HUDSON RESOURCES INC

HUDSON RESOURCES INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2015

(unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated interim financial statements of Hudson Resources Inc. for the three months ended June 30, 2015 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Hudson Resources Inc.
Condensed Consolidated Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at		June 30, 2015		March 31, 2015
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	**$**	**539,391**	$	926,853
Sales tax receivable		**32,318**		24,762
Deposits		**4,082**		4,082
Prepaid expenses		**29,763**		27,185
		605,554		**982,882**
Non-current assets				
Equipment (note 5)		**565,998**		570,555
Resource properties (note 6)		**860,934**		855,556
		1,426,932		1,426,111
TOTAL ASSETS	**$**	**2,032,486**	**$**	**2,408,993**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 8 & 11(a))	**$**	**261,627**	$	239,196
TOTAL LIABILITIES		**261,627**		**239,196**
EQUITY				
Share capital (note 9)	**$**	**43,145,903**	$	43,145,903
Additional paid-in capital (note 9(d))		**3,098,225**		1,516,747
Stock options reserve (note 9(d))		**1,809,658**		3,361,173
Foreign currency translation reserve		**(3)**		-
Deficit		**(46,282,924)**		(45,854,026)
TOTAL EQUITY		**1,770,859**		**2,169,797**
TOTAL EQUITY AND LIABILITIES	**$**	**2,032,486**	**$**	**2,408,993**

Subsequent event (notes 16)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

These financial statements were approved for issue by the Board of Directors on August 31, 2015 and signed on its behalf by:

/s/ James Tuer Director   */s/ John Hick Director*

Hudson Resources Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	For the three months ended June 30, 2015	June 30, 2014
EXPENSES		
Bank charges and interest	**$ 547**	$ 537
Depreciation (note 5)	**14,626**	20,154
Directors' fees (note 11)	**25,000**	25,000
Evaluation and exploration costs (note 7)	**174,876**	84,701
Filing fees	**4,265**	3,967
Foreign exchange	**2,350**	(1,068)
Management fees (note 11)	**110,000**	110,000
Office	**7,225**	11,175
Professional fees (note 11)	**48,461**	31,789
Rent	**11,329**	10,899
Share-based payments (note 9(c))	**29,963**	409,474
Shareholder/corporate communications	**2,904**	3,827
Telephone	**787**	1,019
Transfer agent fees	**1,253**	1,186
Travel and accommodation	**8,278**	441
	441,864	713,101
OTHER INCOME		
Interest income	**(12,966)**	(9,224)
NET LOSS FOR THE PERIOD	**428,898**	703,877
OTHER COMPREHENSIVE INCOME		
Foreign currency translation differences for foreign operations	**3**	-
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ 428,901**	$ 703,877
Basic and diluted loss per share for the period attributable to common shareholders (note 10)	**$ 0.01**	$ 0.01
Weighted average number of common shares outstanding	**81,486,766**	81,486,766

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Hudson Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

(Expressed in Canadian Dollars)

	Share capital		Reserves				
	Number of shares	Amount	Additional paid-in capital	Stock options reserve	Foreign currency translation reserve	Deficit	Total
Balance at March 31, 2014	**81,486,766**	**$ 43,145,903**	**$ 1,432,242**	**$ 2,928,136**	**$ -**	**$ (43,816,579)**	**$ 3,689,702**
Share-based payments	-	-	-	409,474	-	-	**409,474**
Total comprehensive loss	-	-	-	-	-	(703,877)	**(703,877)**
Balance at June 30, 2014	**81,486,766**	**$ 43,145,903**	**$ 1,432,242**	**$ 3,337,610**	**$ -**	**$ (44,520,456)**	**$ 3,395,299**
Balance at March 31, 2015	**81,486,766**	**$ 43,145,903**	**$ 1,516,747**	**$ 3,361,173**	**$ -**	**$ (45,854,026)**	**$ 2,169,797**
Reclassification of grant-date fair value on expired options	-	-	1,581,478	(1,581,478)	-	-	**-**
Share-based payments	-	-	-	29,963	-	-	**29,963**
Total comprehensive loss	-	-	-	-	(3)	(428,898)	**(428,901)**
Balance at June 30, 2015	**81,486,766**	**$ 43,145,903**	**$ 3,098,225**	**$ 1,809,658**	**$ (3)**	**$ (46,282,924)**	**$ 1,770,859**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Hudson Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

	For the three months ended June 30, 2015	June 30, 2014
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (428,898)**	**$ (703,877)**
Adjustments for items not affecting cash:		
Depreciation	14,626	20,154
Share-based payments	29,963	409,474
	(384,309)	**(274,249)**
Net changes in non-cash working capital items:		
Amounts receivable	-	157,511
Sales tax receivable	(7,556)	1,260
Prepaid expenses	(2,578)	(4,451)
Deposits	-	4,211
Accounts payable and accrued liabilities	22,431	(194,002)
Net cash flows used in operating activities	**(372,012)**	**(309,720)**
INVESTING ACTIVITIES		
Equipment purchases	(10,069)	-
Mineral property acquisition costs	(5,378)	-
Net cash flows used in investing activities	**(15,447)**	**-**
Effects of exchange rate changes on cash and cash equivalents	**(3)**	**-**
Net decrease in cash and cash equivalents	**(387,462)**	**(309,720)**
Cash and cash equivalents, beginning of period	**926,853**	**2,367,811**
Cash and cash equivalents, end of period	**$ 539,391**	**$ 2,058,091**
Cash received during the period for interest	**$ 12,966**	**$ 9,224**
Supplementary cash flow information		
Reclassification of the fair value of options expired	**1,581,478**	**-**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Hudson Resources Inc. (the "Company") is a publicly listed company incorporated in British Columbia on March 7, 2000. The Company's shares are listed on the TSX Venture Exchange under the symbol "HUD". The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia.

The Company's head office and the registered records office are located at 1460 - 1066 West Hastings Street, Vancouver, BC, Canada, V6E 3X1.

The Company is in the business of acquiring, exploring and evaluating resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At June 30, 2015, the Company was in the exploration stage and had interests in properties located in Greenland.

As of April 13, 2015, the Company setup a subsidiary, Hudson Greenland A/S, to conduct exploration and evaluation of mineral resources in Greenland.

As at June 30, 2015, the Company had not yet achieved profitable operations, had a deficit of $46,282,924, and expects to incur further losses in the development of its business, all of which indicates material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability generate future profitable operations and / or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not give the effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realization values may be substantially different from carrying values as shown.

The condensed consolidated interim financial statements of the Company for the three months ended June 30, 2015 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on August 31, 2015.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Basis of presentation

This condensed consolidated interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2015. However, this condensed consolidated interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended March 31, 2015, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual financial statements commencing April 1, 2015.

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9. The adoption of the new standard did not have significant impacts to the financial statements.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars (“CAD”) which is the functional currency of the Company. The functional currency of Hudson Greenland A/S is determined as the Danish Krone (“DKK”).

3. NEW ACCOUNTING STANDARDS

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2015. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement
- IFRS 14: Regulatory deferral accounts, effective for annual periods beginning on or after January 1, 2016

4. CASH AND CASH EQUIVALENTS

The Company’s cash and cash equivalents are broken down as follows:

		June 30, 2015		March 31, 2015
Cash	$	215,629	$	237,704
Term deposits		323,762		689,149
	$	**539,391**	**$**	**926,853**

(Expressed in Canadian Dollars)

5. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment	Field equipment	Land improvements	Total
Cost				
As at March 31, 2015	$ 21,264	$ 337,510	$ 378,419	**$ 737,193**
Additions	-	10,069	-	**10,069**
Balance as at June 30, 2015	**$ 21,264**	**$ 347,579**	**$ 378,419**	**$ 747,262**
Depreciation				
As at March 31, 2015	$ (13,719)	$ (152,919)	$ -	**$ (166,638)**
Charged for the period	(566)	(14,060)	-	**(14,626)**
Balance as at June 30, 2015	**$ (14,285)**	**$ (166,979)**	**$ -**	**$ (181,264)**
Net book value				
As at March 31, 2015	$ 7,545	$ 184,591	$ 378,419	$ 570,555
As at June 30, 2015	**$ 6,979**	**$ 180,600**	**$ 378,419**	**$ 565,998**

6. RESOURCE PROPERTIES

The Company's resource properties are broken down as follows:

	Balance as at March 31, 2015	Additions	Balance as at June 30, 2015
Greenland			
Sarfartoq Exploration Licences			
Acquisition costs / license fees	**$ 768,673**	$ -	**$ 768,673**
Naajat / White Mountain Exploration Licences			
Acquisition costs / license fees	**86,883**	5,378	**92,261**
	$ 855,556	$ 5,378	**$ 860,934**

6. RESOURCE PROPERTIES (continued)

The Company currently has three exploration licenses in Greenland, the Naajat EL (2002/06), the Sarfartoq EL (2010/40) and the Pingasut EL (2013/01). In 2014, Hudson was granted license renewals on the Naajat and Sarfartoq EL's. Prior to that, in 2012, Hudson was granted two license renewals. The Sarfartoq EL was amended to include portions of the Nalussivik, Sarfartuup Qulaa, Sarfartoq Valley and Arnanganeq exploration licenses as well as annex portions of the Sarfartoq EL and add additional ground that extends the license area to the fjord. The total area was reduced from 1,351 sq. km. to approximately 687 sq. km. As a result of the application, five previous licenses will be incorporated into one new Sarfartoq EL that is focused on the rare earth project. In 2013, the license area was further reduced to 92 sq. km. This reduced the exploration burden on the area while still maintaining 100% interest in the Sarfartoq Carbonatite Complex. The Naajat EL was renewed in 2013 for its industrial mineral potential for exploration years 11 and 12 and the license area was reduced from 190 sq. km. to approximately 96 sq. km. The Naajat EL includes the White Mountain Anorthosite Project ("White Mountain"). In 2014, Hudson began the process of converting the Naajat exploration license into an exploitation license. This is expected to be completed in 2015. In addition, Hudson applied for and was granted a non-exclusive prospecting license for the west coast of Greenland. The license allows the Company to prospect ground outside of its existing 3 licenses. In the event that Hudson wishes to apply for a future exploration license on additional areas, funds expended from the prospecting can be carried over to the new license area.

Current Resource Properties

Naajat (White Mountain) Mineral Claim (2002/06), Greenland

The total work commitment for calendar 2014 was 4,259,720 DKK (approximately $850,000). The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. These work commitments for calendar 2014 have now been approved by the Greenland government. The Company's license is currently in the process of being converted into an exploitation license. Provided the license is unchanged in 2015, total work commitment for calendar 2015 is 8,636,960 DKK (approximately $1,586,000). Hudson has accrued sufficient credits from previous expenditures to carry the license beyond December 31, 2015.

Sarfartoq Mineral Claim (2010/40), Greenland

The total work commitment for calendar 2014 was 16,538,600 DKK (approximately $3,308,000). The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. These work commitments for calendar 2014 have now been approved by the Greenland government. The Company's license has been renewed to December 31, 2017. Total work commitment for calendar 2015 is 33,528,000 DKK (approximately $6,156,000). Hudson has accrued sufficient credits from previous expenditures to carry the license beyond December 31, 2015.

Pingasut Mineral Claim (2013/01), Greenland

This license was granted on August 9, 2013. The total work commitment for calendar 2014 was 409,370 DKK (approximately $82,000). The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. The Company's license expires December 31, 2018. Total work commitment for calendar 2015 is 390,940 DKK (approximately $72,000). Hudson has accrued sufficient credits from previous expenditures to carry the license beyond December 31, 2015.

(Expressed in Canadian Dollars)

7. EVALUATION AND EXPLORATION COSTS

The evaluation and exploration costs expensed by the Company during the three months ended June 30, 2015 and 2014 are broken down as follows:

	For the three months ended June 30, 2015	For the three months ended June 30, 2014	Cumulative evaluation and exploration costs, June 30, 2015
Evaluation and exploration costs:			
Sarfartoq			
Assay and analysis	$ 795	$ 620	$ 1,369,161
Camp and portable shelters	2,404	15	1,174,151
Consulting	1,800	2,000	2,894,151
Data processing	-	-	56,737
Diamond recovery plant and operations	-	-	1,672,479
Drilling	-	-	6,717,631
Equipment	-	-	656,713
Explosives	-	-	50,026
Fuel	-	-	323,730
Geophysical data	-	-	611,754
Helicopter	-	1,168	7,433,327
Insurance	-	-	47,166
Legal	15	-	14,477
Miscellaneous	-	-	85
Recoveries	-	-	(208,588)
Sample extraction and processing	-	-	1,599,963
Shipping	-	-	1,064,749
Supplies	767	-	201,288
Travel	1,351	923	1,716,677
Wages and benefits	-	-	223,876
Total	**$ 7,132**	**$ 4,726**	**$ 27,619,553**

(Expressed in Canadian Dollars)

7. EVALUATION AND EXPLORATION COSTS (continued)

	For the three months ended June 30, 2015	For the three months ended June 30, 2014	Cumulative evaluation and exploration costs, June 30, 2015
Naajat / White Mountain			
Assay and analysis	$ 11,198	$ 27,793	$ 1,020,961
Camp and portable shelters	19,499	121	221,193
Consulting	86,718	34,714	1,103,735
Drilling	-	-	582,612
Equipment	25,834	-	236,200
Fuel	-	-	27,216
Geophysical data	-	-	53,272
Helicopter	-	9,345	1,319,704
Legal	119	-	10,918
Miscellaneous	-	-	5,867
Recoveries	-	(3,817)	(4,708)
Shipping	946	332	337,205
Supplies	6,136	-	114,109
Travel	10,804	7,381	322,035
Wages and benefits	-	-	67,790
Total	$ 161,254	$ 75,869	$ 5,418,109

	For the three months ended June 30, 2015	For the three months ended June 30, 2014	Cumulative evaluation and exploration costs, June 30, 2015
Pingasut Mineral Claim			
Assay and analysis	$ 153	$ -	$ 171
Camp and portable shelters	2,404	15	2,771
Consulting	1,800	2,000	21,009
Equipment	-	-	572
Fuel	-	-	1,142
Helicopter	-	1,168	12,321
Legal	15	-	129
Recoveries	-	-	(588)
Shipping	-	-	885
Supplies	767	-	1,029
Travel	1,351	923	7,966
Total	$ 6,490	$ 4,106	$ 47,407
Total evaluation and exploration costs:	$ 174,876	$ 84,701	$ 33,085,069

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

		June 30, 2015		March 31, 2015
Trade payables	$	165,300	$	167,746
Accrued liabilities		96,327		71,450
	$	**261,627**	**$**	**239,196**

9. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At June 30, 2015 and March 31, 2015, the Company had 81,486,766 common shares issued and outstanding.

c) Stock Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the issued and outstanding common shares of the Company as at the date of the grant. The maximum number of common shares reserved for issue to any one optionee under the plan cannot exceed 5% of the total issued and outstanding number of common shares on a non-diluted basis. The maximum number of common shares reserved for issue to any insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to all eligible persons who undertake investor relation activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on a nondiluted basis. The Company has granted directors, officers and consultants common share purchase options. These options are granted with an exercise price equal no less than the closing market price of the Company's shares prevailing on the day that the option is granted. Under the stock option plan, management has the option of determining vesting periods.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

c) Stock Options (continued)

The changes in stock options during the three months ended June 30, 2015 as follows:

	Number outstanding	Weighted average exercise price
Balance, March 31, 2015	**7,800,000**	**$ 0.51**
Expired	(2,200,000)	0.80
Balance, June 30, 2015	**5,600,000**	**$ 0.40**

<u>During the three months ended June 30, 2015</u>

- 2,200,000 options with an expiry date of April 30, 2015 expired unexercised.

The estimated fair value of the options granted was calculated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the three months ended	
	June 30, 2015	June 30, 2014
Share price at the grant date	N/A	$ 0.37
Risk-free interest rate	N/A	1.45%
Expected annual volatility	N/A	85.00%
Expected life	N/A	4.34
Expected dividend yield	N/A	0.00%
Grant date fair value per option	N/A	$ 0.24

The expected life of options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

c) Stock Options (continued)

The following summarizes information about stock options outstanding and exercisable at June 30, 2015:

Expiry date	Options outstanding	Options exercisable		Exercise price		Estimated grant date fair value	Weighted average remaining contractual life (in years)
September 28, 2016	1,150,000	1,150,000	$	0.65	$	536,461	1.25
October 12, 2017	2,225,000	2,225,000	$	0.36	$	692,198	2.29
November 5, 2017	125,000	125,000	$	0.36	$	35,334	2.35
April 24, 2019	2,100,000	1,575,000	$	0.34	$	567,378	3.82
	5,600,000	**5,075,000**			**$**	**1,831,371**	**2.65**

The weighted average exercise price of the exercisable options was $0.42

During the three months ended June 30, 2015, the Company recognized share-based payments expense of $29,963 (June 30, 2014 – $409,474). For the three months ended June 30, 2015 and 2014, share-based payments expense consists of the following:

	For the three months ended			
		June 30, 2015		**June 30, 2014**
For services in respect of:				
Accounting	**$**	**713**	$	9,759
Directors' fees		**7,135**		97,653
Evaluation and exploration costs		**713**		9,740
Management fees		**21,402**		292,322
	$	**29,963**	$	409,474

d) Reserves

Additional paid-in capital
Additional paid in capital records the fair value of the expired options and warrants initially recorded in stock options reserve.

Stock options reserve
The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to additional paid in capital.

(Expressed in Canadian Dollars)

10. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended June 30, 2015 is based on the net loss attributable to common shareholders of $428,898 (June 30, 2014 – $703,877) and a weighted average number of common shares outstanding during the period of 81,486,766 (June 30, 2014 – 81,486,766).

In computing the diluted loss per share, warrants and options are not included as the impact would be anti-dilutive.

11. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in trade payables and accrued liabilities were $35,813 as at June 30, 2015 (March 31, 2015 – $34,144). These amounts are unsecured and non-interest bearing.

b) Key management personnel compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation is comprised of:

		For the three months ended	
		June 30, 2015	June 30, 2014
Short-term employee benefits - management fees		**$ 110,000**	$ 110,000
Short-term employee benefits - professional fees	(1)	**21,840**	21,840
Short-term employee benefits - directors' fees		**25,000**	25,000
Share-based payments - management fees		**21,115**	302,081
Share-based payments - directors' fees		**7,135**	97,653
		$ 185,090	$ 556,574

(1) The Company paid $21,840 (June 30, 2014 – $21,840) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer. Fees have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(Expressed in Canadian Dollars)

12. COMMITMENTS AND CONTINGENCIES

During the three months ended June 30, 2015, the Company renewed the office lease for an additional two years ending September 30, 2017. Total minimum lease payments are as follows:

For the year ended		
March 31, 2016	$	19,841
March 31, 2017		26,048
March 31, 2018		13,024
	$	**58,913**

13. SEGMENTED INFORMATION

The Company has two operating segments: the exploration and development of the Pingasut, Sarfartoq and Naajat exploration licenses in Greenland and corporate administrative functions in Canada. The Company's total assets and losses are found in the following two geographic locations:

		Canada		Greenland		Total
As at June 30, 2015						
Resource properties	$	-	$	860,934	**$**	**860,934**
Other assets		525,922		645,630		**1,171,552**
Liabilities		(218,740)		(42,887)		**(261,627)**
	$	**307,182**	**$**	**1,463,677**	**$**	**1,770,859**
As at March 31, 2015						
Resource properties	$	-	$	855,556	**$**	**855,556**
Other assets		898,443		654,994		**1,553,437**
Liabilities		(239,196)		-		**(239,196)**
	$	**659,247**	**$**	**1,510,550**	**$**	**2,169,797**

		Canada		Greenland		Total
Net loss and comprehensive loss:						
For the three months ended June 30, 2015	$	240,689	$	188,212	**$**	**428,901**
For the three months ended June 30, 2014	$	619,176	$	84,701	**$**	**703,877**

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to any externally imposed capital requirements.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on its exploration activities, preparing cash flow analyses to ensure an adequate amount of liquidity and monthly review of financial results.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2015.

15. FINANCIAL INSTRUMENTS

a) Fair value

The carrying values of cash and cash equivalents, amount receivables, deposits and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

The financial instruments recorded at fair value on the statements of financial position are comprised of cash and cash equivalents which are measured using Level 1 of the fair value hierarchy.

There were no financial assets which are measured at fair value that applied Level 2 or Level 3 fair value measurements (March 31, 2015 – no Level 2 or Level 3 fair value measurements).

There were no transfers between Levels 1 and 2 during the three months ended June 30, 2015.

15. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at June 30, 2015, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained sufficient cash and cash equivalents at June 30, 2015 in the amount of $539,391 (March 31, 2015 – $926,853), in order to meet short-term business requirements. At June 30, 2015, the Company had accounts payable and accrued liabilities of $261,627 (March 31, 2015 – $239,196). All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash and cash equivalents. As at June 30, 2015, the Company's cash is subject to or exposed to interest rate risk. A 10% increase/decrease in the interest rate received would have a $397 impact on profit or loss.

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, amounts receivable, deposits and accounts payable and accrued liabilities are held in CAD, US dollars ("USD") and DKK; therefore, USD and DKK accounts are subject to fluctuation against the Canadian dollar.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Market Risk (continued)

Currency risk (continued)

The Company had the following balances in Canadian and foreign currencies as at June 30, 2015:

	in CAD	in USD	in DKK
Cash and cash equivalents	$ 453,603	$ -	$ 467,000
Deposits	3,259	-	4,480
Accounts payable and accrued liabilities	(214,367)	(3,540)	(233,461)
	242,495	**(3,540)**	**238,019**
Rate to convert to $1.00 CAD	1.000	0.8095	5.4437
Equivalent to Canadian dollars	**242,495**	**(4,373)**	**43,724**

Based on the above net exposures as at June 30, 2015, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD and DKK by 10% would increase/ decrease profit or loss by $3,935.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

16. SUBSEQUENT EVENTS

Non-Brokered Private Placement

On August 7, 2015, the Company announces that it will be seeking approval from the TSX Venture Exchange to complete a non-brokered private placement of 8 Million units (“Units”) of the Company. The Units will be priced at $0.50 per Unit for total proceeds to the Company of $4,000,000. Each Unit will be comprised of one fully paid and non-assessable common share (a “Share”) in the capital of the Company and one-half of a transferable Common Share purchase warrant (a “Warrant”). Each whole Warrant shall entitle the holder thereof to purchase one additional Share (a “Warrant Share”) in the capital of the Company from the date of the issue until expiry 36 months after such date at an exercise price of $0.75 per Warrant Share. Hudson reserves the right to issue an over-allotment of up to 4 million Units for additional proceeds of $2,000,000. A finder’s fee may be paid to arm’s-length parties on this private placement. The net proceeds of the private placement will be used for pre-construction activities regarding the Company’s White Mountain Anorthosite Project and for general corporate purposes.

16. SUBSEQUENT EVENTS (continued)

Unsecured Bridge Loan

On August 19, 2015, the Company announced that it has obtained an unsecured bridge loan for approximately $1,200,000. Total proceeds of the loan are committed to the purchase of heavy equipment required for ongoing pre-construction activities at the Company's White Mountain anorthosite project. The equipment will also be used in the day-to-day mining operations once mining commences. Hudson proposes to repay the loan from the proceeds of the Company's recently announced non-brokered private placement. Timing issues required financing the equipment prior to the closing of the private placement. This will now allow Hudson to complete significant pre-development work in 2015 ahead of its proposed mine construction in the first half of 2016. The unsecured loan is for a term of up to three months bearing interest at 12% per annum.