Hodges Resources Ltd (HDG.ASX)

Building the next big African coal producer

EVENT:

- We initiate on HDG with a SPEC BUY recommendation and a price target of $0.85/share.

INVESTMENT THESIS:

- **Proving up the next big coal resource in Botswana.** With an estimated 212Bt of coal resources in the country, HDG is on track to develop a billion tonne thermal coal project. The company currently has a 414Mt JORC resource and we expect it to increase to at least 1Bt by the end of the year. Target resources across two projects are up to 2.6Bt. HDG remains unaffected by a current moratorium on coal exploration in Botswana.
- **Ready domestic market exists with Botswana facing power deficit.** Botswana currently imports up to 75% of its electricity from international markets. Its key supplier, South Africa is facing its own power shortages. Generating capacity in Botswana is expected to be in deficit by 2016, even with current expansion programs. The country is conducting studies to address this but the underlying theme is that future generating capacity will be heavily dependent on supply from domestic thermal coal projects.
- **Export market provides upside on the development of trans-border rail and port solutions.** While the domestic market would provide HDG with the opportunity to develop economically viable projects, upside exists from international markets should access be gained to either of two trans-border rail and port developments currently being studied in the region. HDG coal quality may be amenable to washing and upgrade to export quality and further quality testing should confirm this.

RECOMMENDATION:

- **We initiate our research coverage on HDG with a SPEC BUY recommendation and a price target of $0.85/share.**
- Our share price target is based on a $0.10/t resources peer comp in-situ valuation of year-end target resources amounting to just over 1Bt. We have risked our Moiyabana valuation 60% owing to the early nature of exploration, however we believe there is little risk for the company in achieving at least 1Bt of resources by year-end given their stated resources target range of 1.6Bt to 2.6Bt. Near term newsflow from drilling activities should deliver an upward re-rating of the share price.
- HDG has the opportunity to fast-track a coal mining operation and supply a ready domestic market given Botswana is a country in severe electrical power generation deficit and currently expanding its generating capacity.
- Our valuation excludes any value attributed to the company's other exploration assets in Ghana, Sweden and Australia.

Rating	SPEC BUY
Previous	n/a

Price target	$ 0.85
Previous	n/a

Share Price	$ 0.42
52 week low - high ($)	**0.13 - 0.52**
Valuation ($/share)	**0.85**
Methodology	In-situ
Risk	High

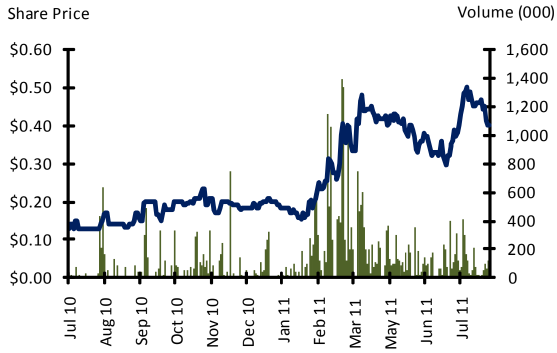
Capital Structure	
Shares on Issue (m)	74.9
Market Cap ($m)	**31.4**
Net Debt/(Cash) ($m)	-5.6
EV ($m)	**25.8**
Options on issue (m)	7.0
12mth Av Daily Volume ('000)	123.1

Board and Management	
Peter Mullens	Non Executive Chairman
Mark Major	Managing Director
Bryan Dixon	Non Executive Director
Nathan McMahon	Non Executive Director

Key Milestones	
Moiybana maiden resource	4QCY11
Morupule resource update	1QCY12
Morupule Scoping Study complete	2QCY12

Major Shareholders	
Directors and Management	15%
Pinetree Capital (Toronto)	12%
Citicorp Nominees (Hong Kong)	5%

Share Price Graph



Analyst
Andreas Kouremenos +612 9993 8142
andreas.kouremenos@fostock.com.au

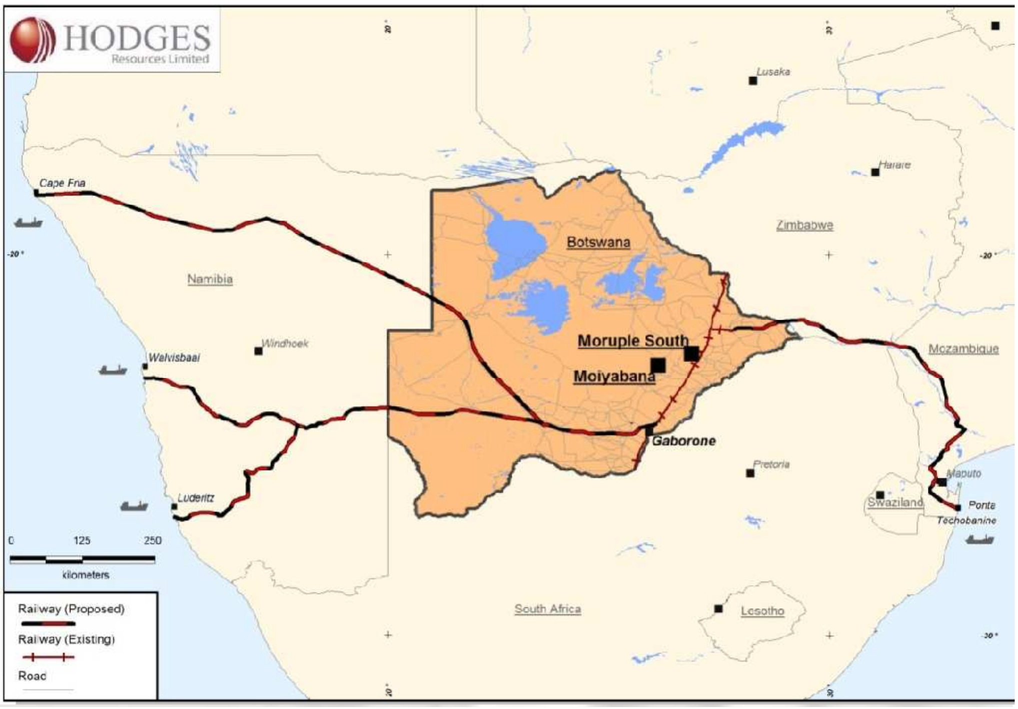
COMPANY OVERVIEW

- Hodges Resources Ltd (HDG) is a diverse Australian exploration company with a portfolio of active energy and precious metal projects globally. HDG was incorporated as a public company in August 2005 on the Australian Stock Exchange.

While the company has exploration projects in other commodities, HDG's main focus is coal in Botswana.

- While HDG's primary focus is its two coal projects in Botswana, it maintains a gold exploration project in Ghana which is along strike from Adamus Resources' (ADU.ASX) Salman mine; a molybdenum and gold project in Victoria, Australia (90% interest); and a high grade uranium exploration project in Sweden.
    - Minimal exploration work continues on these assets with HDG intending to spend ~US$400k on geochemical analysis and drilling in Ghana, ~US$50k in geochemical work in Sweden and as much as A$80k in exploration at the Australian project.
- HDG is initially targeting production from its coal projects into the domestic market in Botswana, but there is also potential for it to export coal to international markets. Further analysis of the coal is required to determine washability and final product parameters, however, we note access to international markets remains out of reach due to the lack of a trans-border rail and port infrastructure solution.

Figure 1: Botswana Regional Overview and Locations of Proposed Rail



Source: Hodges Resources Ltd

- As will be discussed in greater detail below, the power generating landscape in Botswana will be in deficit as early as 2016. The country is embarking on an ambitious generation capacity expansion which will take advantage of the estimated 212Bt of coal resources in the country. HDG is well positioned to supply this expanding domestic market and hopes to enter it in the short-term by either securing an offtake agreement with an existing power producer or by building a plant with a partner or government agency.

REGIONAL OVERVIEW

Botswana is one of the most stable countries in Africa with estimated coal resources of up to 212Bt.

- Botswana is one of the more stable countries in the southern African region. Having gained independence from the United Kingdom in 1966, it has remained a member of the Commonwealth since this time. The country has always held free and fair democratic elections resulting in a stable democracy. Botswana consistently ranks as the best country for investment in Africa and compares well against mining jurisdictions in developed countries such as Australia and Canada.
- The government actively encourages exploration and development of mines, however it is worth noting that a moratorium currently exists on coal prospecting (having already procured Prospecting Licences, HDG is not affected). The government intends to conduct an extensive audit of potential coal resources in the country to better address development of these into value generating projects for the nation, with a report due by September 2011.
- A ready domestic market exists for the coal resources HDG intends to delineate. Both projects are close to existing rail and, more importantly, to the existing Morupule thermal power plant. The domestic power generation landscape in Botswana is currently in gross deficit with as much as 75% of its power needs supplied by South African groups.
- As South Africa struggles to meet its own electricity requirements, it is anticipated that Botswana will have to step up production to meet domestic demand. Demand in 2013 is expected to reach 770MW, which is about 200MW above current production/import levels. The Morupule power station currently provides 80-120MW and is located just north of the Morupule South Prospect.
- The power plant is currently undergoing an expansion (Morupule B) which will see 528MW of additional capacity coming online by early 2013. While Morupule B will meet the country's power needs in the short term, it is estimated the power demand balance will be in deficit by 2016. To address this issue, the utility company has conducted feasibility studies on the inclusion of 2 additional 150MW generating units and a longer term Phase II 600MW expansion at the plant.

Two rail lines are currently under study in the region that would open up the potential to export to international markets.

- Botswana is a land locked country in the middle of southern Africa. A rail solution from Botswana to ocean ports can go either east to the Atlantic Ocean or west to the Indian Ocean. The eastern track, the so-called Trans-Kalahari Railway, is almost double the distance from the proposed western route, however it would only need pass through one country, Namibia. Namibia is another stable southern African country with a stated objective to increase mine developments within its borders. Inclusive of this objective is the building of both rail and port infrastructure to accommodate future mine projects and any rail projects eastward from Botswana would invariably utilise the new rail.
- Heading westward, the proposed Ponto Techobanine rail and port would bring product closer to Asian markets, namely the Indians who are net importers of coal and constantly looking to secure supply. HDG has stated this is its preferred route to market, however, this proposed rail would pass through two countries, Zimbabwe and Mozambique, which are somewhat less stable than their neighbours.
- Both proposed rail solutions are currently being evaluated by separate consortia, however, their development characteristics are quite similar, namely 60Mtpa export capacity using 30t axle loading. Both lines are at a prefeasibility stage of study and are likely to move to feasibility study by late 2011 or early 2012. Should either or both rail lines proceed to development and considering a 3 to 4 year construction period, an international export solution could be ready as soon as 2017.

BOTSWANA COAL ASSETS

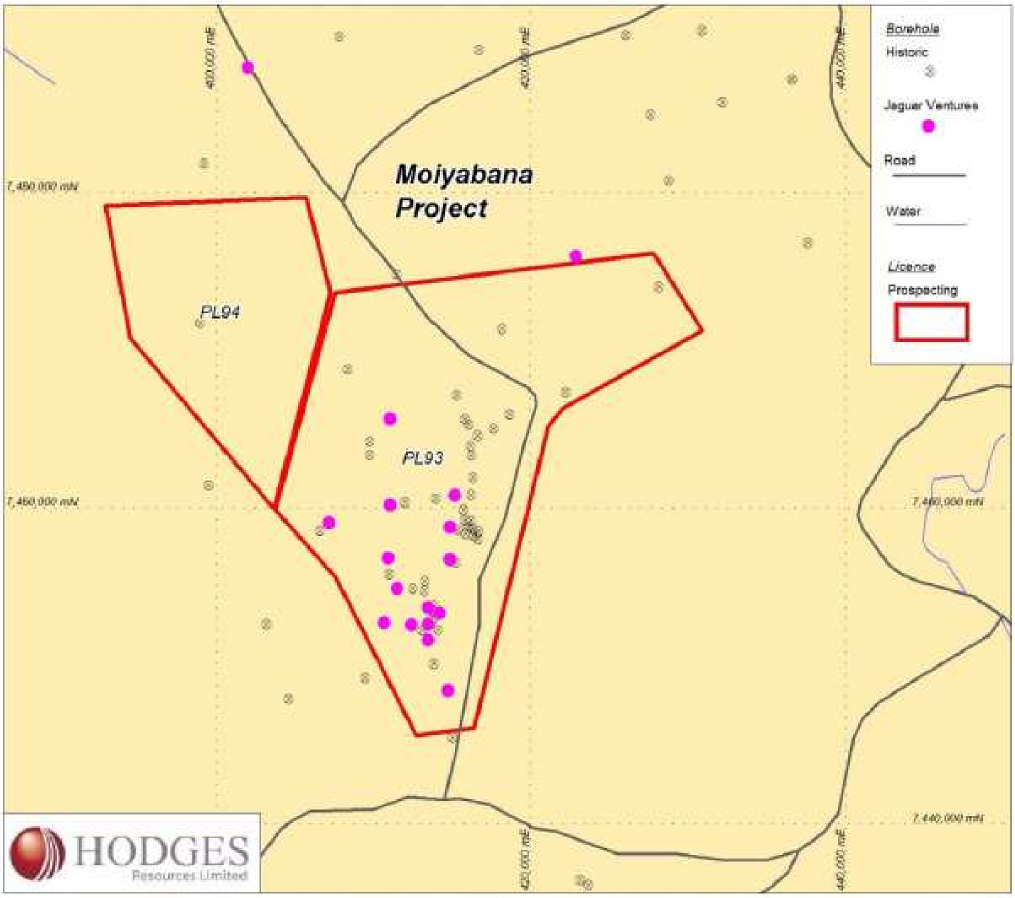
- HDG currently has two projects in eastern Botswana. The Morupule Project has a 414Mt JORC inferred resource and is adjacent to an existing coal mine supplying a neighbouring power station. The Moiyabana Project lies 100km west of Morupule with a drilling program underway to delineate a maiden resource from a 1.4Bt to 1.65Bt resource target. Total coal exploration target sits for the two projects at between 1.6Bt and 2.6Bt.

The Moiyabana project lies 100km west of Morupule and is close to an existing rail line.

Moiyabana Coal Project

- The Project consists of two prospecting licences covering almost 600km^2. Historically the area was partially explored by Shell Coal Botswana during the 1970s and more recently by the licencee company, Jaquar Ventures Ltd (Jaquar), which completed 13 diamond drill holes during 2009-2010. HDG recently exercised its option to acquire up to 90% of Jaquar, which owns 100% of Moiyabana.

Figure 2: Location of Moiyabana Project and Jaquar Exploration Drilling



Source: Hodges Resources Ltd

- Jaquar is a private company comprised of Batswana and South African nationals who picked up the Moiyabana project in 2007/2008. Over the last 3 years, the company has spent around $1m on exploration activities.
- The basic terms of the agreement include an 18-month option to acquire 90% of Jaquar for a maximum purchase price of US$70m (due July 2013, month 27). Over this time HDG will spend ~US$4m in exploration at Moiyabana, lend US$3m to Jaquar (already paid) and pay milestone payments to a maximum of US$9m (inclusive of the $3m initial loan) on Measured and Indicated resources delineated. All these figures will be deducted from the US$70m to be

owed should HDG take up the option in full. HDG will earn shares in Jaquar on a staged subscription as money is spent (refer Figure 3).

The coal exploration target at Moiyabana is 1.4Bt to 1.65Bt, raised recently as a result of an independent study.

Figure 3: Indicative Jaquar Earn-in Timetable

Date	Month	Interest	Spend	Comments
May-11	1	1% but gaurantee in other shares held in trust	$3m in loans to Jaquar	Drilling activities continue
Jan-12	9	5-10%	$4m in exploration (drilling, assays, modelling)	Phase 1 & 2 drilling; JORC target of 0.7-1.0Bt
Oct-12	18	18-25%	$3-6m milestone payment (US$9m max inclusive of $3m loan)	Milestone payment based on M&I resource; end of option period
Jul-13	27	90%	$45-55m	$70m total for Jaquar minus any payments made to date

Source: Hodges Resources Ltd; FSB Research

An estimated 660Mt of coal are suitable for open pit mining methods; the coal may be amenable to washing and upgrading to export quality.

- An independent geological report published earlier in early 2011 raised the coal exploration target at Moiyabana to between 1.4Bt and 1.65Bt (prev. 0.8-1.3Bt) in a 140km^2 area of which an estimated 660Mt are suitable for open pit mining methods.
- There are three coal seams of particular interest at Moiyabana that make up the 1.6Bt resources target with the upper seams having coking coal potential (future coal sampling will determine this). Their gentle sloping and structurally simple nature will help assist in keeping stripping ratios low thus lowering mining costs. The coal quality appears to be relatively homogeneous across a large area and higher than average yields are expected from the final product.

Figure 4: Moiyabana Exploration Target Estimate Summary

SEAM	COAL AREA Km^2	COAL VOLUME M.m^3	INSITU (Mt)	SEAM THICK (m)	RAW ASH %
MCZ	130-140	200-240	350-400	2.00	
LCZ1	130-140	350-420	500-650	3.00	36.82
LCZ2	130-140	300-360	550-600	3.00	42.25
TOTAL	**390-420**	**850-1050**	**1400-1650**	**2.77**	**39.34**

**All tonnages estimates based on 1.6RD*

Source: Hodges Resources Ltd

- Indicative coal quality shows a somewhat elevated 35-45% ash content (but low in sulphur averaging 0.7-1.0%), however, this is consistent with regional coal currently supplying the domestic market. Furthermore, HDG believes that the coal is amenable to washing and upgrading to export quality.

Figure 5: Summary of coal quality across seams LCZ1 and LCZ2

SEAM LCZ1 AT 1.8 RD						SEAM LCZ2 AT 1.8 RD					
	SEAM (m)	ASH (%)	CV (MJ/Kg)	SULPHUR (%)	YIELD (%)		SEAM (m)	ASH (%)	CV (MJ/Kg)	SULPHUR (%)	YIELD (%)
MIN	0.79	21.8	20.85	0.27	48.27	MIN	0.49	25.51	19.29	0.17	38.4
MAX	6.31	30.7	24.09	0.81	84.4	MAX	4.6	37.2	23.13	0.71	76
AVERAGE	3.83	27.88	22.08	0.49	67.3	AVERAGE	2.96	30.34	21.56	0.4	56.11

Source: Hodges Resources Ltd

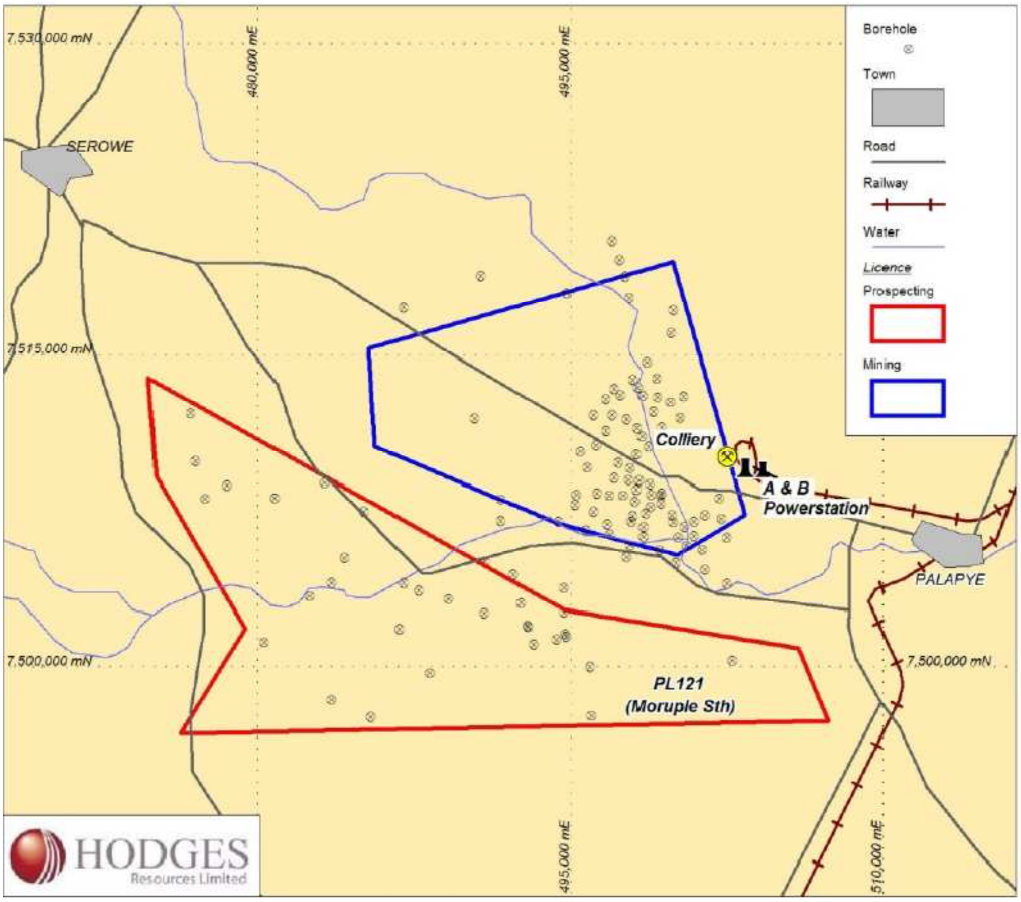
Target resources for Moiyabana before the end of 2011 is between 0.7Bt and 1.0Bt.

- The Moiyabana Project is currently the subject of an extensive drill campaign begun in June 2011 and seeking to delineate a JORC-compliant maiden resource. The campaign will drill 125 holes over 14,000 metres with Phase 1 (of 3) due for completion August 2011.
- The entire drill campaign will last 6 to 8 months with Phases 2 and 3 focusing on extensional and resource upgrade drilling. HDG is opting to use predominantly diamond drilling in Phase 1 (90% of holes) in order to maximise resource knowledge base and obtain a substantial amount of core for testing.
- 55 holes for 6,000m will be drilled in Phase 1, followed by Phase 2 which will drill an additional 30 holes for 3,000m, all in 3QCY11. By 4QCY11, HDG hopes to delineate a maiden resource and carry out the final phase of drilling advancing 40 holes for 5,000m in a regional reconnaissance campaign. We expect to see the commencement of a scoping study on the project by the beginning of 2012.
- Target resource from the Phase 1 and 2 drilling campaigns is between 0.7Bt and 1.0Bt.

Morupule South Coal Prospect

- The Morupule South Coal Prospect is located within the eastern central district of Botswana, directly adjacent to the operational Morupule mine and Colliery, the only operational coal fired power plant in Botswana. The coal quality at the Colliery, which has been producing since 1973, is medium to low grade sub-bituminous coal and is used domestically.

Figure 6: Location of Morupule South and Proximity to Existing Power Plant



Source: Hodges Resources Ltd

- Historical drilling conducted by Shell Coal Botswana in the 1970s was recently compiled by GEMECS to produce a 414.3Mt JORC-compliant resource. Indicative ash content is an elevated 30%. No wash tests have been conducted on this coal to date.

Figure 7: Inferred Coal Resource and Raw Coal Qualities for the Moruple Main Seam

Gross Insitu Tonnes (Mt)	Geological losses (%)	Insitu Tonnes (Mt)	Ave Seam Thickness (m)	RD of Coal	CV (MJ/kg)	Ash (%)	IM (%)	Vols (%)	FC (%)	Total S (%)
487.4	15	414.3	5.50	1.61	20.9	29.7	3.4	20.0	46.8	1.20

Source: Hodges Resources Ltd

The current resource target at Morupule is between 700Mt and 800Mt and HDG hopes to achieve this by 1HCY12.

- There are a host of other areas in the Prospect that have had exploration conducted on them however not in sufficient detail to warrant JORC-complaint classification. The current resource target at Morupule is between 700 and 800Mt and HDG intends to upgrade a portion of this by 1HCY12.
- The company can acquire up to 99% of the Prospect through a JV agreement with SNDP Manufacture Mining Construction Services Pty Ltd (SNDP). HDG will spend US$3m to earn a 75% interest in the JV and will have an option to earn the other 24% through payment of various other tranches based on exploration and proved-up resources (refer Figure 8).

Figure 8: Indicative SNDP JV Earn-in Timetable

Date	Month	Interest	Spend	Comments
May-11	1	0%	$0.5m	Cash on execution of agreement to SNDP
May-12	13	0%	$1m	Spent on exploration; upgrade to JORC inferred expected
May-13	25	75%	$2m	For a total of $3m spent to earn 75% of JV
May-15	49	99%	$2m + milestone payment on M&I resources	$2m spent on exploration plus milestone payments paid to SNDP based on US10¢/t on resources to May-13 and US8¢/t on resources found from May-13 to May-15

Source: Hodges Resources Ltd; FSB Research

A 2-phase drilling program and coal quality testwork will begin in 3QCY11; we expect completion of a scoping study by mid-2012.

- HDG is currently defining a drill program at Morupule South. A 2-phase drilling program will begin 3QCY11 with initial coal quality testwork to also commence. Phase 2 is set to begin in the following quarter with initial work done on a mine study. By 2012, we expect the company to begin a scoping study and produce a resource report detailing the results of the drilling campaign. We expect completion of the scoping study by mid-2012.

INFRASTRUCTURE

We do not anticipate HDG mining projects to be infrastructure-constrained in their development to supply domestic markets.

- While still at early stages of exploration, the projects are generally well serviced by regional infrastructure:
    - **Power –** The projects are proximal to an existing power station and we do not anticipate issues in connecting to the local power grid. Proposed mining operations will not be particularly power intensive however any wash plant will require an expanded power solution.
    - **Water –** We do not anticipate large requirements for water at either mining operation and local water should be sufficient to meet project needs. Similar to power, the proposed wash plant will require an expanded water solution.
    - **Transport –** The Morupule Prospect is located adjacent and to the south of an existing power station, a potential end user for the project. It is also located adjacent to an existing rail line that serves eastern Botswana. Moiyabana is located about 50km from the same rail line and is within easy trucking distance to Morupule. Should the company expand to supplying international markets, a trans-border rail and port solution will be required.

FUNDING

HDG is fully funded throughout the remainder of the year with $5.6m in cash.

- HDG recently completed a placement of 25m shares at $0.32/sh to raise $8m. The purpose of the raising was to fund exploration expenditures at both Morupule South and Moiyabana in addition to funding working capital.
- HDG's cash balance was $5.6m as at 30 June 2011 with no outstanding debt. The company is well funded for ongoing activities through to the end of the calendar year 2011.

BOARD OF DIRECTORS

- **Peter Mullens – Chairman** – Has extensive experience working in the mining industry for 27 years with roles in geology and exploration geology. He has also worked in corporate positions in both Australian and international public companies.
- **Mark Major – Managing Director** – Has more than 17 years of experience in mining in both Australia and overseas with operational and international mineral development expertise. Mark has been involved in several project acquisitions throughout his tenure in various senior management positions.
- **Bryan Dixon – Non-executive Director** – Has substantial experience in the mining sector and in the management of public and listed companies. Bryan brings project acquisition, financing and corporate skills to the Company and currently holds management and director positions with other mining companies.
- **Nathan McMahon – Non-executive Director** – Has more than 15 years of experience in the Australian resources sector. Nathan is currently Joint Managing Director of Cazaly Resources and he is a director of other mining companies with a particular interest in PGEs, base metals and industrial minerals.

CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

Figure 9: Issued Capital, Options and Major Shareholders

Fully Paid Ordinary Shares	**74,854,029**		
Unlisted Options			
Various expiry and strike	4,200,000	**Major Shareholders**	
Exp. 30-Nov-11 @ 20¢	2,150,000	Directors & Management	15%
Exp. 23-Dec-12 @ 38¢	500,000	Pinetree Capital (Toronto)	12%
Exp. 28-Jan-14 @ 20¢	150,000	Citicorp Nominees (Hong Kong)	5%
Total options	**7,000,000**	**Total Top 3**	**32%**
Total Diluted Shares	**81,854,029**		

Source: Hodges Resources Ltd; FSB Research

- The shareholder registry is fairly tight with the top 3 shareholders holding about a third of the company. 50% of HDG is held by the top 20 shareholders while just a little over 75% is held by the top 100.

RISKS

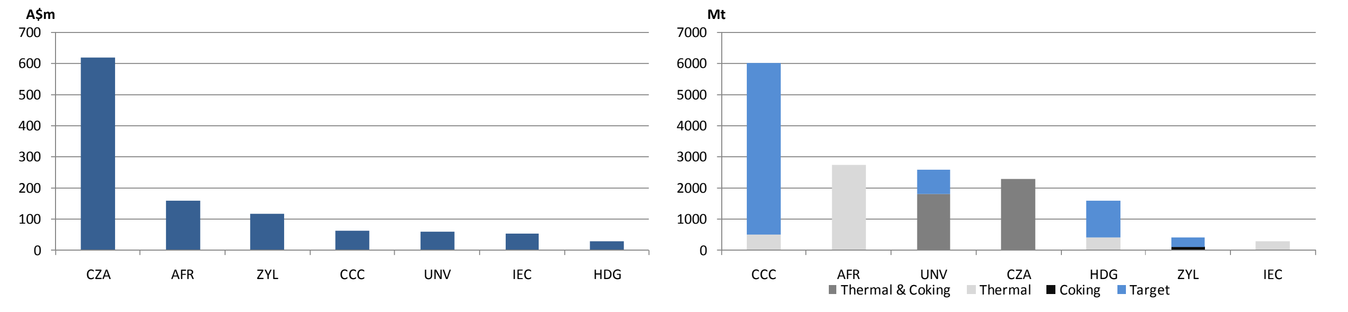
- **Resource/Reserve growth –** The projects are at a very early stage of exploration and while previous exploration work has outlined resource targets, the company is currently conducting its own drilling campaign. Should resource upgrades not meet outlined targets, project valuation will be negatively affected.
- **Development and Funding –** Even if sizeable resources achieve JORC status, development of these resources rests on funding. There is no guidance around indicative capital requirements but these will require access to both debt and equity markets.
- **Infrastructure –** Any decision to supply international markets rests on construction and access to trans-border rail and port solutions, both of which will require third-party development as they are beyond the scope of HDG in its current form.
- **Sovereign –** While Botswana remains a politically stable and highly favourable country in which to do business, the southern African region does have inherent political, economic and social risk. Changes to the Mining Code, such as was done recently in Namibia, have the potential to negatively impact HDG operations.

PEER COMPARISON

HDG's near term objective is to delineate a minimum 1Bt resource by the end of 2011.

- There has been increasing interest in coal exploration in Botswana given the country remains relatively unexplored. HDG's stated resource target of between 1.6Bt and 2.6Bt would give it a sizeable project from which to supply domestic markets with good potential to expand to export thermal markets. HDG's near term objective is to delineate a minimum 1Bt resource by the end of the calendar year.
- We value HDG on a peer multiples basis. Figure 10 shows enterprise value and existing JORC resources and targets across a peer group of ASX listed companies with projects in the southern African region.
    - Continental Coal Ltd (CCC) – Thermal coal in South Africa
    - African Energy Resources Ltd (AFR) – Thermal coal in Botswana
    - Universal Coal Ltd (UNV) – Thermal and coking coal in South Africa
    - Coal of Africa Ltd (CZA) – Thermal and coking coal in South Africa
    - Zyl Ltd (ZYL) – Coking coal in South Africa
    - Intra Energy Corp Ltd (IEC) – Thermal coal in Tanzania

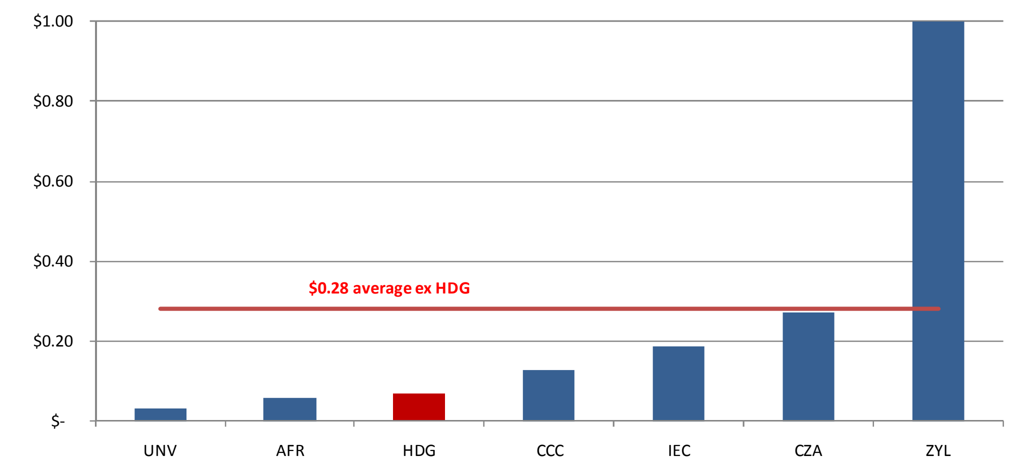
Figure 10: Enterprise Value (LHS) and JORC Resources and Targets (RHS)



Source: FSB Research

- Figure 11 shows the peer group on an EV$/t JORC resource basis. The average EV$/t resource is $0.28 (ex HDG). The outlier is clearly ZYL which is ascribed a premium due to it being a quality coking coal project. Being a far more constrained resource, coking coal attracts a sizeable premium over thermal coal and is therefore a more valuable product.

Figure 11: EV$/t on JORC Resources

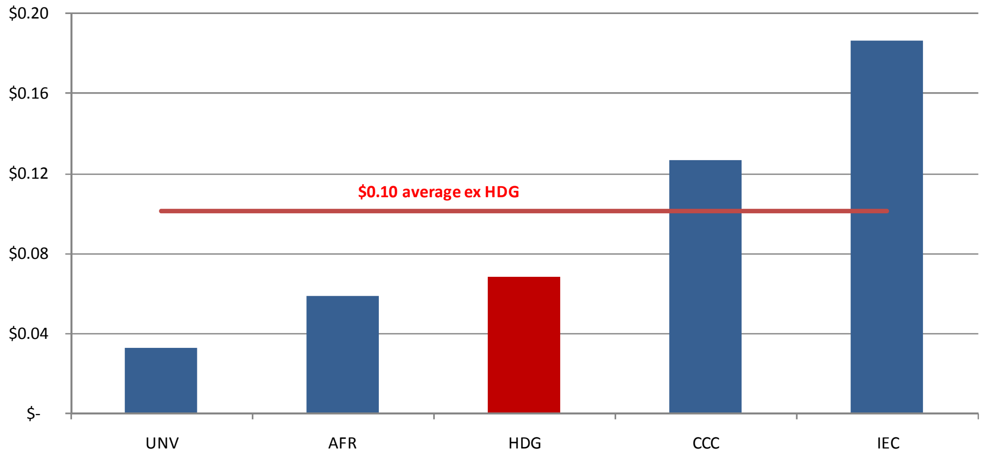


Source: FSB Research

HDG currently trades at a 30% discount against its peers.

- If we focus solely on southern African predominantly thermal coal developers (Figure 12), we get a better picture of the value ascribed to this peer group by the market. With an average EV$/t resource of $0.10 (ex HDG) across the group, HDG trades at a 30% discount relative to its peers. It is worth noting that CCC and IEC trade on higher multiples owing to their being in production or advanced stages of project development.

Figure 12: EV$/t on JORC Resources Across Southern African Predominantly Thermal Projects



Source: FSB Research

VALUATION

- HDG existing JORC resource of 414Mt thermal coal equates to an EV$/t resources of $0.07, a discount of 30% to its peer group ($0.10 EV$/t).
- While it remains early in the Company's exploration program at both projects we have used an EV$/t valuation approach to ascribe value to the current 414Mt JORC Resource at the Morupule project and include a resource estimate for the Moiyabana project of 700Mt by year end 2011.
- Using the peer group EV$/t multiple of $0.10 we value the target 700Mt resource at Moiyabana with in-situ value of $70m or $0.84/sh (un-risked) and a risked valuation of $25m ($0.34/sh).
- Applying the same EV$/t multiple to the 414Mt resource in-place at Morupule we derive an in-situ value of $41m or $0.55/sh (un-risked) and a risked valuation of $33m ($0.44/sh).
- We note our valuation is conservative using the lower end of the Moiyabana exploration target. Should the company achieve a maiden resource in excess of 1Bt at Moiyabana, the un-risked valuation for the project would be $90m. Adding the un-risked Morupule current resource and net cash, per share valuation jumps to $1.83.
- Accordingly, our 12-month price target is set at $0.85/share, in line with our in-situ valuation as detailed in Figure 13 below.

Figure 13: HDG Valuation Summary

Total resources (Mt)	414.3
Attributable resources (99% interest)	410.2
EV$/t multiple	$ 0.10

In-situ valuation	Mt	EV (A$m)	Interest*	Risk weight	Value (A$m)
Morupule JORC inferred resources	414.3	41.4	99%	0.8	$32.81
Moiyabana target resource (lower end)	700.0	70.0	90%	0.4	$25.20
Total potential in-situ value					**$58.01**
Net cash					**$5.60**
TOTAL VALUATION					**$63.61**
				per share valuation	**$0.85**
				PRICE TARGET	**$0.85**
*Interest assumes exercising options in full at each project				**Current Price**	**$0.42**
				Upside	**102%**

Source: FSB Research

RECOMMENDATION

Our $0.85/sh valuation is based on current resources at Morupule and a conservative risked estimate for target resources at Moiyabana.

- **We initiate our research coverage on HDG with a SPEC BUY recommendation and a price target of $0.85/share.**
- Our share price target is based on a $0.10/t resources peer comp in-situ valuation of year-end target resources amounting to just over 1Bt. We have risked our Moiyabana valuation 60% owing to the early nature of exploration, however we believe there is little risk for the company in achieving at least 1Bt of resources by year-end given their stated resources target range of 1.6Bt to 2.6Bt. Near term newsflow from drilling activities should deliver an upward re-rating of the share price.
- HDG has the opportunity to fast-track a coal mining operation and supply a ready domestic market given Botswana is a country in severe electrical power generation deficit and currently expanding its generating capacity.
- Our valuation excludes any value attributed to the company’s other exploration assets in Ghana, Sweden and Australia.

FOSTER STOCKBROKING DIRECTORY

Name	Department	Phone	Email
Stuart Foster	Dealing	+61 2 9993 8131	stuart.foster@fostock.com.au
Kevin Massey	Dealing	+61 2 9993 8130	kevin.massey@fostock.com.au
Trenton Brown	Dealing	+61 2 9993 8161	trenton.brown@fostock.com.au
Alex Drysdale	Dealing	+61 2 9993 8167	alex.drysdale@fostock.com.au
Tolga Dokumcu	Operator	+61 2 9993 8144	tolga.dokumco@fostock.com.au
George Mourtzouhos	Operator	+61 2 9993 8136	george.mourtzouhos@fostock.com.au
Martin Carolan	Equity Capital Markets	+61 2 9993 8168	martin.carolan@fostock.com.au
Mark Hinsley	Equity Capital Markets	+61 2 9993 8166	mark.hinsley@fostock.com.au
Andreas Kouremenos	Research	+61 2 9993 8142	andreas.kouremenos@fostock.com.au
Haris Khaliqi	Research	+61 2 9993 8152	haris.khaliqi@fostock.com.au

Foster Stockbroking Pty Limited

A.B.N 15 088 747 148 FSR Licence No. 223687

Level 21, 25 Bligh Street, SYDNEY, NSW 2000 Australia

Tel: +612 9221 8711 Dealing: +612 9221 8700 Fax: +612 9221 1031

Email: contact@fostock.com.au

PARTICIPANT OF ASX GROUP

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