

HUDSON RESOURCES LIMITED
ABN 71 008 720 965

APPENDIX 4E
ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2009
(CORRESPONDING PERIOD – PERIOD ENDED 31 DECEMBER 2008)

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The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2008 and any public announcements made by Hudson Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CORPORATE DIRECTORY

Hudson Resources Limited

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Peter Meers (Chairman/Chief Executive Officer)
Tan Sri Ibrahim Menudin
Wei Huang
Kenneth Boundy

Company Secretary

David L Hughes

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ASX Code – HRS

Hudson Resources Limited shares are listed on the Australian Securities Exchange.

This financial report covers both Hudson Resources Limited as an individual entity and the consolidated entity consisting of Hudson Resources Limited and its consolidated entities.

Hudson Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

Hudson Resources Limited

ABN 71 008 720 965

**PRELIMINARY FINAL REPORT FOR THE
YEAR ENDED 31 DECEMBER 2009
(PREVIOUS CORRESPONDING PERIOD:
YEAR ENDED 31 DECEMBER 2008)**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from continuing operations	Up	54.91%	to	1,072
Profit/(Loss) after income tax from continuing operations	Down	211.14%	to	(399)
Net profit for the period attributable to members	Down	32.62%	to	157

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	\$Nil	N/A
Interim dividend	\$Nil	N/A

Explanation of Profit from Ordinary Activities after Tax and Net Profit

The Company has achieved a consolidated profit of \$157,000 for the year, compared to a consolidated profit of \$233,000 in 2008.

The profit arises from 2009 operating revenue underpinning the Company's Attapulgitte (Fullers Earth) resources (sale of raw ore), property rental and net income on transfer of the Company's bauxite interests.

Operating Revenue of \$1,072,000 for 2009 includes the sale of raw ore at \$792,885 and the lease income of \$190,763 from the property. Consolidation of the accounts of subsidiary companies, Tiaro Coal Ltd (TCM) and Australian Bauxite Ltd (ABZ), has resulted in a net profit of \$157,000.

Executive Review

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

Hudson's focus during the reporting period was developing the bauxite interests culminating in a spin-off of the bauxite business to Australian Bauxite Limited (ABx).

Australian Bauxite Limited (ASX:ABZ) was admitted to the Official List of the ASX on 21 December 2009 – Official Quotation of the securities commenced on Thursday, 24 December 2009.

CORE ACTIVITIES AND ASSETS

ATTAPULGITE (FULLERS EARTH) (100%)

A total of 39,733 tonnes of attapulgite ore was sold during the year.

DIATOMITE (100%)

During the reporting period no technical ground exploration was undertaken however, extensive work to develop commercial opportunities was completed.

This work consisted of detailed technical investigations including mineralogical and chemical analysis; scanning electron and microprobe analysis; and identification of physical, mechanical and thermal properties of diatomite found within the Diatomite Project Tenements.

A research program outlining the scope and commercial prospect of the using the Company's diatomite as Insulative Bricks and Light Weight Aggregate was completed.

Further research is being planned to investigate the use of diatomite as a slow release fertiliser and soil conditioner.

BAUXITE

Australian Bauxite Limited (ABX) (71%)

Hudson's interest in bauxite is now held through Australian Bauxite Limited (ASX:ABZ).

Hudson holds 50 million shares in Australian Bauxite Limited, which are escrowed until 21 December 2011. Market value at 28 January 2010 was \$17 million.

Readers are directed to the ABx website at australianbauxite.com.au for further information.

COAL

Tiara Coal Investment (Tiara) (47.5%)

Tiara Coal Limited (Tiara) was listed in March 2008 to undertake exploration for commercially viable coal deposits with the potential to produce metallurgical (coking, PCI) coals from the Tiara Coal Measures in south-east Queensland.

Hudson acquired a strategic position in Tiara through the acquisition of 30 million shares, now representing a 47.5% interest.

Executive Review continued

Hudson holds 30 million shares in Tiaro Coal Limited, which are escrowed until 3 March 2010; market value at 28 January 2010 was \$9.3 million. In addition Hudson holds 20 million options exercisable by 13 November 2010 at \$0.30.

A regional gravity survey comprising approximately 300 stations was completed during the December quarter over the Tiaro project area. The aim of the work was to significantly upgrade the course regional gravity coverage by Government agencies at station spacing of approximately 2km to 5km, to a coverage of about 1km x 1km, and closer in the T9/Munna Creek defined target areas in EPC 956 and EPC 957.

As a result of this programme the target area over Shady camp, T9 and Munna Creek has increased from some 40 sq kms to 90 sq kms.

The results not only clearly depict the main areas where the best coal intersections have been identified, but also highlight interesting and considered important, structure within and peripheral to these areas, plus a few smaller areas which have not been previously drilled, or have only and had a single hole drilled in the area or around the margins. A conceptual drilling program for 2010 is being developed to confidently target specific zones of interest.

INVESTMENT (MALAYSIA) (23%)

Hudson MPA Sdn Bhd (HMPA)

Hudson holds a strategic shareholding of 23% 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.

LAND & INDUSTRIAL COMPLEXES (WA) (100%)

Narngulu Geraldton

Rental income from Hudson's industrial properties, comprising 14.5 hectares in area, at Geraldton Western Australia was \$190,125 (ex GST) for the year.

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

The properties have a combined value of \$2.2 million at the end of the year.

ASSET PORTFOLIO SUMMARY

	Hudson Interest	Description	
Commodities			
Attapulгите	100%	4 mining leases	23.4 million tonnes Inferred; 5.87 million tonnes indicated
Diatomite	100%	6 mining leases	
Investments			
Bauxite	71%	Equity interest in Australian Bauxite Limited	
Coal	48%	Equity interest in Tiaro Coal Limited	
Bleaching Earth	23%	Equity interest in Hudson MPA Sdn Bhd	
Royalty Interest			
Vasse Coal Project	25%	Royalty interest	
Properties			
Narngulu, Geraldton WA	100%	Property, value \$2.2 million	

Hudson Resources Limited and Controlled Entities
Income Statement
for the year ended 31 December 2009

	Notes	Consolidated	
		2009	2008
		\$'000	\$'000
Revenue from continuing operations	2	1,072	692
Cost of sales		<u>(761)</u>	<u>(273)</u>
Gross profit		311	419
Other income	3	1,084	1,607
Administration expenses		(1,442)	(1,158)
Sales and distribution expenses		-	(262)
Finance costs		<u>(488)</u>	<u>(111)</u>
Profit/(Loss) before income tax expense		(535)	495
Income tax		<u>136</u>	<u>(136)</u>
Profit/(Loss) after tax		(399)	359
Minority Interest		<u>556</u>	<u>(126)</u>
Profit attributable to members of the Company		<u>157</u>	<u>233</u>
		Cents	Cents
Basic earnings per share		0.15	0.23
Diluted earnings per share		0.14	0.20

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

Hudson Resources Limited and Controlled Entities
Balance Sheet
for the year ended 31 December 2009

	Notes	Consolidated	
		2009 \$'000	2008 \$'000
Current assets			
Cash and cash equivalents	5	4,759	1,799
Trade and other receivables		1,789	192
Inventories		322	386
Other current assets		12	48
Total current assets		6,882	2,425
Non-current assets			
Trade and other receivables		777	1,695
Available for sale financial assets		401	450
Mining tenements and interests		7,327	4,018
Plant and equipment		16	2
Investment property		2,193	2,170
Total non-current assets		10,714	8,335
Total assets		17,596	10,760
Current liabilities			
Trade and other payables		157	153
Employee benefits		2	6
Total current liabilities		159	159
Non-current liabilities			
Trade and other payables		1	3
Financial liabilities		1,650	1,650
Provisions		194	191
Deferred tax liability		-	136
Total non-current liabilities		1,845	1,980
Total liabilities		2,004	2,139
Net assets		15,592	8,621
Equity			
Issued capital		24,700	24,250
Reserves		11,130	7,603
Accumulated losses		(25,187)	(25,344)
Total equity attributable to equity holders of parent entity		10,643	6,509
Minority interest		4,949	2,112
Total Equity		15,592	8,621

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

Hudson Resources Limited and Controlled Entities
Statement of Changes in Equity
for the year ended 31 December 2009

CONSOLIDATED	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Minority Interests \$'000	Total Equity \$'000
At 1 January 2009	24,250	7,603	(25,344)	2,112	8,621
Profit for the year	-	-	157	-	157
Shares issued during the year	450	-	-	-	450
Business combination movement	-	3,027	-	-	3,027
Minority interest movement	-	-	-	2,837	2,837
Option reserves	-	500	-	-	500
At 31 December 2009	24,700	11,130	(25,187)	4,949	15,592
At 1 January 2008	24,237	4,399	(25,577)	-	3,059
Profit for the year	-	-	233	126	359
Shares issued during the year	13	-	-	-	13
Minority interests share of movement in reserves	-	-	-	1,986	1,986
Business combination movement	-	3,204	-	-	3,204
At 31 December 2008	24,250	7,603	(25,344)	2,112	8,621

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Hudson Resources Limited and Controlled Entities
Statement of Cashflows
for the Year Ended 31 December 2009

	Note	Consolidated	
		2009	2008
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		1,018	590
Payments to suppliers and employees		(2,973)	(1,631)
Interest paid		(84)	(110)
Interest received		54	147
Net cash (outflow)/inflow from operating activities		(1,985)	(1,004)
Cash flows from investing activities			
Contributions to mining tenements		(3,678)	(2,310)
Deposits on mining tenements		-	(89)
Proceeds from sale of mining tenements and investments		2,400	1,503
Receivable		(1,634)	-
Loan to related entity		-	(3,117)
Employee share plan		(467)	-
Payments for property, plant and equipment		(15)	(3)
Net cash (outflow)/inflow from investing activities		(3,394)	(4,016)
Cash flows from financing activities			
Net proceeds from IPO of subsidiary		3,547	5,540
Proceeds from issue of shares		3,361	13
Proceeds from repayment		1,431	-
Proceeds from borrowing		-	1,650
Repayment of borrowings		-	(620)
Net cash inflow/(outflow) from financing activities		8,339	6,583
Net increase/(decrease) in cash held		2,960	1,563
Cash at the beginning of the financial year		1,799	236
Cash at the end of the financial year	5	4,759	1,799

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

Hudson Resources Limited and Controlled Entities
Notes to the Financial Statements
for the Year Ended 31 December 2009

1 ACCOUNTING POLICIES, ESTIMATION METHODS AND MEASUREMENT BASIS

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half year report.

	Consolidated	
	2009	2008
	\$'000	\$'000
4 REVENUE FROM CONTINUING OPERATIONS		
Revenue		
Sale of revenues	793	360
Rental income	190	185
Tenement management fee	35	-
	1,018	545
Other revenue		
Interest revenue	54	147
	1,072	692

	Consolidated	
	2009	2008
	\$'000	\$'000
3 OTHER INCOME		
Fair value adjustment to investment property	-	475
Net gain on disposal of mining tenements	1,014	267
Income from option issued to dispose of interest in tenement	-	750
Net gain on disposal of property, plant and equipment	-	86
Other	70	29
	1,084	1,607

4 EXPENSES

	Consolidated	
	2009	2008
	\$'000	\$'000
a Expenses		
Profit/(loss) before income tax includes the following specific expenses:		
Employee benefit expense	432	341
Superannuation contribution expense	25	23
Borrowing costs:		
Interest and finance charges	91	111
Depreciation:		
Buildings	43	44
Plant and equipment	1	1
Total Depreciation	44	45
Write-down of financial assets carried at cost to recoverable amount	-	124

b Dividends

The Directors do not recommend a dividend relating to the year ended 31 December 2009 (2008: \$nil) to be paid.

Hudson Resources Limited and Controlled Entities
Notes to the Financial Statements
for the Year Ended 31 December 2009

	Consolidated	
	2009	2008
	\$'000	\$'000
8 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	4,490	1,610
Cash held in trust	269	189
	4,759	1,799

	Consolidated	
	2009	2008
	Cents	Cents
6 EARNINGS PER SHARE		
Basic earnings/(loss) per share	0.15	0.23
Diluted earnings/(loss) per share	0.14	0.20
	2009	2008
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	102,552,489	100,844,155
Adjustments for calculation of diluted earnings per share:		
Options	7,500,000	14,000,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	110,052,489	114,844,155
	2009	2008
	\$'000	\$'000
Profit/(loss) used in calculating basic and diluted earnings per share	157	233

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	% Ownership Interest	
	Current Period	Previous Corresponding Period
Tiaro Coal Joint Venture	60.12%	56.67%

(b) Aggregate Share of Assets, Liabilities and Profits/(Losses) of Joint Venture Entities

	Current Period	Previous Corresponding Period
	A\$ '000	A\$ '000
Group's Share of proportionately consolidated Joint Venture Entities:		
Current assets	197	434
Long term assets	-	-
Current liabilities	7	19
Long term liabilities	-	-
Revenue	-	-
Other Income	78	14
Expenses	(551)	(990)
Share of net profit/(loss) of joint venture entities	(473)	(976)

Hudson Resources Limited and Controlled Entities
Notes to the Financial Statements
for the Year Ended 31 December 2009

SUPPLEMENTARY APPENDIX 4E INFORMATION

NTA Backing

	2009	2008
Net tangible asset backing per ordinary share	7.80 cents	6.05 cents

Controlled entities acquired during the period

Nil

Loss of control of entities during the period

Nil

Subsequent Events

There have been no events subsequent to reporting date which affects the results contained in this report or the continuing operations of the Group.

Accounting Standards

Australian Accounting Standards have been used in the preparation of this report.

Commentary on results

The Group has achieved a consolidated profit of \$157,000 for the year and maintains profit performance for the second consecutive year.

The achievement results from the Groups strategic direction to integrate mining activities (Attapulgitte clay) with underpinning cash flow and selective divestment of exploration assets to fund new exploration initiatives. The value in this strategy for shareholders is reflected in the increase in total net assets of \$15.59 million, an increase of 80% on 2008 (\$8.62 million).

Other Significant Information

All significant information in relation to the financial performances and position of Hudson Resources Limited has been disclosed in the attached report.

Returns to shareholders

No distributions/dividend this year.

Results of segments

The consolidated entity operates one business being the exploration and selling of mineral products in Australia.

Audit Report

This report is based upon financial statements which are in the process of being audited, and therefore no audit report has been attached.