

ASX Code: HDG

**Fully paid shares:
141.45m**

**Unlisted options:
11.90m**

QUARTERLY REPORT FOR 30 September 2014

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
Ground Floor, 57 Havelock Street
West Perth WA 6005

Auditors:
Bentleys
Level 1, 12 Kings Park Road
West Perth WA 6005.

Share Registry:
Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Telephone (08) 9389 8033
Facsimile (08) 9389 7871

HEAD OFFICE

Level 2, 38 Richardson St
West Perth, WA 6005
Telephone (08) 9322 6412
Facsimile (08) 9322 6398
Email info@hodgesresources.com.au

- Ghana negotiations continue on sale of projects.
- Morupule South Project program of work reviewed under the JV Company.
- Moiyabana legal proceedings ongoing.
- New project opportunities being reviewed.
- Management of cash resources continues.
- Recently announced funding and asset interest



PROJECT ACTIVITIES UPDATE

The Company continues to progress the Morupule South project and is also seeking other opportunities within the mineral exploration sector. Below is a summary of the projects currently held and managed by Hodges and the activities completed during the September 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) of which Hodges owns 75 %. Hodges will continue to manage their 75% interest in this project. At present both parties of the incorporated company will fund their proportional share in the project going forward or undergo dilution. A new program of work is being prepared by the company for the next 12 months.

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 well as pressing forward 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 and is looking to have a resolution by mid-2015.

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.

Hodges is in discussions with several private and public companies for the sale or joint venture of these projects. Due to the recent Ebola situation in West Africa, no further developments have been made until site visits can be undertaken.

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.

As recently announced to the ASX, the Company secured funding and acquired an interest in an iron sands project in New Zealand. Funding was sourced via a \$3 million facility agreement and a placement offer of 20,000,000 shares to BNM Australia Group Pty Ltd at an issue price of \$0.03 (an 89% premium to the 30 day HDG VWAP). The acquisition of the interest in the iron sands project was from Rio Tinto Mining and Exploration with full details being contained in the ASX release dated 27 October 2014.

For Further Information

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

Telephone: (+618) 9322 6412

Email: info@hodgesresources.com.au

** 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 SEPTEMBER 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 September'14.