

SHAREHOLDER UPDATE

21 September 2010

Hudson Resources Limited (**Hudson**) is an Australian company specialising in investments in mining assets and listed resources companies.

These investments are primarily originated by Hudson's own geological team through proprietary exploration work and in some cases farm to mineralisation opportunities with other explorers by providing support through Hudson's core competencies of technical evaluation and Asia investor networking.

Current resource investments embrace coal, bauxite and absorptive materials.

Pipeline investment activities include gold and other specialised non-ferrous metal minerals.



Hudson Resources Limited

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Directors

Peter Meers (Chairman / Chief Executive Officer)

Peter Meers has broad business experience across a range of industries including consumer, commercial and investment banking, securities trading and origination, mining and exploration and building materials.

Tan Sri Ibrahim Menudin

Tan Sri, a Malaysian citizen, is the Director and Chairman of Suria Capital Holdings Berhad, a public-listed company on the Main Board of Bursa Malaysia Berhad. Tan Sri was formerly the Chief Executive Officer of Bumiputra Investment Fund of Sabah until 1985. He had also served as Chairman of Sabah Gas Industries Sdn Bhd, Deputy Chairman of Sabah Forest Industry Sdn Bhd as well as being board member of other Sabah Government corporations ranging from finance, forestry, and manufacturing, plantations, hotel and property development.

Ken Boundy

Ken is a strategy consultant and businessman with particular interests in international marketing. Ken was Managing Director of the Australian Tourist Commission (and then Tourism Australia) from 2001 to 2005, following 15 years in leadership roles in the private sector which covered Divisional Head and CEO roles in the food, wine and building materials industries.

Wei Huang

Wei is a member of CPA Australia and has experience in financial control, new business start ups and development within the textile, retail, financial services, construction and mining sectors in Australia and internationally.

Kit Foo Chye

Kit is an accountant with 15 years experience in the management and administration of publicly listed companies in Malaysia and Australia. Kit's main strength is the restructuring and financing of entities, including preparation of prospectuses and other requirements for listings on the Bursa Malaysia and on the ASX.

RECENT HIGHLIGHTS

Gold

Hudson has 40 million shares in Sovereign Gold Company Limited (Sovereign)

- Sovereign has acquired two gold tenements in the Rocky River-Uralla Gold Field - NSW EL 7491 and EL 6483 and has also applied for two additional gold tenements ELA 4065 and ELA 4053.
- Sovereign lodged its prospectus on 17 September 2010 with ASIC. The Initial Public Offering (IPO) is for 15,000,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$3,000,000; additionally Sovereign may accept over-subscriptions for up to 5,000,000 Shares to raise up to a further \$1,000,000.

Bauxite

Hudson has 55.6 million shares in Australian Bauxite Limited

- Australian Bauxite Limited (**ABx**) (ASX : ABZ)
- Drilling on schedule - 430 holes totalling approximately 4,250 metres completed. 0
- Inferred JORC resource of gibbsite rich bauxite increased by 64% to 36 million tonnes on Inverell NSW tenement.
- ABx has completed a placement of 13.50 million fully paid ordinary shares (15.77% of its issued capital) at 45 cents per share to sophisticated, eligible and/or professional investors raising \$6,075,000 before costs.
- ABx has cash reserves in excess of \$10 million to fund its current exploration and development programs.

Attapulgitite

Hudson owns 100%

- Mining completed at Lake Nerramyne
- 31,593 Bank Cubic Metres attapulgitite mining program completed.

Attapulgitite sales up - a total of 14,708 tonnes of Attapulgitite ore was sold during the June 2010 quarter, up 36% on the previous quarter.

Consultants

Geologists

Jacob Rebek

Jacob Rebek is an Australian geologist with forty years experience in exploration. From 1970 to 2003 he worked for CRA and Rio Tinto in various parts of Australia and overseas. His roles included that of exploration manager for Papua New Guinea in 1970's, South Australia and Northern Territory from 1981 to 1984, Eastern Australia from 1987 to 1993 and Exploration Director for South America from 1997 to 2000.

Michael Leu

Michael is a geologist with over 30 years professional experience in exploration and mining across a range of mineral commodities within Australia and some Pacific and Asian countries.

Corporate Finance and Development

Nicholas Raffan (Nick)

Nick is author of the Raff Report and highly sought after resources analyst and market commentator. He is a resource equities and business cycle specialist with extensive experience in both stock broking and funds management.

Henry Kinstlinger

Henry has the past thirty years been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Vincent Tan

Vincent is a chartered accountant and has over the past thirty-five years worked in a range of industries, including insurance, securities trading, finance and property. He has held senior management positions in a number of public and non-government organisations and has broad experience in corporate structuring.

Chief Financial Officer

Francis Choy

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

Coal

Hudson has 31.8 million shares in Tiaro Coal Limited

- Tiaro Coal Limited (**Tiara**) (ASX : TCM)
- Tiara completes coal exploration program.
- Potentially economic coal intersections have been made in 90% of drill holes in the recently completed 33 hole-drilling programme. A total of 4,747 metres have been drilled (average depth of hole 144 metres) in EPC 956 and EPC 957.
- The drilling results do not indicate any individual seams of 2 metres or more, with the maximum seam thickness being about 1.3 metres. The typical nature of these coals is thin bands of coal, most commonly 20 to 50cm thick, in a zone up to several metres thick. Overall coal content of these zones is about 50%.

Key Assets

Coal – Tiara Coal Limited (ASX: TCM)

Exploration

- Well positioned coal play in SE Queensland between Maryborough & Gympie.
- Large exploration area – 7 granted tenements – 1,624 sq kms and 3 tenements – 2,097 sq kms under application.
- Current drilling target area – 45 sq kms.
- Initial exploration target 30 million tonnes.
- JORC resource estimate in progress.
- Coal ranks range from predominantly thermal coals to coking & PCI products.

Commodity Trading

- Tiara & China Qinfa Group are joint venture partners in Australian Mineral Trading Pty Limited.
- Dividends earned by Tiara fund exploration and coal development opportunities.

Bauxite - Australian Bauxite Limited

- 30 tenements 7,100 sq kms in QLD, NSW & TAS are 100% owned.
- More than 7,000 bauxite analyses have been undertaken as well as 800 drill holes totalling 8,250 metres.
- JORC resources of 41 million tonnes declared; 36 million at Inverell and 5 Million at Taralga NSW.
- Bauxite Ore is typically high quality:
 - High Alumina
 - Low reactive Silica
 - Alumina mineral is the best – Gibbsite (alumina-trihydrate “THA” only)
 - Coarse grained – simple processing & easy handling.
- No restriction on bauxite exports
- Cash balance at 15 September 2010 is A\$10,000,000.
- Accelerated drilling program continues on schedule.

**Absorptive Minerals –
Hudson Resources Limited****Attapulgitite**

- 4 mining leases at Lake Nerramyne near Geraldton WA that host an attapulgitite clay resource encompass an area of 2,700 hectares.
- Attapulgitite stockpile of 50,000 tonne.
- Inferred JORC is 23.4 million tonnes including 9.4 million tonnes of high-grade attapulgitite. Of the Inferred JORC the indicated JORC is 5.87 million tonnes of attapulgitite including 2.98 million tonnes of high-grade attapulgitite.
- The Inferred JORC was defined from an area of approximately 40% of the total area covered by Hudson mining leases.
- Since 1979 Hudson has operated the mine and supplies raw attapulgitite ore from which are manufactured pet litters, industrial absorbents, granules and powders are produced to supply a wide range of consumer related (supermarkets) and industrial clients.
- The current off take rate is in the order of 40,000 tonnes per annum.
- Over the past year Hudson has examined alternate uses for the attapulgitite clay and studies are currently underway in two areas (a) building material – aggregate to produce lightweight non-load bearing bricks, blocks and pavers (b) as a slow release fertilizer medium in broad acre farming.

Diatomite

- Hudson holds mining licences over several diatomite deposits located between Pert & Geraldton WA.
- Principal deposits are Badgingarra (stockpile 20,000 tonnes and inferred resource 330,000 tonnes) and Dongara (inferred resource 500,000 tonnes).
- Research program underway to test diatomite suitability in broad acre agriculture as a slow release agent in regional sandy soils.
- Earlier test work confirmed diatomite as a suitable feedstock to produce high quality geotechnical aggregates.

Hudson MPA Sdn Bhd

- Hudson holds a strategic shareholding of 22.50% 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.

Flint Clay

- Hudson holds ELA over established reserves of high grade Alumina claystones in the Merrygoen (north-east of Dubbo, N.S.W.) region.
- An extractive mine located on the ELA was formerly operated by Newbold General Refractories Limited & BHP Pty Limited.
- Supergrade flint claystone mineralisation occurs on the ELA where Al₂O₃ is no less than 42% on a calcined basis & Fe₂O₃ no more than 0.9% on a calcined basis.

Gold

- Sovereign Gold Company Limited has lodged a prospectus, with ASIC dated 17 September 2010 for an Initial Public Offering of 15,000,000 Shares at an issue price of \$0.20 per Share to raise a minimum of \$3,000,000; additionally the Company may accept over-subscriptions for up to 5,000,000 Shares to raise up to a further \$1,000,000.
- The Sovereign Project Tenements are located around the township of Uralla, 21km southwest of Armidale, New South Wales, Australia, with superb infrastructure logistics. It is close to major roads, rail, airport, labour source, university, power, engineering.
- Hudson has 40 million shares in Sovereign.

Royalty & Uplift Payment - Vasse Coal

- In 2006 the Company announced the sale of its Western Australian coal leases to an international resources development group Triangle Resource Fund Australia and Brisbane based development company Core Resources Pty Limited.
- This coal property is located in south west of Western Australia and comprises a JORC compliant underground resource of 116.8 million tonnes of Permian coal, with further exploration potential.
- Under the terms of the sale agreement, the Company will receive ongoing royalties and other upside benefits when operations commence that are based on the performance of the project.

Land & Building Complexes - Narngulu Geraldton WA**Plant & Equipment**

- HRS purchased new plant and equipment for a diatomite processing and filtration plant in the 1990s.
- Key item is an unused rotary kiln (25,000 tonnes p.a. processing capacity).
- Strategic future asset for use in upstream mineral investments.
- Replacement value in excess of A\$5 million

SUMMARY OF INVESTMENTS

ASSET PORTFOLIO VALUATION SUMMARY at 17 September 2010

Mineral/Asset	Investment/Resource	CMV per share	CMV
Coal	Tiaro Coal Limited (ASX : TCM) 31.8 million ordinary shares 20 million options at 30 cents (exercisable 13 November 2010)	\$0.425	\$13,500,000
Bauxite	Australian Bauxite Limited (ASX:ABZ) 55.6 million ordinary shares (escrowed 24 December 2011)	\$0.475	\$27,418,000
Absorptive Materials	1. Attapulgitite – Stockpile – 50Kt/\$20pt – Inferred 22 Mt	-	\$1,000,000
	2. Diatomite – Inferred 830Kt	-	-
	3. Bleaching Earth - 1,530,000 shares in Hudson MPA Sdn Bhd.	-	\$401,000
	4. Flint Clay – 1.308Mt (total)	-	-
Gold	Sovereign Gold Company Limited 40 million ordinary shares	-	-
Royalty & Uplift Payments	Vasse Coal	-	-
Property Geraldton WA	Land		\$1,452,000
	Factory	Prof Valuation	\$515,000
	Warehouse		\$1,152,000
Plant & Equipment	Rotary Kiln & Processing Equipment replacement value > \$5 million	-	-
Total			\$45,438,000

At 17 September 2010 total HRS shares quoted on ASX is 113,385,822 with an assessed asset backing value of \$0.40 per share (based on asset portfolio summary).

FURTHER INFORMATION

Peter Meers,
Chief Executive Officer

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