

15 June 2011

## Resource Definition Drilling Commences at Moiyabana Coal Project, Botswana

- Phase One to focus on definition of maiden JORC compliant inferred resource
- Exploration Target of 1.4 – 1.6 Billion tonnes at Moiyabana
- Initial stage to consist of 125 drill holes covering 14,000 metres.
- Phase One drilling to be completed within two months.

June 15, 2011. Hodges Resources Ltd “Hodges” is pleased to announce that resource definition drilling has commenced at the company’s Moiyabana Coal Project (“Moiyabana” (PL93/2008 and PL94/2007)). Moiyabana, with a recently upgraded range of 1,400Mt-1,650Mt of in situ coal within the Exploration Target, is Hodges’ flagship coal project located in central eastern Botswana.

With Board approval received for the Company’ largest drill campaign to date, the resource drilling program is planned to consist of 125 drill holes for a total of 14,000 meters and be completed over three consecutive phases (*figure 1*).

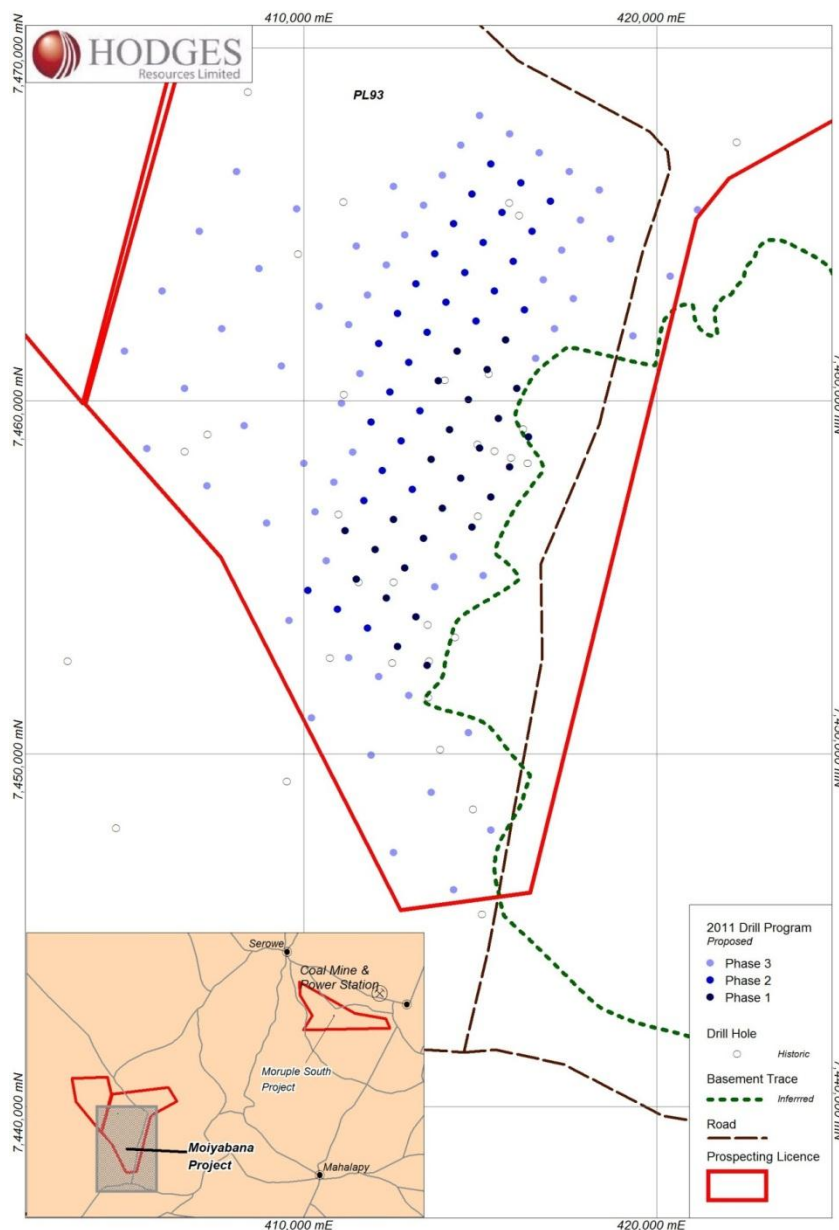
Phase One drilling will initially focus on the definition of a maiden JORC compliant inferred resource over the central southern target area while subsequent drilling phases will be aimed at both upgrading existing resource categories and defining the extent and continuity of new resource areas.

During the course of the drill program average and maximum hole depths have been modelled to be in the order of 125 meters and 180 meters respectively. It is expected that Phase One drilling will be completed within 2 months while the greater program will be completed over a 6 month period.

Hodges Resource Managing Director, Mark Major said the Company is committed to fast-tracking its resource definition program, with diamond drill rigs already at site and the drilling and geophysical contractors recently appointed.



“Using RC diamond drilling, we will complete around 90% of our initial drilling phase as core. Whilst a more expensive approach, in doing this we will maximize our knowledge base within each hole, and have more core for testing,” Mr Major said.



**Figure 1 – Moiyabana Project: Proposed and Historic Drill Hole Location Map**

Mr Major said that Hodges were keen to speed up the development of the project at a time when coal in southern Africa was attracting high levels of interest within the region, and with Asian and Indian coal export markets.

“It is clearly in our shareholders’ interests that we work efficiently to prove-up the potential of the 1.6 billion tonne Exploration Target at this project as early as we can. Investors, and our prospective coal offtake partners, want to know if Moiyabana has the potential to become a significant part of the southern Africa energy story,” Mr Major said.

## Details of the drilling program

Currently one reverse circulation and two diamond drill rigs are present at site however, an additional two diamond drill rigs are expected to arrive at site within approximately one month. Diamond drilling is utilising a HQ (63.3mm) diameter wire-line system with the option of TNW core or HQ triple tube. As part of the conditions of contract with the drilling contractor, core recoveries are required to be in excess of 95% for country rock and 98% for mineralized intervals.



Downhole surveys using geophysical wireline logging techniques will be utilized in all holes.

A standard suite of wireline sonde tools will be captured in holes which intersect potentially exploitable coal intersections.

In-country drilling and downhole geophysical contractors have been secured and are on site.

All core will be packed into core trays and logged at site or in the core layout facility and guided by the company's independent geological and mining consultants, Runge Limited ("Runge"). Logging and general logistical management will be undertaken using Hodges' personnel and local geological consultancy groups.

Runge will be retained to provide specialised technical support to a newly appointed team of in-country operational staff which includes project manager, principal geologist and multiple supporting project geologists. Additionally, "Runge" will be retained to undertake all modelling and resource estimation work at the project.

## Project Background

The Moiyabana coal project is located approximately 90km from the Morupule colliery and 50km from existing rail infrastructure in central east Botswana. The project consists of two prospecting licences, PL93/2008 and PL94/2007, covering a total of 593.1km<sup>2</sup> which lies within the South East central Kalahari Sub-basin of the Karoo Supergroup. Historically the area was partially explored by Shell Coal Botswana during the 1970s and more recently by the licensee company, Jaguar Ventures (Pty) Ltd, which completed thirteen diamond drill holes during the period 2009 – 2010.

Based on the results of the Runge Independent geological report as reported in an ASX press release from 7<sup>th</sup> June 2011, a coal exploration target of around 1.4 to 1.6 Billion tonnes could be defined in the 140km square area of which an estimated 660 million tonnes indicates suitability for open cast mining

Coal quality intersected in previous drilling at the project is variable but raw qualities are interpreted as suitable for domestic thermal markets and indicative of the area's coalfields. There is evidence within completed laboratory testwork that some of the coal could be upgraded to export quality coal.

The stated Exploration Target above and the coal quality must be regarded as a provisional indication of likely tonnages and qualities only. It is through this exploration that Hodges intends to upgrade this target to a JORC inferred Resource within the next 6 months. The Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource.

### Mark Major

Managing Director

### For Further Information

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