

ASX Compliance Pty Ltd
Level 40, Central Park
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22 July 2015

SALE OF MONGOLIAN COAL ASSET FOR US \$2.21M

STATUS OF MONGOLIAN COAL ASSETS

The Board of Modun Resources Limited (**Modun or the Company**) provides the following update on the status of the disposal of its Mongolian Coal Assets.

The Company has previously announced that it had entered into a highly conditional sale agreement to dispose of its Nuurst Thermal Coal Project. The Company advises that it has now terminated this agreement on its terms as a result of being unable to agree the terms of the formal sale agreement with the Mongolian purchaser. The parties had originally entered into the agreement in November 2014, and notwithstanding the parties ongoing negotiations to progress the transaction, the parties have been unable to agree formal terms and the Company has elected to terminate the transaction.

As set out in the Notice of Meeting for the upcoming Shareholders meeting on 30 July 2015 and in the Company's Prospectus dated 1 July 2015, the Company has been negotiating with other third parties in relation to the Nuurst Thermal Coal Project and is pleased to advise that it has executed a conditional share sale agreement (SSA) with two Mongolian nationals for the sale of all the shares in Modun's 100% owned subsidiary Modun Resources LLC. Modun Resources LLC is the owner of the Nuurst coal assets.

The material terms of the contract are as follows:

- Consideration payable is USD \$2,210,000.00 of which USD \$100,000 is expected to be paid on exchange of contracts as a deposit; and
- Completion is subject to and conditional upon shareholders of Modun approving resolution 15 in the upcoming meeting of shareholders due to be held on 30th July 2015 and completion is to occur 3 business days thereafter.

The transaction will also see the purchaser assume the risk of the potential Mongolian tax liability previously disclosed by the Company. The SSA otherwise contains the usual warranties and completion deliverables of a transaction of this nature.

The Directors consider that this new transaction represents a better outcome for shareholders and the Company as it moves forward with the LiveTiles transaction.

For any questions, please contact the undersigned on +61 2 8072 1400.

For and on behalf of
Modun Resources Limited



Andrew Whitten
Company Secretary

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