HUDSON

RESOURCES LIMITED

ANNUAL REPORT 2015

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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

Auditors

K.S. Black & Co
ABN 48 117 620 556
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 2000
Telephone: +61 2 9236 2230

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

Directors

Vincent Tan
Richard Yap
Benjamin Amzalak

Company Secretary

Julian Rockett

Share Registry

Hudson Corporate Limited
Level 2
Hudson House
131 Macquarie Street
Sydney NSW 2000

Telephone: +61 2 9251 7177

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.

REVIEW OF OPERATIONS

Hudson Resources Limited (Hudson) is an unlisted Australian company specialising in investments in mining/ resource assets. Current resource investments embrace coal, gold and industrial minerals.

Corporate

On 3 February 2015 Vincent Tan was appointed a director of the Company and Luisa Tan resigned as a director.

On 15 October 2015 Tan Sri Ibrahim Menudin resigned as a director of the Company.

Key Mineral Investments – Gold and base metals

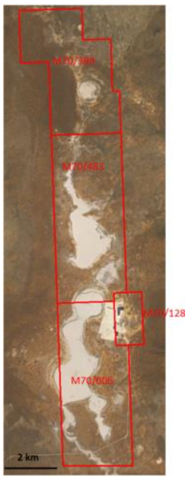
Hudson has 32.2 million shares in Sovereign Gold Company Limited (ASX code: SOC)

During the year, Hudson Resources sold the majority of its holding in Sovereign Gold realising $340,000. Currently Hudson Resources hold 32.3 million shares in Sovereign Gold valued at approximately $100,000.

INDUSTRIAL MINERALS

A total of 16,216 tonnes of Attapulgite ore was sold during the whole year.

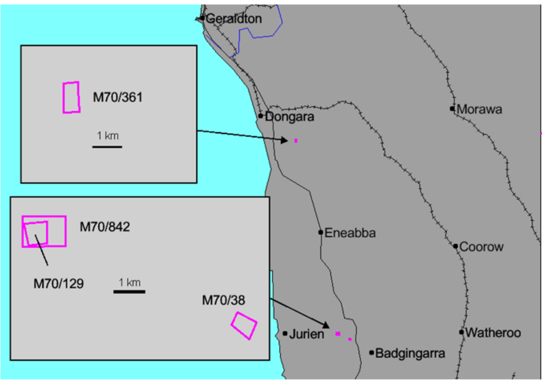
Attapulgite

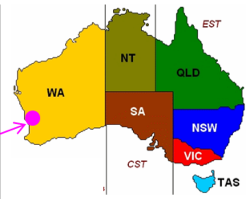


Project Location **4 Mining Leases** **2014 mining campaign** **Lump raw ore windrow**

- Hudson Resources operates the Lake Nerramyne Attapulgite Mine near Geraldton WA which commenced operations in 1978.
- The mine is based on Australia's largest known deposit of Attapulgite with premium quality with superior absorption and adsorption capabilities.
- 4 mining leases host an attapulgite clay resource encompassing an area of 2,700 hectares. Current Inferred Resource 23.4 million tonnes JORC was defined from an area of approximately 40% of the total area.
- Hudson campaign mines attapulgite. The 2014 mining campaign extracted 35,470 BCM. Next mining campaign is proposed in October 2016.
- Royalties dispute with the DMP are currently at Judicial Review. The Company is pursuing an action against the Department of Mines and Petroleum with respect to their assessment as to the royalties payable for attapulgite.

WA Diatomite





4 Diatomite Mining Leases

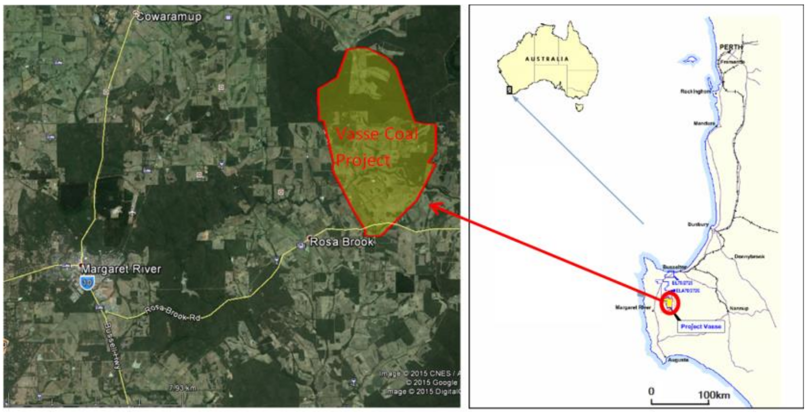

Badgingarra Stockpile


Raw Ore

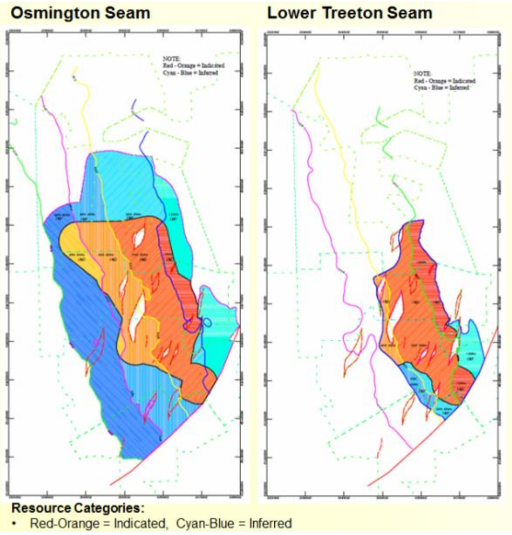

Stockpile Windrow

- Hudson holds 4 mining leases over diatomite deposits located between Perth & Geraldton WA.
- Current inferred resource 1.03Mt and increasing, including principal deposits are Badgingarra (Inferred resource 330,000t) and Dongara (inferred resource 500,000t).
- 20,000 tonnes above ground stockpile at Badgingarra, ready for shipment.
- Badgingarra Diatomite has been used in chemical free insecticide.
- Testing has demonstrated effective use as a slow release agent in fertilizer application
- A research program underway to test diatomite suitability in horticulture, agriculture, insecticide, stockfeed supplement and mine rehabilitation application.

Vasse Coal Project



Vasse Coal Project Location



Vasse Coal seams **Core Shed** **Core Shed**

- The Vasse Coal Project constitutes 6 coal mining leases, covering the majority of the Vasse Shelf coalfield in the southwest of WA.
- Superior quality premium coal, suitable for higher value Corex product. the only high energy black coal resource in this region.
- Feasibility Assessment with Mine Plan for up to 1.6 Mtpa ROM over 19 year mine life
- 117 Mt JORC resource, indicated resource of 52.7Mt.

OTHER INVESTMENTS

Land & Building Complexes - Narngulu Geraldton WA which derives rental income from Hudson's industrial properties, comprising 14.5 hectares in area, at Geraldton Western Australia is $0.43 million p.a. The properties include industrial complexes consisting of industrial and packaging sheds, warehouses and office facilities. The properties have a combined value of $3.9 million at the end of the year.

Plant & Equipment
In the 1990's, Hudson purchased new plant and equipment for a diatomite processing and filtration plant. The key item is an unused rotary kiln (25,000 tpa processing capacity).

DIRECTORS' REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Hudson Resources Limited (the **Company**) and the entities it controlled for the financial year ended 31 December 2015.

Principal activities

The principal activities of the Group during the course of the financial year were as follows:

- The mining and sale of attapulgite;
- Investment in gold exploration activities;
- Exploration and development of attapulgite mining lease; and
- Investment opportunities to develop the Company's earnings base.

Consolidated results

The net consolidated loss of the Group for the year ended 31 December 2015 was $9.57 million compared to a profit of $0.17 million for the previous corresponding period.

Total Shareholders' funds as at 31 December 2015 are $5.85 million.

Additional information on the operations of the Group is disclosed in the Review of Operations section of this report.

Review of operations and operating results

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the review of operations on pages 4 to 6 of this annual report.

Dividends

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	Resigned 15 Oct 2015
Vincent Tan	Executive Director	Appointed 03 Feb 2015
Richard Yap	Non-Executive Director	
Benjamin Amzalak	Non-Executive Director	
Luisa Tan	Non-Executive Director	Retired 03 Feb 2015

Directors' interests

The relevant interest of each Director in the share capital of the Company is shown in Note 31.

Meetings of Directors

	Directors Meetings	
Director	Attended	Held Whilst in Office
Richard Yap	4	4
Benjamin Amzalak	4	4
Vincent Tan*	4	4
Luisa Tan***	0	0
Tan Sri Ibrahim Menudin**	4	4

*Mr Tan was appointed on 3 Feb 2015
** Mr Menudin resigned 15 Oct 2015
*** Ms Tan retired on 3 Feb 2015

INFORMATION ON DIRECTORS AND MANAGEMENT

DIRECTORS

Vincent Tan
Executive Director - Appointed on 03 February 2015

Experience and expertise	Vincent Tan is a chartered accountant and has over the past 35 years worked in a range of industries, including insurance, securities trading, finance and property. Mr Tan has held senior management positions in a number of public and non-government organisations and has broad experience in corporate structuring.
Other Current Directorships	None
Former Directorships in the Last 3 Years of Listed Companies	Non-Executive Director of Australian Bauxite Limited Managing Director of Raffles Capital Limited
Special Responsibilities	
Interests in Shares and Options	15,000 held directly

Richard Yap B Econ, MBA, CPA
Non-Executive Director - Appointed a Director on 1 August 2013

Experience and Expertise	Mr Yap has over 20 years' experience in investment banking and corporate finance with qualifications of a Bachelor of Economics and a Master of Business Administration from Monash University. Mr Yap is also currently the Director of Business Development and Advisor to the Chairman of TA Enterprise Berhad, a company listed on the Kuala Lumpur Stock Exchange.
Other Current Directorships	None
Former Directorships in the Last 3 Years of Listed Companies	Non-Executive Director of Raffles Capital Limited
Special Responsibilities	
Interests in Shares and Options	None

Benjamin Amzalak B. Com (Marketing & Finance)
Non-Executive Director - Appointed a Director on 13 June 2013

Experience and Expertise	Mr Amzalak has an extensive background in capital rising, investor relations and broking communications. He has been engaged in capital management, raising in excess of $250 million in new venture capital for mining and other public companies. He provides advisory services to public companies in many areas including Initial Public Offerings and Mergers and Acquisitions.
Other Current Directorships	Non-Executive Director of Raffles Capital Limited
Former Directorships in the Last 3 Years of Listed Companies	None
Special Responsibilities	
Interests in Shares and Options	None

Former Director

Luisa Tan

Non-Executive Director – Appointed 13 June 2013 and retired 03 February 2015

Tan Sri Ibrahim Menudin, B.Com, FCA

Non-Executive Chairman – Appointed 6 June 2007 and resigned 15 October 2015

OFFICERS

Julian Rockett, B.A., LL.B.

Company Secretary - Appointed 19 August 2011

Experience and Expertise	Mr Rockett was appointed Company Secretary on 19 August 2011. His background is in government services and previously worked at a Sydney commercial litigation practice. Mr Rockett is the Company Secretary of Hudson Investment Group Limited. In addition, Mr Rockett also provides in-house legal counsel and legal services to a number of listed and non-listed corporate entities.

Francis Choy MCom MBA FCPA (HK) FCPA CA
Chief Financial Officer

Experience and Expertise	Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project financing, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.

Likely developments

Information on likely developments in the operations of the consolidated entity, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the economic entity.

Significant changes in state of affairs

Please refer to Review of Operation Section for detail.

Matters subsequent to balance date

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2015, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2015, of the Group.

Environmental regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of Western Australia involve exploration activities. These operations are governed by the NSW *Environment Planning and Assessment Act 1979*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.

The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.

There have been no known breaches by the Company during the reporting period.

To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Share options granted to Directors and other Key Management Personnel

There were no options granted to Directors or other key management personnel of the Company during the financial year or during the period since the end of the financial year and up to the date of this report.

No options were issued or expired during the same period.

Please refer to Note 31 for details.

Loans to Directors and other key management personnel

Under Hudson Resources Executive Share Ownership Plan, a total of $225,000 (2014: $225,000) was advanced to various Executives. The interest rate on the non-recourse loan is 12% per annum and 1,500,000 (2014: 1,500,000 shares) shares of Hudson Resources Limited are held as security. The fair value of the shares is not recorded in Statement of Financial Position. Please refer to Note 31 for details.

There were no other loans made to Directors or Other Key Management Personnel of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

Shares under option

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

Directors' and officers' indemnities and insurance

During the financial year the Company (as the controlling entity) paid an insurance premium, insuring the Company's Directors, (as named in this report), Company Secretary, Executive officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor's independence declaration

The Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 15.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor K.S. Black & Co. for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for *Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit services	**16,795**	16,995	**16,795**	16,995
Review Services	**-**	8,755	**-**	8,755
	16,795	25,750	**16,795**	25,750
Amounts paid or payable to auditors for non audit taxation services for the parent entity or any company in the Group for review and lodgement of the income tax return				
Taxation services	**1,295**	1,150	**1,295**	1,150
Amounts paid or payable for non audit advisory services for the Company.				
Advisory services	**-**	-	**-**	-
	1,295	1,150	**1,295**	1,150

Auditor

K.S. Black & Co continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a Resolution of the Board of Directors.

Vincent Tan
Director

Benjamin Amzalak
Director

Signed at Sydney
29 April 2016

Level 6, 350 Kent Street
Sydney NSW 2000

75 Lyons Road
Drummoyne NSW 2047

K.S. Black & Co.
Chartered Accountants
ABN 48 117 620 556

20 Grose 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

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Hudson Resources Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner

Dated in Sydney on this 21st day of April 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		Consolidated		Parent Entity	
		2015	2014	**2015**	2014
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue from continuing operations	4	**793**	1,630	**362**	1,456
Cost of sales and providing services		**(825)**	(1,446)	**(235)**	(1,130)
Other income and expenses	5	**(8,075)**	(3,208)	**(8,898)**	2,361
Administration and exploration expenses	6	**(1,033)**	(5,685)	**(1,006)**	(1,203)
Finance costs	6	**(435)**	(317)	**(293)**	(57)
Profit/(Loss) before income tax expense		**(9,575)**	(9,026)	**(10,070)**	1,427
Income tax expense/(benefit)	7 (a)	**-**	-	**-**	-
Profit/(Loss) after tax		**(9,575)**	(9,026)	**(10,070)**	1,427
Other comprehensive income					
Other comprehensive income		**-**	-	**-**	-
Tax expenses		**-**	-	**-**	-
Other comprehensive income after tax		**-**	-	**-**	-
Total Comprehensive Income		**(9,575)**	(9,026)	**(10,070)**	1,427
Non-Controlling Interest		**-**	9,200	**-**	-
Total Comprehensive (loss)/income attributable to members of the Company		**(9,575)**	174	**(10,070)**	1,427
Earnings/(loss) per share		**Cents**	Cents		
Basic earnings per share	29	**(8.09)**	0.15		
Diluted earnings per share	29	**(8.09)**	0.15		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**310**	287	**290**	141
Trade and other receivables	9	**129**	613	**138**	563
Financial assets	12	**65**	616	**65**	616
Inventories	10	**221**	275	**221**	275
Other current assets	11	**10**	15	**10**	15
Total current assets		**735**	1,806	**724**	1,610
Non-current assets					
Trade and other receivables	9	**122**	325	**785**	2,042
Financial Assets	12	**5,500**	13,000	**8,639**	13,000
Mining tenements	13	**-**	468	**-**	-
Plant and equipment	14	**13**	25	**13**	25
Investment property	15	**3,900**	3,078	**-**	-
Intangible assets	16	**-**	-	**-**	-
		9,535	16,896	**9,437**	15,067
Total Assets		**10,270**	18,702	**10,161**	16,677
LIABILITIES					
Current Liabilities					
Trade and other payables	17	**800**	798	**798**	1,234
Financial liabilities	19	**14**	101	**14**	14
Employee benefits provision	18	**10**	-	**10**	-
Total current liabilities		**824**	1,476	**822**	1,248
Non-current liabilities					
Trade and other payables	17	**615**	-	**4,468**	548
Financial liabilities	19	**2,716**	1,651	**16**	30
Provisions	20	**263**	189	**263**	189
Total non-current liabilities		**3,594**	1,840	**4,747**	767
Total Liabilities		**4,418**	3,316	**5,569**	2,015
Net Assets		**5,852**	15,386	**4,592**	14,662
EQUITY					
Issued capital	21	**26,925**	26,925	**26,925**	26,925
Reserves	22	**12,649**	12,608	**4,152**	4,152
Accumulated losses		**(33,722)**	(24,147)	**(26,485)**	(16,415)
Total Equity		**5,852**	15,386	**4,592**	14,662

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Issued Capital	Reserves	Accumulated Losses	Non-Controlling Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000
Consolidated					
At 1 January 2015	**26,925**	**12,608**	**(24,147)**	**-**	**15,386**
Profit/(Loss) for the year	**-**	**-**	**(9,575)**	**-**	**(9,575)**
Movement during the year	**-**	**41**	**-**	**-**	**41**
At 31 December 2015	**26,925**	**12,649**	**(33,722)**	**-**	**5,852**
At 1 January 2014	26,925	16,067	(24,321)	26,660	45,331
Profit/(Loss) for the year	-	-	174	-	174
Movement during the year	-	(3,459)	-	(26,660)	(30,119)
At 31 December 2014	26,925	12,608	(24,147)	-	15,386
Parent Entity					
At 1 January 2015	**26,925**	**4,152**	**(16,415)**	**-**	**14,662**
Profit/(Loss) for the year	**-**	**-**	**(10,070)**	**-**	**(10,070)**
At 31 December 2015	**26,925**	**4,152**	**(26,485)**	**-**	**4,592**
At 1 January 2014	26,925	4,152	(17,842)	-	13,235
Profit for the year	-	-	1,427	-	1,427
At 31 December 2014	26,925	4,152	(16,415)	-	14,662

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated		Parent Entity	
		2015	2014	**2015**	2014
		$'000	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		**852**	502	**368**	410
Payments to suppliers and employees		**(1,870)**	(4,872)	**(1,598)**	(1,269)
Interest paid		**(126)**	(174)	**(9)**	(4)
Interest received		**4**	751	**9**	706
Net cash (used in)/provided by operating activities	28	**(1,140)**	(3,793)	**(1,230)**	(157)
Cash flows from investing activities					
Proceeds from sale of shares		**340**	4,228	**340**	3,480
Intra-group property transfer		**-**	-	**-**	1,344
Acquisition of investment		**(135)**	(13,800)	**(135)**	(14,345)
Payments for property, plant and equipment		**-**	-	**-**	-
Repayment from/(advance to) other entity		**(20)**	11,650	**1,188**	10,280
Repayment/(advance) with controlled entity		**-**	-	**-**	(1,564)
Net cash provided by/(used in) from investing activities		**185**	2,078	**1,393**	(805)
Cash flows from financing activities					
Proceed from borrowing		**2,700**	-	**-**	-
Proceeds/(repayment) from borrowing		**(1,722)**	(101)	**(14)**	(14)
Net cash provided by/(used in) from financing activities		**978**	(101)	**(14)**	(14)
Net (decrease)/increase in cash and cash equivalents		**23**	(1,816)	**149**	(976)
Cash and cash equivalents at the beginning of the financial year		**287**	2,103	**141**	1,117
Cash and cash equivalents at the end of the financial year	8	**310**	287	**290**	141

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

The financial statements of Hudson Resources Limited (the **Company**) and its controlled entities (the **Group**) for the year ended 31 December 2015 was authorised for issue in accordance with a resolution of Directors and covers Hudson Resources Limited as an individual entity as well as the consolidated entity consisting of Hudson Resources Limited and its subsidiaries as required by the *Corporations Act 2001*.

Hudson Resources Limited is a company limited by shares incorporated in Australia whose shares are listed on the Australian Securities Exchange (**ASX**) to July 2014.

The financial statements are presented in Australian currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is domiciled in Australia. The consolidated financial report of the Company for the financial year ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the **consolidated entity**).

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting interpretations, other authoritative pronouncement of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Statement of Compliance

Australian Accounting Standards (**AASBs**) include Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial report of Hudson Resources Limited complies with International Financial Reporting Standards, (**IFRS**).

Critical accounting estimates and assumptions

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

Impairment of assets

The Company assess impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Critical judgements

Management have made the following judgements when applying the Group's accounting policies:

i. Capitalisation of exploration costs

During the year the Group and the parent entity made a judgement about the capitalisation of exploration costs.

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates, if any one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

Measurement of financial assets

If there is an active market for financial assets then the fair value should be in line with market prices and if not they have been carried at cost.

Recognition of deferred tax assets

In line with the Group's accounting policy (Note 2e) and as disclosed in Note 7, deferred tax assets have not been recognised.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

Company considers its property and mineral segments are producing positive cash flow and income to meet its cash obligation.

Historical cost convention

These financial statements have been prepared under the historical cost convention except where noted in these accounting policies.

ASIC CO 98/100

The Company is of a kind referred to in ASIC Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, the nearest dollar.

b. Principles of consolidation

(i) *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hudson Resources Limited (the **parent entity**) as at 31 December 2015 and the results of all subsidiaries for the year then ended. Hudson Resources Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(ii) *Joint Ventures*

Interests in joint venture entities are accounted for in the consolidated financial statements using the proportionate consolidation method and are carried at cost by the parent entity. Under the proportionate consolidation method, the share of income and expenses of the jointly controlled entity is combined line by line with similar items in the consolidated Statement of Profit or Loss and Other Comprehensive Income and the share of assets and liabilities are recognised in the consolidated Statement of Financial Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(iii) *Business Combinations*

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(iv) *Goodwill*

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and
- The acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those segments operating in other economic environments. Reporting to management by segments is on this basis.

d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of goods passes to the customer.

Interest revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Rental income

Rental income on investment properties is accounted for on a straight-line basis over the term of the lease. Contingent rentals are recognised as income in the periods when they are earned.

Other income

Income from other sources is recognised when the fee in respect of other products or service provided is receivable.

e. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Hudson Resources Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognized in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognized by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current inter-company receivables or payables.

f. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are calculated net on operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

g. Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than 3 months, net of bank overdrafts.

h. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the consolidated entity will not be able to collect all amounts due according to the original terms of receivables.

i. Inventories

Raw materials and stores represent ore that has been extracted and is available for further processing. Where the future processing of the ore can be predicted with confidence because it exceeds the mines cut-off grade, it is valued at the lower of cost and net realisable value. Quantities are assessed through survey.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

j. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

k. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

l. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by entities in the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Entities in the consolidated entity use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to entities in the consolidated entity for similar financial instruments.

m. Leases

Company as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Company as lessor

Lease income from operating leases is recognised in the Statement of Comprehensive Income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

n. Tenement exploration, evaluation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are be amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

o. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight line method to allocate cost over their useful lives as follows:

- Building 30 years
- Plant and equipment 5 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

p. Investment properties

Investment property, principally comprising of buildings and land at Geraldton, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value which is based on active market prices, adjusted if necessary, for any differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute or the Directors of the Group. Changes in fair values are recorded in the Statement of Profit or Loss and Other Comprehensive Income as part of other income.

q. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r. Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the loans and borrowings using the effective interest method.

s. Employee benefits

(i) *Wages, salaries, and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) *Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

t. Provisions

Provisions relate to amounts due to the Mines Department in relation to restoration. These amounts are held in trust and utilised when restoration of a site is required.

u. Contributed equity

Ordinary shares are classified as equity. Incremental costs directly, attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v. Capital profits reserve

The capital profits reserve represents the realised component of the asset revaluation reserve which remains undistributed to shareholders.

w. Options reserve

The options reserve is used to recognise the fair value of options issued to employees but not exercised.

x. Share-based payments

Ownership-based remuneration is provided to employees via the executive option plan and employee share plan. Information relating to the scheme is set out in Note 33.

Share-based compensation to Directors and employees is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Sholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

y. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

z. New Accounting Standards for Application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. We have reviewed these standards and interpretations and there are none having any material effect.

3. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function is to also review the risk management policies and processes and report their findings to the Audit Committee.

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Financial assets				
Current				
Cash and cash equivalents	**310**	287	**290**	141
Trade and other receivables	**2,949**	613	**2,958**	563
Financial assets	**65**	616	**65**	616
Non-current				
Trade and other receivables	**122**	325	**785**	2,042
Financial assets	**5,500**	13,000	**8,639**	13,000
	8,946	14,841	**12,737**	16,362
Financial liabilities				
Current				
Trade and other payables	**800**	798	**798**	1,234
Financial liabilities	**14**	101	**14**	14
Non-current				
Trade and other payables	**615**	-	**4,468**	548
Financial liabilities	**2,716**	1,651	**16**	30
	4,145	2,550	**5,296**	1,826

b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets excluding the available for sale financial assets, as summarised under note (a) above.

For banks and financial institutions, only independently rated parties are accepted and each deposit account is kept to under $1 million to ensure that it is covered by the Governments bank deposit guarantee scheme.

3. FINANCIAL RISK MANAGEMENT continued

c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, i.e. borrowing repayments. Bank loans are detailed below. The funds were provided by bankers for the Group and the Parent Company. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

Maturity analysis of financial liabilities

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated - 2015						
Current						
Trade and other payables	**800**	**32**	**32**	**-**	**-**	**-**
Financial liabilities	**14**	**14**	**7**	**7**	**-**	**-**
Non-current						
Trade and other payables	**615**	**615**	**-**	**-**	**615**	**-**
Financial liabilities	**2,716**	**2,716**	**-**	**-**	**16**	**2,700**
Total financial liabilities at amortised cost	**4,145**	**3,377**	**39**	**7**	**631**	**2,700**
Consolidated - 2014						
Current						
Trade and other payables	798	266	266	-	-	-
Financial liabilities	101	101	50	51	-	-
Non-current						
Trade and other payables	-	-	-	-	-	-
Financial liabilities	1,651	1,651	-	-	1,651	-
Total financial liabilities at amortised cost	2,550	2,018	316	51	1,651	-
Parent Entity - 2015						
Current						
Trade and other payables	**798**	**30**	**30**	**-**	**-**	**-**
Financial liabilities	**14**	**14**	**7**	**7**	**-**	**-**
Non-current						
Trade and other payables	**4,468**	**615**	**-**	**-**	**615**	**-**
Financial liabilities	**16**	**16**	**-**	**-**	**16**	**-**
Total financial liabilities at amortised cost	**5,296**	**675**	**37**	**7**	**631**	**-**
Parent Entity- 2014						
Current						
Trade and other payables	1,234	802	154	648	-	-
Financial liabilities	14	14	7	7	-	-
Non-current						
Trade and other payables	548	-	-	-	-	-
Financial liabilities	30	30	-	-	30	-
Total financial liabilities at amortised cost	1,826	846	161	655	30	-

3. FINANCIAL RISK MANAGEMENT continued

Maturity analysis of financial liabilities continued

d. Market risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) *Interest rate risk*

The Group does not apply hedge accounting. The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk. For further details of exposure to interest rate risk refer Note 19 Financial Liabilities.

Sensitivity Analysis

The following tables demonstrate the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

	Carrying Amount	**+1% Interest Rate**	**-1% Interest Rate**
Consolidated	**$'000**	**$'000**	**$'000**
2015			
Borrowings	**2,730**	**(27)**	**27**
Tax charge of 30%		**8**	**(8)**
After tax increase/(decrease)	**2,730**	**(19)**	**19**
Consolidated			
2014			
Borrowings	1,752	(18)	18
Tax charge of 30%		5	(5)
After tax increase/(decrease)	1,752	(13)	13

	Carrying Amount	**+1% Interest Rate**	**-1% Interest Rate**
Parent Entity	**$'000**	**$'000**	**$'000**
2015			
Borrowings	**30**	**(1)**	**1**
Tax charge of 30%		**-**	**-**
After tax increase/(decrease)	**30**	**(1)**	**1**
Parent Entity			
2014			
Borrowings	44	(1)	1
Tax charge of 30%		-	-
After tax increase/(decrease)	44	(1)	1

The above analysis assumes all other variables remain constant.

(ii) *Currency risk*

The group has no exposure to currency risk as no transactions are conducted in foreign currency.

3. FINANCIAL RISK MANAGEMENT continued

e. Capital risk management

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the balance sheet (including minority interest).

It is the Group's policy to maintain its gearing ratio within a healthy and manageable level. The Group's gearing ratio at the balance date is shown below:

Gearing ratios	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Total bank borrowings	**(2,730)**	(1,752)	**30)**	(44)
Cash and cash equivalents	**310**	287	**290**	141
Net cash/(debt)	**(2,420)**	(1,465)	**260**	97
Total equity	**5,852**	15,386	**4,592**	14,662
Total Capital	**8,272**	16,851	**4,592**	14,668
Gearing Ratio	**29.2%**	8.7%	**n/a**	n/a

The Group's main activities include the mining and sale of attapulgite and investment in coal, bauxite and gold exploration activities. Due to the nature of these activities, during the year the Group has primarily used the raising of capital to fund its activities. The borrowings within the Group mainly relate to the investment property used by a related party to process attapulgite into finished goods.

4. REVENUE FROM CONTINUING OPERATIONS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Revenue				
Sale revenues	**326**	203	**326**	203
Rental income	**431**	332	**-**	203
Management fee	**-**	71	**-**	71
	757	606	**326**	477
Other Revenue				
Interest income	**36**	1,024	**36**	979
	793	1,630	**362**	1,456

5. OTHER INCOME AND EXPENSES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Net gain/(loss) on disposal of investment	**(1,217)**	3,069	**(1,307)**	2,851
Change in fair value of investment property	**822**	-	**-**	-
Change in fair value of Investment	**(4,860)**	(6,495)	**(4,771)**	(535)
Provision for doubtful debt	**(2,820)**	-	**(2,820)**	-
Other	**-**	218	**-**	45
	(8,075)	(3,208)	**(8,898)**	2,361

6. EXPENSES

a. Expenses

Profit/(Loss) before income tax is arrived after (charging)/crediting the following specific items:	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Employee benefit expense	**(290)**	(831)	**(290)**	(200)
Superannuation contribution expense	**(3)**	(37)	**(3)**	(3)
Consulting and professional fees	**(179)**	(1,025)	**(155)**	(251)
Legal fees paid	**(42)**	-	**(42)**	-
Borrowing costs:				
Interest and finance charges	**(402)**	(187)	**(280)**	(18)
Depreciation:				
Buildings	**-**	(83)	**-**	(26)
Plant and equipment	**(12)**	(12)	**(12)**	(12)
Total Depreciation	**(12)**	(95)	**(12)**	(38)

b. Dividends

The Directors do not recommend a dividend relating to the year ended 31 December 2015 (2014: $nil) to be paid.

7. INCOME TAX

a. Income tax expense

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current tax expense	**-**	-	**-**	-
Deferred tax expense	**-**	-	**-**	-
Total income tax expense	**-**	-	**-**	-
Deferred tax expense				
Increase in deferred tax expense/(benefit)	**-**	-	**-**	-

b. Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Profit/(loss) before income tax expense	**(9,575)**	(9,026)	**(10,070)**	1,427
Income tax expense (benefit) calculated at 30% (2014:30%)	**2,872**	430	**3,021**	428
Tax losses not brought to account	**-**	-	**-**	-
Temporary differences not brought to account	**(2,872)**	409	**(3,021)**	490
Other				
Recoupment of prior year tax losses not previously brought to account	**-**	(839)	**-**	(918)
Income tax expense/(benefit) at effective tax rate of 30% (2014: 30%)	**-**	-	**-**	-

7. INCOME TAX continued

c. Unrecognised deferred tax assets and liabilities

The unrecognised deferred tax assets of the Group includes $xxx (2014: $10,697,933) in relation to carried forward tax losses and $xxx (2013: $2,389,805) in relation to carried forward capital losses.

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Deferred tax assets and liabilities have not been recognised in the statement of financial position for the following items:				
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group	**-**	-	**-**	-
Other deductible temporary differences and tax losses used	**6,913**	(2,798)	**7,687**	(3,061)
Deferred tax asset in respect of exploration activities not brought to account	**-**	-	**-**	-
Deferred tax liability in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset	**-**	-	**-**	-
	6,913	(2,798)	**7,687**	(3,061)
Potential benefit/ (expense) at 30% (2014: 30%)	**2,073**	(839)	**2,306**	(918)

d. Deferred tax assets

Deferred tax assets comprise temporary differences attributable to:				
Amounts recognised in profit and loss	**-**	-	**-**	-
Tax losses	**-**	-	**-**	-
Amounts recognised directly in equity	**-**	-	**-**	-
Share issue expenses	**-**	-	**-**	-
	-	-	**-**	-

e. Deferred tax liabilities

Deferred tax liabilities comprise temporary differences attributable to:				
Amounts recognised directly in equity	**-**	-	**-**	-
Revaluations of land and buildings	**-**	-	**-**	-
Amounts recognised in profit and loss	**-**	-	**-**	-
Capitalised exploration costs	**-**	-	**-**	-
	-	-	**-**	-

8. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash and cash equivalent	**121**	98	**101**	(48)
Cash held in trust	**189**	189	**189**	189
	310	287	**290**	141
Weighted average interest rates	**2.07%**	1.64%	**2.21%**	2.50%

9. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Receivables - trade	**45**	140	**44**	87
Receivables - advance to other parties	**2,829**	450	**2,829**	450
Provision for doubtful debt	**(2,820)**	-	**(2,820)**	-
Receivables - GST	**2**	19	**12**	22
Tenement deposits	**73**	4	**73**	4
	129	613	**138**	563
Non-current				
Receivable - advance to controlled entities	**-**	-	**663**	1,717
Receivable - advance to other parties	**68**	298	**68**	298
Receivable - employee Share Plan	**54**	27	**54**	27
Total	**122**	325	**785**	2,042

a. Impaired trade receivables and receivables past due

None of the current or non-current trade receivables are impaired or past due but not impaired.

b. Receivables – advance to other parties

Current

Company transferred share investments to another related entity $1.38 million (2014: $0.45 million) during the year. None were written off during the year. The unsecured recourse advance is non-interest bearing and have no fixed repayment term. The balance $1.83 million remained outstanding and a provision of $1.83 million was made as at reporting date.

Non-current

Company advanced interest bearing non-secured loan to one related entity, RafflesCo Limited of $0.06 million.

None were written off during the year.

c. Receivables - GST

These amounts relating to receivables for GST paid

d. Receivable – employee share plan

All non-recourse loans relate to the individuals participation in the Company's Executive Share Ownership Plan (ESP). Interest is payable upon termination. Loans are secured against the Employee Share Plan shares only. Non-recourse loans are repayable should employees leave the Company. None were written down during the year. If the employee decide not to participate the ESP, all ESP plan shares will be returned to company, fair value of ESP shares is not recorded in book.

e. Interest rate risk

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

9. TRADE AND OTHER RECEIVABLES

f. Fair value and credit risk

Current trade and other receivables

Due to the short term nature of these receivables their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current trade and other receivables

The fair values and carrying values of non-current receivables are as follows:

	2015		2014	
	Carrying Amount $'000	**Fair Value Amount $'000**	Carrying Amount $'000	Fair Value Amount $'000
Consolidated				
Advance to other entities	**122**	**54**	325	325
Parent Entity				
Advance to controlled entities	**663**	**663**	1,717	1,717
Advance to other entities	**68**	**-**	298	298
Employee Share Plan	**54**	**54**	27	27
	785	**717**	2,042	2,042

Receivables under Employee Share Plan are interest bearing and secured by ESP plan shares.

Advances to other entities are interest bearing and secured by shares.

Advances to controlled entities are interest free, and are repayable on demand. The fair value is approximately equivalent to the carrying value.

10. INVENTORIES

	Consolidated		**Parent Entity**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Raw materials – ore at cost	**221**	275	**221**	275
	221	275	**221**	275

11. OTHER CURRENT ASSETS

	Consolidated		**Parent Entity**	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Prepayments	**6**	7	**6**	7
Others	**4**	8	**4**	8
	10	15	**10**	15

12. FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Investment in listed shares	**65**	616	**65**	616
Non-Current				
Investment in preference shares (note a)	**10,000**	13,000	**-**	13,000
Provision for recoverable amount	**(4,500)**	-	**-**	-
Shares in controlled entities at cost	**-**	-	**8,639**	589
Provision for recoverable amount	**-**	-	**-**	(589)
	5,500	13,000	**8,639**	13,000

Note a: In December 2014, Company invested $13.0 million in unsecured, perpetual, non-cumulative preference share of Hudson Pacific Group Limited. A provision for diminution $4.5 million was made during the reporting year.

13. MINING TENEMENTS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Mining tenements	**-**	468	**-**	-

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.

Tenement No.	Location	Square Kms	Registered Owner/ Applicant/ Assignee	% Interest
M70/128	Lake Nerramyne	1.2	HRS - Attapulgite	100%
M70/389	Lake Nerramyne	7.2	HRS - Attapulgite	100%
M70/483	Lake Nerramyne	9.5	HRS - Attapulgite	100%
M70/606	Lake Nerramyne	8.9	HRS - Attapulgite	100%
M70/129	Badgingarra	0.5	HRS - Diatomite	100%
M70/361	Dongara	0.5	HRS - Diatomite	100%
M70/38	Drak	0.4	HRS - Diatomite	100%
M70/842	Badgingarra	0.8	HRS - Diatomite	100%
M70/275	Treeton	10.2	VasseCo Pty Ltd	100%
M70/276	Treeton	10.1	VasseCo Pty Ltd	100%
M70/277	Treeton	9.9	VasseCo Pty Ltd	100%
M70/393	Osmington	8.5	VasseCo Pty Ltd	100%
M70/394	Osmington	9.6	VasseCo Pty Ltd	100%
M70/395	Osmington	6.8	VasseCo Pty Ltd	100%
M70/504	Treeton	8.8	VasseCo Pty Ltd	100%

14. PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Plant and equipment				
Plant and equipment – at cost	**3**	22	**3**	22
Less: Accumulated depreciation	**(1)**	(19)	**(1)**	(19)
Carrying value	**2**	3	**2**	3
Leased assets				
Leased assets - at cost	**22**	57	**22**	57
Less: Accumulated depreciation	**(11)**	(35)	**(11)**	(35)
Carrying value	**11**	22	**11**	22
Total Carrying value	**13**	25	**13**	25

Reconciliations

Reconciliations of the carrying amount of each class of leased asset, plant and equipment at the beginning and end of the financial year are set out below.

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Plant and equipment				
Carrying amount at beginning of year	**3**	66	**3**	6
Transfer	**-**	(60)	**-**	-
Depreciation	**(1)**	(3)	**(1)**	(3)
Carrying amount at end of year	**2**	3	**2**	3
Leased assets				
Carrying amount at beginning of year	**22**	34	**22**	34
Depreciation	**(11)**	(12)	**(11)**	(12)
Carrying amount at end of year	**11**	22	**11**	22

15. INVESTMENT PROPERTY

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At fair value (note b)	**3,900**	3,078	**-**	**-**

Reconciliation of the carrying amount of investment property at the beginning and end of the financial year is set out below.

At fair value				
Balance at beginning of year	**3,078**	3,148	**-**	1,367
Depreciation	**-**	(70)	**-**	(23)
Intra-group transfer	**-**	-	**-**	(1,344)
Fair value adjustments	**822**	-	**-**	-
Balance at end of year	**3,900**	3,078	**-**	-

a. Amounts recognised in profit and loss for investment properties

The following amounts have been recognised in the Statement of Profit or Loss and Other Comprehensive Income

Rental Income	**431**	332	**-**	203

b. Valuation Basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The valuations were based on independent assessments made by a member of the Australian Property Institute.

c. Non-current assets pledged as security

Refer to Note 19 for information on non-current assets pledged as security by the parent entity.

16. INTANGIBLE ASSETS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Goodwill on consolidation	**-**	-	**-**	-
	-	-	**-**	-

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
Goodwill:	**$'000**	$'000	**$'000**	$'000
Carrying value	**-**	14,401	**-**	-
Accumulated Impairment losses	**-**	(14,401)	**-**	-
Net carrying amount	**-**	-	**-**	-

Movement during the year

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the year	**-**	14,401	**-**	-
Divesting through business combination	**-**	(14,401)	**-**	-
Impairment losses	**-**	-	**-**	-
Balance at the end of the year	**-**	-	**-**	-

Please refer Note 25 for details.

17. TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
Current	**$'000**	$'000	**$'000**	$'000
Unsecured				
Trade Payables	**32**	266	**30**	125
Other and accrued payables	**768**	532	**768**	1,109
	800	798	**798**	1,234
Non-Current				
Unsecured				
Payable-controlled entities	**-**	-	**3,853**	548
Payable – related entities	**615**	-	**615**	-
	615	-	**4,468**	548

The non-current related entity payables is interest bearing and have fixed terms of repayment.

18. EMPLOYEE BENEFITS PROVISION

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Employee leave entitlements	**10**	**-**	**10**	**-**

19. FINANCIAL LIABILITIES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Secured				
Lease liabilities	**14**	14	**14**	14
Bank loan	**-**	87	**-**	-
	14	101	**14**	14
Non-Current				
Secured				
Leased liabilities	**16**	30	**16**	30
Bank loan	**2,700**	1,621	**-**	-
	2,716	1,651	**16**	30

Security for borrowings

Bank loan is secured by first mortgages over the Group's investment property at Geraldton and fixed and floating charges over assets of the Group as specified below. The loans are repayable in year 2020 and the rate of interest paid is a variable rate of 5.56% (2014: 5.72 %).

Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

Investment property	**3,900**	3,078	**-**	-
Plant and equipment	**13**	25	**13**	25
	3,913	3,103	**13**	25

Fair value

The fair value of borrowings is equal to the carrying amounts of the loans.

Risk exposure

Information about the Group's and parent entity's exposure to interest rate changes is provided in Note 3.

20. PROVISIONS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Non-Current				
Employee leave entitlements	**4**	-	**4**	-
Restoration provision	**259**	189	**259**	189
	263	189	**263**	189

21. ISSUED CAPITAL

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2015 Shares	2014 Shares	**2015 $'000**	2014 $'000
Share capital				
Ordinary shares	**118,385,822**	118,385,822	**26,925**	26,925

a. Movements in ordinary share capital during the year:

Details	**2015 Shares**	2014 Shares	**2015 $'000**	2014 $'000
Opening Balance	**118,385,822**	118,385,822	**26,925**	26,925
Movement during the year	**-**	-	**-**	-
Closing Balance	**118,385,822**	118,385,822	**26,925**	26,925

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.

d. Performance Options

No options were granted and issued during the year.

22. RESERVES

	Consolidated		Parent Entity	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Reserves				
Capital profits reserve	**12,254**	12,213	**3,757**	3,757
Options reserve	**395**	395	**395**	395
	12,649	12,608	**4,152**	4,152
Movements in reserves				
Capital profits reserve				
Balance at start of the year	**12,213**	15,017	**3,757**	3,757
Business combination movement	**41**	(2,804)	**-**	-
Balance at the end of the year	**12,254**	12,213	**3,757**	3,757
Options reserve				
Balance at start of the year	**395**	1,050	**395**	395
Business combination movement	**-**	(655)	**-**	-
Balance at the end of the year	**395**	395	**395**	395

The capital profits reserve represents the changes in ownership of partly owned listed subsidiaries.

The options reserve is used to recognise the fair value of options issued to employees by one controlled entity.

23. CONTINGENT LIABILITIES

Guarantees

Cross guarantees by Hudson Resources Limited and its wholly owned controlled entities. No deficiency of assets exists in the consolidated entity as a whole. Refer to Note 26 for details.

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

No material losses are anticipated in respect of any of the above contingent liabilities.

24. COMMITMENTS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Exploration expenditure commitments				
Tenement exploration expenditure	**11,118**	898	**11,118**	898
Tenement lease payment	**2,572**	219	**2,572**	219
	13,690	1,117	**13,690**	1,117

The minimum exploration expenditure commitments and lease payments on the Group's exploration tenements totalling approximately $13.6 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

Within one year	**200**	200	**200**	200
Later than one year but not later than 5 years	**800**	800	**800**	800
Later than 5 years	**-**	-	**-**	-
	1,000	1,000	**1,000**	1,000

Executive Service Agreement

There was one service agreement in place formalising the terms of remuneration of Mr Tan. The agreement has no specific term and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

Corporate Service agreement

The Company has entered into a Corporate 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 Corporate Services Agreement has no specific expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Services Agreement provide that Hudson Corporate Limited shall act in accordance with the directions of the Board.

25. INVESTMENTS IN CONTROLLED ENTITIES

The consolidated financial statements incorporating the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b).

Name of entity	Class of shares	Equity Holding		Country of incorporation
		2015	2014	
		%	%	
North Eastern Bauxite Pty Limited	Ordinary	**100**	100	Australia
Hudson Diatomaceous Earth Pty Limited	Ordinary	**100**	100	Australia
Hudson Minerals Limited	Ordinary	**100**	100	Australia
Mount Hector Gold Pty Ltd	Ordinary	**100**	100	Australia
VasseCo Pty Ltd	Ordinary	**100**	100	Australia
Ashford Coking Coal Pty Ltd	Ordinary	**100**	100	Australia

26. DEED OF CROSS GUARANTEE

As at 31 December 2015 Hudson Resources Limited, Hudson Minerals Limited, Hudson Diatomaceous Earth Pty Limited, North Eastern Bauxite Pty Ltd, Vassco Pty Ltd, Ashford Coking Coal Pty Ltd and Mt Hector Gold Pty Ltd entered a Deed of Cross Guarantee under which each company guarantees the debts of the others.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended by Class Order 98/2017) issued by the Australian Securities & Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order. Set out below are the consolidated statements of financial performance for the year ended 31 December 2015 of the Closed Group.

	2015 $'000	2014 $'000
Revenue from continuing operations	**793**	1,585
Cost of sales	**(825)**	(1,377)
Gross profit	**(32)**	208
Other income and expenses	**(8,575)**	2,931
Administration expenses	**(1,033)**	(966)
Finance Costs	**(435)**	(738)
Profit/(Loss) before income tax	**(10,075)**	1,435
Income Tax	**-**	-
Profit/(Loss) after tax	**(10,075)**	1,435
Summary of movements in consolidated accumulated losses		
Accumulated losses at the beginning of the financial year	**(14,455)**	(15,890)
Profit/(Loss) for the year	**(10,075)**	1,435
Accumulated losses at the end of the financial year	**(24,530)**	(14,455)

26. DEED OF CROSS GUARANTEE continued

Set out below is the consolidated statement of financial position as at 31 December 2014 of the Closed Group.

	2015	2014
Current assets	**$'000**	$'000
Cash and cash equivalents	**310**	146
Trade and other receivables	**129**	613
Inventories	**221**	275
Other current assets	**75**	631
Total current assets	**735**	1,665
Non-current assets		
Trade and other receivables	**122**	2,590
Financial assets	**5,000**	13,000
Investment property	**3,900**	3,078
Property, plant and equipment	**13**	25
Other non-current assets	**-**	468
Total non-current assets	**9,035**	19,161
Total assets	**9,770**	20,826
Current liabilities		
Trade and other payables	**800**	1,235
Financial liabilities	**14**	101
Employee benefits	**10**	-
Total current liabilities	**824**	1,336
Non-current liabilities		
Other payables	**615**	2,264
Financial liabilities	**2,716**	1,651
Provisions	**263**	189
Total non-current liabilities	**3,594**	4,104
Total liabilities	**4,418**	5,440
Net assets	**5,352**	15,386
Equity		
Issued capital	**26,925**	26,925
Reserves	**2,957**	2,916
Accumulated losses	**(24,530)**	(14,455)
Total equity	**5,352**	15,386

27. SEGMENT INFORMATION

The Consolidated entity primary reporting format is business segments and its secondary reporting format is geographical segments.

Business segments

The Consolidated entity is organised into the following divisions by product and service type.

Property investment & development
Development and administration of industrial property in western Australia.

Investment services
Equity investment in listed entities.

Mining of minerals
Mining and distribution of attapulgite, (also known as Fuller's Earth) which is an industrial clay material used in the domestic and industrial absorbent, industrial oil refining, agricultural and horticultural industries.

Geographical segments

All business segments operate principally within Australia.

Accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. All other intersegment transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

Primary reporting – business segments

	Property investment & development	Investment Services	Mineral, processing & exploration	Intersegment eliminations/ unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000
2015					
Sales to external customers	**431**	**36**	**326**		**793**
Intersegment sales	**-**	**-**	**-**	**-**	**-**
Total sales revenue	**431**	**36**	**326**		**793**
Other revenue	**822**	**(8,897)**	**-**	**-**	**(8,075)**
Total segment revenue	**1,253**	**(8,861)**	**326**		**(7,282)**
Segment result					
Profit/(loss) before income tax	**1,067**	**(10,733)**	**91**	**-**	**(9,575)**
Income tax expense	**-**	**-**	**-**	**-**	**-**
Net profit/(loss)	**1,067**	**(10,733)**	**91**	**-**	**(9,575)**
Segment assets	**12,667**	**10,660**	**8,749**	**(21,806)**	**10,270**
Segment liabilities	**2,702**	**5,568**	**663**	**(4,515)**	**4,418**
Acquisition of non-current assets	**-**	**-**	**-**	**-**	**-**
Depreciation and amortisation expense	**12**	**-**	**-**	**-**	**12**
2014					
Sales to external customers	332	71	203	-	606
Intersegment sales	-	-	-	-	-
Total sales revenue	332	71	203	-	606
Other revenue	-	1,024	-	-	1,024
Total segment revenue	332	1,095	203	-	1,630
Segment result					
Profit/(loss) before income tax expense	106	3,335	(3,267)	-	174
Income tax expense	-	-	-	-	-
Net profit/(loss)	106	3,335	(3,267)	-	174
Segment assets	3,133	13,027	4,666	(2,124)	18,702
Segment liabilities	2,874	2,015	551	(2,124)	3,316
Acquisition of non-current assets	-	-	-	-	-
Depreciation and amortisation expense	83	12	-	-	95

28. CASH FLOW INFORMATION

a. Reconciliation of (loss)/profit to net cash (outflow)/inflow from operating activities

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Profit/(loss) for the year	**(9,575)**	174	**(10,070)**	1,427
Capitalised Exploration expenditure	**468**	(285)	**-**	-
Net gain on disposal of investment	**1,217**	(3,069)	**1,307**	(2,266)
Depreciation and amortisation	**12**	95	**12**	38
Fair value adjustment	**6,858**	535	**7,591**	535
Change in operating assets and liabilities:				
(Increase)/decrease in receivables and other operating assets	**85**	1,179	**(4)**	(791)
(Increase)/decrease in inventories	**54**	(201)	**54**	(201)
Increase/(decrease) in trade, other creditors and other provisions	**(259)**	(2,221)	**(120)**	1,101
(Increase) in deferred assets	**-**	-	**-**	-
Increase in deferred liabilities	**-**	-	**-**	-
Net cash (outflow)/inflow from operating activities	**(1,140)**	(3,793)	**(1,230)**	(157)

b. Significant non-cash transactions

There were no other significant non-cash transactions during the reporting period.

29. EARNINGS PER SHARE

	Consolidated	
	2015	2014
	Cents	Cents
Basic earnings/(loss) per share	**(8.09)**	0.15
Diluted earnings/(loss) per share	**(8.09)**	0.15
	2015	2014
	$'000	$'000
Profit/(loss) used in calculating basic and diluted earnings per share	**(9,575)**	174
	2015	2014
	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**118,385,822**	118,385,822
Adjustments for calculation of diluted earnings per share:		
Options	**-**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**118,385,822**	118,385,822

30. EVENTS OCCURRING AFTER REPORTING DATE

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2015 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2015, of the consolidated entity;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2015, of the consolidated entity.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Directors

The following persons were Directors of Hudson Resources Limited during the financial year unless otherwise stated:

Vincent Tan	Executive Director	appointed 03 February 2015
Richard Yap	Non-Executive Director	
Benjamin Amzalak	Non-Executive Director	
Luisa Tan	Non-Executive Director	retired 03 February 2015
Tan Sri Ibrahim Menudin	Non-Executive Chairman	retired 15 October 2015

b. Other Key Management Personnel

The following persons were other key management personnel of Hudson Resources Group during the financial year:

Henry Kinstlinger	Investor relationship officer
Julian Rockett	Company Secretary
Francis Choy	Group Chief Financial Officer

c. Compensation of Directors and Key Management Personnel

	Consolidated		**Parent Entity**	
Directors	**2015**	2014	**2015**	2014
	$	$	**$**	$
Short term employee benefits	**254,747**	333,250	**254,747**	333,250
Post employment benefits	**-**	2,427	**-**	2,427
Long term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
	254,747	335,677	**254,747**	335,677

	Consolidated		**Parent Entity**	
Other Key Management Personnel	**2015**	2014	**2015**	2014
	$	$	**$**	$
Short term employee benefits	**-**	-	**-**	-
Post employment benefits	**-**	-	**-**	-
Long term benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Share based payments	**-**	-	**-**	-
	-	-	**-**	-

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
Consolidated 2015	**Salary and other fees**	**Travelling Allowance**	**Super-annuation**	**Long Service Leave**	**Share Based Payment**	**Total**
Directors	**$**	**$**	**$**	**$**	**$**	**$**
Tan Sri Ibrahim Menudin	**34,347**	-	-	-	-	**34,347**
Vincent Tan	**200,000**	-	-	-	-	**200,000**
Richard Yap	-	-	-	-	-	-
Benjamin Amzalak	**15,000**	**5,400**	-	-	-	**20,400**
Luisa Tan[2]	-	-	-	-	-	-
Directors - Total	**249,347**	**5,400**	-	-	-	**254,747**
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
KMP - Total	-	-	-	-	-	-
Parent Entity 2015						
Directors	**$**	**$**	**$**	**$**	**$**	**$**
Tan Sri Ibrahim Menudin	**34,347**	-	-	-	-	**34,347**
Vincent Tan	**200,000**	-	-	-	-	**200,000**
Richard Yap	-	-	-	-	-	-
Benjamin Amzalak	**15,000**	**5,400**	-	-	-	**20,400**
Luisa Tan[2]	-	-	-	-	-	-
Directors - Total	**249,347**	**5,400**	-	-	-	**254,747**
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
KMP - Total	-	-	-	-	-	-

The amounts reported represent the total remuneration paid by entities in the Hudson Resources Group in relation to managing the affairs of all the entities within the Group.

There is no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary and other fees	Travelling Allowance	Super-annuation	Long Service Leave	Share Based Payment	Total
Consolidated 2014						
Directors	**$**	**$**	**$**	**$**	**$**	**$**
Tan Sri Ibrahim Menudin	41,171	-	-	-	-	41,171
Vincent Tan	200,000	-	-	-	-	200,000
Richard Yap	62,500	-	-	-	-	62,500
Benjamin Amzalak	-	-	-	-	-	-
Luisa Tan	-	-	-	-	-	-
Peter J Meers[1]	29,579	-	2,427	-	-	32,006
Directors - Total	333,250	-	2,427	-	-	335,677
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
KMP - Total	-	-	-	-	-	-
Parent Entity 2014						
Directors	**$**	**$**	**$**	**$**	**$**	**$**
Tan Sri Ibrahim Menudin	41,171	-	-	-	-	41,171
Vincent Tan	200,000	-	-	-	-	200,000
Richard Yap	62,500	-	-	-	-	62,500
Benjamin Amzalak	-	-	-	-	-	-
Luisa Tan	-	-	-	-	-	-
Peter J Meers[1]	29,579	-	2,427	-	-	32,006
Directors - Total	333,250	-	2,427	-	-	335,677
Other KMP						
Julian Rockett	-	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-	-
Francis Choy	-	-	-	-	-	-
KMP - Total	-	-	-	-	-	-

[1] *Peter Meers retired on 8 July 2014*

[2] *Luisa Tan retired on 3 February 2015*

The amounts reported represent the total remuneration paid by entities in the Hudson Resources Group in relation to managing the affairs of all the entities within the Group.

There is no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

31. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

d. Employee Share Option Plan

Refer to Note 34 for details

e. Shareholdings and Option Holdings of Key Management Personnel

Directors	Direct Interest	Indirect Interest	Options
Vincent Tan	15,000	-	-
Richard Yap	-	-	-
Benjamin Amzalak	-	-	-

Shares held in Hudson Resources Limited-2015

Directors	Balance at the start of year	changes during the year	Balance at the end of year
Vincent Tan	-	15,000	15,000
Richard Yap[3]	-	-	-
Benjamin Amzalak[4]	13,595,640	(13,595,640)	-

Shares held in Hudson Resources Limited-2014

Directors	Balance at the start of year	changes during the year	Balance at the end of year
Tan Sri Ibrahim Menudin	17,507,049	(17,507,049)	-
Peter J Meers[2]	35,052,447	(35,052,447)	-
Richard Yap	12,507,049	(12,507,049)	-
Benjamin Amzalak	12,507,049	1,088,591	13,595,640
Luisa Tan	-	-	-

[1] *Tan Sri Ibrahim Menudin has an indirect interest of 5,000,000 ordinary shares held by related parties.He retired as a director of Raffles Capital Limited*

[2] *Mr Meers retired as a director on 8 July 2014.*

[3] *Mr Yap retired as a director of Raffles Capital Limited.*

[4] *Mr Amzalak has an indirect interest in 13,595,640 shares by virtue of his position as a director of Raffles Capital Limited.*

f. Loans to key management personnel

Details of loans made to Key Management Personnel of Hudson Resources Limited are set out below:

(i) Aggregates for directors and key management personnel

Consolidated and Parent Entity	Balance at the start of the year	Advance/ (Repayments) /(Adjustment)	Interest payable for the year	Balance at the end of the year	Number in Group at end of year	Additional interest otherwise payable
	$	$	$	$		$
2015	**340,693**	**(49,026)**	**27,000**	**318,667**	**2**	**13,500**
2014	1,640,071	(1,353,157)	53,779	340,693	3	13,500

(ii) Details of directors and key management personnel with loans above $100,000 during the year are set out below:

Consolidated and Parent Entity	Balance at the start of the year	Advance/ (Repayments)/ (Adjustment)	Interest payable for the year	Balance as at the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
2015 **Directors**	**$**	**$**	**$**	**$**	**$**	**$**
Key management personnel						
David Hughes (ESP)	**45,426**	**(49,026)**	**3,600**	**-**	**49,026**	**1,800**
Henry Kinstlinger (ESP)	**45,426**	**-**	**3,600**	**49,026**	**49,026**	**1,800**
Francis Choy (ESP)	**249,841**	**-**	**19,800**	**269,641**	**269,641**	**9,900**
Total	**340,693**	**(49,026)**	**27,000**	**318,667**	**367,693**	**13,500**
2014 **Directors**	**$**	**$**	**$**	**$**	**$**	**$**
Peter Meers (ESP)	643,512	(663,633)	20,121	-	663,633	10,060
Key management personnel						
Jacob Rebek (ESP)	682,866	(689,524)	6,658	-	689,524	3,329
David Hughes (ESP)	41,826	-	3,600	45,426	45,426	1,800
Henry Kinstlinger (ESP)	41,826	-	3,600	45,426	45,426	1,800
Francis Choy (ESP)	230,041	-	19,800	249,841	249,841	9,900
Total	1,640,071	(1,353,157)	53,779	340,693	1,693,850	26,889

* *Market interest rate 6.0% (2014: 6.0%). This represents the difference between interest charged at the market interest rate and interest paid.*

Terms and conditions of loans

All non-recourse loans relate to the individuals participation in the Company's Executive Share Ownership Plan (ESP). Interest is payable upon termination. Loans are secured against the Employee Share Plan shares only. Non-recourse loans are repayable should employees leave the Company. Employees can repay the loan and keep the shares or if the employee decides not to repay the loan, the shares will be returned to Company. Fair value of ESP shares is not recorded in the books. None were written down during the year.

(iii) Details of individuals with loans above $100,000 during the year are set out below:

	Balance at the start of the year	Advance/ (Repayments)/ (Adjustment)	Interest payable for the year	Balance at the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
Key management personnel	**$**	**$**	**$**	**$**	**$**	**$**
Consolidated						
2015	-	-	-	-	-	-
2014	1,244,149	(1,277,968)	33,819	-	1,277,968	11,273

Terms and conditions of loans

Three interest bearing full recourse loans were advanced to Mr. Benjamin Amzalak by the controlled entities. The loan is secured against shares. The loans are repayable should Mr Benjamin Amzalak leave the Company. Controlled entities were de-consolidated and none were written down during the year.

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

32. SHARE OWNERSHIP PLANS

(a) Hudson Resources Limited executive share ownership plan

Senior Executives and Directors of Hudson Resources Limited and its controlled entities may participate in the Plan. Under the Plan, monies are advanced to the participants to enable them to purchase ordinary shares of Hudson Resources Limited on the market. The non-recourse loans to participants bear interest at 12% per annum and are repayable upon termination. The non-recourse loans advanced are secured by the Employee Share Plan shares held within the plan. Monies advanced under the plan during the year amounted to $Nil (2014: $Nil). The aggregate number of shares held under the plan by participants is 1,500,000 shares (2014: 1,500,000 shares). There are no limits to the amounts that might be advanced under the plan. At year end, the total loans outstanding (before interest) are $225,000 (2014: $225,000). Interest totalling $123,667 has accrued on these loans, which will be added to the loan on ultimate repayment.

(b) Options granted under executive share option plan

There were no options granted under Hudson Resources Limited executive share ownership plan during the year.

33. REMUNERATION OF AUDITORS

During the year the following services were paid or payable to the auditor of the parent entity:

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit services	**16,795**	16,995	**16,795**	16,995
Review Services	**-**	8,755	**-**	8,755
	16,795	25,750	**16,795**	25,750
Amounts paid or payable to auditors for non audit taxation services for the parent entity or any company in the Group for review and lodgement of the income tax return				
Taxation services	**1,295**	1,150	**1,295**	1,150
Amounts paid or payable for non audit advisory services for the Company.				
Advisory services	**-**	-	**-**	-
	1,295	1,150	**1,295**	1,150

34. RELATED PARTIES

a. Parent entities

The parent entity within the Group is Hudson Resources Limited (**HRL**).

b. Subsidiaries

Interests in subsidiaries are disclosed in note 25.

c. Key management personnel compensation

Key management personnel compensation information is disclosed in note 31.

34. RELATED PARTIES continued

d. Transactions with related parties

The following transactions occurred with related parties during the year:

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Sales of goods				
- sale minerals to Hudson Marketing Pty Ltd	**325,781**	203,227	**325,781**	203,227
Rental Income				
- rent received from Hudson Marketing Pty Ltd	**297,650**	339,449	**-**	339,449
- rent received from Hudson Corporate Ltd	**126,000**	-	**-**	-
Rental Expenses				
- rent payment to Hudson Marketing Pty Ltd	**64,408**	110,740	**64,408**	110,740
-rent payment to Hudson Corporate Ltd	**70,000**	-	**70,000**	-
Corporate services fee paid				
- paid to Hudson Corporate Ltd	**408,000**	408,000	**408,000**	408,000
- paid to Hudson Investment Group Ltd	**-**	-	**-**	-

Sale of goods

Consolidated and parent entity

HRL sold goods to Hudson Marketing Pty Limited (**HMPL**), a wholly owned subsidiary of RafflesCo Limited, earning income of $325,781 (2014: $203,227)

Consolidated group only

Hudson Mineral Limited received rental income from HMPL of $297,650(2014: $339,449)

Hudson Mineral Limited received rental income from HCL of $126,000 (2014:$Nil)

Rental expense

Consolidated and parent entity

HRL incurred a rental expense of $64,408 (2014: $110,740) payable to Hudson Marketing Pty Limited. HRL incurred a rental expense of $70,000 (2014: $Nil) payable to Hudson Corporate Ltd

Corporate services fee

Consolidated and Parent entity

HRL paid an administration fee to Hudson Corporate Limited (**HCL**) of $408,000 (2014: $408,000) as payment of recoveries for office administration and running expenses incurred in HCL on behalf of the group.

e. Outstanding balances

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$ '000	$ '000	**$ '000**	$ '000
Current receivable				
Receivable – Raffles Nominee Pty Ltd	**1,829**	-	**1,829**	-
Non-current receivable				
Receivable – Hudson Corporate Limited	**-**	235	**-**	235
Receivable – RafflesCo Limited	**68**	63	**68**	63
Receivable - Controlled Entities	**-**	-	**663**	1,717
	68	298	**731**	2,015
Non-current payable				
Payable – Hudson Corporate Ltd	**616**	-	**616**	-
Payable – Controlled entities	**-**	-	**3,852**	548
	616	-	**4,468**	548
Non-current financial assets				
Hudson Pacific Group Ltd				
- Preference share	**10,000**	13,000	**-**	13,000
	10,000	13,000	**-**	13,000

Investment

Hudson Resources Limited and its Controlled entity hold $10.0 million (2014:$13 million) non-cumulative preference share of Hudson Pacific Group Limited. Provision for recoverable amount $4.5 million was made as at reporting date.

Payable – related entities

Hudson Resources received $615,565 interest bearing loan from Hudson Corporate Ltd under one loan funding agreement.

Receivable – related entities

One non-interest bearing unsecured loan was advanced to Raffles Nominee Pty Ltd $1.38 million (2014: $0.45 million) during the year. A provision of $1.83 was made as at reporting date.

An interest bearing secured loan of $67,755 (2014: $62,680) was advanced to RafflesCo Limited. The loan was secured by shares. None were written down during the year.

f. Guarantees

No guarantees were given or received from related parties during the year.

g. Terms and conditions

All transaction were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms or repayment of loans between the parties and that no interest is charged on outstanding balances.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the company and the consolidated entity.

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.

3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

The entities identified in Note 26 are parties to the deed of cross guarantee under which each company guarantees the debts of the others. At the date of this declaration there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will as a consolidated entity be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the deed of cross guarantee described in Note 26.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Vincent Tan
Director

Benjamin Amzalak
Director

Sydney
29 April 2016

Level 6, 350 Kent Street
Sydney NSW 2000

75 Lyons Road
Drummoyne NSW 2047

K.S. Black & Co.
Chartered Accountants
ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REPORT

To the Members of Hudson Resources Limited

Report on the Year End Financial Report

We have audited the accompanying financial report of Hudson Resources Limited, which comprises the Statements of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the year end financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the year end financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free form material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the

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appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence
In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Hudson Resources Limited is in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the company's and consolidated entity's financial positions as at 31 December 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b)the consolidated financial statements and notes or financial report also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration report
We have audited the remuneration report included on pages 15-17 of the attached report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditors Opinion
In our opinion the remuneration report of Hudson Resources Limited for the year ended 31 December 2015 complies with s 300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner
29/4/16, Sydney

Schedule of Tenements

	Licence No	Project	Status	Date Applied	Date Granted	Expiry Date	Area Sq kms
HRS - Attapulgite							
	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
						Sub-total	26.83
HRS - Diatomite							
	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-36	0.84
	M70/38	Drak	Granted	2-May-83	24-Feb-84	23-Feb-26	0.36
	M70/361	Dongara	Granted	3-Nov-87	19-Nov-90	18-Nov-32	0.50
						Sub-total	2.17
VasseCo Pty Ltd							
	M70/275	Treeton	Granted	30-Jun-86	18-Apr-89	17-Apr-31	1.09
	M70/276	Treeton	Granted	30-Jun-86	18-Apr-89	17-Apr-31	7.26
	M70/393	RTE	Granted	15-Mar-88	12-Oct-89	11-Oct-31	7.44
	M70/394	RTE	Granted	15-Mar-88	12-Oct-89	11-Oct-31	7.69
	M70/395	RTE	Granted	15-Mar-88	12-Oct-89	11-Oct-31	3.47
	M70/504	RTE	Granted	14-Mar-89	4-Jul-91	3-Jul-33	2.62
						Sub-total	29.58
						Total	**58.58**

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