HUDSON RESOURCES INC

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HUDSON REPORTS ROBUST PRELIMINARY ECONOMIC ASSESSMENT (PEA) FOR THE SARFARTOQ RARE EARTH PROJECT IN GREENLAND

Vancouver, BC - **HUDSON RESOURCES INC.** (the "Company") – (TSX Venture Exchange "HUD"; OTCQX "HUDRF") is pleased to announce the results of the Preliminary Economic Assessment ("PEA" or "Study") completed by Wardrop, A Tetra Tech Company (Tetra Tech) on the Sarfartoq rare earth project in Greenland. This study was based solely on the NI 43-101 Mineral Resource Estimate released on January 4, 2011, which defined an inferred resource of 14.1M tonnes averaging 1.51% total rare earth oxides (TREO) for the ST1 Zone and does not incorporate 2011 drill results.

Highlights of the Study include:

- Net Present Value of $616M at a 10% discount rate, pre-tax
- Internal rate of return (IRR) of 31.2% and a 2.7 year payback with a 21 year mine life
- Capital costs of $343 million which includes a contingency of $60M, for a 2,000 tonne per day open-pit mine and processing facility
- Operating costs of $105 per tonne to produce an REO carbonate concentrate
- Rare earth oxide prices of $32/kg were utilized, based on the three-year trailing FOB China average price as of October 2011, which were discounted by 43% to reflect the difference between rare earth carbonate concentrate and separated individual rare earth oxide prices. The price of $32/kg is a 74% discount to October 2011 FOB Spot prices
- Annual rare earth carbonate concentrate production of 6,500 tonnes
- The proposed metallurgical flowsheet includes bastnaesite and monazite flotation, leaching, acid bake solvent extraction and precipitation to produce a 42-45% REO carbonate product. An overall recovery rate of 64% was used for the study

James Tuer, Hudson's President, stated, "We are very pleased with the results of the PEA which demonstrate the robust economics of the project. Having the project located adjacent to tidewater provides significant economic benefits in both capital and operating costs. Looking ahead, we expect to have an updated resource estimate completed in early 2012, which will incorporate all of the 2011 drill results which includes dozens of high-grade sections from 2.0% to 6.5% TREO. We plan to update the PEA with the results of the updated resource estimate in early 2012. As the project economics are quite sensitive to grade, we are optimistic that higher project valuations will be reported in the updated PEA.

Our plans for 2012 include the commencement of a prefeasibility study and an extensive drill program which will further delineate the high grade zones we encountered in 2011 as we well as other prospective targets that have been identified around the 32 km circumference of the Sarfartoq Carbonatite Complex. With current working capital of $12.5M, we anticipate accomplishing our entire 2012 program with our current treasury."

The following table presents a list of the Project parameters and assumptions derived from the PEA and cash flow model.

MINING			
Mineralized material mined	14,303,139	mt	
Waste mined	140,605,204	mt	
Total mined	154,908,343	mt	
Strip ratio	9.83		
PROCESSING			
Run-of-Mine Feed	2,000	t/d	
Mining recovery	95	%	
Mining dilution	5	%	
RESOURCE GRADE OF TREO	1.51	%	
RECOVERIES			
Overall Recovery	64	%	Base case
TOTAL TREO OXIDES IN CONCENTRATE	132,544	t	
RE OXIDE PRICES (FOB CHINA)			
La2O3	$41.6	3 year Average US$/kg	
Ce2O3	$39.4	3 year Average US$/kg	
Pr2O3	$76.9	3 year Average US$/kg	
Nd2O3	$88.3	3 year Average US$/kg	
Sm2O3	$37.1	3 year Average US$/kg	
Eu2O3	$1,134.1	3 year Average US$/kg	
Gd2O3	$53.0	3 year Average US$/kg	
Tb2O3	$963.3	3 year Average US$/kg	
Dy2O3	$512.0	3 year Average US$/kg	
Y2O3	$54.4	3 year Average US$/kg	
SARFARTOQ TREO DISTRIBUTION (AS PER INFERRED RESOURCE)			
La2O3	21.0	%	
Ce2O3	50.0	%	
Pr2O3	5.8	%	
Nd2O3	19.1	%	
Sm2O3	1.9	%	
Eu2O3	0.4	%	
Gd2O3	1.4	%	
Tb2O3	-	%	
Dy2O3	0.1	%	
Y2O3	0.3	%	
TREO	100.0	%	
TREO – Calculated Contained Oxides	$56.4	US$/kg	
TREO – Base Case	**$32.0**	US$/kg	
Discount to account for REO carbonate product	43	%	

GROSS OXIDE VALUES TREO	$4,241,409,596	US$
EXCHANGE RATE US$/CAN$	1.009	CAN$
NET REVENUE (CAN $)	$4,279,582,283	CAN$

OPERATING COSTS (per t milled material)		
Mining	$35.91	CAN$/t
Processing	$63.04	CAN$/t
G & A	$1.75	CAN$/t
Sustaining Capital	$2.68	CAN$/t
Salvage	($0.09)	CAN$/t
Mine Closure and reclamation	$0.14	CAN$/t
Operating Capital	$1.34	CAN$/t
Supplies and Materials Transportation	$0.05	CAN$/t
Material Transport from Mine to Mill (Conveying)	$0.50	CAN$/t
TOTAL OPERATING COST	$105.32	CAN$/t

CAPITAL COSTS

DIRECT COSTS		
Site Development	$38,663,000	CAN$
Site Utilities	$5,978,077	CAN$
Tailings Management Facilities	$3,783,400	CAN$
Open Pit Mining	$24,133,000	CAN$
Material Processing Facilities	$96,220,969	CAN$
Hydro metallurgical Plant	$41,195,601	CAN$
Non-Process Buildings	$9,885,001	CAN$
SubTotal Direct Costs	$219,859,048	CAN$

INDIRECT COSTS		
Indirect Construction Costs	$12,962,500	CAN$
Owner's Costs	$8,267,500	CAN$
Contingency	$60,372,262	CAN$
EPCM	$41,053,138	CAN$
SubTotal Indirect Costs	$122,655,400	CAN$
TOTAL CAPITAL COST	$342,514,448	CAN$

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The financial model cash flow and net present value for various discount rates are shown below.

PRE-TAX CASH FLOW			
Net Revenue	$4,279,582,283	CAN$	
Operating Cost	$1,515,316,566	CAN$	
Capital Costs	$342,514,448	CAN$	
TOTAL PRE-TAX CASH FLOW	$2,764,265,717	CAN$	
PAYBACK	Year 3		
PRE-TAX & PRE FINANCE NPV @ 6%	$1,038,161,293	CAN$	
PRE-TAX & PRE FINANCE NPV @ 8%	$797,700,033	CAN$	
PRE-TAX & PRE FINANCE NPV @ 10%	**$616,448,196**	**CAN$**	**Base Case**
PRE-TAX & PRE FINANCE NPV @ 12%	$477,834,034	CAN$	
PRE-TAX & PRE FINANCE NPV @ 15%	$325,688,225	CAN$	
PROJECT INTERNAL RATE OF RETURN (IRR)	31.17	%	

All $ values are in $CAN unless otherwise specified.

Proposed Mining Plan and Processing

For the Study, Tetra Tech determined that the mining operation will use a conventional open pit mining method (truck and shovel). The mine will provide mill feed at a rate of 2,000 t/d beginning the first year of the mine life. The overall mining sequence was developed in three phases: a starter pit (Phase I) and two pushback phases (Phase II and Phase III). The mine development for the mineralized material and the waste will progress using 10m high benches. The ultimate pit design for the selected pit contains 14.3 Mt of Inferred Resource. The average in situ grades over the LOM will be 1.51% TREO.

For the purpose of this evaluation, it was assumed that the Company would produce and sell a rare earth carbonate concentrate, composed of 42% to 45% rare earth oxide. To determine a price, a notional 43% discount was used on three-year trailing average prices (October 2011). This resulted in a price of $32/kg of contained rare earth oxides. The company is planning further studies, which will investigate the costs and benefits of producing a separated oxide product.

The flowsheet utilized in the PEA, while preliminary in nature, is based on assumptions from mineralogy, and incorporates recent metallurgical testwork from the Saskatchewan Research Council (SRC) which demonstrated successful extraction of rare earths utilizing acid baking and leaching. Test work showed that two hours of baking, at 220°C and approximately one tonne of acid per tonne of mineralized feed (concentrate) recovers 94% of the TREO.

Sarfartoq Project Background

Hudson's Sarfartoq rare earth element project in Greenland has outlined a 43-101 compliant inferred resource of 14.1Mt at 1.5% TREO at the ST1 Zone. The ST1 Zone represents one of the industry's highest ratios of neodymium and praseodymium to TREO, totaling 25%, based on the inferred resource. The ST1 Zone contains over 40 million kilograms of neodymium oxide, which is the key component in permanent magnets and the fastest growth sector of the rare earths industry. A total 16,514m over 71 holes were drilled this year. In addition, a five tonne metallurgical sample was collected from surface at ST1.

The Sarfartoq REE project is located within 20 km of tidewater and only 60 km from Greenland's international airport. The project is owned 100% by Hudson. The Company is currently well financed with approximately $12.5 million in working capital.

According to the cautionary statement required by NI 43-101, it should be noted that this assessment is preliminary in nature as it includes inferred mineral resources that cannot be categorized as reserves at this time and as such there is no certainty that the preliminary assessment and economics will be realized. The full Study will be available at the Company's website www.hudsonresources.ca and on SEDAR www.SEDAR.com within 45 days.

Qualifications

Ms. Joanne Robinson, P.Eng., Mr. Doug Ramsey, R.P. Bio (BC), Mr. Daniel Coley, MBA, P.Eng. and Mr. Peter Broad, P.Eng. of Tetra TEch, Toronto, Ontario, were the qualified engineers responsible for the PEA study.

Ronald G. Simpson, B.Sc., P,Geo., President of Geosim Services Inc., is an independent Qualified Person as defined by NI 43-101 and is responsible for the resource estimate on the ST1 Zone and has verified the data disclosed in this release.

Dr. Michael Druecker is a qualified person as defined by National Instrument 43-101 and reviewed the preparation of the scientific and technical information in this press release.

ON BEHALF OF THE BOARD OF DIRECTORS

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Forward-Looking Statements

This news release includes certain forward-looking statements or information. All statements other than statements of historical fact included in this news release, including, without limitation, statements regarding plans for the completion of a financing and the intended terms and use of proceeds thereof, and other future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's plans or expectations include market prices, general economic, market or business conditions, regulatory changes, timeliness of government or regulatory approvals and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise except as otherwise required by applicable securities legislation.

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