

ASX Code: HDG

**Fully paid shares:
128.64m**

**Unlisted options:
12.00m**

BOARD MEMBERS

Mark Major – Managing Director
Nathan McMahon – Non-Exec Director
and Chairman
Bryan Dixon – Non-Exec Director

CORPORATE DIRECTORY

Company Secretary:
Mike Robbins

Stock Exchange Listing:
Australian Securities Exchange
Code: HDG

Solicitors:
Cardinals
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West Perth WA 6005

Auditors:
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Perth WA 6000
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Advanced Share Registry Services
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Nedlands WA 6009
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QUARTERLY REPORT FOR 30 June 2014

- **Extension of due diligence period for the exclusive sale agreement of the Ghana projects.**
- **Title transfer of Morupule South Project to JV Company complete.**
- **Management of cash resources continues.**



PROJECT ACTIVITIES UPDATE

The company continues to progress the Morupule South project and is continually looking at other opportunities in the exploration sector. Below is a summary of the projects currently at Hodges and the activities completed during the last quarter.

BOTSWANA - MORUPULE SOUTH COAL PROJECT

The 2.45 billion tonne JORC* resource of the Morupule South Coal Project ('Project') is located to the south of the operational Morupule Colliery in central east Botswana. The project consists of one prospecting licence (PL121/2010), covering a total area of 264.4km² within the eastern central district of Botswana.

Hodges incorporated a special Botswana propriety company (Morupule South Resources (Pty) Ltd). Hodges owns 75 % of the company (project) and will continue to manage the project. At present both parties of the incorporated company will fund their proportional share in the project going forward or undergo dilution.

No field work was carried out on the project during the quarter. The company's in country team continue to upgrade the geological and resource model of the project as it continues discussions with possible coal off-take groups and development partners.

BOTSWANA - MOIYABANA COAL PROJECT

The Moiyabana project (PL93/2007 and PL94/2007) is located approximately 70km from the operational Morupule mine and Colliery.

As stated in the ASX announcement dated 27 August 2012, the Hodges Board decided that it would abandon its option under the Moiyabana Project Heads of Agreement. Hodges also requested the repayment of the refundable \$US3 million option fee originally paid to the existing Jaquar Ventures (Pty) Ltd shareholders.

Hodges is continuing with its legal proceedings over the non-payment of the refundable option fee from the vendors of the Moiyabana project and is expecting some direction from the relevant courts on this matter during the next quarter.

GHANA – SALMAN SOUTH AND MAME PROJECTS

Hodges holds a 90% interest in the company that owns the Salman South and Mame Gold projects located in the southern extensions of the Ashanti Gold Belt, southern Ghana.

The Salman South project is a strategic land holding located directly south and along geological strike of Endeavour Mining's ~2.1Moz Nzema Gold Project. The Mame project is located 8km south east of Salman south and 2km south of Endeavour Mining's Avrebo prospect.

In early 2014 Hodges entered into an exclusive sale agreement with an International Private company to divest 100% of Hodges interest in these Ghana assets. The Private Company elected to extend its due diligence studies to determine.

On successful completion of the due diligence, the Private Company can purchase the companies and its rights over the projects by paying Hodges US\$1,000,000.

SWEDEN

During the quarter the company withdrew from all Sweden projects and was refunded for its environmental and licensing bonds.

SUMMARY OF CORPORATE ACTIVITIES

Hodges continues to implement cost reduction strategies and has substantially scaled back expenditure to ease the financial burden on the Company, until divestment of the non-core assets can be completed.

Hodges has recently agreed to an extension of the Gurney Capital Standby Capital Facility which currently expires in September 2014.

For Further Information

Please contact Mark Major should you have any queries on this announcement.

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** JORC Note - The information in this report that relates to the JORC resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

Competent Persons Statement

The information in this report that relates to exploration results, Coal Resources or ore reserves is based on information compiled by Nico J Denner, Pr.Sci.Nat (400060/98), B.Sc Hons (Geology), who is a Fellow of the GSSA and a member of the SEG, and employed as a full time geologist at Gemecs. Mr Denner is a mining geologist with 19 years' experience in the mining industry. Nico Denner 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'. NJ Denner consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX A – TENEMENTS HELD AT 30 JUNE 2014

Tenements (Botswana)

Project	Licence Number	Holder	Interest/Status
Morupule South	PL121	Morupule South Resources (Pty) Ltd	75%. Can earn up to 99%

Tenements (Australia)

Project	Licence Number	Holder	Interest/Status
Moliagul	EL4907	Hodges Resources Ltd	90%

Tenements (Ghana)

Project	Licence Number	Holder	Interest/Status
Salman South & Mame	L2/145	Niagara Wells Mining Company Ltd	90%

Any changes in mining tenement interests during the quarter are covered in Section 6 of the Appendix 5B for June'14.