HUDSON RESOURCES INC.

Management Discussion and Analysis
(Form 51-102F1)
For the Year ended March 31, 2006
Information as of July 26, 2006 unless otherwise stated

Note to Reader

The following management discussion and analysis of the financial performance and results of operations for Hudson Resources Inc. (the "Company") should be read in conjunction with the Company's annual audited financial statements and the notes thereto for the years ended March 31, 2006 and 2005.

The accompanying audited financial statements and related notes have been prepared in accordance with Canadian generally accepted accounting principles. These statements, together with the following management discussion and analysis dated July 26, 2006 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to the potential future performance.

Forward-Looking Information

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Overview

Hudson is a mineral exploration company that since December 2002 has focused its activities on the search for diamonds in the Sarfartoq region of West Greenland.

The Company is currently actively exploring in four contiguous exploration licences totaling 1,498 square kilometers in the Sarfartoq region, near Kangerlussuaq, Greenland. In addition, the Company recently applied for another exploration license of 1,117 square kilometers contiguous to the other properties. All of its exploration licenses are 100% held by the Company.

Extensive geochemical and geophysical activities during 2003 and 2004 identified several targets with significant potential including kimberlite float from an area the Company identifies as Garnet Lake. Exploration results in 2004 included the discovery of 151 diamonds in a 108 kg sample. Nine of the diamonds were classified as macrodiamonds weighing a total of 0.088 carats. This discovery led to a 2000m drill program in 2005 that successfully recovered additional diamond bearing kimberlitic material from a dike like structure situated within the Garnet Lake area. Independent diamond analysis from the Garnet Lake area drill core returned significant diamond counts and confirmed that this in situ material is the source of the significantly diamondiferous samples collected in the 2004 exploration program. A seismic survey that was completed in early 2006 over the Garnet Lake area identified a structure at least 1,400m long along strike and about 2,200m in the down-dip direction to the east. Hudson has now confirmed by drilling that a kimberlite dike is the source of the main seismic reflector. Hudson is currently conducting a 4,000m drill program within the area and collecting an approximate 100 tonne bulk kimberlite sample where the dike subcrops at surface.

Results of Operations

The Company's loss from operations for the year ended March 31, 2006 totaled $496,879, a loss of $0.04 per share, as compared to a loss of $352,153 for the year ended March 31, 2005, a loss of $0.04 per share. Assets decreased slightly from $3,129,220 as at March 31, 2005 to $2,983,150 as at March 31, 2006. However, the most significant asset change occurred in cash which decreased by $1,317,359 offset by a corresponding increase of $1,203,378 in capital expenditures on the resource properties. The proceeds of the capital raised during the period was added to the Company's cash resources and was used to fund the Company's exploration program and to cover operating expenses.

On a quarterly basis, the Company's loss from operations for the three months ended March 31, 2006 totaled $221,631, a loss of $0.01 per share, as compared to a loss of $109,108 for the three months ended March 31, 2005, a loss of $0.01 per share. The most significant component of this loss is an increase in non-cash stock option expense of $136,634. Assets increased by $26,626 in the fourth quarter primarily as a result of the exercise of stock options offset by on-going administrative expenses.

General and administrative expenses increased from $118,138 in the three months ended March 31, 2005 to $226,685 in the three months ended March 31, 2006. As previously commented, most of this increase is attributable to an increase in non-cash stock option expense of $136,634. For the year ended March 31, 2006, general and administrative expenses were $517,259, an increase of $145,848 over the previous year. Interest income was $5,054 for the first quarter ended March 31, 2006 (2005 – $9,029). Interest income was $20,380 for the year ended March 31, 2006 (2005 - $19,258).

Stock-based compensation expense of $237,166 (2005 - $115,379) accounted for approximately 46% of the Company's total general and administrative expenses as compared to 31% in the previous year. This is a non-cash expense provision that may not reflect reality. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable single measure of the fair value or expense calculation of the Company's share purchase options.

With the exception of stock-based compensation expense, the Company's overall administrative costs increased slightly year over year from $256,032 in 2005 to $280,093 in 2006, an increase of 9.4%. The only categories of expense that had significant changes are management fees that covers compensation of the Company's officers and shareholder communication. Management fees increased $63,850 as a result of a modest bonus recognition to the Company's officers to acknowledge the diamond discovery and due to a general increase in overall compensation to the Company's officers. Shareholder communication expense decreased $44,657 primarily as a result of the discontinuance of the use of outside consultants to assist in this area. However, the Company believes that shareholder communication is an important component of management and such costs are expected to increase in the future.

Exploration Update

Hudson has undertaken an active exploration program in Greenland since the beginning of 2005. The Company initiated its 2005 exploration program with a ground-based geophysical survey over 5 areas where drilling was planned on the Company's diamond exploration properties near Kangerlussuaq, West Greenland. Hudson's first drill program commenced in April 2005. It successfully determined that there was a dike structured at Garnet Lake. Diamond analysis demonstrated that the dike material was in fact the significantly diamondiferous kimberlite found at the surface when Hudson found 151 diamonds in a 108 kg sample, of which 9 were classified as macrodiamonds weighing a total of 0.088 carats.

By the end of 2005, Hudson had determined the following:

- Recovered a diamond which measures 2.60 X 2.30 X 2.26 mm. It is the largest stone so far discovered in Greenland and is more than twice as large as the Company's previous record;
- Recovered 226 diamonds, including 13 macros, were found in one 158.7 kg sample of kimberlite located 500m south of Garnet Lake;
- Found new diamondiferous samples from either side of Garnet Lake that extend the potential north-south strike of the body to over 900m;
- Discovered a new region 12km to the north east of Garnet Lake. One sample had 46 diamonds in 110.1 kg of kimberlite including one broken stone which measures 2.06 X 1.06 X 0.66mm. The diamond size distribution suggests a high potential for larger stones from larger sample sizes.

The results of kimberlite samples from both drill core and ground prospecting are summarized as follows:

Kimberlite Sample	Weight (kg)	Diamonds in Square Mesh Sieve Sizes (microns)										Total Diamond	Wt+ (milligrams)	Wt- (milligrams)
HUDSON-05		+75	+106	+150	+212	+300	+425	+600	+850	+1180	+1700			
25-D2	6.6	1	1	-	-	1	-	1	-	-	-	4	0.679	0.089
MHGB10	158.7	66	57	42	26	17	12	3	2	-	1	226	20.794	4.821
MHGB15	110.1	12	9	14	4	1	2	3	1	-	-	46	3.595	0.882
MHGB16	76.9	8	9	5	3	-	1	1	-	-	-	27	0.408	0.627
MGHB21	112.6	2	2	-	-	-	-	-	-		-	4	0.000	0.018

Notes: Wt+ refers to the weight of macrodiamonds (>0.5mm in 3 dimensions)
Wt- refers to the weight of microdiamonds (>0.075mm and < 500mm)
1Carat = 200 milligrams

As a result of these findings, Hudson undertook the following program in early 2006:

- Completion of the Seismic Reflection Survey over the Garnet Lake area;
- Completion of a regional 5,000 line km Heliborne Stinger-mounted Magnetic Survey over the Garnet Lake and Nilalik diamond occurrences;
- Undertaking to collect a 100 tonne sample at Garnet Lake;
- Mobilization of a drill rig to site to commence a 4,000m diamond drilling program; and
- Acquisition of an additional 1,117 sq km Exploration Licence (the "Sarfartoq Øst Licence"), located to the east of Garnet Lake.

In March, Frontier Geosciences Inc. of North Vancouver, BC completed a seismic reflection survey over the Garnet Lake area. Four lines, totaling 6 line km, were completed over the Garnet Lake area.

In April, Fugro Airborne Surveys Corp. conducted a 5,000 line km magnetic survey. The regional survey was conducted over significant portions of the Sarfartoq and Sarfartuup Qulaa Licence areas covering all priority areas. Preliminary results demonstrate that the survey has been successful in generating a much higher resolution survey than previously conducted over portions of the area flown. A number of target areas have now been identified. These will be refined upon delivery of the final data set from Fugro.

In May, Cartwright Drilling shipped the drill and equipment from Canada to Greenland to carry out the 4,000m drill program. The primary purpose of the drill program is to continue to identify the dimensions of the Garnet Lake dike and to confirm the results of the seismic survey. The secondary objective of the program is to test anomalies identified by ground prospecting and geophysics for kimberlite pipes. Hudson has now completed 75% of the program.

Hudson has now acquired the Sarfartoq Øst Licence, covering 1,117 sq km of ground that is contiguous to the Sarfartoq Licence. The Company believes that this ground has the potential to host additional diamondiferous sources based on underlying regional structure and the presence of deep mantle diamond-facies kimberlite indicator minerals. Hudson will conduct ground prospecting over priority targets of Sarfartoq Øst this summer.

Early results from the drill program confirmed the following:

- The first 4 holes confirm that the principal shallow-dipping reflector identified in the seismic survey is the Garnet Lake diamondiferous kimberlite dike;
- Drill holes have intersected the main kimberlite dike at locations 185m, 320m, 465m, and 720m down dip from the original Garnet Lake diamondiferous subcrop location;
- Kimberlite intersections are consistent with a dike that dips approximately 22 degrees easterly;
- All intersections sampled along the main dike display the same physical characteristics as the diamondiferous kimberlite previously sampled at Garnet Lake;
- Average estimated true thickness of the combined kimberlite intersections from the main dike measures 3.94m. Average estimated true thickness of the largest single continuous intersection from each drill hole along the main dike measures 2.58m;
- Additional significant kimberlite dike intersections have been encountered at shallower depths including a 3.53m body in the upper end of drill hole 06DS05.

Table 1 – Kimberlite Intersections Encountered at the Main Seismic Reflector Horizon

Drill Hole[1]	Approx. Down Dip Pierce Point from Garnet Lake Subcrop	Total Depth of Drill Hole	Dip	Main Garnet Lake Dike Measured Intersection			Aggregate Kimberlite Thickness	Thickest Continuous Kimberlite Body[2]
				From	To	Total		
05DS11	5 m	106.68 m	-50°	6.10 m	9.91 m	3.81 m	3.12 m	2.44 m
05DS12	6 m	100.59 m	-90°	6.12 m	10.36 m	4.24 m	4.24 m	4.24 m
06DS03	185 m	246.21 m	-65°	89.76 m	91.34 m	1.58 m	1.58 m	1.58 m
				102.16 m	103.63 m	1.47 m	1.47 m	1.47 m
06DS02	320 m	230.94 m	-90°	129.85 m	134.42 m	4.57 m	4.57 m	4.57 m
06DS04	465 m	377.96 m	-65°	208.28 m	211.23 m	2.95 m	2.18 m	1.80 m
				227.21 m	230.63 m	3.42 m	3.28 m	1.60 m
06DS05	720 m	395.38 m	-65°	295.99 m	301.58 m	5.59 m	1.93 m	1.19 m
				317.86 m	320.27 m	2.41 m	1.95 m	1.57 m

Note 1. Drill Holes 05DS11 and 05DS12 were completed in April 2005.
Note 2. Main dike intersection in drill holes 05DS12 and 06DS02 have an estimated true thickness of 3.90m and 4.21m, respectively. Main dike intersections in the remaining holes are believed to approximate their true thickness.

In addition to the geometric consistency of the drill results, in all cases the main body contains significant portions of very competent, fine-grained bluish hypabyssal kimberlite with garnets present in the matrix, which is visually consistent with the intersection from drill core 05DS12 (15 stones were recovered from 10.95 kg of this drill core). During this present program, Hudson plans to collect a large 100+ tonne surface sample to assess the grade and stone quality potential of the body.

The Company's continued exploration activities were enhanced in early 2006 by the addition to the Company's technical advisory team of Dr. John McDonald, Ph.D., P.Geo., and Mr. Jim Cambon, B.Sc. Both of these men have extensive experience with dike-related diamond structures and will be important contributors to the Company's future exploration efforts.

In summary, the Company has now found diamonds over a potential strike length of one kilometre and continues to aggressively test the area to determine if there is sufficient tonnage to consider advancing the project to the development stage. In addition to a seismic survey over the Garnet Lake area that has already been completed, the Company has completed 75% of the current drill program totalling approximately 4000 meters of drilling and is in the process of collecting a bulk

Trends

The Company's financial success is dependent upon the discovery of properties which could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Competitive Conditions

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of diamond and other resource acquisition opportunities and as a result, the Company may be unable to acquire suitable producing properties or prospects for exploration in the future on terms it considers acceptable. The Company competes with many other companies that have substantially greater financial resources than the Company.

Environmental Factors and Protection Requirements

The Company currently conducts exploration and development activities in Greenland. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement sample of up to 100 tonnes of Garnet Lake kimberlite.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

General

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and engaged in the acquisition, exploration and development of mineral properties. It has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The Financial Statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the periods ended March 31, 2006 and 2005 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and exploration activities that are being conducted, which in turn may depend on the Company's recent exploration experience and prospects, as well as the general market conditions relating to the availability of funding for exploration-stage resource companies. Consequently, the Company does not acquire properties or conduct exploration work on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

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Environmental Factors and Protection Requirements

The Company currently conducts exploration and development activities in Greenland. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploration with nil to minimal environmental impact.

Mineral Exploration and Development

The Company's properties are in the exploration stage. Development of the Company's properties will only proceed upon obtaining satisfactory exploration results. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of a body of commercial diamonds on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, land slides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition

Economics of Developing Mineral Properties

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract diamonds and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Commodity Prices

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of diamonds or interests related thereto. The price of diamonds has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of diamond substitutes, diamond stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of diamonds, and therefore the economic viability of the Company's operations cannot accurately be predicted.

Title

There is no guarantee that title to properties in which the Company has a material interest will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

Governmental Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Management and Directors

The Company is dependent on a relatively small number of directors and officers: James Tuer, John Ferguson, Robert Chase and John Hick. The loss of any of one of those persons, or of employees could have an adverse affect on the Company. The Company does not maintain key person insurance on any of its management.

Conflicts of Interest

Certain officers, directors and advisors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

Limited Operating History: Losses

The Company has experienced losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2006 the Company's deficit was $1,222,018.

Price Fluctuations: Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the past 12 months, the Company's share price fluctuated from a high of $2.10 to a low of $0.27. There can be no assurance that continual fluctuations in price will not occur.

Shares Reserved for Future Issuance: Dilution

As at July 26, 2006, there were 1,925,000 stock options outstanding and 4,042,522 warrants outstanding pursuant to which shares may be issued in the future, all of which will result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

RELATED PARTY TRANSACTIONS

During the years ended March 31, 2006 and 2005, the Company incurred the following transaction with a director/officer and an officer of the Company:

	2006	2005
Management fees	$ 144,800	$92,000

This transaction was measured by the exchange amount, which is the amount agreed upon by the transacting parties.

COMMITMENTS

The Company has made certain commitments in the course of running its business. The most notable commitment is the annual exploration commitment on the Company's exploration licenses in Greenland. For calendar year 2006, work expenditures to maintain all of its land holdings will amount to approximately $1.2 million. The Company is also required to reduce a portion of its exploration licences prior to the end of each calendar year. The Company does not believe that any planned reduction will have a material effect on the mineral potential of the overall licence area. Based on work done to date and work to be completed by the end of 2006, Hudson believes that it will meet all of the expenditure commitments required under its licence agreements with the Bureau of Minerals and Petroleum of Greenland.

SUBSEQUENT EVENTS

In April, 2006, the Company and New Millenium Resources Ltd. ("NMR") executed an agreement whereby the 20% residual interest in the Sarfartoq Exploration License #EL 2006/03 held by NMR was transferred to Hudson Resources. Previously, Hudson and NMR had a Joint Venture over the License whereby NMR owned title to the License but only retained a 20% free carried interest to the end of feasibility. As consideration for the transfer, Hudson agreed to assume approximately $85,000 of NMR obligations to the Greenland Bureau of Minerals and Petroleum ("BMP") and to issue to NMR 600,000 common shares upon approval of the transfer by the BMP. One half of the issued shares will become free trading one year from the date of issue with the balance becoming free trading two years from the date of issue.

Also, in April, 2006, the Company completed a private equity placement which raised net proceeds of approximately $3,000,000 for the purpose of funding the Company's planned 2006 exploration program. The private placement consisted of the issue of 5,378,333 units at $0.60 per unit. Each unit is exchangeable for one common share and one-half a share purchase warrant. The share purchase warrants expire no later than April 25, 2008 and are exercisable at $0.80 during the first twelve months from issue and at $1.00 during the next twelve month period.

Subsequent to March 31, 2006, the Company completed certain exploration activities which have been reported above.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected financial information of the Company for, and as at the end of, each of the last three financial years of the Company up to and including March 31, 2006. This financial information is derived from the financial statements of the Company which were audited by Amisano Hanson. The Company prepares financial information according to Generally Accepted Accounting Principles ("GAAP") and all information is reported in Canadian $.

March 31 (Audited)	2006	2005	2004
Total Revenues	20,380	19,258	5,691
Income from continuing operations	-	-	-
Net loss for the year	(499,713)	(352,153)	(186,708)
Net loss per share	(0.04)	(0.04)	(0.03)
Total Assets	2,983,150	3,129,220	819,188
Total Long-term financial liabilities	-	-	-

No Cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

The Net Loss number is primarily composed of administration costs. Revenues from 2004 to 2006 are interest income.

Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

All of the above factors must be taken into consideration when comparing Total Revenues and Net Loss for each year.

SUMMARY OF QUARTERLY INFORMATION

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with March 31, 2006. Financial information is prepared according to GAAP and is reported in Canadian $.

	Mar-31 2006	Dec-31 2005	Sep-30 2005	Jun-30 2005	Mar-31 2005	Dec-31 2004	Sep-30 2004	Jun-30 2004
Interest Income	$5,054	$4,890	$4,030	$6,406	$9,029	$6,375	$1,702	$2,152
Net loss	$(218,797)	$(111,255)	$(93,852)	$(72,975)	$(109,108)	$(111,121)	$(57,012)	$(74,912)
Net loss per share	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)	($0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has sufficient financial resources to undertake all of its planned exploration and possible development programs for the next twelve months. The exploration and subsequent development of the Company's properties beyond that will depend on the Company's ability to obtain additional required financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing exploration (or joint venture) properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in certain properties. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardised. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising their required financing.

The Company's financial performance is dependent on many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international, political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

The Company has working capital at March 31, 2006 of $434,298 compared with $1,595,6986 as at March 31, 2005. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point of time, based on relevant information about financial markets and specific financial instruments. At these estimates are subjective in nature, involving uncertainties and matter of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and term deposits, accrued interest and amounts receivable, and accounts payable and accrued liabilities approximates their fair market value because of the short-term nature of these instruments.

OUTSTANDING SHARE DATA AS OF JULY 26, 2006:

Authorized and issued share capital:

Class	Par Value	Authorized	Issued
Common	No par value	Unlimited	20,845,676

There are currently 1,925,000 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Price	Expiry
50,000	$0.20	December 5, 2008
50,000	$0.35	May 25, 2009
613,167	$0.60	December 1, 2009
953,333	$0.50	January 4. 2011
58,500	$0.60	January 4. 2011
100,000	$0.80	February 3, 2011
100,000	$0.80	April 25, 2011
1,925,000		

There are currently 4,042,522 share purchase warrants outstanding, including 524,333 Agent's Warrants exercisable at $0.60 per share. The warrants have acceleration provisions that allow the Company to call for the early conversion of the warrants if the shares trade above the Early Conversion Price for a set number of trading days.

Number	Price	Expiry	Early Conversion Price
589,023	$0.85	November 15, 2006	$1.40
240,000	$0.85	November 24, 2006	$1.40
2,689,166	$0.80/$1.00	April 25, 2008	$1.50
524,333	$0.60	April 25, 2007	
4,042,522			

OTHER INFORMATION

The Company's website address is www.hudsonresources.ca. Other information relating to the Company may be found on SEDAR at www.sedar.com.

BY ORDER OF THE BOARD

"James Tuer"
James Tuer, President and Director

"Robert Chase"
Robert Chase, Director