

## QUARTERLY ACTIVITIES REPORT

### Hudson Resources Limited

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### Quarterly Activities Statement period ending 31 March 2014

This quarterly activities report is dated 30 April 2014 and is for the three months ending 31<sup>st</sup> March 2014.

Hudson Resources Limited (**Hudson**) (ASX: HRS) is an Australian listed 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, gold and industrial minerals.

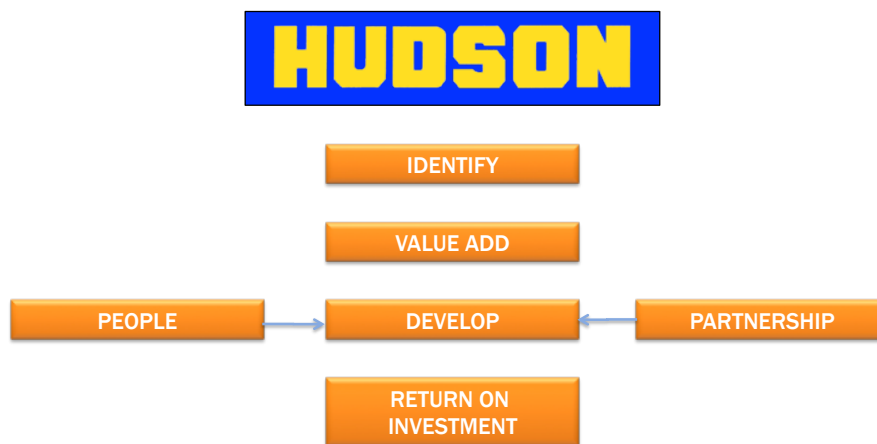


Figure 1 – Hudson origination model

### ASSET PORTFOLIO SUMMARY

Mineral/Asset	Hudson Interest	Investment / Resource	No of Shares held	Current market value per share (31/03/14)
Coal	28%	Tiaro Coal Limited (ASX: TCM)	31,800,000	\$0.15
Gold	26%	Sovereign Gold Company Limited (ASX: SOC)	40,000,000	\$0.09

### CORPORATE

#### Register snapshot

At the end of the quarter, Hudson had 118,385,822 ordinary shares on issue and nil options.

#### Hudson Resources from the Official List of the ASX

Hudson recently announced that it had taken steps to remove its listing from the Australian Securities Exchange (**ASX**) as the directors believe continued listing is not in the best interest of the Company. Conditional in-principal approval for delisting has been granted by the ASX. Shareholders will vote on this matter at the 2014 Annual General Meeting to be held on 27 May 2014. If approved at the AGM, the Company's shares will be able to be traded on the ASX for a period of one month after the AGM.

**KEY MINERAL INVESTMENTS****COAL**

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

**TIARO'S BUSINESS OBJECTIVES****MARYBOROUGH COAL BASIN**

To undertake exploration for coal deposits with the potential to produce metallurgical (coking, PCI) and thermal coal.

- Well-positioned coal tenements in the Wide Bay - Burnett region of SE Queensland.
- Two Coal Measures in Maryborough Coal Basin:
  - Tiaro Coal Measures
  - Burrum Coal Measures
- Large exploration area with 10 granted tenements – 2,076 km<sup>2</sup>; and 2 tenements – 885 km<sup>2</sup> under application

To develop coal mining operations

- Key activities will be:
  - Coal mine investment / development in partnership with coal end users, infrastructure developers and logistics managers
  - Coal mine management
  - Coal production, logistics management and market placement

Position Tiaro as an investment company, working with shareholders and partners in development of coal projects in the Maryborough Basin

- Paragon Coal is the first such partnership, developing Tiaro's initial coal project

**BUSINESS COLLABORATION**

Paragon Coal (Tiaro 47.6% post funding completion) established to explore and develop resources within EPCs 956 & EPC 957

- 87 Mt JORC Coal Resource (Measured 4 Mt; Indicated 21 Mt; Inferred 63Mt) in the T9 West area  
*The information is extracted from the report entitled "Updated JORC Resource of 87Mt for T9 West" created 7th May 2013 and is available to view on [www.tiarocoal.com.au/ASX-Releases.htm](http://www.tiarocoal.com.au/ASX-Releases.htm). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Coal Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*
- Conceptual in nature Exploration Target 200 - 300 million tonnes in Tiaro Coal Measures.  
*The potential quantity and grade of exploration targets are conceptual in nature. Other than the declared JORC Resources, there has been insufficient exploration to define a further Mineral Resource and it is uncertain if further exploration will result in the determination of further Mineral Resources.*
- Metallurgical (Coking & PCI) coals

CM Basin Coal Holdings Limited (Tiaro 55%) holds 20% interest in the Anggana Coal Project in East Kalimantan, Indonesia

- Anggana Coal Project includes an established thermal coal mine (Bara Naga open cut) and three further nearby coal concessions
- The CMBCH investment is intended to generate dividends to Tiaro which are to be employed in Maryborough Coal Basin exploration and project development

**DIVESTMENTS**

Galilee Basin

- 29.2% indirect interest in the Clyde Park Project with Guildford Coal Limited (ASX: GUF)
- 50 Mt Indicated and 677 Mt inferred for a total 727.7 Mt JORC Resources.

*The information is extracted from the report entitled "Mongolia and Queensland Update" created 8th February 2013 and is available to view on [www.guildfordcoal.com.au/investors/asx-announcements](http://www.guildfordcoal.com.au/investors/asx-announcements). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.*

Seek Divestment or Farm-in partners to fund other Queensland coal assets

**GOLD and BASE METALS**

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

**Sovereign Gold Company Limited**

**Spin out Mount Adrah through ASX IPO (ASX: 31 March 2014)**

Sovereign Gold announced the spin out of Mount Adrah to be listed on the ASX in the second quarter 2014. Sovereign Gold’s existing shareholders are eligible to apply for shares in a priority offer. Funds raised by the listing will be used to locate a major gold deposit with the principal focus on the Mount Adrah gold project where the JORC compliant resource is 770,000 oz. of gold (440,000 oz. Indicated, 330,000 oz. Inferred) within a total Mineral Resource estimate of 20.5 Mt at 1.1 g/t gold at various cut-off grades.<sup>1</sup>

**Mount Adrah prospectus lodged (ASX: 4 April 2014)**

Sovereign Gold announced the lodgement of a prospectus with ASIC for the initial public offering of Mount Adrah to raise between \$2 million and up to \$3 million. Sovereign Gold shareholders as at 10 April 2014 can participate in a priority offer with guaranteed allocation. Listing on the Australian Securities Exchange anticipated for June 2014.

A Supplementary Prospectus was lodged by Mount Adrah on 15 April 2014.

The prospectus can be viewed and downloaded at [www.adrah.com.au](http://www.adrah.com.au).

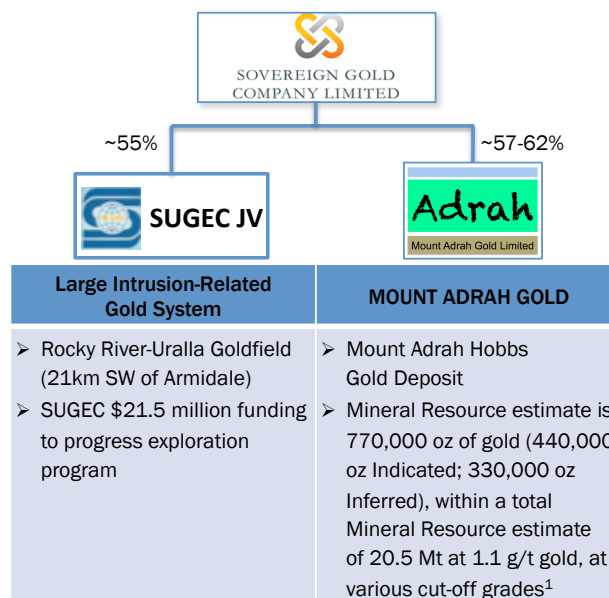
**Corporate Restructure (ASX 9 April 2014)**

Sovereign Gold and Precious Metal Resources Limited (PMR) reached agreement on a proposed corporate restructuring to rationalise and simplify the structure and assets of each company (Corporate Restructure).

**Sovereign Gold Post Restructure**

Following completion of the transaction (and assuming completion of the recently announced spin-out of Mount Adrah via the IPO), Sovereign Gold’s key focus would be the development of the **SUGEC Project Tenements** (EL4474, EL5339, EL7491, EL7679, EL7700, EL7701, EL7766, EL7768, EL7769, EL7770 and recently vended in EL6483).

**Sovereign Gold Asset Portfolio Post Restructure**



Sovereign Gold will continue to hold ~3.6 million shares in PMR.

<sup>1</sup> The information is extracted from the report entitled “Hobbs Pipe – Mineral Resource Update Additional Information” created 27<sup>th</sup> December 2013 and is available to view on [www.sovereigngold.com.au/investors.htm](http://www.sovereigngold.com.au/investors.htm). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement.

## INDUSTRIAL MINERALS

A total of 904 tonnes of Attapulgitite ore was sold during the quarter.

### **Attapulgitite**

- 4 mining leases at Lake Nerramyne near Geraldton WA that host an attapulgitite 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 attapulgitite; of the Inferred JORC compliant resource the Indicated JORC compliant resource is 5.87 million tonnes of attapulgitite including 2.98 million tonnes of high-grade attapulgitite
- 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 attapulgitite 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)

## OTHER INVESTMENTS

### **Land & 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 & Equipment**

- Hudson purchased new plant and equipment for a diatomite processing and filtration plant in the 1990s
- 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 announcement that relates to the Company's Attapulgitite 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.