

20 November 2013

Hodges set to benefit from Coal Export Development in Botswana

- Botswana currently exports 3 million tonnes of coal from Morupule.
- Government to government talks developing to increase volumes.
- Staged development of utilizing possibly three routes and ports to export 130 million tonnes of coal proposed.

Hodges Resources Ltd (“Hodges” or “the Company”) is pleased to announce an update on the export coal developments for Botswana. An article titled “Botswana to export 130 million tons of coal” was written by a business journalist of the Botswana Gazette (www.gazettebw.com) on the 14 November 2013.

This article refers to an interview with the Chief Executive Officer of the Botswana Chamber of Mines (BCM), Mr Charles Siwawa. BCM is working closely with government and industry to advance and develop solutions for the export of coal from Botswana as well as other general mining and exploration issues within Botswana.

The government’s commitment to facilitate export options for domestic coal producers is positive news for Hodges’ operations in Botswana.

Hodges’ Managing Director Mark Major said: “With Hodges’ coal project situated directly adjacent to the only producing and exporting mine the infrastructure for export is at our door step. We are also uniquely situated to benefit from the coal characteristic knowledge-base that comes from our neighbour’s development. With any advances in coal export development in Botswana we are therefore well positioned to be able to take advantage of our projects inherent competitive advantages and imminent export growth possibilities.”

Highlights of the BCM interview were recorded in the article which indicated they are working on an initial 30 million tonnes to go through South Africa with the remainder via two other routes. Currently Botswana export around 3 million tonnes from the only operational mine at Morupule, which is situated directly north of Hodges’ flagship project Morupule South. According to the article, 10 million tonnes per annum would be the required export rate in order to achieve suitable tariffs.



The Government and possible producers and stakeholders are working collectively to accommodate this target.

Mr Major said: "The development between Government and stakeholders is important part of the success in developing suitable export infrastructure for the Botswana coal industry. It is our belief that we could see rapid development of this now and we are looking to take advantage of this given the existing infrastructure around our project, our low cost open pit coals and our ability to beneficiate our coals at high yields to attain economic export quality."

It was also reported in the article that the minister of Mineral, Energy and Water resources (MMEWR) has left for India to meet with the Indian ministers of State for Coal and Railways to discuss the collaboration on coal beneficiation, infrastructure development and expertise on issues related to coal.

Mark Major

Managing Director

For Further Information

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

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COMPANY OVERVIEW

Hodges Resources Limited is proving up multi-billion-tonne thermal coal assets in central east Botswana. The assets are strategically located next to existing coal operations, power stations & rail infrastructure & will play an integral role in catering to Southern Africa – and the world's – appetite for power. Hodges Resources Limited was incorporated in August 2005 and is listed on the Australian Securities Exchange with its head office in Perth, Western Australia.

Hodges currently owns 75% of a highly prospective coal project in central east Botswana — the Morupule South Coal Project. The Company has the rights to acquire up to 99% of the project.

The Morupule South Coal Project is located within the central eastern district of Botswana, directly to the south of the Morupule Colliery (underground), the only one currently operating in Botswana. The eastern side of the property is traversed by the 400kv main transmission line interconnecting with Morupule and the regional grid.

Highlights:

- 2.45Bt Resource (110Mt measured & 173Mt indicated)
- Morupule Main Seam represents 83% of the resource
- 1.2Bt is potentially February amenable to open cut mining with indicative insitu coal to overburden ratios ranging 1.2-2.7:1.

- Indicative wash yields for the Bottom Morupule Seam:
 - up to 51% deliver <15% ash and CV of 6,200Kcal/kg; and
 - up to 78% deliver <20% ash and CV of 5,700Kcal/kg.
- Scoping study results confirm robust economics across all Morupule South development scenarios
- Initial operation scenarios of 1.5Mtpa from open cast contract mining operations are positive, with operational cost in the order of \$11 per coal run of mine tonne.

Hodges has also undertaken a process to divest its non-core assets and has received interest from companies regarding potential Joint Venture Agreements and or Full Asset Sale opportunities and is currently providing access to it's data-room to interested parties and will keep investors updated if or when any potential activity becomes available.

Disclaimer

This announcement has been prepared relying on the information sources from a new article written by Oaitse Mathala, a journalist for the Botswana Gazette, on the 14th November 2013. At the time of drafting this announcement, Hodges has not independently verified the information regarding the above mentioned project. Hodges has no reason to believe the information is not accurate and intends to verify the information whilst conducting further talks with Government and the BCM.

Competent Persons Statement

The information in this report that relates to the exploration results of Morupule South project, 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.

ASX Code: HDG

Fully paid Shares:
93,972,305

Unlisted options:
5,825,000

CORPORATE DIRECTORY
Company Secretary: Mike Robbins

Stock Exchange Listing:
Australian Securities Exchange
Code: HDG

BOARD MEMBERS

Nathan McMahon – Chairman / Non-Exec
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Mark Major – Managing Director

Bryan Dixon – Non-Exec Director

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