

## Chairman Address for the 2018 Annual General Meeting

MOD Resources Limited (“MOD” or “the Company”) (ASX/LSE: MOD) is pleased to provide the Chairman’s address for the 2018 Annual General Meeting, to be held in West Perth today at 1:00pm (WST). This should be read in conjunction with the 2018 Annual General Meeting presentation, available at [www.modresources.com.au](http://www.modresources.com.au)

“I am pleased to provide you with an overview of 2018.

MOD’s vision is to become a significant copper producer and during 2018, your company took significant steps towards achieving its goals, creating value for shareholders and building on our social licence to operate through working with the local Batswana community to create employment opportunities and environmental stability.

2018 was a year characterised by a macro-economic environment that exerted downward pressure on commodity prices, and in turn, resource company share price values. This was particularly exacerbated within the junior end of the market.

Despite this, MOD maintained its direction and continued to deliver positive business outcomes within our five core pillars – Corporate, Sustainability, Development, Exploration and People.

I will go on and explain a few of our notable achievements, however one that we are very pleased with is the safety performance in 2018.

We believe that one workplace injury is one too many. In 2018, we recorded a Total Recordable Injury Frequency Rate (“LTIFR”) of 1.4 per million hours worked, a significant improvement on the 2017 LTIFR of 2.8 and significantly better than the industry average of 2.0 per million hours worked.

When we look at 2018, we cannot overstate the quality of work the team produced with respect to the T3 Copper Project. During the year, the team delivered:

- the T3 Pre-feasibility Study (“PFS”), which outlined a robust base case scenario for the T3 mine;
- continued to build on the PFS by expanding the resource base by 44%; and
- optimising the process plant increasing throughput to 3.0 Mtpa.

This set the benchmark for what we expected from the Feasibility Study, and the team did not disappoint.

Julian and Steve will go into further detail on the outstanding economics of the T3 Feasibility Study shortly.

While the Feasibility Study was progressing, the exploration team continued to utilise their unique understanding of the regional geological setting including incorporating airborne EM (“AEM”) technology to identify prospective drilling targets.

This technology has been a huge success for MOD, and to date, we have achieved a 100% success rate of drilling AEM identified targets and finding copper. For example, we utilised AEM to identify structures to test at T23, A4 Dome and the A1 Dome, and were successful in intersecting copper at each target.

This means MOD is in a very unique and enviable position – we have a great development project with outstanding economics, but we have also identified a strong pipeline of exploration and growth projects to allow the Company to continue to evolve.

We have also had a very busy year on the corporate side.

Importantly, during the year MOD was successful in engaging with the regulators in Botswana to extend 18 key licences, without the need to relinquish any of our landholding. This is an important achievement, as it secured our tenure across our strategic landholding of ~11,700km<sup>2</sup> - including the area where we expect to develop the T3 open pit mine.

We acquired 100% of the T3 Copper Project through a transaction with Metal Tiger for their 30% – providing us with significant flexibility in our ability to finance and develop the project. This was an important transaction, as it also provides MOD with the ability to roll up the exploration joint ventures in the event of a change of control transaction or at the end of three years and to acquire individual parts of the exploration ground upon the completion of relevant scoping studies.

In November 2018, we listed on the main board of the LSE. This is of particular strategic importance as it gives the Company access to investors who have a long history of investing in projects with African exposure, at a time when other investors have tended to shy away. The listing also provides us access to a market where there are limited high quality copper developers / producers.

The overall benefit to MOD is that the shareholder register has continued to diversify globally.

As you can see, at the end of 2017, our register was primarily composed of retail investors from Australia. However, today, we have strengthened and diversified the register to increase our institutional investor base from 22% to 31% as well as attracting new investors globally – with shareholders fairly well distributed across the globe.

We have also welcomed coverage from a number of new equity research analysts, including some of the most recognizable global banks – which will greatly assist in getting the story out to the investment community.

This is a very important component for our evolution and development.

As I said, 2018 was a very busy year with many transformational events. Here is a visual representation of some of the more significant announcements that we have made during 2018.

In January, we announced a record high intersection at T3 with 18m at 4.3% copper and 94 g/t silver.

Later that month the T3 PFS identified a low-cost base case open pit mine with strong economics and a mine life of 9 years, with an opportunity for further upside.

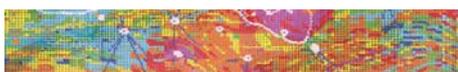
The EMP for regional T3 drilling was approved, allowing drilling through an additional 680km<sup>2</sup> within the T3 Expansion area.

Drilling identified significant copper intersections at T3 and T1, while the first hole into the A4 dome intersected copper.

The T3 Resource was expanded by 44% and then the process plant throughput was expanded from 2.5Mt to 3.0Mt and we continued to receive strong assay results from A4 and A1.

And as I mentioned before, we listed on the LSE, we acquired 100% of T3 and had 18 key licences extended for a further two years. But despite this activity and all of the positive news flow that was generated, the share price did not perform accordingly and at the end of the 2018, the macro conditions meant that commodities underperformed and as you can see, the copper price has continued to decline, placing pressure on the MOD stock price.

As you can see, MOD was not alone in this, and during 2018 amongst our exploration / developer peers, most were impacted in a similar way. However, on a year to date basis, we have started off very strongly and MOD has outperformed both the ASX Small Resources and our peer average.



More impressive, is the three-year performance, which shows a significant improvement in the share price against a moderate increase in ASX Small Resources and copper spot price.

As we look to the future, we will continue to assess all opportunities to enhance shareholder value. We are targeting this by systematically drilling our priority exploration and growth targets, while continuing to progress the T3 Copper Project towards a decision to mine and progressing a funding solution for the construction of the T3 open pit project.

In addition to all of the above, I would also like to highlight the significant amount of work that the Board has undertaken throughout 2018 and continuing in 2019 to engage with shareholders to understand their concerns regarding the Company's remuneration and corporate governance structure and identify opportunities to improve our level of disclosure regarding our sustainability and community engagement initiatives. These have been presented in more detail within the 2018 Annual Report and in the Notice of Meeting. We feel that, while there is still more that can be done, the remuneration and corporate governance structures are now better aligned with our strategic objectives.

So all in all, the Board and Management are very pleased with the year that has been. There have been a number of factors that sit outside of our control which have not helped the share price, but when you look at the factors that we do have control over, we have done well, and I am very encouraged with our achievements to date and what we are poised to deliver.

Finally, I want to reiterate comments we made in the March 2019 quarterly activities report regarding the progress of funding of the T3 Project. As announced, the Company was seeking expressions of interest for the debt component of the Project and we have recently received encouraging proposals from several parties. The Company and its advisers have begun to evaluate these proposals with the intention of targeting finalisation of debt agreements by the end of the third quarter of 2019.

The Company is also engaging with independent technical experts and expects to confirm the appointment of an Independent Technical Engineer and Independent Environmental & Social Consultant in the second quarter of 2019.

In addition, the Company and its advisers have continued to advance non-debt funding options while simultaneously progressing discussions with a range of other interested strategic parties. The Company will update the market with any material developments.

On behalf of the Board, I would like to thank all our management and staff for the outstanding achievements in 2018, I am very encouraged with our achievements in the year to date and what we are poised to deliver in 2019. "

-ENDS-

For and on behalf of the Board.

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## About MOD Resources

MOD Resources Ltd (**ASX/LSE: MOD**) is a dual listed copper exploration and development company with a dominant land position within the Kalahari Copper Belt in Botswana. The Company is focussed on the 100% MOD owned T3 Copper Project, expected to be a high-margin, low-cost copper mine. In parallel with the development of the T3 Copper Project, MOD continues its exploration program across several priority drill targets and within untested areas of interesting and potentially significant Cu-Zn soil anomalies.

A substantial in-fill drilling program is in progress with the objective to upgrade a portion of T3 Indicated Mineral Resources to the higher confidence Measured Resource category.

The Company is continuing to advance discussions with interested parties in relation to T3 funding opportunities and is targeting to commence development of the T3 Copper Project in the second half of 2019, with a vision of first copper concentrate production in the first half of 2021. In the mid-term MOD will focus on generating value for shareholders.

MOD has a social licence to operate within Botswana as well as within the host community of Ghanzi. MOD will continue to work collaboratively with regulators and members of the Ghanzi District to ensure that any social investments and developments are targeted to create a positive and lasting legacy.

## Forward Looking Statements and Disclaimers

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

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## No New Information

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

