

22 July 2015

Company Activities Update

- **US\$750K Ghana Project Sale Agreement signed and initial payment made.**
- **Acquisition of NZ iron sands interest from Rio Tinto nearing completion.**
- **Morupule South drilling and water studies complete.**
- **Moiyabana legal proceedings ongoing.**
- **Management of cash resources continues.**

Hodges Resources Limited (“Hodges” or the “Company”) is pleased to provide an update on its core activities. Whilst trading conditions continue to be challenging for listed junior exploration and development companies, Hodges has been successful in progressing a number of the Company’s assets during the last half of the 2015 financial year. The Company also continues to implement cost reduction strategies and has substantially scaled back expenditure until completion of the iron sands acquisition and divestment of the non-core assets can be completed.

Significantly, the Company is pleased to have signed the sale agreement for its Ghana asset, considered to be non-core by directors in the current market conditions and investment environment.

Elsewhere in the region, Hodges is still focused on moving the Morupule South project forward in line with the Botswana Government and associated coal industry developments. Also in Botswana, Hodges has continued with its legal proceedings over the non-payment of the refundable US\$3 million option fee from the vendors of the Moiyabana project.

In New Zealand, the Company is excited to have advanced arrangements regarding the low cost iron sand projects previously announced to the market during the last quarter of 2014.



Hodges Managing Director Mark Major said “The Company is clearly happy to have been able to attract a buyer and sign the sale agreement for its Ghana gold asset. While we have divested of the precious metals play, we continue to progress the Morupule South coal project and are looking forward to updating shareholders on developments at our low cost iron sand projects in New Zealand”.

GHANA - SALMAN SOUTH & MAME PROJECT

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 in 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 has now signed a share sale and assignment agreement with the local Ghanaian owner who currently holds 10% of the project. The Ghanaian entity will pay Hodges US\$750,000 for the shares in the Hodges subsidiary and the project. Payments will be made in monthly instalments of US\$50,000 each and the initial payment has now been received.

The acquisition is conditional upon ministerial approval of the transfer of ownership in accordance with the Ghanaian Mining Law, at which time the remaining balance of funds will be required to be made.

BOTSWANA - MORUPULE SOUTH COAL PROJECT

The 2.45 billion tonne JORC* resource of the Morupule South Coal Project (‘Project’) is located 4 kilometres 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 continues 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 1,000 metre diamond core drilling programme commenced in March 2015. The goal of this program was to increase the geological confidence of the south east zones and collect sufficient samples to allow for additional feasibility level resource modelling, geotechnical information and coal characteristic studies over this area.

Water supply studies were also undertaken recently, identifying suitable water supply options for future mining developments.

The Company is currently awaiting the laboratory assay results of the recent drilling programme before upgrading the geological and resource model on the project, as well as continuing to advance the project into prefeasibility.

Discussions with possible coal off-take groups and development partners is ongoing.

BOTSWANA - MOIYABANA COAL PROJECT

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 has continued with its legal proceedings over the non-payment of the refundable option fee from the vendors of the Moiyabana project. Direction from the relevant courts on a trial date is expected in the near future.

NEW ZEALAND – IRON SANDS PROJECTS

The projects are located off the west coast of the North Island of New Zealand, in a premier iron sands jurisdiction. There are two established onshore iron sands mines currently in operation in New Zealand, Waikato North Head and Taharoa, both owned by New Zealand Steel a subsidiary of ASX listed Bluescope Steel.

Full details of the project can be found in ASX announcement dated 27 October 2014 and in the HDG December 2014 quarterly report.

The sale agreement is subject to license renewal and transfer of permits to Hodges' NZ subsidiary company, by the New Zealand Authorities. The permits have been transferred to the Hodges NZ subsidiary; but one of the license renewals is still pending. The renewal is expected within the next month.

CORPORATE ACTIVITIES

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

The Company website is currently being revamped and is expected to come back online during the next quarter.

The Company is looking to lift its ASX suspension and return to trading once the audited half year reports and other lodgements requirements are completed.

Mark Major
Managing Director

For Further Information

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

Telephone: (+618) 9322 6412

Email: info@hodgesresources.com.au

For Media & Investor Enquires

Please contact Bill Kemmery on +61 400 122 449

** 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.

ASX Code: HDG

Fully paid Shares:
144,788,576

Unlisted options:
11,700,000

CORPORATE DIRECTORY
Company Secretary: Mike Robbins

Stock Exchange Listing:
Australian Securities Exchange
Code: HDG

BOARD MEMBERS

Nathan McMahon— Non-Exec Director & Chairman

Mark Major – Managing Director

Bryan Dixon – Non-Exec Director

Auditors

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

Media Enquires
Bill Kemmery +61 400 122 449

HEAD OFFICE

Level 2, 38 Richardson St
West Perth, WA 6005

T: +61 8 9322 6412

F: +61 8 9322 6398

Share registry:

Advanced Share Registry Service
110 Stirling Highway
Nedlands WA 6009
T: +61 8 9389 8033 F: +61 8 989 7871

Solicitors:

Cardinals
Ground Floor, 57 Havelock Street
West Perth WA 6005