

QUARTERLY ACTIVITIES STATEMENT
FOR THE PERIOD ENDING 31 DECEMBER 2008

30 January 2009

Hudson Resources Limited is an Australian mining company that listed on the Australian Stock Exchange on 26 November 1979 with company code HRS.

Hudson has a diversified and expanding asset portfolio including bauxite and coal. It continues mining of and developing uses for attapulgitite.

HIGHLIGHTS**Bauxite – Project Inverell, NSW**

- The first twelve months exploration expenditure on EL 6997 (Bauxite - Inverell, NSW) totalled \$175,000 at 24 December 2008, its first anniversary.
- Promising results from bauxite assay analysis provide impetus to Hudson's bauxite strategy. Drilling programme commenced early 2009.

Coal – Tiaro Coal Measures, Qld

- Tiaro Coal Limited (**TCM**) completed its 2008 drilling programme (the Company holds a strategic investment of 30 million ordinary shares (60.44%) and 20 million options in TCM).
- Based on analysis of the geological sampling of cuttings and core, and geophysical log results, coal intersections that may equate to economic "working sections" of at least 5m were obtained in several holes at shallow depths.

Attapulgitite (Fullers Earth) – Lake Nerramyne WA

- Drilling at Lake Nerramyne confirms a 23.4 million tonne attapulgitite (Inferred) resource.
- Rental income from the Company's industrial properties at Geraldton Western Australia was \$47,025 (ex GST) for the quarter.

CORPORATE

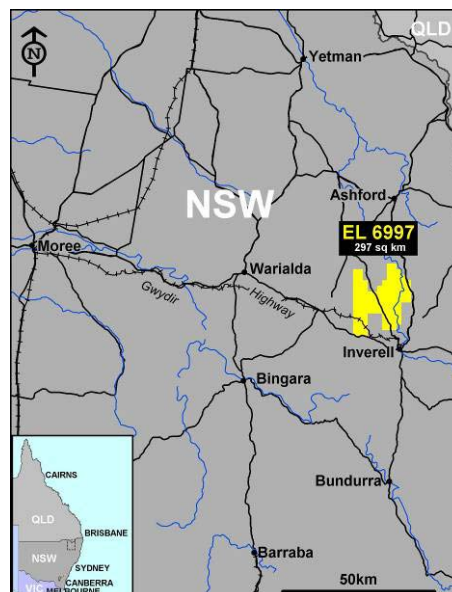
At the end of the quarter, Hudson Resources Limited had on issue 100,885,822 ordinary shares and 14,000,000 options.

CORE ACTIVITIES AND ASSETS**BAUXITE****Project Inverell**

EL 6997 is located approximately 20 km north-west of Inverell, in north eastern New South Wales. The licence covers an area of approximately 297 sq km.

Extensive and almost continuous outcrops of bauxitic laterite have been identified during field traversing and during the quarter the Company received promising assay results from samples obtained from outcrops of bauxite.

Typical outcrops of bauxite are in layers of between 3 and 12 metres (m) thick and extend in a semi-continuous manner for between 0.25 and 1 km in length. These outcrops are found on the edges of low plateaus.



Project Inverell NSW location map

Based on visual observations and assay results for the first 47 of 251 samples from bauxite outcrops received during the quarter, the bauxite can be classified as follows:

| | Al₂O₃ | Fe₂O₃ | SiO₂ | LOI |
|-----------------|------------------------------------|------------------------------------|------------------------|------------|
| 'white' bauxite | 54 - 56 % | 7 - 8% | 3 - 8% | 26 - 27% |
| 'red' bauxite | 30 - 46 % | 13 - 36% | 3 - 12% | 20 - 24% |

Discussions commenced during the quarter with parties interested in participating in exploration and development of EL 6997. Upon successful completion Hudson will be in a position to greatly accelerate its bauxite programme.

2009 Programme

A drilling programme on EL 6997 will run during the March quarter.

The programme commenced in January and is designed to accurately determine the thicknesses and average quality of the bauxite layers. The programme will consist of RC Aircore drilling for approximately 2,875m. The estimated number of holes is 115 in 4 separate areas.

A metallurgical testing programme has also commenced and consists of several stages. It will include beneficiation by wet screening, determination of total and reactive silica, total and available alumina and other specialist chemical analyses, optical and electron microscope studies and assessment of beneficiated product quality.

Depending on our test results a systematic drilling programme to define a JORC compliant resource will be undertaken.

Surface exploration completed to date has focussed on the eastern part of the exploration licence where drilling targets have been identified. Further surface exploration is planned in 2009 for other parts of the licence to identify additional targets.



First drill hole marking commencement of 2009 programme

COAL

Maryborough Basin Projects (Qld)

TCM was listed in March 2008 to undertake exploration for commercially viable coal deposits with the potential to produce metallurgical (coking, PCI) coals from the Tiaro Coal Measures.

Since listing TCM has embarked on a coal exploration programme consisting of:

- a detailed airborne magnetic and radiometric survey, to enable better selection of target zones for follow-up exploration;
- seismic surveys to define the targets for drilling; and
- drill testing of the targets to define deposits of high value (metallurgical) coal.

This programme is well advanced with the airborne magnetic, seismic surveys and drilling completed.

Tiario through its wholly owned subsidiary Tiario Energy Corporation Pty Limited is a participant of the Tiario Coal Joint Venture, together with Core Coal (Qld) Pty Limited and Jandale Pty Limited. Through a separate joint venture Dynasty Metals Australia Limited has earned a 15% interest in EPC 956 and EPC 957.

The joint ventures hold EPC 956, 957, 967, 972 and EPCA 1151 which is under application.

These tenements cover most of the known exposures of the Tiaro Coal Measures within the Mesozoic Maryborough Basin, located between Gympie and Maryborough in southeast Queensland.

The tenements are well serviced by nearby infrastructure, including manpower, mining support services, road, rail and port facilities. The rail line bisects the exploration tenements.

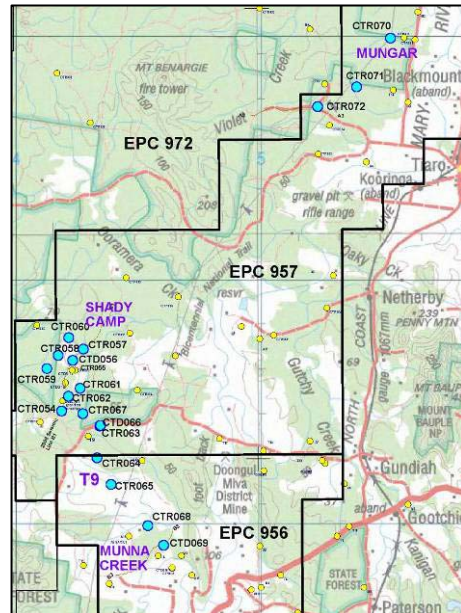
2008 Drill Programme

During the quarter a drilling programme was completed for approximately 2,730 metres, of which 770m was diamond core drilling in three holes.

The programme was designed to confirm the stratigraphy and to test directly for the presence of coal seams, working sections and coal quality and is based on the interpreted results of the recently completed high quality airborne geophysical and seismic surveys.

Based on analysis of the geological sampling of cuttings and core, and geophysical log results, coal intersections have been obtained in 11 out of 13 percussion holes and in 3 diamond holes.

Coal intersections that may equate to economic “working sections”, with thickness of at least 5m were obtained in 4 percussion holes and 2 diamond drill holes. These intersections are at depths of 22 to 120m. There is an additional drill hole with a thick coal intersection in an oxidised zone (9m depth).



2008 drillholes shown in blue, previous drillholes shown in yellow

Based on preliminary washing tests, washed product with 9.5 to 17% ash can be expected.

Preliminary tests on samples from drill holes in the central and southern part gave high CSN (swell) numbers indicative of coking coal. Samples from the drill hole in the northern part are indicative of PCI type coal. Laboratory testing continues to obtain a full set of analyses.

Drill holes completed to date were spaced at approximately 1 to 2km. The target zone located in the western part of EPC 956 and EPC 957 which was drill tested during the quarter is approximately 10km long and 2 to 4km wide.

A major drilling programme is being designed to test this zone over the next two quarters; the objective being to define a JORC compliant resource.

There are a number of other target zones in EPC 956, 957, 967, 972 and EPCA 1151 which will be tested in subsequent stages.

ATTAPULGITE – FULLERS EARTH (WA)

Lake Nerramyne (100% - Mining Leases)

Exploration conducted by the Company during the quarter resulted in the definition of a JORC compliant Inferred Resource comprising 23.4 million tonnes of attapulgite at Lake Nerramyne, WA.

The 138 hole air-core drilling programme was conducted over leases M70/ 128, 389, 483 and 606 covering approximately 40% of its mining leases (2,700ha), which represents only 10% of the total area held or under application by the Company.

Interpretation of the drilling results and block modelling has led to a substantial increase in the understanding of the geology and known resources at its Attapulgite Mine 140km NW of Geraldton WA.

Measured, Indicated and Inferred Resources were defined during the drilling programme, to JORC compliant standards:

- Inferred Resource of attapulgite at Lake Nerramyne is 23.4 million tonnes including 9.4 million tonnes of high grade¹ attapulgite.
- Of the Inferred Resource, Indicated Resources is 5.87 million tonnes of attapulgite including 2.98 million tonnes of high grade attapulgite.

Full details of the program and resource estimates were released on 19 January 2009.

A total of 6,632 tonnes of attapulgite ore was sold to Hudson Marketing Pty Limited during the quarter and transported to their processing plant at Geraldton, WA.

The raw ore sold is supplying the operations of Hudson Marketing Pty Limited which is involved in the manufacture of pet litter and industrial absorbents.



Lake Nerramyne WA location map

DIATOMITE (WA)

Dongara and Badgingarra (100% - Mining Leases).

No mining, exploration or production activity took place during the quarter.

The Company holds several diatomite mining tenements between Geraldton & Perth in Western Australia.

The Company continues to explore avenues to commercially employ the diatomite ore mineralization and during the quarter entered into a commercial arrangement with a leading offshore university to test diatomite for prospective use in the manufacture of building materials.

Discussions continue with a number of parties to develop opportunities to commercially exploit agglomeration and blending uses for the raw diatomite ore.

INVESTMENT (MALAYSIA)

Hudson MPA Sdn Bhd (**HMPA**) (23.0%)

The Company holds a strategic shareholding of 23.0% interest in Hudson-MPA Sdn Bhd (HMPA) in Malaysia.

Malaysia is amongst the world’s largest consumers of bleaching earth.

HMPA operates production facilities at Lumut and a marketing office in Kuala Lumpur in West Malaysia.

¹ High grade attapulgite is recognisable by the way it drills cleanly, producing abundant chips which readily wash free of clay. It is coherent and not plastic, not deforming under pressure and is generally free of sandy grains.

LAND & INDUSTRIAL COMPLEXES (WA)

Narngulu Geraldton (100%).

Rental income from the Company's industrial properties, comprising 14.5 hectares in area, at Geraldton Western Australia was \$47,025 (ex GST) for the quarter.

The properties include industrial complexes consisting of industrial and packaging sheds, warehouses and office facilities.

The properties had a combined value of \$2.2 million at the end of the quarter.

FOR FURTHER INFORMATION PLEASE CONTACT:

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Chief Executive Officer

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Qualifying statements

Inverell: The information in this report that relates to Exploration Programs covering EL 6997 and ELA 3579 are based on information compiled by Jacob Rebek who is a member of Australian Institute of Mining and Metallurgy. Mr. Rebek is a qualified geologist and is a consultant to Hudson Resources Limited where he acts in the capacity of chief geologist.

Mr. Rebek has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources. Mr. Rebek consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Lake Nerramayne: The information in this report that relates to Exploration Programs covering M70/ 128, 389, 483 and 606 were prepared by Malcolm Carson. Malcolm Carson is a consultant to the company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration. Mr Carson has a BS degree in geology and an MSc in Natural Resource Management and he is a Member of the Australian Institute of Mining and Metallurgy. He has sufficient experience which is relevant to the type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results. Mr Carson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to resource calculations with respect to M70/ 128, 389, 483 and 606 is based on information compiled by David R Jenkins, a full time employee of Terra Search Pty Ltd, geological consultants engaged by Hudson Resource. Mr Jenkins has a BSc Honours degree in geology; he is a Member of the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code of Conduct for Reporting of Exploration results, Mineral Resources and Ores Reserves". Mr Jenkins consents to the inclusion in this report of the resources based on geological information available at this time.