



**HUDSON RESOURCES LIMITED**  
**ACN 008 720 965**

**HALF-YEAR REPORT**  
**incorporating**  
**APPENDIX 4D ASX HALF-YEAR INFORMATION**  
**30 JUNE 2013**

**Lodged with the ASX under Listing Rule 4.2A**

<b>Contents</b>	<b>Page</b>
<b>CORPORATE DIRECTORY</b>	<b>1</b>
<b>RESULTS FOR ANNOUNCEMENT TO THE MARKET</b>	<b>2</b>
<b>REVIEW OF OPERATIONS</b>	<b>3</b>
<b>DIRECTORS' REPORT</b>	<b>7</b>
<b>AUDITOR'S INDEPENDENCE DECLARATION</b>	<b>10</b>
<b>INDEPENDENT AUDITOR'S REVIEW REPORT</b>	<b>11</b>
<b>DECLARATION BY DIRECTORS</b>	<b>13</b>
<b>STATEMENT OF COMPREHENSIVE INCOME</b>	<b>14</b>
<b>STATEMENT OF FINANCIAL POSITION</b>	<b>15</b>
<b>STATEMENT OF CHANGES IN EQUITY</b>	<b>16</b>
<b>STATEMENT OF CASH FLOW</b>	<b>17</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>18</b>
<b>SUPPLEMENTARY APPENDIX 4D INFORMATION</b>	<b>23</b>

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2012 and any public announcements made by Hudson Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



## CORPORATE DIRECTORY

### Hudson Resources Limited

ACN 008 720 965  
ABN 71 008 720 965

### Registered and Corporate Office

Level 2  
Hudson House  
131 Macquarie Street  
Sydney NSW 2000  
Telephone: +61 2 9251 7177  
Fax: +61 2 9251 7500  
Website: [www.hudsonresources.com](http://www.hudsonresources.com)

### Auditors

K.S. Black & Co  
Level 6  
350 Kent Street  
Sydney NSW 2000  
Telephone: +61 2 8839 3000

### Lawyers

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Telephone: +61 2 9253 9999

### Bankers

St George Bank Limited  
Level 14, 182 George St  
Sydney NSW 2200  
Telephone: +61 2 9236 2230

Australia & New Zealand Banking Group Limited  
20 Martin Place  
Sydney NSW 2000  
Telephone: +61 2 9227 1818

### Directors

Tan Sri Ibrahim Menudin (Non-Exec Chairman)  
Richard Yap  
Peter J Meers  
Ken Boundy  
Luisa Tan  
Benjamin Amzalak

### Joint Company Secretaries

Julian Rockett  
Allan Scadden

### Share Registry

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
Australia  
Telephone: 1300 850 505 (within Australia)

### ASX Code – HRS

Hudson Resources Limited shares are listed on the Australian Securities Exchange.

This financial report covers the consolidated entity consisting of Hudson Resources Limited and its controlled entities.

Hudson Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

**HUDSON RESOURCES LIMITED**  
**ACN 008 720 965**

**HALF-YEAR ENDED 30 JUNE 2013**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				<b>\$'000</b>
<b>Revenue</b> from ordinary activities	Down	54.2%	to	275.6
<b>Profit/(loss)</b> from ordinary activities after tax	Up	645.7%	to	736.7
<b>Net profit/(loss)</b> for the period attributable to members	Up	211.4%	to	2933.5

<b>Dividends/distributions</b>	Amount per security	Franked amount per security
Final dividend	\$Nil	N/A
Interim dividend	\$Nil	N/A

No dividends or distributions were declared or paid during the reporting period. Change in revenue and profit was as a result of gain on disposal of assets.

## REVIEW OF OPERATIONS

This review of operations covers the period to 30 June 2013.

Hudson Resources Limited (**Hudson**) (ASX: HRS) is a listed Australian company specialising in investments in mining assets and listed resources companies.

These investments are primarily origination by Hudson's own geological team through proprietary exploration work and in some cases farm in mineralisation opportunities with other explorers by providing support through Hudson's core competencies of technical evaluation and Asian and local investor networking.

Current resource investments embrace coal, bauxite, gold and industrial minerals.

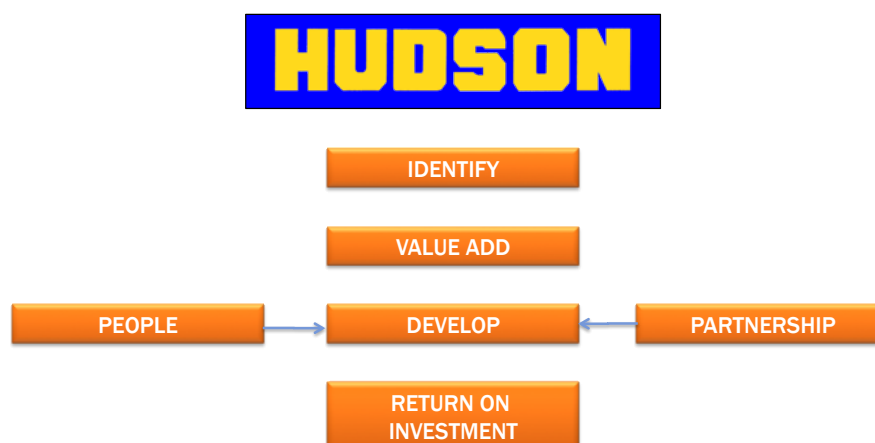


Figure 1 – Hudson origination model

### ASSET PORTFOLIO SUMMARY

Mineral/Asset	Hudson Interest	Investment / Resource	No of Shares held	Current market value per share (30/06/13)
Coal	28%	Tiaro Coal Limited (ASX: TCM)	31,800,000	\$0.10
Bauxite	29%	Australian Bauxite Limited (ASX: ABZ)	32,667,337	\$0.18
Gold	29%	Sovereign Gold Company Limited (ASX: SOC)	40,000,000	\$0.15

### CORPORATE

As at 3 July 2013 (Record Date) an unmarketable parcel was 9,804 shares (representing \$500 in value based upon \$0.051 per share) and had approximately 1,682 shareholders with an unmarketable parcel of shares.

The closing date is 16 September 2013.

### KEY MINERAL INVESTMENTS

#### COAL

Hudson has 31.8 million shares in Tiaro Coal Limited (ASX: TCM)

Tiaro's business objectives:

#### Paragon Metallurgical Coal Project

- Paragon Coal Pty Ltd (66.67%) established to develop a Metallurgical Coal Project within EPCs 956 and 957
  - 87 Mt JORC Coal Resources on T9 West

- Exploration target 200-300 million tonnes in the Tiaro Coal Measures (see Exploration Target note)
- Drilling program planned for Priority Target areas
- Metallurgical quality coal confirmed
- Conceptual Mine Planning study commissioned

### **Exploration**

To undertake exploration in the company's additional Maryborough Coal Basin EPCs for coal deposits with the potential to produce metallurgical coal:

- Two coal measures in Maryborough Coal Basin:
  - Tiaro Coal Measures
  - Burrum Coal Measures
- Large exploration area – 8 granted tenements – 1,464 sq kms; and 6 tenements – 2,013 sq kms under application

### **Investment**

To invest through equity participation in significant coal projects:

#### **Galilee Basin**

- 29.2% indirect interest in Galilee Basin Project with Guildford Coal Limited (ASX: GUF)
- 677Mt Inferred JORC Resource <sup>4</sup>

#### **Clarence – Moreton Basin**

- 55% Interest in Clarence–Moreton Basin Project with CM Basin Coal Holdings Limited
- Exploration Target 50–100 Mt

#### **West of Blair Athol & Clermont coal mines**

- 50% interest in EPC 1262

## **BAUXITE**

*Hudson has 32.67 million shares in Australian Bauxite Limited (ASX: ABZ)*

Australian Bauxite Limited (**ABx**) holds the core of the newly discovered Eastern Australian Bauxite Province. Its 43 bauxite tenements in Queensland, NSW and Tasmania covering 7,052 km<sup>2</sup> were rigorously selected on 3 principles:

1. good quality bauxite;
2. proximity to infrastructure connected to export ports; and,
3. free of socio-environmental or native title land constraints.

All tenements are 100% owned and free of obligations for processing and third-party royalties. ABx has already discovered many bauxite deposits and new discoveries are still being made as knowledge and expertise grows. ABx conducts vigorous reviews of the commercial viability of its projects and tenements, resulting in new acquisitions, but also reductions in area as exploration is conducted.

The company's bauxite is high quality and can be processed into alumina at low temperature – the type that is in short-supply globally. Global resources declared to date total 115.6 million tonnes.

ABx aspires to identify large bauxite resources in the Eastern Australian Bauxite Province, which is emerging as one of the world's best bauxite provinces.

ABx has the potential to create significant bauxite developments in three states - Queensland, New South Wales and Tasmania. Its bauxite deposits are favourably located for direct shipping of bauxite to both local and export customers.

### **ET Exploration Targets**

The potential quantity and grade of exploration targets is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

## GOLD and BASE METALS

*Hudson has 40 million shares in Sovereign Gold Company Limited (ASX: SOC)*

Sovereign Gold is exploring large Intrusion-Related Gold Systems at the Rocky River-Uralla Goldfield in New South Wales.

Sovereign Gold's Rocky River-Uralla Goldfield Project covers 2,650 square kilometres.

The principal project is located around the township of Uralla, 21km southwest of Armidale, New South Wales, Australia, with superb infrastructure logistics. It is close to major roads, rail, airport, labour source, university, power, and engineering.

Sovereign Gold's exploration objective is to locate the hard rock gold sources.

During the reporting period, Sovereign Gold announced a total of \$21 million funding from Jiangsu Geology and Engineering Co Ltd, a Chinese SOE to fast track exploration and development for two year funded program over multiple tenements, an increase of over \$15 million of the funding announced in March 2012.

Also during the reporting period, Sovereign Gold acquired 93.91% of Gossan Hill Gold Ltd for cash and scrip for a total value of \$657,344. Following fundraising by Gossan Hill, Sovereign Gold's equity position in Gossan Hill at the date of this report is 87.14%.

Gossan Hill has provided Sovereign with an initial JORC resource of 239k oz Gold and further multi-million oz gold potential. Drilling has taken place at Mt Adrah and at the date of this Report, the JORC Resource had increased to 650,027 oz of gold (1.23 g/t) @ 0.75 g/t cut-off. Metallurgical tests show that gold recoveries were of the order of 92%.

Funding for the initial Gossan Hill exploration project was obtained from the sale of 1.5 million Precious Metal Resources Limited (**PMR**) shares reducing Sovereign Gold's equity position in PMR reducing to 79.5%.

Further exploration funding was raised in August 2013 by the placement of a further 8 million shares at 20 cents each to institutional and sophisticated investors.

*Precious Metal Resources Ltd (ASX: PMR) (SOC: 79.5%)*

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (VMS) deposits rich in copper, lead, zinc and silver, with variable but largely untested gold values. Current exploration aims to locate the right depositional environment to host a high-grade deposit of between 30,000 and 170,000 tonnes within a global exploration target of 5 – 70 million tonnes of mixed grade mineralisation. Several geochemical and geophysical anomalies are also present that should identify further high grade, near-surface sulphides. Additional to the VMS prospectivity, there are indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz on the tenements carrying 1 to 10 g/t Au.

A substantial body of exploration data has been generated over the years by the Geological Survey of NSW and a number of major mining companies including BHP Ltd., MIM Ltd., The Zinc Corporation, Allstate Exploration NL, Carpentaria Exploration Co. Ltd., CRA Exploration Limited and Amoco Minerals Australia Co.

PMR is expanding on this work; additionally PMR has identified a potential large SEDEX deposit under the Halls Peak project area.

## INDUSTRIAL MINERALS

Mining is conducted on a seasonal basis and during the 2012 mining campaign, 26,000 BCM of attapulgite was extracted.

*Attapulgite*

- 4 mining leases at Lake Nerramyne near Geraldton WA that host an attapulgite clay resource encompassing an area of 2,700 hectares; Inferred JORC compliant resource is 23.4 million tonnes including 9.4 million tonnes of high-grade attapulgite; of the Inferred JORC compliant resource the Indicated JORC compliant resource is 5.87 million tonnes of attapulgite including 2.98 million tonnes of high-grade attapulgite
- The Inferred JORC compliant resource was defined from an area of approximately 40% of the total area covered by Hudson mining leases; since 1979 Hudson and its predecessor Mallina Holdings Limited have operated the mine and supplies raw attapulgite ore

*Diatomite*

- Hudson holds mining licences over diatomite deposits located between Perth & Geraldton WA; Principal deposits are Badgingarra (inferred resource 330,000t) and Dongara (inferred resource 500,000t)

*Hudson MPA Sdn Bhd*

- Hudson holds a strategic shareholding of 22.5% interest in Hudson-MPA Sdn Bhd (HMPA) in Malaysia
- Malaysia is amongst the world's largest consumers of bleaching earth
- HMPA operates production facilities at Lumut and a marketing office in Kuala Lumpur in West Malaysia

**OTHER INVESTMENTS**

## Land &amp; Building Complexes - Narngulu Geraldton WA

- Rental income from Hudson's industrial properties, comprising 14.5 hectares in area, at Geraldton Western Australia is A\$322,000 p.a.
- The properties include industrial complexes consisting of industrial and packaging sheds, warehouses and office facilities.
- The properties have a combined value of A\$3.1 million at the end of the quarter

## Plant &amp; Equipment

- Hudson purchased new plant and equipment for a diatomite processing and filtration plant in the 1990s, the key item is a unused rotary kiln (25,000 tpa processing capacity)
- Strategic future asset for use in upstream mineral investments
- Replacement value in excess of A\$5M

**Qualifying statements**

The information in this Report that relates to the Company's Attapulgitic JORC resource of 23.4 million tonnes was released to the ASX on 19 January 2009. It was compiled by Malcolm Carson on behalf of Hudson Resources Limited. Malcolm Carson is a consultant to the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration. Mr Carson has a BS degree in geology and an MSc in Natural Resource Management and he is a Member of the Australian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results. Mr Carson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.



## DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Hudson Resources Limited (**Company**) (ASX: HRS) and the entities it controlled at the end of or during the period ended 30 June 2013 and the Auditors' Review Report thereon.

<b>Principal activities</b>	<p>The principal activities of the Group during the reporting period were as follows:</p> <ul style="list-style-type: none"> <li>• The mining and sale of attapulgitite</li> <li>• Investment in coal exploration activities</li> <li>• Investment in bauxite exploration activities</li> <li>• Investment in gold exploration activities</li> <li>• Investment in base metals exploration activities</li> <li>• Exploration and development of attapulgitite mining leases</li> <li>• Investment and development opportunities of commercial property in Geraldton and to develop and expand the Company's earnings base</li> </ul> <p>There was no change to the nature of these activities during the reporting period.</p>
<b>Review of operations</b>	Information on the operations and financial position of the consolidated entity and its business strategies and prospects are set out in the Review of Operations on pages 3 to 6 of this report.
<b>Financial performances</b>	The net consolidated profit of the Group for the six months ended 30 June 2013 was \$2,933,000 (2012: Profit \$942,000).
<b>Dividends</b>	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

### Directors

The following persons held office as Directors of Hudson Resources Limited since the start of the financial year, to the date of this report, unless otherwise stated.

Tan Sri Ibrahim Menudin	Non-Executive Chairman (Appointed August 2013)
Richard Yap	Executive Director (Appointed August 2013)
Peter J Meers	Non- Executive Director
Ken Boundy	Non-Executive Director
Luisa Tan	Non-Executive Director (Appointed June 2013)
Benjamin Amzalak	Non-Executive Director (Appointed June 2013)

### Rounding

The amounts contained in the half-year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

### Events Subsequent To Balance Date

On 4 July 2013 the Company announced it had instituted a minimum holding sale of ordinary shares for holders of unmarketable parcels of shares at an indicative price of \$A 0.05 to a third party. Under ASX Listing Rules, any shareholding valued at less than \$A 500 is considered to be an unmarketable parcel. Eligible shareholders who participate in the unmarketable parcel process will benefit from selling their shares without having to use a broker or pay brokerage.

With the exception of this matter at the date of this report there are no matters or circumstances which have arisen since 30 June 2013 that have significantly affected or may significantly affect:

- the operations, in the financial half year subsequent to 30 June 2013, of the consolidated entity;
- the results of those operations; or
- the state of affairs, in the financial half year subsequent to 30 June 2013, of the consolidated entity.

## DIRECTORS' REPORT (continued)

### Tenement List

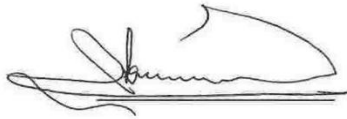
Application No	Licence No	Project	Status	Date Applied	Date Granted	Expiry Date	Area Sq kms
<b>HRS - Attapulgitte</b>							
	M70/128	Lake Nerramyne	Granted	5-Dec-83	21-Jun-85	20-Jun-27	1.20
	M70/389	Lake Nerramyne	Granted	5-Feb-88	28-Jul-89	27-Jul-31	7.20
	M70/483	Lake Nerramyne	Granted	6-Jan-89	31-Jul-90	30-Jul-32	9.51
	M70/606	Lake Nerramyne	Granted	2-Feb-90	30-Jul-90	29-Jul-32	8.91
<b>Total</b>							<b>26.83</b>
<b>HRS - Diatomite</b>							
	M70/129	Badgingarra	Granted	9-Dec-83	18-Jul-85	17-Jul-27	0.46
	M70/842	Badgingarra	Granted	23-Feb-94	17-Nov-94	16-Nov-15	0.84
	M70/38	Drak	Granted	2-May-83	24-Feb-84	23-Feb-26	0.42
	M70/361	Dongara	Granted	3-Nov-87	19-Nov-90	18-Nov-32	0.54
<b>Total</b>							<b>2.26</b>
<b>VasseCo Pty Ltd</b>							
					<b>all acquired from July 2012</b>		
	M70/275	Treeton	Granted	30-Jun-86	18-Apr-89	17-Apr-31	9.8
	M70/276	Treeton	Granted	30-Jun-86	18-Apr-89	17-Apr-31	8.9
	M70/277	Treeton	Granted	30-Jun-86	18-Apr-89	17-Apr-31	9.2
	M70/393	RTE	Granted	15-Mar-88	12-Oct-89	11-Oct-31	8.4
	M70/394	RTE	Granted	15-Mar-88	12-Oct-89	11-Oct-31	9.6
	M70/395	RTE	Granted	15-Mar-88	12-Oct-89	11-Oct-31	6.7
	M70/504	RTE	Granted	14-Mar-89	4-Jul-91	3-Jul-33	9.0
<b>Total</b>							<b>61.6</b>
<b>Mount Hector Gold Pty Ltd (Gold &amp; Copper)</b>							
	EPMA 19610	Mt Hector Gold	Application	5-Apr-12			300
	EPM 19714	Kennedy Creek	Granted	16-May-12	21-Nov-12	20-Nov-14	300
<b>Total</b>							<b>600</b>
<b>TOTAL</b>						<b>TOTAL</b>	<b>691</b>
<b>Current as of:</b>	<b>13-Aug-13</b>						

## DIRECTORS' REPORT (continued)

### Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, K. S. Black & Co which appears on page 10 of this report.

Signed in accordance with a resolution of the Directors:



**Tan Sri Ibrahim Menudin**  
Chairman



**Peter J Meers**  
Director

Sydney  
29 August 2013

## AUDITOR'S INDEPENDENCE DECLARATION

Level 6  
350 Kent Street  
Sydney NSW 2000

**K.S. Black & Co.**  
ABN 57 446 398 806

Level 1, 460 Church Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

#### TO THE DIRECTORS OF HUDSON RESOURCES LIMITED

In connection with the review of Hudson Resources Limited for the period ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

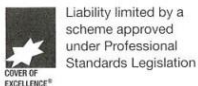
This declaration is in respect of Hudson Resources Limited and the entities it controlled during the period.

**KS Black & Co**  
**Chartered Accountants**



**Faizal Ajmat**  
**Partner**

Sydney, 29 August 2013



Phone 02 8839 3000 Fax 02 8839 3055  
[www.ksblack.com.au](http://www.ksblack.com.au)



**INDEPENDENT AUDITOR'S REVIEW REPORT**

Level 6  
350 Kent Street  
Sydney NSW 2000

**K.S. Black & Co.**

ABN 57 446 398 808

Level 1, 460 Church Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF HUDSON RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Hudson Resources Limited (the company) and Hudson Resources Limited and Controlled Entities (the consolidated entity) which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the half year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

**Director's Responsibility for the Half-Year Financial Report**

The Directors of Hudson Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2013, and of their performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hudson Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Hudson Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Phone 02 8839 3000 Fax 02 8839 3055

[www.ksblack.com.au](http://www.ksblack.com.au)



**Chartered  
Accountants**

## INDEPENDENT AUDITOR'S REVIEW REPORT continued

Level 6  
350 Kent Street  
Sydney NSW 2000

**K.S. Black & Co.**

ABN 57 446 398 808

Level 1, 460 Church Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

## INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF HUDSON RESOURCES LIMITED (Cont'd)

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hudson Resources Limited and Hudson Resources Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2013 and of their performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**KS Black & Co**  
Chartered Accountants



**Faizal Ajmat**  
Partner

Sydney, 29 August 2013



Liability limited by a  
scheme approved  
under Professional  
Standards Legislation

Phone 02 8839 3000 Fax 02 8839 3055

[www.ksblack.com.au](http://www.ksblack.com.au)



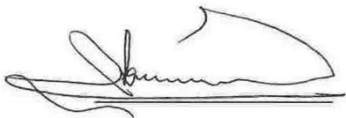
**Chartered  
Accountants**

## DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 14 to 22 , are in accordance with the *Corporations Act 2001*, and:
  - i give a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and of its performance for the half-year ended on that date; and
  - ii comply with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Tan Sri Ibrahim Menudin**  
Chairman



**Peter J Meers**  
Director

Sydney  
29 August 2013

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE HALF-YEAR ENDED 30 JUNE 2013

	Notes	Consolidated	
		30-Jun-13 \$'000	30-Jun-12 \$'000
<b>Revenue</b>	2	276	603
Operating and exploration expenses		(1,754)	(1,254)
Other income	2	5,533	3,378
Administration expenses		(3,158)	(2,533)
Finance expenses	2	(161)	(335)
		<b>736</b>	(141)
<b>PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>736</b>	(141)
Income tax (expense)/credit		-	6
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>736</b>	(135)
Other comprehensive Income		-	-
Other comprehensive income before income tax		-	-
Income tax expenses		-	-
Other comprehensive income for the period		-	-
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>736</b>	(135)
Comprehensive income attributable to outside equity interest		2,197	1,077
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>2,933</b>	942
<b>EARNINGS/(LOSS) PER SHARE</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share		2.48	0.80
Diluted earnings/(loss) per share		2.48	0.80
<b>CONTINUING OPERATIONS</b>			
Basic earnings/(loss) per share		2.48	0.80
Diluted earnings/(loss) per share		2.48	0.80

This Statement of Comprehensive Income is to be read in conjunction with the condensed notes to the consolidated interim financial report.



**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2013

	Notes	Consolidated	
		30-Jun-13 \$'000	31-Dec-12 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	3,610	4,741
Trade and other receivables		2,546	3,144
Financial assets		20	20
Inventories		35	161
Other current assets		109	124
<b>Total current assets</b>		<b>6,320</b>	<b>8,190</b>
<b>Non-current assets</b>			
Trade and other receivables		9,297	5,042
Financial Assets		4,065	4,083
Mining tenements	4	28,101	24,515
Plant and equipment		169	188
Investment property		2,921	2,949
Intangible assets		13,075	14,098
<b>Total non-current assets</b>		<b>57,628</b>	<b>50,875</b>
<b>Total Assets</b>		<b>63,948</b>	<b>59,065</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		751	543
Financial liabilities		101	1,874
Employee benefits provision		168	113
<b>Total current liabilities</b>		<b>1,020</b>	<b>2,530</b>
<b>Non-current liabilities</b>			
Trade and other payables		654	-
Financial liabilities		1,816	57
Provisions		265	254
<b>Total non-current liabilities</b>		<b>2,735</b>	<b>311</b>
<b>Total Liabilities</b>		<b>3,755</b>	<b>2,841</b>
<b>Net Assets</b>		<b>60,193</b>	<b>56,224</b>
<b>EQUITY</b>			
Issued capital		26,925	26,925
Reserves		19,445	20,729
Accumulated losses		(25,392)	(28,325)
<b>Total equity attributable to equity holders of parent entity</b>		<b>20,978</b>	<b>19,329</b>
Minority interest		39,215	36,895
<b>Total Equity</b>		<b>60,193</b>	<b>56,224</b>

The above statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY**

FOR THE HALF-YEAR ENDED 30 JUNE 2013

		Issued Capital	Capital Profits Reserve	Accumulated Losses	Minority Interest	Total Equity
Consolidated	Notes	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 31 December 2011</b>		26,925	19,310	(29,138)	16,255	33,352
Profit/(Loss) for the period		-	-	942	-	942
Movement during the period		-	(210)	-	-	(210)
Minority interest movement		-	-	-	2,023	2,023
<b>Balance at 30 June 2012</b>		<b>26,925</b>	<b>19,100</b>	<b>(28,196)</b>	<b>18,278</b>	<b>36,107</b>
<b>Balance at 30 June 2012</b>		26,925	19,100	(28,196)	18,278	36,107
Profit/(Loss) for the period		-	-	(129)	-	(129)
Movement during the period		-	1,629	-	18,617	20,246
<b>Balance at 31 December 2012</b>	5	<b>26,925</b>	<b>20,729</b>	<b>(28,325)</b>	<b>36,895</b>	<b>56,224</b>
<b>Balance at 31 December 2012</b>		<b>26,925</b>	<b>20,729</b>	<b>(28,325)</b>	<b>36,895</b>	<b>56,224</b>
Profit/(Loss) for the period		-	-	2,933	-	2,933
Movement during the period		-	(1,284)	-	2,320	1,036
<b>Balance at 30 June 2013</b>	5	<b>26,925</b>	<b>19,445</b>	<b>(25,392)</b>	<b>39,215</b>	<b>60,193</b>

This Consolidated Statement of Changes in Equity is to be read in conjunction with the condensed notes to the consolidated interim financial report.

**STATEMENT OF CASH FLOW**  
**FOR THE HALF-YEAR ENDED 30 JUNE 2013**

	Notes	Consolidated	
		30-Jun-13 \$'000	30-Jun-12 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		444	760
Interest received		97	210
Payments to suppliers, employees and exploration expenses		(5,884)	(6,153)
Interest paid		(65)	(65)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(5,408)</b>	<b>(5,248)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(13)	(7)
Proceeds from sale of investments		4,461	4,870
Deposit received – exclusivity payment on future share placement		500	-
Acquisition of investment		-	(1,020)
Advance to other parties		(2,608)	(3,337)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>2,340</b>	<b>506</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from share placement - controlled entity		2,125	1,677
Share placement cost – controlled entity		(174)	(114)
Repayment of borrowings		(14)	(6)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>1,937</b>	<b>1,557</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(1,131)</b>	<b>(3,185)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>4,741</b>	<b>7,355</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD</b>	3	<b>3,610</b>	<b>4,170</b>

This Consolidated Statement of Cash Flow is to be read in conjunction with the condensed notes to the consolidated interim financial report.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2013

### 1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

#### Reporting Entity

Hudson Resources Limited (the "**Company**") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2013 comprises the Company and its subsidiaries (together referred to as the "**consolidated entity**").

The consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2012 is available upon request from the Company's registered office.

#### Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 31 December, 2012.

This consolidated interim financial report was approved by the Board of Directors.

The consolidated entity is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgement made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2012.

#### Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**NOTES TO THE FINANCIAL STATEMENTS continued****2. REVENUE AND EXPENSES****Specific items**

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:

	<b>Consolidated</b>	
	<b>30-Jun-13</b>	<b>30-Jun-12</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(i) Revenue</b>		
Sale of mineral product and rental income	<b>276</b>	603
<b>(ii) Other Income</b>		
Contribution received for funded expenditures	<b>405</b>	-
Cost recovery	-	508
Gain on disposal of Investment	<b>4,052</b>	2,454
Interest Income	<b>543</b>	356
Others	<b>533</b>	60
	<b>5,533</b>	3,378
<b>(iii) Financial and Other Expenses</b>		
Depreciation and amortisation	<b>57</b>	56
Interest paid	<b>65</b>	66
Option costs	-	33
Other	<b>39</b>	180
	<b>161</b>	335
<b>3. CASH AND CASH EQUIVALENTS</b>		
	<b>Consolidated</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	<b>2,988</b>	4,141
Cash held in trust security deposits/bank guarantees	<b>622</b>	600
	<b>3,610</b>	4,741
<b>4. MINING TENEMENTS</b>		
Mining interest and capitalised exploration expenditures	<b>28,101</b>	24,515

The recoverability of the carrying amount of evaluation and exploration assets is dependent upon successful development and commercial exploitation, or alternatively the sale of the respective areas of interest.

**NOTES TO THE FINANCIAL STATEMENTS continued****5. ISSUED CAPITAL**

	Consolidated Entity		Consolidated Entity	
	30-Jun-13	31-Dec-12	30-Jun-13	31-Dec-12
	Number of Shares	Number of Shares	\$'000	\$'000
Share capital				
Ordinary shares	<b>118,385,822</b>	118,385,822	<b>26,925</b>	26,925

**(a) Movements in ordinary share capital:****Consolidated**

Date	Details	No. of shares	\$'000
31 December 2012	Balance	118,385,822	26,925
	Movement during the period	-	-
30 June 2013	Balance	<b>118,385,822</b>	<b>26,925</b>

**(b) Terms and Conditions**

Each ordinary share participates equally in the voting rights of the Parent Entity. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of and amounts paid on the shares held.

**(c) Options**

There are no unissued ordinary shares of Hudson Resources Limited under option at the date of this report.

**6. INTEREST IN JOINT VENTURE**

One controlled entity, holds 100% (2012: 100%) in Tiaro Joint Venture Coal Project (unincorporated joint venture) to develop a substantial new metallurgical coal resource in the Tiaro coal measures located in South-East Queensland.

One controlled entity has entered into the joint venture to develop a new coal resource in the Clermont Coal mines in Queensland.

The Group's interest in the assets employed in the joint venture are included in the consolidated Balance Sheet in accordance with accounting policy 2 (b), under the following classifications:

**(a) Proportionately Consolidated Joint Venture Entities**

	% Ownership Interest	
	30-Jun-13	31-Dec-12
	%	%
Tiaro Coal Joint Venture	<b>100</b>	100
Bundaberg Coal Tenement – Clermont Coal mines	<b>50</b>	50

**(b) Aggregate Share of Assets, Liabilities and Profits/(Losses) of Joint Venture Entities**

	Current Period	Previous Corresponding Period
Group's Share of proportionately consolidated Joint Venture Entities:	\$	\$
Current assets	<b>1,670</b>	130,981
Long term assets	<b>208,051</b>	-
Current liabilities	-	402,885
Long term liabilities	<b>8,333</b>	-
Revenue	-	-
Other Income	<b>15</b>	200,078
Expenses	<b>(55)</b>	(1,111,416)
Share of net loss of joint venture entities	<b>(40)</b>	(911,338)

**NOTES TO THE FINANCIAL STATEMENTS continued****7. SEGMENT REPORTING**

The consolidated entity operates one business being the mining, exploration and sale of mineral products and related development projects in Australia.

**8. CONTINGENT LIABILITIES AND ASSETS**

A controlled entity is a participant in the Clermont Coal Mine Joint Venture and the Tiaro Coal joint ventures and is funding exploration in order to increase its interest. Project funding is subject to the approval of the Joint Venture Management Committees. At the date of this report the Committee had not considered the funding for the next exploration programme. Accordingly, no funds have been committed.

There are no other material contingent liabilities as at the date of this report.

**Guarantees**

Hudson Resources Limited and its wholly owned controlled entities entered into a Deed of Cross Guarantee under which each company guarantees the debts of the others. No deficiency of assets exists in the consolidated entity as a whole. No material losses are anticipated in respect of any of the above contingent liabilities.

**9. COMMITMENTS**

	<b>Consolidated</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Exploration expenditure commitments</b>		
Tenement exploration expenditure*	<b>28,403</b>	23,496
Tenement lease payment	<b>4,157</b>	3,121
	<b>32,560</b>	26,617

\*Expenditure in relation to the Vasse Coal Project is subject to application for exemption to expenditure and determination by the Minister of Permission to Mine following future discussion on grant of environmental approvals.

The minimum exploration expenditure commitments and lease payments on the Group's exploration tenements totalling approximately \$32.5 million over the remaining term of the tenements.

**Remuneration expenditure commitments**

Salary and other remuneration commitments under long-term employment contracts existing at reporting date are not recognised as liabilities

	<b>Consolidated</b>	
	<b>30-Jun-13</b>	<b>31-Dec-12</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	<b>759</b>	840
Later than one year but not later than 5 years	<b>635</b>	510
Later than 5 years	-	-
	<b>1,394</b>	1,350

**NOTES TO THE FINANCIAL STATEMENTS continued****9. COMMITMENTS continued**

During the period there was a service agreement in place formalising the terms of remuneration of Peter Meers.

The service agreement commenced on 3 June 2008, now expired has a term of 5 years.

Mr Meers may terminate the agreement upon 6 months' notice and the Company may terminate at any time without showing cause but must compensate Mr Meers by payment of all amounts that would have been paid to Mr Meers had the agreement run for its full term. The Company may terminate the agreement in the event of serious misconduct by Mr Meers without any compensatory payment.

**Service Agreement**

The Company has entered into a Service Agreement with Hudson Corporate Limited pursuant to which Hudson Corporate Limited has agreed to provide its management, registered office, administrative, accounting, compliance and secretarial services.

The term of the Services Agreement is two years and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Corporate Limited shall act in accordance with the Directions of the Board.

**10. EVENTS SUBSEQUENT TO BALANCE DATE**

On 4 July 2013 the Company announced it had instituted a minimum holding sale of ordinary shares for holders of unmarketable parcels of shares at an indicative price of \$A 0.05 to a third party. Under ASX Listing Rules, any shareholding valued at less than \$A 500 is considered to be an unmarketable parcel. Eligible shareholders who participate in the unmarketable parcel process will benefit from selling their shares without having to use a broker or pay brokerage.

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2013 that have significantly affected or may significantly affect:

- the operations, the financial half year subsequent to 30 June 2013, of the Group;
- the results of those operations; or
- the state of affairs, the financial half year subsequent to 30 June 2013, of the Group.



**SUPPLEMENTARY APPENDIX 4D INFORMATION****NTA Backing**

	<b>30-Jun-2013</b>	31-Dec-2012
Net tangible asset backing per ordinary share	<b>20.06 cents</b>	18.64 cents

**Controlled entities acquired or disposed during the period**

No entities were acquired or disposed of during the reporting period.

**Loss of control of entities during the period**

No entities were disposed of during the reporting period.

**Returns to shareholders**

The company does not have a dividend/distribution reinvestment plan.

**Associated and Joint Venture Entities**

Refer to Note to Financial Statements

**Foreign Accounting Standards**

N/A

**Audit Alert**

The Auditor's Review Report is included in the financial statements.