Hudson Resources Limited Annual Report 2020

Hudson Resources Limited

ANNUAL REPORT 2020

HUDSON RESOURCES

CONTENTS Page

CORPORATE DIRECTORY

Hudson Resources Limited

ACN 008 720 965
ABN 71 008 720 965

Registered and Corporate Office

Level 5
52 Phillip Street
Sydney NSW 2000

Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Website: www.hudsonresources.com

Directors

John Farey (Non-Executive Chairman)
Vincent Tan (Executive Director)
Alan Beasley
Richard Yap

Company Secretary

Mona Esapournoori

Auditors

K.S. Black & Co
Level 1
251 Elizabeth Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

Share Registry

Hudson Asset Management Pty Limited
Level 5
52 Phillip Street
Sydney NSW 2000
Telephone: +61 2 9251 7177

Lawyers

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: +61 2 9253 9999

Bankers

National Australia Bank Limited
Level 20, Tower 1
520 Oxford Street, Bondi Junction

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

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 (**HRS** or **the Company**) wholly owned subsidiaries Hudson Attapulgite Pty Ltd and Hudson Diatomaceous Earth Pty Ltd are the owners of the Lake Nerramyne Attapulgite, Badgingarra, Dongarra and Drake Diatomaceous Earth (**DE**) mine sites. A summary of the mining tenements held by HRS wholly owned subsidiaries is provided below:

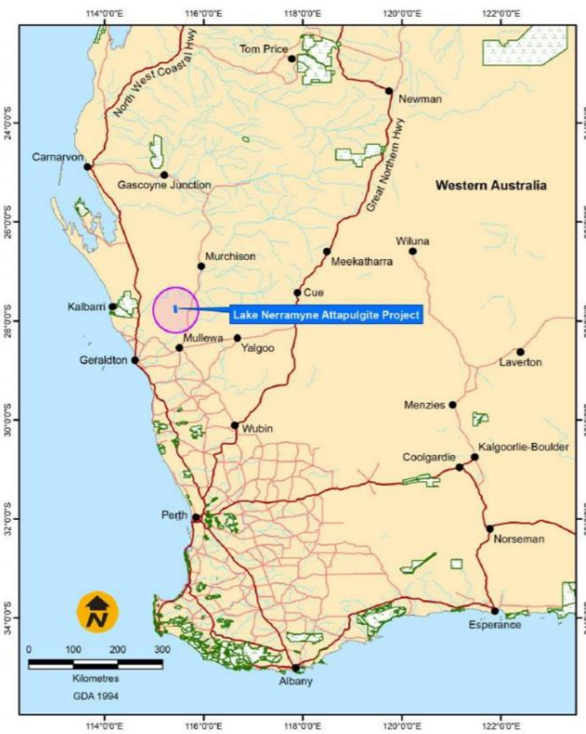
Tenement	**M70/128**	**M70/606**	**M70/389**	**M70/483**	**M70/129**	**M70/361**	**M70/38**	**M70/842**
Holder	Hudson Attapulgite Pty Ltd	Hudson Attapulgite Pty Ltd	Hudson Attapulgite Pty Ltd	Hudson Attapulgite Pty Ltd	Hudson Diatomaceous Earth Pty Ltd	Hudson Diatomaceous Earth Pty Ltd	Hudson Diatomaceous Earth Pty Ltd	Hudson Diatomaceous Earth Pty Ltd
Status	Live	Live	Live	Live	Live	Live	Live	Live
Commenced	21-06-85	30-07-90	28-07-89	31-07-90	18-07-85	19-11-90	24-02-84	17-11-94
Expiry	20-06-27	29-07-32	27-07-31	30-07-32	17-07-27	18-11-32	23-02-26	16-11-36
Surveyed area (ha)	119.97	890.84	719.76	951.1	45.75	50.4	36.195	84.385

ATTAPULGITE

The Attapulgite mining tenements are located just off Dartmoor Lake Nerramyne Road which is about 460km north of Perth and is about 170km from Geraldton. They are almost exclusively within Pinegrove Pastoral Lease.

Mining operations to extract Attapulgite commenced at Lake Nerramyne in 1978. The Attapulgite mining tenements collectively cover approximately 2681ha in total with an Inferred Resource of approximately 23.4 million tonnes. The Attapulgite mining tenements contain the largest known deposit of Attapulgite in Australia that is of premium quality with exceptional absorption and adsorption capabilities.

Mining at Lake Nerramyne occurs on a campaign basis every 2 to 3 years. HRS had commenced mining campaign in 2019 in late spring/early summer which is still ongoing in 2021 to extract around 80,000 BCM of Attapulgite.



Lake Nerramyne mine location

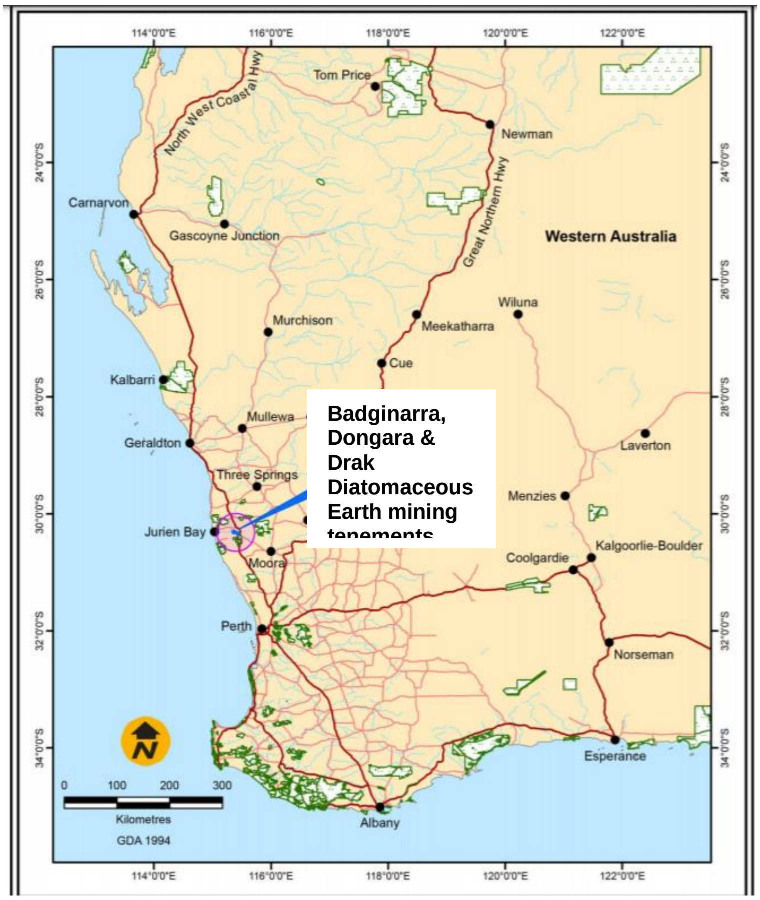
2019-2020 Lake Nerramyne Mining Campaign

DIATOMACEOUS EARTH

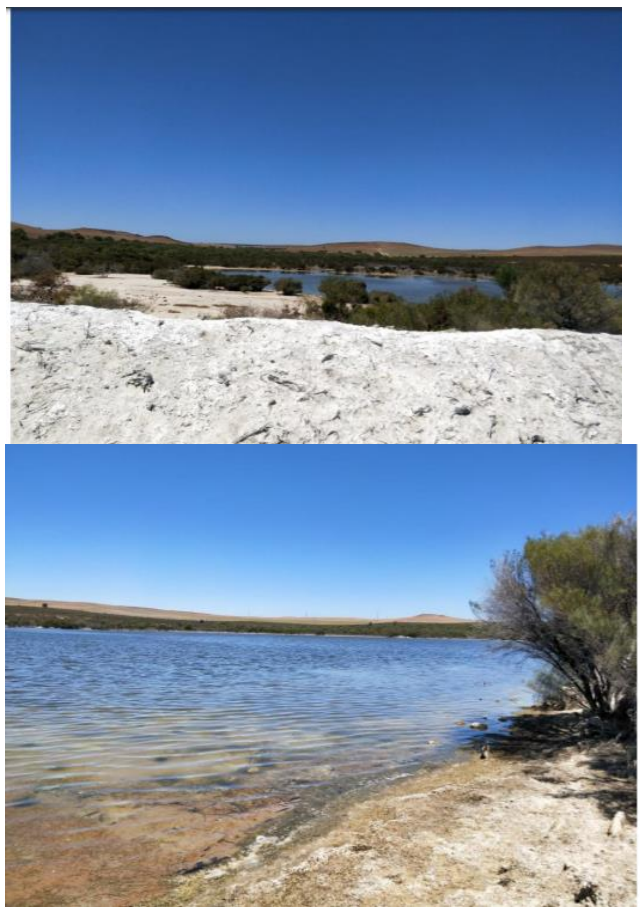
Through its wholly owned subsidiary Hudson Diatomaceous Earth Pty Ltd is the tenement holder of four mining leases that form the Badgingarra and Drak Diatomaceous Earth mining tenements:

- Badgingarra mining area ('Badgingarra') on M70/129 and M70/842; and
- Drak mining area ('Drak') on M70/38; and
- Dongara on M70/361

The Diatomaceous Earth tenements are contained on freehold land utilised for farming, located approximately 185km north-northwest of Perth or approximately 8km west-northwest of the Badgingarra township in the mid-west of Western Australia.
The Diatomaceous Earth mining tenements cover two small lakes that contain deposits of diatoms that can be processed into a diatomaceous earth product. The lakes within the tenements area are part of numerous small diatomite deposits dotted along the hinterland of Western Australia's coastline extending north of Perth.
Mining at Badgingarra occurred in the 1990's within a single 12 month period. Currently, there is 20,000 tonnes ore stockpiled at Badgingarra, awaiting the development of new product and/or market opportunities. HRS is currently investigating the option to supply diatomaceous earth into a number of small domestic markets.



Diatomaceous Earth Mining Tenement Location



Lake when inundated

OTHER INVESTMENTS

Land & Building Complexes

HRS Group derives rental income of A$180,000 net p.a. from its industrial properties, comprising 14.5 hectares in area at Geraldton, Western Australia. Lot 31 has a market rental of around A$180,000 net p.a. and the Company is looking for potential tenant and further development opportunity (A$426,000 p.a.). Additionally, HRS holds freehold land, Lot 1847 Deposit Plan 248546 Shire Irwin 1/2 undivided and Lot 1847 Pye Road, Dongara which is valued at A$0.5 million.

Commercial Property Holdings – Carpark

A 40% unitholding in the Hudson Property Trust, which owns the carpark located at Hudson House 131 Macquarie Street Sydney NSW.

With the advent of the Covid-19 pandemic it has been a challenging year for the Company (and the country) and the economic impact has been immense. However, the Company came through these uncertain times relatively well.

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 2020.

Principal activities

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

- The mining and sale of attapulgite and diatomaceous earth minerals;
- Exploration and development of attapulgite and diatomaceous earth mining lease;
- Investment in industrial property in Geraldton, WA; and
- Investment in carpark business in Sydney

Consolidated results

The net consolidated loss of the Group for the year ended 31 December 2020 was $5.79 million compared to a loss of $3.32 million for the previous corresponding period.

Total Shareholders' funds as at 31 December 2020 are $7.98 million. (2019: $13.77 million)

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

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 3 to 5 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.

John Farey	Non-Executive Chairman
Vincent Tan	Executive Director
Richard Yap	Non-Executive Director
Alan Beasley	Non-Executive Director

Directors' interests

The relevant interest of each Director in the share capital of the Company is shown in Note 32.

Meetings of Directors

	Directors Meetings	
Director	Attended	Held Whilst in Office
Vincent Tan	9	9
Richard Yap	9	9
John Farey	9	9
Alan Beasley	9	9

INFORMATION ON DIRECTORS AND MANAGEMENT

DIRECTORS

John Farey, B. Com, FAIM, FAICD
Non-Executive Chairman - appointed on 11 July 2017

Experience and Expertise	John W Farey has over 45 years' experience in financial services including merchant and investment banking.
Other Current Directorships of Listed Companies	Hudson Investment Group Limited (ASX: HGL)
Former Directorships in the Last Three Years of Listed Companies	Raffles Capital Limited (ASX: RAF)
Interests in Shares and Options	Nil directly held

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 of Listed Companies	None
Former Directorships in the Last 3 Years of Listed Companies	None
Interests in Shares and Options	Nil directly held

Alan Beasley, B.Ec, CPA, FGIA, FAICD
Non-Executive Director - appointed on 6 November 2017

Experience and Expertise	Mr Beasley is a Non-Executive Director and former Director of a number of publicly listed and unlisted companies. Mr Beasley was educated at the University of New England (BEc) and Stanford Graduate Business School, USA.
Other Current Directorships of Listed Companies	AFT Corporation Ltd (ASX: AFT) Hudson Investment Group Limited (ASX: HGL) Epsilon Healthcare Limited (ASX: EPN)
Former Directorships in the Last Three Years of Listed Companies	Raffles Capital Limited (ASX: RAF) Esperance Minerals Limited (ASX: ESM)
Interests in Shares and Options	Nil directly held

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 of Listed Companies	None
Former Directorships in the Last 3 Years of Listed Companies	None
Interests in Shares and Options	Nil directly held

OFFICERS

Mona Esapournoori

Company Secretary – appointed 19 December 2017

Experience and expertise	Mona Esapournoori holds a Bachelor of Law from University of Western Sydney. She is admitted as a solicitor with the Law Society of New South Wales.

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.

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.
The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.
The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:
Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

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 2020 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2020, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2020, 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 and mining activities. These operations are governed by the WA Environmental Legislation.
- 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 32 for details.

Loans to Directors and other key management personnel

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.

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*.

During the year the Company finalised proceedings in the Supreme Court of New South Wales relating to the recovery of a debt owing under an agreement. The Company was unsuccessful and has been ordered to pay costs.

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 11.

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	
	2020	2019
	$	$
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	**10,000**	16,430
Review Services	**7,000**	10,475
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	**2,895**	3,040
Amounts paid or payable for non-audit advisory services for the Company.		
Advisory services	**-**	-
	19,895	29,945

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

John Farey

Vincent Tan
Director

John Farey
Director

Signed at Sydney
19 March 2021

AUDITOR'S INDEPENDENCE DECLARATION

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 620 556

20 Grose Street
NORTH PARRAMATTA NSW 2151

PO Box 2210
NORTH PARRAMATTA NSW 1750

Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

To the Members of Hudson Resources Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2020 there has been:

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

ii. 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 19th day of March 2021

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

		Consolidated	
		2020	2019
	Notes	**$'000**	$'000
Revenue from continuing operations	4	**679**	1,150
Cost of sales and providing services		**(372)**	(286)
Other income and expenses	5	**(4,158)**	(1,889)
Administration and development expenses	6	**(1,762)**	(2,095)
Finance costs	6	**(178)**	(207)
Profit/(Loss) before income tax		**(5,791)**	(3,327)
Income tax	7 (a)	**-**	-
Profit/(Loss) after tax		**(5,791)**	(3,327)
Other comprehensive income			
Other comprehensive income		**-**	-
Tax expenses		**-**	-
Other comprehensive income after tax		**-**	-
Total Comprehensive Income		**(5,791)**	(3,327)
Non-Controlling Interest		**-**	-
Total Comprehensive income/(loss) attributable to members of the Company		**(5,791)**	(3,327)
Earnings/(loss) per share		**Cents**	Cents
Basic earnings/(loss) per share	30	**(4.94)**	(2.84)
Diluted earnings/(loss) per share	30	**(4.94)**	(2.84)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	Consolidated 2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**(8)**	(11)
Trade and other receivables	9	**82**	273
Financial assets	12	**4,774**	885
Inventories	10	**713**	673
Other current assets	11	**46**	46
Total current assets		**5,607**	1,866
Non-current assets			
Trade and other receivables	9	**-**	1,228
Financial assets	12	**3,543**	13,693
Mining tenements	13	**44**	44
Plant and equipment	14	**-**	-
Investment property	15	**3,100**	2,900
Land and property	16	**500**	500
Total non-current assets		**7,187**	18,365
Total Assets		**12,794**	20,231
LIABILITIES			
Current Liabilities			
Trade and other payables	17	**640**	477
Financial liabilities	19	**460**	2,700
Employee benefits provision	18	**14**	11
Total current liabilities		**1,114**	3,188
Non-current liabilities			
Trade and other payables	17	**1,295**	2,995
Financial liabilities	19	**2,125**	-
Provisions	20	**272**	269
Total non-current liabilities		**3,692**	3,264
Total Liabilities		**4,806**	6,452
Net Assets		**7,988**	13,779
EQUITY			
Issued capital	21	**26,880**	26,880
Reserves	22	**12,660**	12,660
Accumulated losses		**(31,552)**	(25,761)
Total Equity		**7,988**	13,779

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Issued Capital $'000	Reserves $'000	Accumulated Losses $'000	Total Equity $'000
Consolidated					
At 1 January 2020	21	**26,880**	**12,660**	**(25,761)**	**13,779**
Profit/(Loss) for the year		**-**	**-**	**(5,791)**	**(5,791)**
Business combination		**-**	**-**	**-**	**-**
At 31 December 2020	21	**26,880**	**12,660**	**(31,552)**	**7,988**
At 1 January 2019		26,880	12,660	(22,434)	17,106
Profit/(Loss) for the year		-	-	(3,327)	(3,327)
Business combination		-	-	-	-
At 31 December 2019	21	26,880	12,660	(25,761)	13,779

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		**650**	1,069
Payments to suppliers and employees		**(805)**	(2,252)
Interest paid		**(112)**	(138)
Interest received		**4**	6
Net cash (used in)/provided by operating activities	29	**(263)**	(1,315)
Cash flows from investing activities			
Proceeds from sale of shares		**-**	501
Acquisition of investment		**-**	(51)
Payments for property and mining campaign		**(135)**	(504)
Advance from/ (repayment to) other party		**(714)**	1,544
Repayment from/ (advance to) other entity		**1,230**	(183)
Net cash provided by/ (used in) from investing activities		**381**	1,307
Cash flows from financing activities			
Proceeds/(repayment) from bank borrowing		**(115)**	-
Net cash (used in)/ provided by from financing activities		**(115)**	-
Net increase /(decrease) in cash and cash equivalents		**3**	(8)
Cash and cash equivalents at the beginning of the financial year		**(11)**	(3)
Cash and cash equivalents at the end of the financial year	8	**(8)**	(11)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

The financial statements of Hudson Resources Limited (the **Company**) and its controlled entities (the **Group**) for the year ended 31 December 2020 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 were 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 2020 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:

- *Measurement of financial assets*

If there is an active market for financial assets, they have been fairly valued in line with market prices, if not they are carried at a cost

- *Capitalisation of exploration costs*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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 2020 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.

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:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

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.)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(vi) *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).

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. 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

n. 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 20 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.

o. 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.

p. 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.

q. 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.

r. 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

s. Provisions

Provisions related 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.

t. 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.

u. Capital profits reserve

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

v. Options reserve

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

w. 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.

x. 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.

y. 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 Group's finance function is to also review the risk management policies and processes and report their findings to the Audit Committee.

	Consolidated	
	2020	2019
	$'000	$'000
Financial assets		
Current		
Cash and cash equivalents	**(8)**	(11)
Trade and other receivables	**82**	1,552
Financial assets	**4,774**	885
Non-Current		
Trade and other receivables	**-**	1,228
Financial assets	**3,543**	13,693
	8,391	17,347
Financial liabilities		
Current		
Trade and other payables	**640**	477
Financial liabilities	**460**	2,700
Non-Current		
Trade and other payables	**1,295**	2,995
Financial liabilities	**2,125**	-
	4,520	6,172

3. FINANCIAL RISK MANAGEMENT - continued

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.

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 assets

	Carrying Amount	Contractual Cash flows	< 6 mths	6- 12 mths	1-3 years	> 3 years
	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated						
2020						
Current						
Cash and cash equivalent	**(8)**	**(8)**	**(8)**	**-**	**-**	**-**
Trade and other receivables	**82**	**82**	**2**	**80**	**-**	**-**
Financial assets	**4,774**	**-**	**-**	**-**	**-**	**-**
Non-Current						
Other receivables	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets	**3,543**	**-**	**-**	**-**	**-**	**-**
Total financial assets	**8,391**	**74**	**(6)**	**80**	**-**	**-**
2019						
Current						
Cash and cash equivalent	(11)	(11)	(11)	-	-	-
Trade and other receivables	1,552	1,552	22	1,530	-	-
Financial assets	885	-	-	-	-	-
Non-Current						
Other receivables	1,228	1,228	-	-	1,228	-
Financial assets	13,693	-	-	-	-	-
Total financial assets	17,347	2,769	11	1,530	1,228	-

3. FINANCIAL RISK MANAGEMENT - continued

Maturity analysis of financial liabilities

	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Consolidated						
2020						
Current						
Trade and other payables	**640**	**640**	**140**	**500**	**-**	**-**
Financial liabilities	**460**	**460**	**230**	**230**	**-**	**-**
Non-Current						
Trade and other payables	**1,295**	**1,295**	**-**	**-**	**1,295**	**-**
Financial liabilities	**2,125**	**2,125**	**-**	**-**	**2,125**	**-**
Total financial liabilities	**4,520**	**4,520**	**370**	**730**	**3,420**	
2019						
Current						
Trade and other payables	477	477	477	-	-	-
Financial liabilities	2,700	2,700	2,700	-	-	-
Non-Current						
Trade and other payables	2,995	2,995	-	-	2,995	-
Financial liabilities	-	-	-	-	-	-
Total financial liabilities	6,172	6,172	3,177	-	2,995	

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 (another 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 $'000	**+1% Interest Rate $'000**	**-1% Interest Rate $'000**
Consolidated			
2020			
Bank Borrowings	**2,585**	**(26)**	**26**
Tax charge of 26%		**7**	**(7)**
After tax increase/(decrease)	**2,585**	**(19)**	**19**
2019			
Bank Borrowings	2,700	(27)	27
Tax charge of 27.5%		7	(7)
After tax increase/(decrease)	2,700	(20)	20

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 number 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	
	2020	2019
	$'000	$'000
Total bank borrowings	**(2,585)**	(2,700)
Cash and cash equivalents	**(8)**	(11)
Net debt	**(2,593)**	(2,711)
Total equity	**7,988**	13,779
Total equity plus debt	**10,581**	16,490
Gearing Ratio	**24.5%**	16.4%

The Group's main activities include the mining and sale of attapulgite mineral. Due to the nature of these activities, during the year the Group has primarily used the raising of loan and 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	
	2020	2019
	$'000	$'000
Revenue		
Sale mineral ore revenues	**197**	155
Rental property income	**250**	438
Service income	**170**	412
Fee income	**24**	83
	641	1,088
Other Revenue		
Interest income	**38**	62
	679	1,150

5. OTHER INCOME AND EXPENSES

	Consolidated	
	2020	2019
	$'000	$'000
Net gain/(loss) on disposal of investment	**-**	(159)
Change in fair value of investment property	**200**	(1,012)
Change in fair value of financial asset Investment	**(6,261)**	543
Provision for doubtful debt	**1,249**	(1,281)
Other	**654**	20
	(4,158)	(1,889)

6. EXPENSES

a. Expenses

Profit/(Loss) before income tax is arrived after (charging)/crediting the following specific items:	Consolidated	
	2020	2019
	$'000	$'000
Administration and development expenses		
Director and employee salaries, benefit and on costs	**(296)**	(354)
Superannuation contribution expense	**(15)**	(15)
Consulting and professional fees	**(182)**	(201)
Legal fees paid	**(929)**	(1,148)
Others	**(340)**	(377)
Total administration and development expenses	**(1,762)**	(2,095)
Finance costs		
Interest on bank borrowing and finance charges	**(176)**	(204)
Depreciation	**-**	-
Others	**(2)**	(3)
Total Finance costs	**(178)**	(207)

b. Dividends

The Directors do not recommend a dividend relating to the year ended 31 December 2020 (2019: $nil) to be paid.

7. INCOME TAX

a. Income tax expense

	Consolidated	
	2020	2019
	$'000	$'000
Current tax expenses	**-**	-
Deferred tax expenses	**-**	-
Total income tax expenses	**-**	-
Deferred tax expense		
Increase in deferred tax expenses/(benefit)	**-**	-

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

	Consolidated	
	2020	2019
	$'000	$'000
Profit/(loss) before income tax	**(5,791)**	(3,327)
Income tax expenses/(benefit) calculated at 26% (2019:27.5%)	**(1,505)**	(915)
Tax losses not brought to account	**267**	375
Temporary differences not brought to account	**1,238**	540
Other		
Recoupment of prior year tax losses not previously brought to account	**-**	-
Income tax expenses/(benefit) at effective tax rate of 26% (2019: 27.5%)	**-**	-

7. INCOME TAX - continued

c. Unrecognised deferred tax assets and liabilities

The unrecognised deferred tax assets of the Group include $19,008,137 (2019: $17,982,049) in relation to carried forward tax losses and $2,389,805 (2019: $2,389,805) in relation to carried forward capital losses.

	Consolidated	
	2020	2019
	$'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	**4,764**	1,965
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	**-**	-
	4,764	1,965
Potential benefit/ (expense) at 26% (2019: 27.5%)	**1,238**	540

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	
	2020	2019
	$'000	$'000
Cash and cash equivalent	**(8)**	(11)
Cash held in trust	**-**	-
	(8)	(11)
Weighted average interest rates	**0%**	0%

9. TRADE AND OTHER RECEIVABLES

	Consolidated 2020 $'000	2019 $'000
Current		
Receivables - trade	**(1)**	8
Receivables - advance to other entities	**-**	205
Receivables – disputes	**-**	1,050
Provision for doubtful debt	**-**	(1,279)
Receivables - GST	**2**	22
Tenement deposits and other deposit	**81**	267
	82	273
Non-Current		
Receivable - advance to other entities	**-**	1,228
Total	**-**	1,228

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 entities

Current

Company advanced to a related entity $nil million (2019: $0.20 million). The unsecured recourse advance is non-interest bearing and have no fixed repayment term. $0.22 million were written off during the year.

Non-Current

Company advanced interest bearing non-secured loan to related entities, RafflesCo Limited of $nil million (2019: $0.43 million) and Raffles Equities Pty Ltd $nil million (2019: $0.76 million). The non-secured recourse advance is interest bearing and has no fixed repayment term. None were written off during the year. These loans had been fully repaid during the year.

Company advanced interest bearing non-secured loan to related entities Vasseco Ltd $nil million (2019: $0.03 million). The non-secured recourse advance is interest bearing and has no fixed repayment term. $0.03 million were written off during the year.

None were written off during the year. Please refer to Note 35 for details.

c. Receivable – disputes

Company transferred marketable securities to one entity. The company is taking legal action to recover the $1.05 million proceed. Provision for $nil million (2019: $1.05 million) was made in year 2019. After the court judgement, $1.05 million were written off during the year.

d. Receivables - GST

These amounts relating to receivables for GST paid

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.

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.

9. TRADE AND OTHER RECEIVABLES continued

Non-current trade and other receivables

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

	2020		2019	
	Carrying Amount $'000	**Fair Value Amount $'000**	Carrying Amount $'000	Fair Value Amount $'000
Consolidated				
Advance to other entities	**-**	**-**	1,228	1,228

Advances to other entities are interest bearing and unsecured.
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	
	2020 $'000	2019 $'000
Raw materials – mineral ore at cost	**713**	673
	713	673

11. OTHER CURRENT ASSETS

	Consolidated	
	2020 $'000	2019 $'000
Prepayments	**46**	46
Others	**-**	-
	46	46

12. FINANCIAL ASSETS

	Consolidated	
	2020 $'000	2019 $'000
Current		
Investment in marketable and equities shares (Note)	**5,450**	1,235
Provision for impairment	**(676)**	(350)
	4,774	885
Non-Current		
Investment in related entities (Note)	**4,427**	13,693
Provision for impairment	**(884)**	-
	3,543	13,693

Note
Equity investment are mark to market or at fair value

13. MINING TENEMENTS

	Consolidated 2020 $'000	2019 $'000
	44	44

Mining Tenements

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 Schedule

Tenement No.	Location	Square Kms	Registered Owner/ Applicant/ Assignee	2020 % Interest	2019 % Interest
M70/128	Lake Nerramyne	1.2	HRS/HAPL - Attapulgite	100%	100%
M70/389	Lake Nerramyne	7.2	HRS/HAPL - Attapulgite	100%	100%
M70/483	Lake Nerramyne	9.5	HRS/HAPL - Attapulgite	100%	100%
M70/606	Lake Nerramyne	8.9	HRS/HAPL - Attapulgite	100%	100%
M70/129	Badgingarra	0.5	HRS/HDEPL - Diatomite	100%	100%
M70/361	Dongara	0.5	HRS/HDEPL - Diatomite	100%	100%
M70/38	Drak	0.4	HRS/HDEPL - Diatomite	100%	100%
M70/842	Badgingarra	0.8	HRS/HDEPL - Diatomite	100%	100%

14. PLANT AND EQUIPMENT

	Consolidated 2020 $'000	2019 $'000
Plant and equipment		
Plant and equipment – at cost	**22**	22
Less: Accumulated depreciation	**(22)**	(22)
Carrying value	**-**	-

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 2020 $'000	2019 $'000
Plant and equipment		
Carrying amount at beginning of year	-	-
Transfer	-	-
Depreciation	-	-
Carrying amount at end of year	-	-

15. INVESTMENT PROPERTY

	Consolidated 2020 $'000	2019 $'000
At fair value (note b)	**3,100**	2,900

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

	2020 $'000	2019 $'000
At fair value		
Balance at beginning of year	**2,900**	3,912
Change in fair value	**200**	(1,012)
Depreciation and amortisation	**-**	-
Capital work and improvements	**-**	-
Balance at end of year	**3,100**	2,900

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

	Consolidated 2020 $'000	2019 $'000
Rental property Income	**250**	438

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 assessment made by a member of the Australian Property Institute.

	Consolidated 2020 $'000	2019 $'000
Investment properties at fair value		
Independent valuation	**3,100**	2,900
Capital works and improvements	**-**	-
Accumulated depreciation and impairment	**-**	-
	3,100	2,900

c. Non-current assets pledged as security

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

16. LAND AND PROPERTY

	Consolidated 2020 $'000	2019 $'000
Land - director valuation	**500**	500
	500	500

Un-developed land Lot 1847 Pye Road, Dongara recorded using director valuation.

17. TRADE AND OTHER PAYABLES

	Consolidated 2020 $'000	2019 $'000
Current		
Unsecured		
Trade Payables	**106**	448
Other and accrued payables	**534**	29
	640	477
Non-Current		
Unsecured		
Payable – related entities	**1,295**	2,995
	1,295	2,995

The non-current related entity payables is interest bearing and have fixed terms of repayment $1.29 million (2019: $1.94 million)

The non-secured payable to related entity, Hudson Corporate Pty Ltd, is non-interest bearing and have no fixed term of repayment $nil million (2019: $1.05 million). Please refer to Note 35 for details.

18. EMPLOYEE BENEFITS PROVISION

	Consolidated 2020 $'000	2019 $'000
Current		
Employee leave entitlements	**14**	11

19. FINANCIAL LIABILITIES

	Consolidated 2020 $'000	2019 $'000
Current		
Secured		
Lease liabilities	**-**	-
Bank loan	**460**	2,700
	460	2,700
Non-Current		
Secured		
Leased liabilities	**-**	-
Bank loan	**2,125**	-
	2,125	**-**

19. FINANCIAL LIABILITIES continued

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 2023 and the rate of interest paid is a fixed rate of 3.56% (2019: 5.17 %).

The facilities are subject to an annual review and compliance of facilities conditions.

Assets pledged as security

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

	Consolidated	
	2020	2019
	$'000	$'000
Investment property	**3,100**	2,900
Plant and equipment	**-**	-
	3,100	2,900

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	
	2020	2019
	$'000	$'000
Non-Current		
Employee leave entitlements	**13**	10
Restoration provision on tenements	**259**	259
	272	269

21. ISSUED CAPITAL

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2020	2019	**2020**	2019
	Shares	Shares	**$'000**	$'000
Share capital				
Ordinary shares	**117,269,679**	117,269,679	**26,880**	26,880

a. Movements in ordinary share capital during the year:

	2020	2019	**2020**	2019
	Shares	Shares	**$'000**	$'000
Details				
Opening Balance	**117,269,679**	117,269,679	**26,880**	26,880
Share issued	**-**	-	**-**	-
Share Buy back	**-**	-	**-**	-
Closing Balance	**117,269,679**	117,269,679	**26,880**	26,880

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	
	2020	2019
	$'000	$'000
Reserves		
Capital profits reserve	**12,265**	12,265
Options reserve	**395**	395
	12,660	12,660
Capital profits reserve		
Balance at start of the year	**12,265**	12,265
Business combination movement	**-**	-
Balance at the end of the year	**12,265**	12,265
Option Reserve		
Balance at start of the year	**395**	395
Business combination movement	**-**	-
Balance at the end of the year	**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 27 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	
	2020	2019
	$'000	$'000
Exploration expenditure commitments		
Tenement exploration expenditure	**3,370**	3,680
Tenement lease payment	**1,421**	618
	4,791	4,298

The minimum exploration expenditure commitments and lease payment on the Group's exploration tenements totalling approximately $4.79 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	**125**	125
Later than one year but not later than 5 years	**500**	500
Later than 5 years	**-**	-
	625	625

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 Asset Management Pty Limited pursuant to which Hudson Asset Management Pty 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 Asset Management Pty 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
		2020	2019	
		%	%	
North Eastern Bauxite Pty Limited	Ordinary	**100**	100	Australia
Hudson Diatomaceous Earth Pty Limited	Ordinary	**100**	100	Australia
Hudson Minerals Pty Limited	Ordinary	**100**	100	Australia
Hudson Attapulgite Pty Ltd	Ordinary	**100**	100	Australia
Ashford Coking Coal Pty Ltd*	Ordinary	**0**	100	Australia
Hudson Industrial Minerals Limited*	Ordinary	**0**	100	Australia

* Inactive entity – deregistered during the year

26. PARENT ENTITY FINANCIAL INFORMATION

a. Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2020	2019
	$'000	$'000
Balance Sheet		
Current assets	**4,837**	1,131
Non-current asset	**12,335**	14,502
Total assets	**17,172**	15,633
Current liabilities	**621**	452
Non-current liabilities	**11,877**	13,575
Total liabilities	**12,498**	14,027
Shareholder's equity		
Issued Capital	**26,880**	26,880
Reserves	**4,152**	4,152
Accumulated losses	**(26,358)**	(29,426)
Profit and Loss		
Profit/(Loss) for the year	**3,068**	(3,309)
Total comprehensive Profit/(Loss)	**3,068**	(3,309)

b. Guarantees entered into by the parent entity

Hudson Resources Limited has provided guarantees to some of the subsidiaries within the Group. No liability was recognised by Hudson Resources Limited in relation to these guarantees as the likelihood of payment is not probable.

c. Contingent liabilities of the parent entity

Refer to note 23.

d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

27. DEED OF CROSS GUARANTEE

As at 31 December 2020 Hudson Resources Limited, Hudson Minerals Pty Limited, Hudson Diatomaceous Earth Pty Limited, North Eastern Bauxite Pty Ltd and Hudson Attapulgite 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.

28. 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**	**Mining of minerals**	**Intersegment eliminations/ unallocated**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
2020					
Sales to external customers	**250**	**194**	**197**	**-**	**641**
Intersegment sales	**-**	**-**	**-**	**-**	**-**
Total sales revenue	**250**	**194**	**197**	**-**	**641**
Other revenue	**-**	**38**	**-**	**-**	**38**
Total segment revenue	**250**	**232**	**197**	**-**	**679**
Segment result					
Profit/(loss) before income tax	**398**	**(5,244)**	**(29,581)**	**28,636**	**(5,791)**
Income tax	**-**	**-**	**-**	**-**	**-**
Net profit/(loss)	**398**	**(5,244)**	**(29,581)**	**28,636**	**(5,791)**
Segment assets	**3,115**	**29,598**	**1,999**	**(21,918)**	**12,794**
Segment liabilities	**2,651**	**12,498**	**920**	**(11,263)**	**4,806**
Acquisition of non-current assets	**-**	**-**	**-**	**-**	**-**
Depreciation and amortisation expense	**-**	**-**	**-**	**-**	**-**
2019					
Sales to external customers	438	495	155	-	1,088
Intersegment sales	-	-	-	-	-
Total sales revenue	438	495	155	-	1,088
Other revenue	-	62	-	-	62
Total segment revenue	438	557	155	-	1,150
Segment result					
Profit/(loss) before income tax expense	248	1,101	(61)	(4,615)	(3,327)
Income tax expense	-	-	-	-	-
Net profit/(loss)	248	1,101	(61)	(4,615)	(3,327)
Segment assets	20,818	28,943	31,366	(60,896)	20,231
Segment liabilities	3,936	14,030	706	(12,220)	6,452
Acquisition of non-current assets	-	51	504	-	555
Depreciation and amortisation expense	-	-	-	-	-

29. CASH FLOW INFORMATION

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

	Consolidated	
	2020	2019
	$'000	$'000
Profit/(loss) for the year	**(5,791)**	(3,327)
Provision for doubtful debt – written back	**(1,249)**	1,282
Net gain on disposal of investment	**-**	159
Depreciation and amortisation	**-**	-
Fair value adjustment on properties and investment	**6,061**	468
Change in operating assets and liabilities:		
(Increase)/decrease in receivables and other operating assets	**1,103**	(265)
(Increase)/decrease in inventories	**(40)**	84
Increase/(decrease) in trade, other creditors and other provisions	**(347)**	284
(Increase) in deferred assets	**-**	-
Increase in deferred liabilities	**-**	-
Net cash (outflow)/inflow from operating activities	**(263)**	(1,315)

b. Significant non-cash transactions

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

30. EARNINGS PER SHARE

	Consolidated	
	2020	2019
	Cents	Cents
Basic earnings/(loss) per share	**(4.94)**	(2.84)
Diluted earnings/(loss) per share	**(4.94)**	(2.84)
	2020	2019
	$'000	$'000
Profit/(loss) used in calculating basic and diluted earnings per share	**(5,791)**	(3,327)
	2020	2019
	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**117,269,679**	117,269,679
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	**117,269,679**	117,269,679

31. EVENTS OCCURRING AFTER REPORTING DATE

At the date of this report there are no other matters or circumstances which have arisen since 31 December 2020 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2020, of the consolidated entity;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2020, of the consolidated entity

32. 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 3 February 2015
John Farey	Non-Executive Director	Appointed 11 July 2017
Alan Beasley	Non-Executive Director	Appointed 8 November 2017
Richard Yap	Non-Executive Director	Appointed 1 August 2013

b. Other Key Management Personnel

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

Mona Esapournoori	Company Secretary	Appointed 19 Dec 2017
Luisa Tan	Consultant	
Venkata Kambala	Consultant	

c. Compensation of Directors and Key Management Personnel

	Consolidated	
	2020	2019
Directors	**$**	$
Short term employee benefits	**135,000**	205,000
Post employment benefits	**-**	-
Long term benefits	**-**	-
Termination benefits	**-**	-
Share based payments	**-**	-
	135,000	205,000

	Consolidated	
	2020	2019
Other Key Management Personnel	**$**	$
Short term employee benefits	**239,000**	211,900
Post-employment benefits	**6,175**	5,880
Long term benefits	**1,086**	1,307
Termination benefits	**-**	-
Share based payments	**-**	-
	246,261	219,087

32. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits		
	Salary and other fees	Allowance	Super-annuation	Long Service Leave	Share Based Payment	Total
	$	$	$	$	$	$
Consolidated						
2020						
Directors						
Vincent Tan	**125,000**	**-**	**-**	**-**	**-**	**125,000**
John Farey	**-**	**-**	**-**	**-**	**-**	**-**
Alan Beasley	**-**	**-**	**-**	**-**	**-**	**-**
Richard Yap	**10,000**	**-**	**-**	**-**	**-**	**10,000**
Directors - Total	**135,000**	**-**	**-**	**-**	**-**	**135,000**
Other KMP						
Luisa Tan	**150,000**	**-**	**-**	**-**	**-**	**150,000**
Venkata Kambala	**24,000**	**-**	**-**	**-**	**-**	**24,000**
Mona Esapournoori	**65,000**	**-**	**6,175**	**1,086**	**-**	**72,261**
KMP - Total	**239,000**	**-**	**6,175**	**1,086**	**-**	**246,261**
2019						
Directors						
Vincent Tan	125,000	-	-	-	-	125,000
John Farey	-	-	-	-	-	-
Alan Beasley	20,000	-	-	-	-	20,000
Richard Yap	60,000	-	-	-	-	60,000
Directors - Total	205,000	-	-	-	-	205,000
Other KMP						
Luisa Tan	150,000	-	-	-	-	150,000
Mona Esapournoori	61,900	-	5,880	1,307	-	69,087
KMP - Total	211,900	-	5,880	1,307	-	219,087

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.

32. KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED

d. Employee Share Option Plan

Refer to Note 33 for details

e. Shareholdings and Option Holdings of Key Management Personnel

Directors	Direct Interest	Indirect Interest	Options
Vincent Tan	-	**106,827,870**	-
John Farey	-	**96,280,140**	-
Richard Yap	-	**1,000,000**	-
Alan Beasley	-	-	-

Shares held in Hudson Resources Limited-2020

Directors	Balance at the start of year	changes during the year	Balance at the end of year
Richard Yap	**1,000,000**	-	**1,000,000**
Vincent Tan – Indirect[2,1]	**106,827,870**	-	**106,827,870**
John Farey[2]	**96,280,140**	-	**96,280,140**
Alan Beasley	-	-	-

Shares held in Hudson Resources Limited-2019

Directors	Balance at the start of year	changes during the year	Balance at the end of year
Vincent Tan – Direct	-	-	-
Richard Yap	1,000,000	-	1,000,000
Vincent Tan - Indirect[2,1]	65,810,307	41,017,563	106,827,870
John Farey	61,190,815	35,089,325	96,280,140

[1] *Mr Tan has an indirect interest in 10,547,730 shares by virtue of his position as a director of Pacific Portfolio Investments Pty Ltd, Ozberge Pty Ltd and Raffles Equities Pty Ltd.*

[2] *Mr Tan and Mr Farey have an indirect interest in 96,280,140 shares by virtue of their positions as Directors of RafflesCo Limited, Hudson Imports Pty Ltd and HTH Nominees Pty Ltd.*

f. Loans to key management personnel

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.

33. 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 (2019: $Nil). The aggregate number of shares held under the plan by participants is nil shares (2019: nil 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 $Nil (2019: nil). Interest totalling $nil was accrued on these loans, which was added to the loan on 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.

34. REMUNERATION OF AUDITORS

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

	Consolidated **2020** **$**	2019 $
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	**10,000**	16,430
Review Services	**7,000**	10,475
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	**2,895**	3,040
Amounts paid or payable for non audit advisory services for the Company.		
Advisory services	**-**	-
	19,895	29,945

35. 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 32.

d. Transactions with related parties

The following transactions occurred with related parties during the year:

	Consolidated **2020** **$**	2019 $
Sales of goods		
- sale minerals to Hudson Marketing Pty Ltd (HMPL)	**179,532**	154,810
Rental Income		
- rent received from Hudson Marketing Pty Ltd (HMPL)	**65,000**	124,978
- rent received from RafflesCo Limited (RL)	**185,136**	202,273
- rent received from Hudson Asset Management Pty Ltd (HAMPL)	**-**	111,073
Rental Expenses		
- rent payment to Hudson Marketing Pty Ltd (HMPL)	**10,000**	30,000
- rent payment to Hudson Asset Management Pty Ltd	**23,000**	61,695
- rent payment to Hudson Pacific Group Ltd (HPGL)	**35,000**	72,000
Corporate services fee paid		
- paid to Hudson Asset Management Pty Ltd (HAMPL)	**60,000**	240,000

35. Related PARTIES - continued

Sale of goods

Consolidated group only

Hudson Resource Limited sold mineral ores goods to Hudson Marketing Pty Limited (**HMPL**), a wholly owned subsidiary of RafflesCo Limited, earning income of $179,532 (2019: $154,810)

Rental Income

Consolidated group only

Hudson Minerals Pty Limited received rental income from HMPL of $65,000 (2019: $124,978)

Hudson Minerals Pty Limited received rental income from RL of $185,136 (2019:$202,273)

Hudson Minerals Pty Limited received rental income from HAMPL $nil (2019:111,073)

Rental expense

Consolidated and parent entity

Hudson Resource Limited paid a rental expense of $10,000 (2019: $30,000) to Hudson Marketing Pty Limited for industrial building usage.
Hudson Resource Limited paid a rental expense of $23,000 (2019: $61,695) to Hudson Asset Management Pty Ltd for equipment storage.
Hudson Resource Limited paid rental expenses of $35,000 (2019: $72,000) to Hudson Pacific Group Ltd for office usage.

Corporate services fee

Consolidated and Parent entity

Hudson Resource Limited paid a corporate services fee to Hudson Asset Management Pty Limited (**HAMPL**) of $60,000 (2019: $240,000) as payment of recoveries for office administration and running expenses incurred in HCPL on behalf of the group.

d. Outstanding balances

	Consolidated	
	2020	2019
	$ '000	$ '000
Current receivable		
Receivable – VasseCo Pty Ltd	**-**	205
	-	205
Non-current receivable		
Receivable – Raffles Equities Pty Ltd	**-**	760
Receivable – VasseCo Pty Ltd	**-**	33
Receivable – RafflesCo Limited	**-**	435
	-	1,228
Non-current payable		
Payable - Hudson Property Trust	**1,295**	1,945
Payable - Hudson Corporate Pty Ltd	**-**	1,050
	1,295	2,995

35. RELATED PARTIES continued

Receivable – related entities

An interest-bearing secured loan of $nil million (2019: $0.76 million) was advanced to Raffles Equities Pty Ltd. The loan was secured by shares. None were written down during the year. Fully repaid during the year.

One non-interest-bearing unsecured loan was advanced to VasseCo $nil million (2019: $0.23 million). The loan was written off during the year.

An interest-bearing secured loan of $nil million (2019: $0.43 million) was advanced to RafflesCo Limited. None were written down during the year. Fully repaid during the year.

Payable – related entities

An interest-bearing secured loan of $1.29 million (2019: $1.94 million) was advanced from Hudson Property Trust. The loan was secured by shares.

One non-interest-bearing unsecured loan was advanced from Hudson Corporate Pty Ltd $nil million (2019: $1.05 million).

e. Guarantees

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

f. Terms and conditions

All transaction was 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 profit or loss and other 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 2020 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.

The entities identified in Note 27 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 27.

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

John Farey
Director

Sydney
19 March 2021

INDEPENDENT AUDITOR'S REPORT

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.
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

Opinion
We have audited the financial report of Hudson Resources Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

Basis of opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terns if given to the directors as at the time of this auditor's report.

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

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

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

20 Grose Street
NORTH PARRAMATTA NSW 2151

PO Box 2210
NORTH PARRAMATTA NSW 1750

Other Matters – impact of COVID-19

I draw your attention to note 12 Financial Assets; and note the impairment in relation thereto of $6.26mil in note in note 5.

A significant portion of this impairment relates to the Group's 40% interest in a related party property trust that owns a commercial car park at 131 Macquarie Street Sydney NSW 2000.

The Group is reliant upon the valuation of the trust's real property assets to support the carrying amount of financial assets stated in the financial statements and rental income that provide working capital for the Group.

The impact of COVID-19 has reduced the value of financial assets from $14.578mil last financial year to $8.317mil this financial year and rental income from $438k last financial year to $250k this financial year.

During the financial year, the property trust was forced to replace its tenant, replacing the existing fixed income model with a commission basis revenue model.

In consideration of AASB 136, management took a conservative approach and impaired the property assets in the Trust based on a net present value of future rents from the new tenancy arrangement.

As a consequence of this impairment, the LVR ratio has moved from 56% to 80%, which exceeds the current agreed LVR ratio of 60%.

The bank loan is due to expire in August 2021 and has been classified as a current liability in the financial statements of the property trust.

Until such time that the bank is approached to extend to loan facility of the trust, it is unknown what the impact will be on the Group's valuation of financial assets.

Notwithstanding the above, management is confident that bank will extend its debt facility on similar terms that are current in place.

Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

Level 1
251 Elizabeth Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

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

20 Grose Street
NORTH PARRAMATTA NSW 2151

PO Box 2210
NORTH PARRAMATTA NSW 1750

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report
The directors are responsible for the preparation of the financial report the gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Home.aspx. This description forms part of our auditor's report.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner
Dated: 19/3/2021
Sydney

Schedule of Tenements

	Licence No	Project	Status	Date Applied	Date Granted	Expiry Date	Area Sq kms
HRS/MHGPL - 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/HDEPL - 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**
						Total	**29.0**

Level 5, 52 Phillip Street,
Sydney NSW 2000

www.hudsonresouces.com

ACN 008 720 965