HUDSON RESOURCES INC

HUDSON RESOURCES INC.

FINANCIAL STATEMENTS

For the Three and Nine Month Periods Ended December 31, 2009

(unaudited)

Suite 1460 – 1066 West Hastings Street
Vancouver, B.C.   V6E 3X1

Tel: (604) 628-5002
Fax: (604) 688-3452

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.

Suite 1460 – 1066 West Hastings Street
Vancouver, B.C. V6E 3X1
Tel: (604) 628-5002
Fax: (604) 688-3452

HUDSON RESOURCES INC.
BALANCE SHEETS

	December 31, 2009 (unaudited)	March 31, 2009 (audited)
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,473,071	$ 712,877
Accrued interest and amounts receivable	5	1,687
Goods and services tax receivable	24,027	64,630
Prepaid expenses	5,157	9,928
	2,502,260	789,122
Equipment - Note 4	4,151	2,175
Resource properties - Note 5 and Schedule 1	16,345,702	15,413,713
Total Assets	$ 18,852,113	$ 16,205,010
LIABILITIES		
Current		
Accounts payable and accrued liabilities - Note 8	$ 138,076	$ 309,398
	138,076	309,398
SHAREHOLDERS' EQUITY		
Share Capital - Note 6	21,220,373	18,047,539
Contributed surplus - Note 6	1,768,095	1,561,625
Deficit	(4,274,431)	(3,713,552)
	18,714,037	15,895,612
Total Liabilities and Equity	$ 18,852,113	$ 16,205,010

Nature of Operations and Ability to Continue as a Going Concern - Note 1
Commitments - Notes 6 and 9

APPROVED BY THE DIRECTORS:

"James Tuer" , Director
JAMES TUER

"Robert Chase" , Director
ROBERT CHASE

SEE ACCOMPANYING NOTES

HUDSON RESOURCES INC.
STATEMENTS OF LOSS AND DEFICIT
(unaudited)

	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Nine Months Ended December 31, 2009	Nine Months Ended December 31, 2008
Administrative Expenses				
Amortization	$ 337	$ 191	$ 753	$ 639
Audit and legal fees	900	3,810	10,663	33,127
Bank charges and interest	412	322	1,187	3,235
Directors' fees - Note 8	-	-	-	11,000
Filing fees	1,295	16,196	6,149	19,396
Foreign exchange loss	155	13,594	2,215	1,930
Management fees - Note 8	81,300	81,300	243,900	243,901
Office	5,691	5,501	19,561	30,408
Rent	10,033	14,764	25,788	45,799
Shareholder communication	10,545	4,643	23,096	7,493
Stock-based compensation - Note 6	27,026	93,267	206,470	306,827
Telephone	2,035	2,831	4,461	8,489
Transfer agent fees	4,234	1,428	6,892	5,131
Travel and promotion	6,643	1,212	9,841	5,681
Loss before other item	(150,606)	(239,059)	(560,976)	(723,056)
Other item:				
Interest income	27	916	97	13,469
	27	916	97	13,469
Net loss and comprehensive loss for the period	(150,579)	(238,143)	(560,879)	(709,587)
Deficit, beginning of the period	(4,123,852)	(3,345,204)	(3,713,552)	(2,873,760)
Deficit, end of the period	$ (4,274,431)	$ (3,583,347)	$ (4,274,431)	$ (3,583,347)
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	50,180,717	32,853,875	45,671,848	31,334,902

SEE ACCOMPANYING NOTES

HUDSON RESOURCES INC.
STATEMENTS OF CASH FLOWS
(unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2009	2008	2009	2008
Operating Activities				
Net loss for the period	$ (150,579)	$ (238,143)	$ (560,879)	$ (709,586)
	(150,579)	(238,143)	(560,879)	(709,586)
Items not involving cash:				
Amortization	337	191	753	639
Stock-based compensation	27,026	93,267	206,470	306,827
Changes in non-cash working capital items related to operations:				
Accrued interest and amounts receivable	4	4,554	1,682	2,986
Goods and services tax receivable	(8,229)	(10,067)	40,603	33,641
Accounts payable and accrued liabilities	(386,118)	(423,527)	(263,012)	(129,596)
Prepaid expenses	(788)	5,766	4,771	5,001
	(518,347)	(567,959)	(569,612)	(490,088)
Investing Activities				
Equipment	-	-	(2,729)	-
Resource properties expenditures	(27,561)	(88,795)	(840,299)	(3,430,546)
	(27,561)	(88,795)	(843,028)	(3,430,546)
Financing Activities				
Issuance of common shares	1,817,640	2,025,000	3,172,834	2,025,000
Issuance of notes	-	(2,000,000)	-	-
	1,817,640	25,000	3,172,834	2,025,000
Increase in cash during the period	1,271,732	(631,754)	1,760,194	(1,895,634)
Cash and cash equivalents, beginning of the period	1,201,339	1,050,554	712,877	2,314,434
Cash and cash equivalents, end of the period	$ 2,473,071	$ 418,800	$ 2,473,071	$ 418,800

Non-cash Transaction – Note 12

SEE ACCOMPANYING NOTES

Schedule 1

HUDSON RESOURCES INC.

SCHEDULE OF RESOURCE PROPERTY EXPENDITURES

Resource Properties	March 31, 2009 (Audited)	Additions (Unaudited)	December 31, 2009 (Unaudited)
Greenland, Sarfartoq Exploration Licenses			
Acquisition costs	$ 644,559	$ 7,690	$ 652,249
Deferred exploration costs			
Assay and analysis	290,345	47,810	338,155
Camp and portable shelters	509,448	18,283	527,731
Consulting	1,289,939	97,500	1,387,439
Data processing	55,226	-	55,226
Diamond recovery plant and operations	1,672,069	410	1,672,479
Drilling	2,877,280	177,478	3,054,758
Equipment	455,449	5,219	460,668
Explosives	50,026	-	50,026
Fuel	172,916	21,236	194,152
Geophysical data	405,503	-	405,503
Helicopter	4,023,265	389,533	4,412,798
Insurance	47,433	-	47,433
Legal	6,018	-	6,018
Sample extraction and processing	1,587,813	58,977	1,646,790
Shipping	418,035	37,286	455,321
Supplies and sundry	111,457	7,799	119,256
Travel	796,932	62,768	859,700
	14,769,154	924,299	15,693,453
Total resource properties	$ 15,413,713	$ 931,989	$ 16,345,702

SEE ACCOMPANYING NOTES

Note 1 Nature of Operations and Ability to Continue as a Going Concern

The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia as Evolution Networking Corp. and changed its name on September 25, 2000 to Tekwerks Solutions Inc. and on December 6, 2002 to Hudson Resources Inc.

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 December 31, 2009, the Company was in the exploration stage and had interests in properties located in Greenland.

The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their exploration, and future profitable production or disposition thereof.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Realization values may be substantially different from carrying values as shown and these financial statements do not give 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. At December 31, 2009, the Company had not yet achieved profitable operations, had accumulated losses of $4,274,431 since inception and expects to incur further losses in the development of its business. The Company's ability to continue as a going concern is dependent upon its ability to generate and maintain 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.

Note 2 Significant Accounting Policies

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended March 31, 2009, except as described in note 3.

These unaudited interim financial statements do not include all note disclosures required by Canadian generally accepted accounting principles for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended March 31, 2009. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended December 31, 2009 are not necessarily indicative of the results that may be expected for the year ending March 31, 2010.

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

Note 3 Changes in Accounting Policies

Adoption of New Accounting Policies:

Financial Instruments

In June 2009, the Canadian Accounting Standards Board issued amendments to Section 3862, Financial Instruments - Disclosures, to improve disclosure requirements on fair value measurement and liquidity risk. As the amendments only concern disclosure requirements, they did not have a significant impact on the Company's financial statements.

Future changes in accounting policies:

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Effective April 1, 2011, the Company will require the restatement of amounts reported to IFRS for the year ending March 31, 2011 for comparative purposes.

Business Combinations

In January 2009, the CICA issued Handbook section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-Controlling Interests. These sections replace the former section 1581, Business Combinations, and section 1600, Consolidated Financial Statements, and establish a new section for accounting for a non-controlling interest in a subsidiary.

Sections 1582 and 1602 will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value and non-controlling interests will be reported as a component of equity. In addition, the definition of a business is expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are to be expensed when incurred. Section 1601 establishes standards for the preparation of consolidated financial statements.

These new sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

Note 4 Equipment

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Computers	$ 7,755	$ (3,604)	$ 4,151

	March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Computers	$ 5,026	$ (2,851)	$ 2,175

Note 5 Resource Properties

Naajat Mineral Claim, Greenland

On July 15, 2002, the Company's application for the Naajat mineral claim (EL 2002/06) comprising 851 square kilometres in Western Greenland was approved by the Greenland mining authorities. Work expenditures are approved each April by the Bureau of Minerals and Petroleum ("BMP") for Greenland based on Company submissions due April 1st of each year. In December, 2003, the Company reduced the area to 325 square kilometres based on the results of the 2003 exploration program. In December, 2004, the Company reduced the area to 243 square kilometres. In December, 2006, the company applied to extend the licence for an additional five year period and the licence area was reduced to 190 square kilometres. The total work commitment for 2009 is 3,245,300 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Nalussivik Mineral Claim, Greenland

On May 1, 2003, the Company's application for the Nalussivik mineral claim (EL 2003/04) comprising 208 square kilometres in Western Greenland, was approved by the Greenland mining authorities. In 2004, the Company applied for and was granted an additional 193 square kilometres under the Nalussivik EL bringing the total to 401 square kilometres. In December, 2009, the Company made application to reduce the licence area to approximately 121 square kilometres As a result, he total work commitment for 2009 is 2,267,158 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Note 5 Resource Properties (continued)

Sarfartuup Qulaa Mineral Claim, Greenland

On January 31, 2005, the Company's application for the Sarfartuup Qulaa mineral claim (EL 2005/03), comprising 89 square kilometres in Western Greenland, was approved by the Greenland mining authorities. The total work commitment for 2009 is 910,095 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009. In December, 2009, the company applied to extend the licence for an additional five year period.

Sarfartoq Mineral Claim (New Millennium Resources NL JV, Greenland)

On June 20, 2003, the Company entered into an agreement with a Perth, Australia based company, New Millennium Resources NL, to acquire an 80% interest in the diamond mineral rights (including all other minerals except for tantalum and niobium) on the Sarfartoq exploration license on property located in West Greenland.

The Company acquired the remaining 20 percent interest (including 100% of previously excluded mineral rights) in the Safartoq exploration licence in West Greenland from New Millennium for consideration of $89,000 (paid) and 600,000 common shares of the company (issued at the value of $450,000). 300,000 common shares became free trading on July 7, 2007 and the balance became free trading on July 7, 2008.

The Company has met its exploration commitments required to maintain the Sarfartoq claim. In the 3rd quarter, an application was submitted to extend the licence for a further 2 year period ending December 31, 2011.

Sarfartoq Øst Mineral Claim, Greenland

In July 2006, the Company's application for the Sarfartoq Øst mineral claim (EL 2006/02) comprising 1,117 square kilometres in Western Greenland was approved by the Greenland mining authorities. In December 2007, the Company reduced the area to 374 square kilometres. The total work commitment for 2009 is 2,920,770 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Arnanganeq Mineral Claim, Greenland

In July 2007, the Company's application for the Arnanganeq mineral claim (EL 2007/28) comprising 236 square kilometres in Western Greenland was approved by the Greenland mining authorities. The total work commitment for 2009 is 1,947,180 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Sarfartoq Valley Claim, Greenland

In the 3rd quarter, 2009, the Company's application for the Sarfartoq Valley mineral claim (EL 2000/208) comprising 5 square kilometres in Western Greenland was approved by the Greenland mining authorities ("BMP"). The total work commitment for 2009 is 148,155 DKK.

Note 5 Resource Properties (continued)

The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that it has meet its' commitments for 2009.

Note 6 Share Capital

a) Authorized:

Unlimited number of common shares without par value

b) Issued common shares and contributed surplus:

	Number	Amount	Contributed Surplus
Balance as at March 31, 2009	41,091,266	$ 18,047,539	$ 1,561,625
- Pursuant to a private placement - at $0.20	5,300,000	1,060,000	-
- Pursuant to exercise of warrants - at $0.20	2,760,000	552,000	-
- Pursuant to exercise of warrants - at $0.30	5,305,000	1,591,500	-
Share issue costs	-	(30,666)	-
Shares issued for broker commissions	5,000	-	-
Stock-based compensation	-	-	206,470
Balance as at December 31, 2009	54,461,266	$ 21,220,373	$ 1,768,095

During the nine months ended December 31, 2009, the Company completed a non-brokered private placement of 5,300,000 Units at $0.20 per Unit. Each Unit was comprised of one fully paid and non-assessable common share (a "Share") in the capital of the Company and one transferable Common Share purchase warrant (a "Warrant"). Each Warrant entitles 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 18 months after such date at an exercise price of $0.30 per Warrant Share. In certain events, the Company can accelerate the expiry date of the Warrants if the Shares trade above a weighted average of $0.50 for 20 days. The Company closed the transaction on July 13, 2009. The Company applied the residual approach and allocated the total proceeds to the common shares and $nil to the attached warrants.

On September 11, 2009, the warrantholders of the $0.10 Unit placement that closed on February 3, 2009, were notified that the weighted average share price had exceeded $0.40 per share over a 20 day trading period resulting in an acceleration of the expiry date to October 13, 2009. As a result, All 2,760,000 warrants were exercised at $0.20 per share.

Note 6 Share Capital (continued)

On November 13, 2009, the warrantholders of the $0.20 Unit placement that closed on July 13, 2009, were notified that the weighted average share price had exceeded $0.50 per share over a 20 day trading period resulting in an acceleration of the expiry date to December 15, 2009. As a result, All 5,305,000 warrants were exercised at $0.30 per share.

c) 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 Shares of the Company as at the date of the grant. The maximum number of Shares reserved for issue to any one optionee under the plan cannot exceed 5% of the total issued and outstanding number of Shares on a non-diluted basis. The maximum number of 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 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 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 non-diluted basis. The Company has granted directors, officers and consultants Share purchase options. These options are granted with an exercise price equal to the market price of the Company's Shares on the date of the grant. Under the stock option plan, the Board of Directors has the option of determining vesting periods. As at December 31, 2009, 1,894,293 shares are available for issuance under the plan.

A summary of the status of options granted under the Option Plan as of December 31, 2009 and the changes for the period then ended are as follows:

	Number Outstanding	Weighted Average Exercise Price
Balance, March 31, 2009	2,595,000	$ 0.63
Expired	(543,167)	$ 0.60
Granted	1,500,000	$ 0.10
Balance, December 31, 2009	3,551,833	$ 0.41

As at December 31, 2009, there were 3,551,833 (March 31, 2009 – 2,595,000) share purchase options outstanding entitling the holders thereof the right to purchase one Share for each option held as follows:

Note 6 Share Capital (continued)

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price		Weighted Average Remaining Contractual Life (in year)
January 04, 2011	58,500	58,500	$	0.60	1.01
January 04, 2011	923,333	923,333	$	0.50	1.01
February 03, 2011	100,000	100,000	$	0.80	1.09
April 25, 2011	50,000	50,000	$	0.80	1.32
June 15, 2012	450,000	450,000	$	1.00	2.46
April 23, 2013	470,000	470,000	$	0.51	3.31
April 06, 2014	1,500,000	1,500,000	$	0.10	4.27
	3,551,833	3,551,833			

d) Stock-based Compensation

During the nine months ended December 31, 2009, stock-based compensation expense of $206,470 (2008: $306,827) was recorded. The fair value of the compensation expense has been determined using the Black-Scholes option valuation model with the following assumptions:

	December 31, 2009		December 31, 2008	
Weighted average fair value of options granted	$	0.08	$	0.45
Risk-free rate		1.20%		4.58%
Expected Expected annual volatility		123.00%		135.00%
Expected life		5 years		5 years
Expected dividend yield		0.00%		0.00%

e) Share Purchase Warrants

A summary of the status of warrants as of December 31, 2009 and the changes for the period then ended are as follows:

	Number Outstanding	Weighted Average Exercise Price	
Balance, March 31, 2009	2,760,000	$	0.20
Exercised	(8,065,000)	$	0.27
Issued	5,305,000	$	0.30
Balance, December 31, 2009	-	$	-

Note 7 Capital Disclosures

The Company manages its capital, consisting of shareholders' equity, in a manner consistent with the risk characteristics of the assets it holds. As disclosed in Note 6 – Share Capital, the Company completed the private placement of 5,300,000 Units, consisting of one share and one share purchase warrant at $0.20 per Unit. All sources of financing are analyzed by management and approved by the Board of Directors.

The Company's objectives when managing capital are:

a) to safeguard the Company's ability to continue as a going concern;
b) to facilitate the ongoing exploration and evaluation of its mineral properties, located in Greenland.

The Company is not subject to externally imposed capital requirement. The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on its rare earth and diamond exploration and development activities, preparing cash flow analyses to ensure an adequate amount of liquidity and quarterly review of financial results. The Company currently has net positive working capital and believes that it has the ability to maintain this based upon its previous success at raising capital and the option of operating at a minimum sustaining basis.

Note 8 Related Party Transactions

During the nine months ended December 31, 2009 and 2008, the Company incurred the following expenses with a company with a common director and with directors and officers and a former officer of the Company.

	Nine months ended	
	December 31, 2009	December 31, 2008
Accounting and legal fees	$ -	$ 12,855
Management fees	243,900	243,900
	$ 243,900	$ 256,755

These transactions were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

As at December 31, 2009, accounts payable and accrued liabilities include $42,775 (March 31, 2009: $5,459) in management and directors' fees and travel and other expenses due to directors, officers and a company with a common director.

Note 9 Office Lease Commitments

During the nine months ended December 31, 2009, the Company entered into a two-year lease agreement ending October 1, 2011 for office space in Vancouver, British Columbia. Total minimum lease payments are as follows:

	Amount
March 31, 2010	$ 19,556
March 31, 2011	39,113
March 31, 2012	19,556
	$ 78,225

Note 10 Segmented Information

The Company has only one operating segment, being the exploration and development of resource properties. As at December 31, 2009, all of the Company's assets are located in Canada except for the resources properties of $16,345,702 (March 31, 2009: $15,413,713), which are located in Greenland.

Note 11 Financial Risk Management

The Company has designated its cash and cash equivalents as held-for-trading; accrued interest and amounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

a) Fair value

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

The fair value of financial instruments at December 31, 2009 is summarized as follows:

	December 31, 2009	
	Carrying Amount	Fair Value
Financial Assets		
Held-for-trading		
Cash and cash equivalents	$ 2,473,071	$ 2,473,071
Loan and receivables		
Accrued interest and amounts receivable	$ 5	$ 5
Financial Liabilities		
Accounts payable and accrued liabilities	$ 138,076	$ 138,076

Note 11 Financial Risk Management (continued)

b) 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 December 31, 2009 the Company is not exposed to any significant credit risk.

c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash balance to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current.

d) 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 December 31, 2009, the Company's cash is subject to or exposed to interest rate risk. However, this risk is not significant.

e) Foreign Currency Risk

The Company has operations in Canada and Greenland subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars and Greenland dollars ("DDK") and the fluctuation of the Canadian dollar in relation to the other currency will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

Note 12 Non Cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transaction was excluded from the statements of cash flows:

At December 31, 2009, accounts payable include $91,690 (March 31, 2009: $281,960) relating to resource properties.