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HUDSON RESOURCES REPORTS UPDATED MINERAL RESOURCE: SIGNIFICANT GRADE INCREASES AND INDICATED RESOURCES CONFIRMED

Vancouver, BC - **HUDSON RESOURCES INC.** (“Hudson” or “the Company” – TSX-V: “HUD”, OTCQX: “HUDRF”) is pleased to announce the updated National Instrument 43-101 compliant mineral resource estimate for the 100% owned Sarfartoq ST1 Zone Rare Earth Element (REE) project in Greenland. The updated resource model includes the 2011 drill program. In total, 50 holes totaling 12,700 meters of drilling has been included in the ST1 resource calculation. This resource estimate includes indicated resources of 5.9M tonnes averaging 1.8% total rare earth oxides (TREO) and inferred resources of 2.5M tonnes averaging 1.6% TREO for the ST1 zone, based on a 1.0% cut-off grade. The resource estimate was prepared by GeoSim Services Inc. of Vancouver. A Technical Report will be filed on SEDAR within 45 days.

James Tuer, Hudson’s President, stated, “This updated mineral resource was successful in moving a significant number of tonnes from the inferred resource category to the indicated resource category. Using a 1.0% cut-off grade, 43% of the 2011 inferred resources were reclassified as indicated resources. The grade of the indicated resource increased by 15% to 1.8% TREO in comparison to the 2011 inferred resource. Importantly, using a higher cut-off grade of 2.0% the resource includes over 1.6M indicated tonnes averaging 2.5% TREO. The goal of the 2012 drill program at the ST1 Zone, which will commence next month, is to increase these high-grade tonnes as these zones are still open in all directions. Based on the indicated resource, our plan is to advance the project to prefeasibility starting in the second half of 2012.”

The updated resource was developed based on an underground mining scenario compared with the open pit mining method utilized for the 2011 inferred mineral resource calculation. The company has determined that an underground mine will allow the Company to focus on the high grade zones to maximize project value while minimizing the project footprint. Key benefits of an underground mine are the elimination of the 10:1 strip ratio which will significantly reduce the tailings facility, the ability to extract much higher grade material which should generate enhanced economics and, based on a review of similar mining projects, maintain operating costs at a level similar to open pit operating costs.

Hudson plans to commence additional diamond drilling starting in May with the objective of adding additional high-grade tonnes to the indicated resource category. The Company plans to do this by targeting drilling along strike of the known high grade zones which are still open to the north, south and at depth. Two of the highest grade intercepts drilled in 2011, which are not included in the current model, include four meters of 7.2% TREO (SAR11-50) and eight meters of 6.5% TREO (SAR11-71) at the north end of the ST1 Zone.

Neodymium continues to represent the critical rare earth element on which Hudson is focusing. It, together with praseodymium, comprises 25% of the estimated total rare earth oxides. Neodymium is the key ingredient in neodymium-iron-boron (NdFeB) magnets, which is one of the most important and widely used REE applications.

The following table presents the indicated and inferred mineral resource estimate using an underground mining scenario for the ST1 Zone at a range of cut-off grades with the base case in bold face. The selected base case cut-off grade of 1.0% TREO is considered consistent with other mineral deposits of similar characteristics, scale and location. Based on internal Company analysis, the 1.0% cut off grade also maximized the project value based on a 2,000t/day mining operation when tonnage vs. grade is considered.

ST1 Zone Mineral Resource¹

Indicated Mineral Resource												
COG ^{2,3} %TREO ⁴	Tonnes (000's)	TREO %	La ₂ O ₃ ppm	Ce ₂ O ₃ ppm	Pr ₂ O ₃ ppm	Nd ₂ O ₃ ppm	Sm ₂ O ₃ ppm	Eu ₂ O ₃ ppm	Gd ₂ O ₃ ppm	Tb ₂ O ₃ ppm	Dy ₂ O ₃ ppm	Y ₂ O ₃ ppm
0.6	7,221	1.60	3,452	7,969	919	2,998	294	66	166	13	31	63
0.8	6,755	1.66	3,589	8,275	952	3,107	304	68	172	13	32	65
1.0	5,884	1.77	3,855	8,844	1,012	3,296	321	71	181	14	34	68
1.2	5,083	1.87	4,110	9,383	1,067	3,473	337	74	188	14	35	71
1.4	4,117	2.01	4,452	10,070	1,135	3,681	353	78	197	15	37	73
1.6	3,111	2.17	4,921	10,927	1,214	3,896	367	81	207	16	38	76
1.8	2,246	2.36	5,426	11,878	1,304	4,154	385	84	214	16	40	78
2.0	1,612	2.54	5,945	12,822	1,392	4,404	401	87	212	16	41	80
Inferred Mineral Resource												
COG ^{2,3} %TREO ⁴	Tonnes (000's)	TREO %	La ₂ O ₃ ppm	Ce ₂ O ₃ ppm	Pr ₂ O ₃ ppm	Nd ₂ O ₃ ppm	Sm ₂ O ₃ ppm	Eu ₂ O ₃ ppm	Gd ₂ O ₃ ppm	Tb ₂ O ₃ ppm	Dy ₂ O ₃ ppm	Y ₂ O ₃ ppm
0.6	5,200	1.16	2,358	5,751	694	2,323	234	51	118	10	25	55
0.8	3,538	1.38	2,847	6,843	815	2,703	272	60	140	11	29	60
1.0	2,459	1.59	3,343	7,930	932	3,073	310	69	162	13	33	67
1.2	1,872	1.75	3,721	8,719	1,012	3,322	333	75	174	14	36	72
1.4	1,433	1.88	4,060	9,423	1,082	3,535	352	78	183	15	38	76
1.6	1,028	2.04	4,449	10,216	1,160	3,767	371	82	194	16	40	80
1.8	757	2.16	4,764	10,853	1,222	3,948	385	85	204	16	42	85
2.0	521	2.28	5,143	11,480	1,273	4,062	390	87	208	17	44	89

1. The resource estimate is classified as Indicated and Inferred Mineral Resources as defined by CIM and referenced in NI 43-101. A Technical Report with the estimate will be filed on SEDAR within 45 days.
2. COG – Cut-off Grade
3. GeoSim considers a cut-off grade of 1.0% TREO to be reasonable in preliminary estimation of potentially economic resources extractable by underground mining methods.
4. TREO - Total Rare Earth Oxides refers to the elements lanthanum through lutetium plus yttrium expressed as oxides in the form REE₂O₃.

The mineral resource was estimated using the inverse distance squared method in two passes with incremental maximum search distances of 30 and 80 m. Samples from at least two drill holes were required to estimate block grades. Individual rare earth oxides were estimated and combined to determine the final TREO estimate. Block dimensions were 5 metres by 5 metres horizontal and 5 metres vertical. Grade estimation was based on analyses of core samples from 50 diamond drill holes (12,705metres) completed between September 2009 and September 2011. Assays were composited in two metre down-hole intervals. It was concluded from statistical

analysis of the raw sample data that grade capping or special treatment of outliers was not warranted.

Wireframe models of the major lithologies were developed to constrain the grade estimate and for assigning density values. The density values were assigned to the carbonatite and gneiss lithologies based on 1785 specific gravity measurements of drill core. Grade estimation was constrained by a solid model of the carbonatite intrusive and constrained beyond this domain by a 0.5% TREO grade shell. Hard boundaries were used between the carbonatite domain and surrounding gneiss complex.

Estimated blocks were classified as 'Indicated' if they were within the carbonatite domain gradeshell and estimated in the first pass with a maximum search distance of 30 metres and minimum of 2 drill holes. All other estimated blocks were classified as 'Inferred'.

Assumptions used to establish the base case underground cut-off grade were:

- A weighted average bulk concentrate price of \$32/kg corresponding to a 54% discount on the three-year trailing average REO prices as of April, 2012.
- The three year trailing average for REE prices (per kilogram) as of April 2012: La₂O₃ \$46.40; Ce₂O₃ \$44.60; Pr₂O₃ \$99.00; Nd₂O₃ \$112.80; Sm₂O₃ \$47.70; Gd₂O₃ \$67.70; Tb₂O₃ \$1287.60; Eu₂O₃ \$1586.10; Dy₂O₃ \$713.10; Y₂O₃ \$67.80.
- TREO cut-off grades of 0.6%, 0.8%, 1.0% and 1.2% were considered potentially viable at break-even mining costs (General & Administration, Processing and Ore Mining costs) of \$125/tonne, \$166/tonne, \$208/tonne and \$250/tonne, respectively.
- A recovery of 65% has been assumed and will be revised when metallurgical test results are available.

Positive progress continues to be made on the metallurgical flowsheet for the ST1 Zone which hosts the rare earths in bastnasite and monazite mineralization. The company has consolidated the major testwork components at SRC in Saskatoon under the direction of John Goode, P.Eng. John has extensive experience in the rare earth extractive industry in North America and China. Earlier testwork at SRC demonstrated that recoveries of over 90% were achievable utilizing acid baking and leaching. Preliminary flotation and gravity testwork to date has demonstrated the ability to upgrade the ore and more work is ongoing. Additional beneficiation and hydrometallurgical testwork is continuing at SRC. Metallurgical updates will be provided as results become available.

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.

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.

ON BEHALF OF THE BOARD OF DIRECTORS

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Forward Looking Statements

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward looking statements are usually identified by our use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "has potential to", or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of



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regulatory initiatives on the Company's operations; the size of and opportunities related to the market for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

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