

ASX Code: MOU  
30 April 2013

## March 2013 Quarterly Report

### Highlights:

- **The Mongolian Mineral Resources Council granted approval to register the Coal Resources for the Nuurst Project**
- **The Mongolian Ministry of Nature issued a Positive Environmental Impact Assessment for the Nuurst Project**
- **Documents for the final stage of approvals for the Mining Licence were submitted to the Mineral Resources Authority of Mongolia (MRAM)**
- **Independently prepared Initial Mining Study for the Nuurst Project confirms 84.7Mt mine operation supporting a 30 year mine life**
- **Appointment of Achit-Erdene Darambazar as a Director of Modun Resources Ltd's wholly-owned in-country subsidiary - Modun Resources LLC Mongolia**
- **Discussions with Mongolian Government about clean coal initiatives progress**

The Directors of Modun Resources Ltd (ASX: MOU) (Modun) are pleased to provide you with an update of activities during the March 2013 quarter.

### Status of Mining Licence Application

Modun continues to progress towards obtaining the Mining Licence for the Nuurst Thermal Coal Project and is in the final stages of the approval process.

On 28 February 2013, the Mongolian Mineral Resources Council approved Modun's application to have its Coal Resources registered with MRAM. On 3 April 2013, the Mongolian Ministry of Nature issued a positive Environmental Impact Assessment for the Nuurst Project and no issues were identified. Upon completion of these significant steps in the process, Modun submitted all the relevant documentation to MRAM for the final review of its Mining Licence application. MRAM's review of the final documentation is continuing and Modun expects the final approval to be received in the near future.

### Completion of Initial Mining Study

During the March quarter, Bluefield Group Pty Ltd (**Bluefield**) completed an independently prepared Initial Mining Study on the Nuurst Project.

The Initial Mining Study identified the potential for an 84.7Mt mine of sub-bituminous thermal coal for a 30 year mining operation, with production ramping up to 3Mt per annum by the fourth year of operation. Indicative production costs are estimated at \$US13 per tonne over the life of the mine, at today's costs, reflecting the low overall 'as mined' strip ratio of 2.3:1

The Initial Mining Study provides increased confidence in the Nuurst Project economics and will help progress the development of the Nuurst Project into a low cost producing mine. Notwithstanding the confirmation of the potential for a significant mining operation, Modun believes that the mine life can be further extended by the realisation of lower strip ratio coal to the North of the basin that is currently in the Inferred Coal Resource category and not included in the mine pit included in the Initial Mining Study.

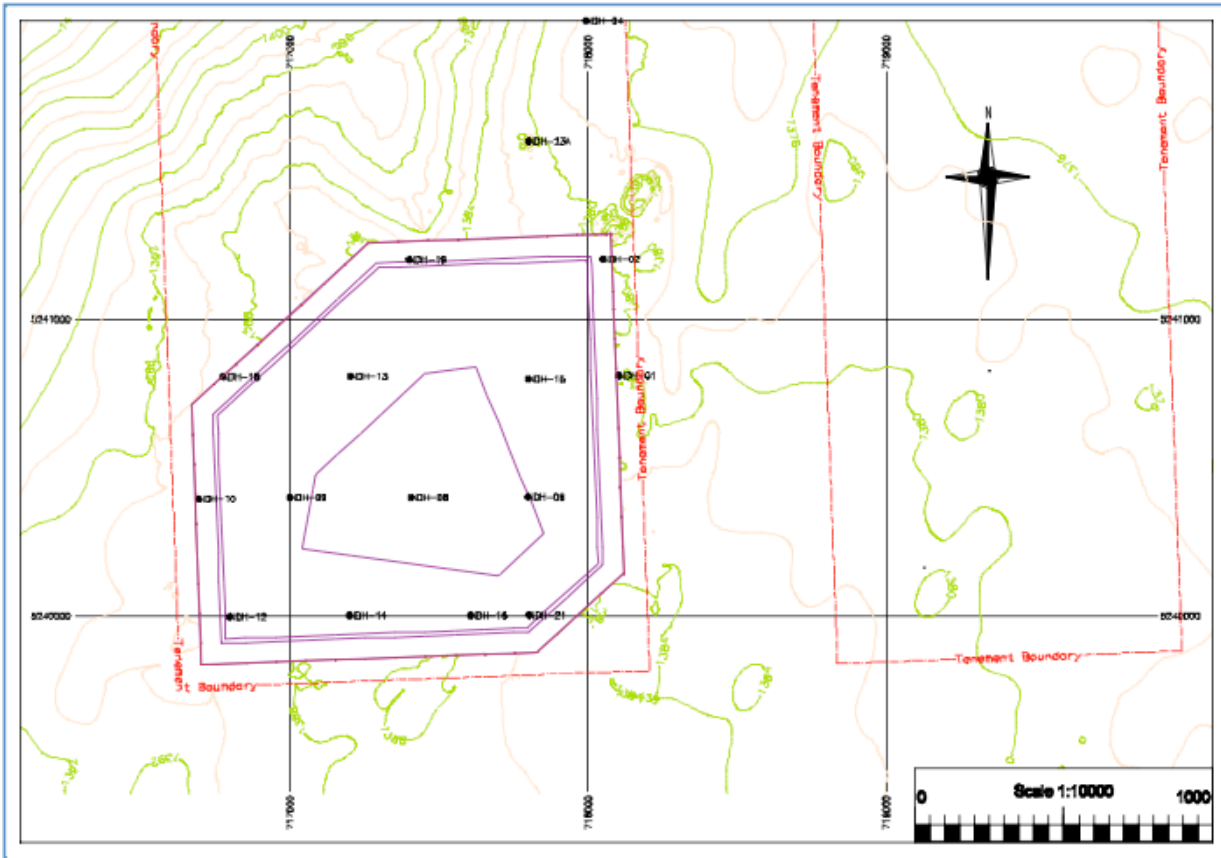


Figure 1 Concept pit layout

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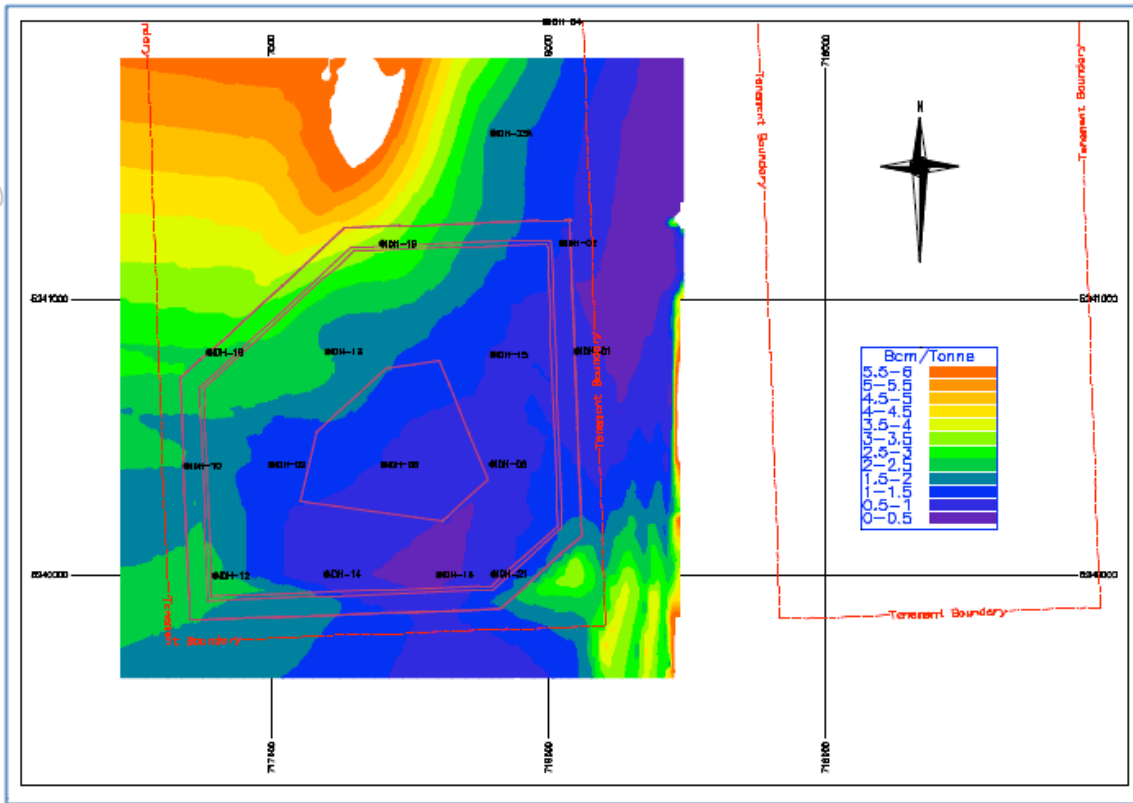


Figure 2 Initial mining study insitu strip ratio

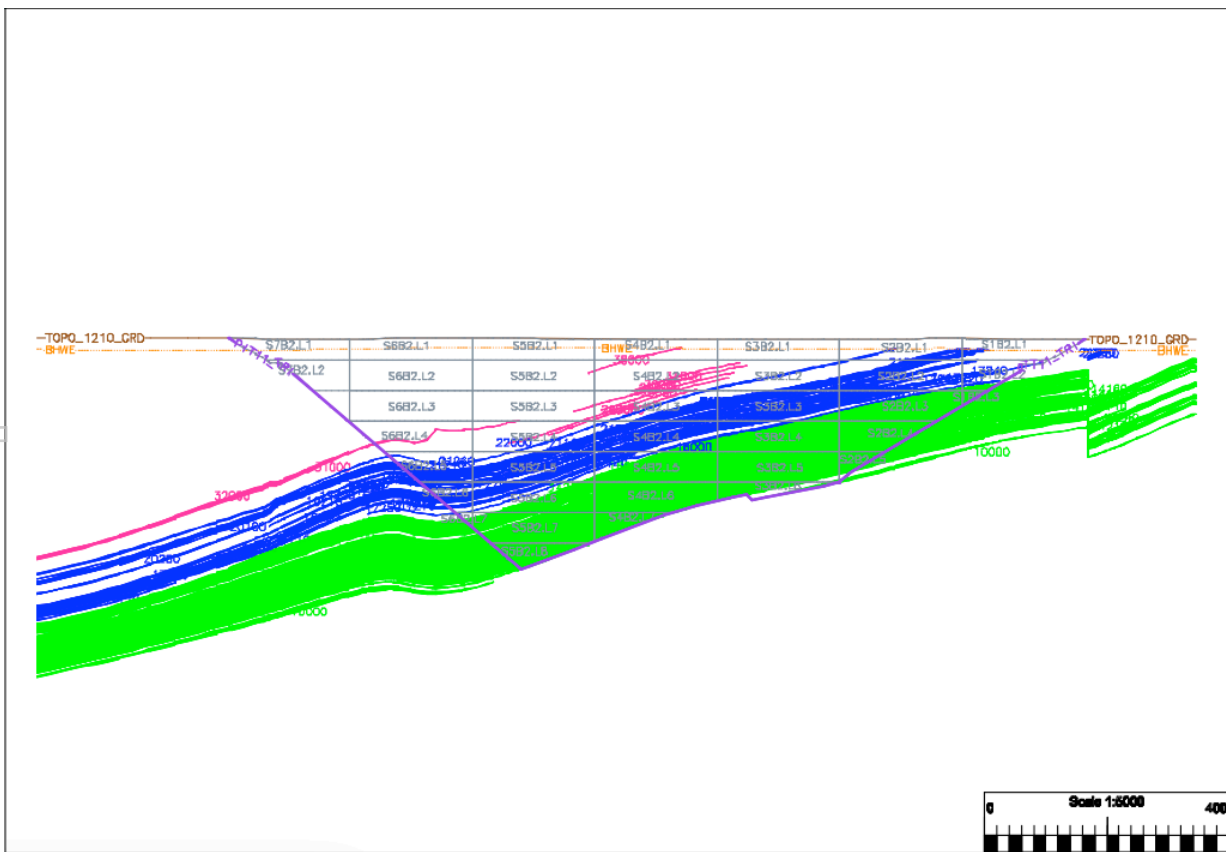


Figure 3 Cross Section showing Initial mining study bench configuration

### **Coal Quality**

The coal quality parameters of the Resource to be included in the proposed initial mine design is as follows:

Category	Resource (M Tonnes)	Inherent Moisture %adb	Ash %adb	Volatile Matter %adb	Fixed Carbon %adb	Total Sulphur %adb	Calorific Value (Kcal/Kg)			RD gr/cm
							%adb	%db	%daf	
Measured - Pit Shell	86 *	9.99	18.60	42.20	29.20	1.00	4780	5310	6694	1.31

\* The pit shell includes 86Mt of the Nuurst Resource (86Mt Measured) which converts to 84.7Mt as mined after considering loss and dilution factors.

### **JORC Reserve Report**

Bluefield have continued to progress their work on preparing a marketable Coal Reserve to JORC reporting standard for the Nuurst Project. Whilst this work has been progressing, Modun has been working on a number of different marketing opportunities that will ultimately have an impact on the final reserve report. This will enable Bluefield to be able to include these results in the final marketable Coal Reserve report.

### **Appointment of New Director to Mongolian Subsidiary**

During the quarter, Mr Achit-Erdene Darambazar was appointed as a director of Modun Resources Ltd's wholly owned in-country Mongolian subsidiary, Modun Resources LLC Mongolia.

Achit-Erdene Darambazar is the Founder and President of Mongolia International Capital Corporation (MICC), a leading investment banking firm in Mongolia. Achit-Erdene has been an innovator in the Mongolian financial sector and has acted as an advisor to both Government and private sector organisations in many important financial transactions in Mongolia. Achit-Erdene is a strong addition to Modun's in-country Mongolian team as we pursue development of the Nuurst Project.

### **Mongolian Government Clean Coal Initiatives**

The Mongolian Government remains committed to reducing pollution in Ulaanbataar and have formed the National Committee for Air Pollution Reduction (**The Committee**) to implement reform and to establish a new cleaner fuel production facility. The Committee asked for expressions of interest to identify opportunities to achieve their targets for reducing pollution. Modun submitted a plan to deliver a solution by using briquette technology. This proven technology involves the mechanical drying of coal that has the potential to reduce emissions by up to 30% and is a very cost effective way of producing a cleaner coal alternative when compared to other alternatives that have been tried in Mongolia historically.

Discussions with the Government on the clean coal initiatives have continued to progress. The Modun team arranged for and attended a trip to Australia by the Mongolian Head of the National Committee for Air Pollution Reduction and the Chief Researcher of Mining Research Laboratory at MRAM to visit the testing plant and gain a greater understanding of the technology. The Government remains very interested in utilising this technology and have sent samples of the Nuurst coal for further testing to be conducted which is currently underway.

## **Tennant Metals**

During the quarter, Modun's off-take partner, Tennant Metals, arranged a visit to China for Rick Dalton to meet with potential customers for Nuurst Coal. Discussions with potential customers in China remain ongoing.

## **Corporate**

Modun continues to review opportunities to maximise shareholder value. This has included the review of various coal projects to potentially add to and broaden the current asset base.

## **Cash Position**

At the end of the quarter, Modun has total cash reserves of \$1.39 million.

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## **For further information, please contact:**

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## **About Modun Resources Limited**

ASX-listed Modun Resources (ASX: MOU) is developing the 100%-owned Nuurst Coal Project in central Mongolia. Nuurst is a thermal coal project, which encompasses a 34.5 square kilometre licence area. In November 2012, Modun announced a 478 million tonne JORC reported Coal Resource at Nuurst (326 million tonnes Measured, 104 million tonnes Indicated, 48 million tonnes Inferred). The Nuurst Coal Project is located 120 kilometres south of Mongolia's capital Ulaanbaatar and six kilometres from existing rail infrastructure which links directly into China.

## **Competent Person Statement**

*The information in this announcement that relates to the Nuurst Coal Resource is based on information compiled by Mr Dwiyo TU. Taruno of CSA Global Pty Ltd, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Dwiyo TU. Taruno has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dwiyo TU. Taruno consents to the inclusion of such information in this report in the form and context in which it appears.*

*The information in this announcement that related to exploration results is based on information obtained from drilling and trenching activities on site undertaken by Modun in 2011 & 2012. This information has been reviewed by Ms Dierdre Westblade of CSA Global Pty Ltd, Western Australia. Ms Westblade is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under*

*consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ms Westblade consents to the inclusion in the report of the matters based on his information in form and context in which it appears.*

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