statement of risks in Section 3 of this Offer Document and that an investment in the Company is subject to risk;
- (m) represent and warrant that the law of any place does not prohibit you from being given this Offer Document and the Entitlement and Acceptance Form, nor does it prohibit you from accepting New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (n) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (o) understand and acknowledge that neither the Entitlement nor New Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand, Hong Kong, Singapore, Switzerland and the United Kingdom and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;

- (p) agree not to send this Offer Document, the Entitlement and Acceptance Form or any other material relating to the Offers to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States;
- (q) agree that if in the future you decide to sell or otherwise transfer your New Shares you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a person in the United States; and
- (r) represent to the Company that, if you are in the United Kingdom, you are a person (i) who falls within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended, or (ii) to whom this document may otherwise be lawfully communicated.

3. Risk Factors

The New Shares offered under this Offer Document should be considered highly speculative. The Directors strongly recommend that Eligible Shareholders examine the contents of this Offer Document and consult their professional advisers before deciding whether to take up their Entitlements. In addition, Eligible Shareholders should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks that relate directly to the Company's business and are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

The summary of risk factors described below ought not to be taken as exhaustive of the risks faced by the Company or by Eligible Shareholders. The risk factors described below, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. The New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

3.1 Risks specific to the Company

(a) **Future Capital Needs and Additional Funding**

The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of under the Entitlement Offer should be adequate to fund the objectives stated in Section 1.4, and other Company objectives in the short term, as stated in this Offer Document.

As announced on 21 January 2019, the Company is in discussions with a number of parties with respect to funding the T3 Project. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to the Company or Shareholders. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance. If the Company requires further funding for the development of its projects, and sufficient funds are not available from either debt or equity markets to satisfy the Company's requirements, the Company may be required to reduce the scope of its operations and scale back its development programme as the case may be.

(b) **Project Development Risk**

The T3 Project is anticipated to be the Company's sole source of near-term revenue earnings, and the Company is therefore largely dependent upon the successful development of the T3 Project. The Company expects to complete a feasibility study for the T3 Project in the first half of 2019. The Company expects to incur significant capital expenditures during the development of the T3 Project. The Company may encounter unexpected difficulties, including shortages of materials or delays in delivery of materials, unexpected operational events, facility or equipment malfunctions or breakdowns, unusual or unexpected adverse geological conditions, cost overruns, regulatory issues, adverse weather conditions and other catastrophes, such as explosions, fires, floods and accidents, increases in the level of labour costs and the existence of any labour disputes, and adverse local or general economic or infrastructure conditions. In addition, there will be operating losses which need to be funded as the T3 Project undergoes commissioning and ramps up to full production. Accordingly, the Company may not be able to complete the development of the T3 Project on schedule, at the budgeted cost or at all, and any delays beyond the expected

development periods or increased costs above those expected to be incurred could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and ability to pay dividends to Shareholders.

(c) **Botswana**

The Company's exploration activities are to be carried out in Botswana. As a result, the Company will be subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties should also be considered.

Potential risk to the Company's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's interests in Botswana. This may also include changes in exchange control systems, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

(d) **Expiry of Licences**

In accordance with the provisions of the relevant mining legislation, the Company will apply to the Botswana authorities for renewal of certain licences as and when they are due to expire depending upon the outcome of the exploration activities on each licence. There are risks that these licences may or may not be granted as determined by the Botswana authorities, at their discretion. Should the licences not be renewed by the Botswana authorities, the consequences are that the Company will have no further right to conduct any exploration on these licences and all funds previously invested in exploration activities on these licences will be lost. Any deferred exploration expenditure relating to any licences which may not be renewed in Botswana and which is capitalised in the consolidated accounts of the Company will be written off, thereby impacting the consolidated statement of financial position.

(e) **Minimum Expenditure Requirements**

In order to maintain an interest in the exploration licences in which the Company is involved, the Company is committed to meet the conditions under which the licences were granted and the obligations of the Company are subject to minimum expenditure commitments required by Botswana mining legislation. The extent of work performed on each exploration licence may vary depending upon the results of the exploration programme which will determine the prospectivity of the relevant area of interest. As at the date of this Offer Document, the Company is not in breach of its minimum expenditure commitments. There is a risk that if the Company fails to satisfy these minimum expenditure requirements at the time of expiry, the Company may be required to relinquish part or all of its interests in these licences. Accordingly, whilst there is no guarantee that the Botswana authorities will grant the Company an extension of the licences, the Company is not aware of any reason why the licences would not be renewed upon expiry.

(f) **Risks Associated with Feasibility Studies**

The Company is currently undertaking a feasibility study to evaluate potential open pit mining options and on-site processing for the T3 Project. The Company cannot guarantee that the technical studies undertaken in relation to the technical and

economic viability of any of its projects will produce positive findings. Further, the results of technical studies do not provide any guarantee that the conclusions from these studies will be realised.

(g) New Application Risks

To the extent that the Company may apply for additional licences in Botswana, the risk exists that those licences may not be granted or that they may be offered for grant subject to conditions which are unacceptable to the Company.

(h) Ability to Attract Personnel

The Company's success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management personnel. Competition for qualified and experienced staff is strong. The inability to access and retain the services of a sufficient number of qualified and experienced staff could be disruptive to the Company's development efforts or business development and could materially adversely affect its operating results.

(i) Contract Risks

The Company's subsidiaries may operate through a series of contractual relationships with operators and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(j) Regulatory Risk

Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

The regulatory environment for the Company's operations could change in ways that could substantially increase the Company's liabilities, tax liability or costs of compliance. This could materially and adversely affect the Company's financial position.

(k) Equipment Risk

The operations of the Company could be adversely affected if essential equipment fails.

(l) Litigation

Neither the Company nor any of its subsidiaries are presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.

(m) **HIV/AIDS**

Botswana has one of the highest HIV infection rates in the world. The exact impact of increased mortality rates due to HIV/AIDS related deaths on the cost of doing business in Botswana and the potential growth in the economy is unclear at this time although employee related costs in Botswana could increase as a result of the HIV/AIDS epidemic. The Company's results may be adversely affected by the loss of productivity and increased costs arising from any effect of HIV/AIDS on the Company's workforce.

3.2 Industry Risks

(a) **Exploration and Development Risks**

Mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired in the future can be profitably exploited.

(b) **Operational Risks**

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(c) **Occupational Health and Safety Risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

(d) **Mining and Prospecting Rights**

Acquisition and retention of prospecting rights and mining rights in Botswana is a detailed and time-consuming process. A wide range of factors and principles must be taken into account by the relevant minister(s) when considering applications for mining rights, if the Company develops its licences for this stage. The factors taken into

account include the applicant's access to financial resources, the applicant's technical ability to conduct the proposed mining operation optimally in accordance with the mining work program, the mining must not result in unacceptable pollution, ecological degradation or damage to the environment, the applicant must provide financially and otherwise for the prescribed social and labour plan. In addition, the grant of a mining or prospecting right may be disputed or challenged by third parties in the event that the correct procedures were not followed.

(e) **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(f) **Water Supply**

Water supply for the T3 Project and any future projects, will be sourced from individual locations. The Company will be required to apply for and obtain water use licences from the relevant government authorities. The process for obtaining a water use licence is a lengthy one and the Company's operations may be adversely affected in the event that the relevant licences are not obtained in a timely fashion. An inadequate water supply would negatively affect the T3 Project and any future projects.

(g) **Payment Obligations**

Under the licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, mineral licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the licences. Failure to meet these work commitments will render the licence liable to be cancelled.

(h) **Commodity Price Volatility**

It is anticipated that any future revenues derived from mining will primarily be derived from the sale of copper/silver and other minerals. Consequently, any future earnings are likely to be closely related to the price of copper and silver.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(i) **Competition**

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(j) **Title**

All of the licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement or licence is at the discretion of the relevant government authorities in Botswana.

If a licence is not granted or received, the Company may suffer significant damage through the loss of the opportunity to develop and discover mineral deposits on that licence.

(k) **Environmental**

The Company's projects are subject to various environmental laws. As with all exploration and mining projects, the T3 Project and the wider regional holdings in Botswana have a variety of environmental impacts. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

3.3 General Risks

(a) Securities investments

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the securities of the Company regardless of its operational performance.

(b) Share Market Conditions

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) mineral price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital;
- (vii) terrorism or other hostilities; and
- (viii) other factors beyond the control of the company.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia or Botswana, interest rates, exchange rates and the rate of inflation.

(d) Policies and Legislation

Any material adverse changes in government policies or legislation of Australia or Botswana or any other country that the Company has economic interests may affect the viability and profitability of the Company.

3.4 Investment Highly Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their stockbroker, accountant, solicitor or other professional advisor before deciding whether to apply for New Shares pursuant to this Offer Document.

4. Defined Terms

In this Offer Document, unless the context requires otherwise:

\$ means Australian dollars.

Applicant refers to a person who submits an Entitlement and Acceptance Form and **Application** refers to the submission of an Entitlement and Acceptance Form.

Application Monies means application monies for New Shares received by the Company from an Applicant.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context permits, the market operated by it.

AusSuper means Australian Super Pty Ltd ACN 006 457 987.

Board means the board of Directors.

CHESS means ASX Clearing House Electronic Subregistry System.

Cleansing Notice means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Entitlement Offer.

Closing Date means the closing date of the Entitlement Offer as set out in the Indicative Timetable.

Company means MOD Resources Limited ACN 003 103 544.

Constitution means the constitution of the Company as at the date of this Offer Document.

Corporations Act means *Corporations Act 2001* (Cth).

Depository means Computershare Investor Services PLC.

Depository Interest means the dematerialised depository interests issued by the Depository in respect of the underlying Shares.

Director means a director of the Company as at the date of this Offer Document.

Entitlement means the entitlement to subscribe for 1 New Share for every 13 Shares held by an Eligible Shareholder on the Record Date.

Eligible Shareholder means a person registered as the holder of Shares at 5:00pm (AWST) on the Record Date whose registered address is in Australia, New Zealand, Hong Kong, Singapore, Switzerland or the United Kingdom.

Entitlement Offer has the meaning given in Section 1.1.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Offer Document.

FSMA means the Financial Services and Markets Act 2000.

Group means the Company and each of its subsidiaries.

Indicative Timetable means the indicative timetable that forms part of this Offer Document.

Ineligible Shareholder means a Shareholder other than an Eligible Shareholder.

Listing Rules means the official listing rules of ASX.

LSE means the London Stock Exchange plc.

New Share means a new Share offered pursuant to this Offer Document.

Offers means the Entitlement Offer and Shortfall Offer.

Offer Document means this offer document dated 30 January 2019.

Option means an option to acquire a Share.

Opening Date means the opening date of the Entitlement Offer as set out in the Indicative Timetable.

Performance Rights mean a right to be issued a Share upon satisfaction of certain vesting milestones.

Placement has the meaning given in Section 1.1.

Placement Shares has the meaning given in Section 1.1.

Record Date means 5.00 pm (AWST) on the date set out in the Indicative Timetable.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a registered holder of Shares.

Share Registry means Computershare Investor Services Pty Ltd (ACN 078 279 277).

Shortfall means those New Shares not applied for by Eligible Shareholders under the Entitlement Offer.

Shortfall Offer has the meaning given to that term in Section 1.7.

Shortfall Shares means the New Shares constituting the Shortfall.

T3 Project means the T3 copper-silver deposit in the Kalahari Copper Belt, Botswana,

UKLA means the United Kingdom Listing Authority.

Underwriter means Ashanti Capital Pty Ltd (ACN 614 939 981).

Underwriting Agreement means the underwriting agreement between the Underwriter and the Company dated 21 January 2019.

WST means Western Standard Time.

Schedule - Events for Termination of Underwriting Agreement

(a) Underwriter termination events not qualified by materiality

The Underwriter may at any time terminate the Underwriting Agreement by giving notice to the Company if any one or more of the following events occur:

- (i) **(ASX approval)** unconditional approval by ASX for official quotation of the New Shares is refused or is not granted or, if granted, is modified (in a manner which would have a material adverse effect on the success or settlement of the Entitlement Offer) or withdrawn.
- (ii) **(Listing)** the Company ceases to be admitted to the official list of ASX or the Shares are suspended, from trading on, or cease to be quoted on ASX (which, for the avoidance of doubt, does not include any voluntary suspension for no more than 5 Business Days otherwise implemented with the consent of the Underwriter (such consent not to be unreasonably withheld or delayed)).
- (iii) **(Insolvency)** the Company is Insolvent or there is an act or omission, or a circumstance arises, which will result in the Company becoming Insolvent.
- (iv) **(Withdrawal)** the Company withdraws all or any part of the Entitlement Offer without the prior written consent of the Underwriter (such consent not to be unreasonably withheld or delayed).
- (v) **(Information Documents)** any Information Document omits any material information required by the Corporations Act or any other applicable law, contains a statement which is or becomes misleading or deceptive or is likely to mislead or deceive or otherwise fails to comply with the Corporations Act.
- (vi) **(Illegality)** there is an event or occurrence, including any statute, order, rule or regulation or order of any government agency which makes it illegal for the Underwriter to satisfy an obligation under this agreement to underwrite any of the New Shares.
- (vii) **(ASIC)** ASIC:
 - (A) makes an application for an order under Part 9.5 in relation to the Entitlement Offer or the Information Documents;
 - (B) commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Entitlement Offer or the Information Documents;
 - (C) holds, or gives notice of an intention to hold, a hearing or investigation in relation to the Entitlement Offer or the Company;
or
 - (D) prosecutes or gives notice of an intention to prosecute or commences proceedings against, or gives notice of an intention to commence proceedings against, the Company or any of its directors, officers, employees or agents in relation to the Entitlement Offer.

(b) **Underwriter termination events qualified by materiality**

The Underwriter may at any time terminate the Underwriting Agreement by notice if one or more of the following events occurs and the Underwriter has reasonable grounds to believe and does believe that the event:

- (i) has or is likely to have a materially adverse effect on the success of, the ability of the Underwriter to market, or settlement of, the Entitlement Offer (irrespective of whether or not the Entitlement Offer has opened); or
- (ii) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any law or regulation.

These events are as follows:

- (i) **(Disqualification)** a director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act.
- (ii) **(Prosecution)** a director, the chief executive officer or the chief financial officer of the Company commits an act of fraud or is charged with an indictable offence relating to any financial or corporate matter.
- (iii) **(Certificate)** a certificate which is required to be given by the Company under the Underwriting Agreement is untrue or misleading or deceptive.
- (iv) **(Compliance with regulatory requirements)** the Company fails to comply with the ASX Listing Rules, the Corporations Act, or other applicable laws or regulations.
- (v) **(Suspension or limitation on trading)** trading in all securities quoted or listed on ASX is suspended or limited for one or substantially all of a day on which that exchange is open for trading.
- (vi) **(Moratorium)** a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries.
- (vii) **(Breach)** the Company breaches or fails to perform or observe any of its obligations or undertakings under the Underwriting Agreement.
- (viii) **(Warranties)** a representation or warranty made or given by the Company under the Underwriting Agreement is breached or proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive.
- (ix) **(Prescribed Occurrence)** a Prescribed Occurrence in respect of the Company occurs, other than:
 - (A) as contemplated by the Underwriting Agreement;
 - (B) an issue of Shares pursuant the exercise of an existing option that has been disclosed by the Company to ASX prior to the date of the Underwriting Agreement; or
 - (C) as permitted with the Underwriter's written consent, which consent may not be unreasonably withheld or delayed.

- (x) **(Supplementary disclosure under ASIC instrument)** an obligation arises on the Company to give ASX a notice in accordance with section 708AA(10) of the Corporations Act.
- (xi) **(Cleansing Notice)** the Cleansing Notice is defective within the meaning of section 708AA(11) of the Corporations Act, or a notice is issued or is required to be issued under sections 708AA(10) of the Corporations Act to correct the Cleansing Notice.
- (xii) **(Change in law or policy)** there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a Government Agency adopts a major change in monetary or fiscal policy, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Government Agency that a law or any new regulation will be introduced or such a change in policy adopted (as applicable), any of which does or in the reasonable opinion of the Underwriter is likely to prohibit or adversely affect the Entitlement Offer, capital issues or stock markets.

(c) **Company termination events**

The Company may at any time terminate the Underwriting Agreement by notice if one or more of the following events occurs and the Company has reasonable grounds to believe and does believe that the event:

- (i) has or is likely to have a materially adverse effect on the success of, or settlement of, the Entitlement Offer (irrespective of whether or not the Entitlement Offer has opened); or
- (ii) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Underwriter under any law or regulation.

These events are as follows:

- (iii) **(Default)** the Underwriter is in default of one or more of its obligations under the Underwriting Agreement that is not remedied within five Business Days after written notice by the Company.
- (iv) **(Incorrect or untrue representation)** any representation, warranty or undertaking given by the Underwriter in the Underwriting Agreement is or becomes untrue or incorrect.

(d) **Glossary**

In this Schedule, unless the context otherwise requires:

Business Day means a day which is a 'business day' as that expression is defined in the ASX Listing Rules.

Information Document means the materials issued to the market and to investors or shareholders in connection with the Entitlement Offer.

Insolvent means a person is insolvent if:

- (i) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (ii) it has had a controller (as defined in the Corporations Act) appointed or is in liquidation or provisional liquidation, under administration or wound up or has had a receiver or receiver and manager appointed to any part of its property;
- (iii) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement);
- (iv) an application or order has been made (and, in case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any event or circumstance referred to in any of the preceding paragraphs occurring;
- (v) it is taken (under section 459F(1)) to have failed to comply with a statutory demand (other than an order made that a Subsidiary be wound up where such order is obtained at a hearing that is uncontested by the relevant Subsidiary and is then set aside or terminated within 30 days of being made or by the relevant Settlement Date, whichever is earlier);
- (vi) it is the subject of an event described in sections 459C(2)(b) or 585 (or it makes a statement from which another party to this agreement reasonably deduces it is so subject);
- (vii) it is otherwise unable to pay its debts as and when they fall due; or
- (viii) something having a substantially similar effect to any event or circumstance referred to in any of the preceding paragraphs happens in connection with that person under the law of any jurisdiction.

Prescribed Occurrence means the events specified in paragraphs (a) to (h) of subsection 652C(1) as if references to 'the target' were replaced by references to 'the Company'.