QUARTERLY AND YEAR END REPORT

British Columbia Securities Commission **BC FORM 51-901F (previously Form 61)**

Freedom of Information and Protection of Privacy Act: The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2 Toll Free in British Columbia 1-800-373-6393.

INSTRUCTIONS

This report must be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of their year end. *"Exchange Issuer"* means an issuer whose securities are listed and posted for trading on the Canadian Venture Exchange and are not listed and posted on any other exchange or quoted on a trading or quotation system in Canada. Three schedules must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements prepared in accordance with generally accepted accounting principles are required as follows:

For the first, second and third financial quarters:

Interim financial statements prepared in accordance with section 1751 of the CICA Handbook, including the following: balance sheet, income statement, statement of retained earnings, cash flow statement, and notes to the financial statements.

The periods required to be presented, consistent with CICA Handbook section 1751, are as follows:

- a balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding fiscal year;
- a statement of retained earnings cumulatively for the current fiscal year-to-date, with a comparative statement for the comparable year-to-date period of the immediately preceding fiscal year; and
- income statements and cash flow statements for the current interim period and cumulatively for the current fiscal year-to-date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year.

For the financial year end:

Annual audited financial statements prepared on a comparative basis.

Exchange Issuers with a fiscal year of less than or greater than 12 months should refer to National Policy No. 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* for guidance.

Issuers in the development stage are directed to the guidance provided in CICA Accounting Guideline AcG-11 *Enterprises in the Development Stage* that states "enterprises in the development stage are encouraged to disclose in the income statement and in the cash flow statement cumulative balances from the inception of the development stage.

Issuers that have been involved in a reverse take-over should refer to the guidance found in BCIN #52-701 (previously NIN #91/21) with respect to such transactions including the requirement for disclosure of supplementary information regarding the legal parent's prior financial operations.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. *Analysis of expenses and deferred costs*
   Provide a breakdown of amounts presented in the financial statements for the following: deferred or expensed exploration, expensed research, deferred or expensed development, cost of sales, marketing expenses, general and administrative expenses, and any other material expenses reported in the income statement and any other material deferred costs presented in the balance sheet.

   The breakdown should separately present, at a minimum, each component that comprises 20% or more of the total amount for a material classification presented on the face of the financial statements. All other components of a material classification may be grouped together under the heading "miscellaneous" or "other" in the cost breakdown; the total for "miscellaneous" should not exceed 30% of the total for a material classification.

   Breakdowns are required for the year-to-date period only. Breakdowns are not required for comparative periods.

   Issuers in the development stage are reminded that Section 3(9)(b) of the BC Securities Commission's Rules requires a schedule or note to the financial statements containing an analysis of each of exploration, research, development and the administration costs, whether expensed or deferred and if the issuer is a natural resource issuer, that analysis for each material property. Because the analysis required by Rule 3(9)(b) must be included in the financial statements, the information does not have to be repeated in Schedule B. Consistent with CICA Accounting Guidelines AcG-11, staff considers an issuer to be in the development stage when it is devoting substantially all of its efforts to establishing a new business and planned principal operations have not commenced. Further, in staff's view, the lack of significant revenues for the past two years normally indicates that an issuer is in the development stage.

2. *Related party transactions*
   Provide disclosure of all related party transactions as specified in Section 3840 of the CICA Handbook.

3. *Summary of securities issued and options granted during the period*
   Provide the following information for the year-to-date period:
   (a) summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.), number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid, and
   (b) summary of options granted during the period, including date, number, name of optionee for those options granted to insiders, generic description of other optionees (e.g. "employees"), exercise price and expiry date.

4. *Summary of securities as at the end of the reporting period*
   Provide the following information as at the end of the reporting period:
   (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
   (b) number and recorded value for shares issued and outstanding,
   (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
   (d) number of shares in each class of shares subject to escrow or pooling agreements.

5. *List the names of the directors and officers as at the date this report is signed and filed.*

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

1. *General Instructions*
   (a) Management discussion and analysis provides management with the opportunity to discuss an issuer's business, current financial results, position and future prospects.
   (b) Focus the discussion on material information, including liquidity, capital resources, known trends, commitments, events, risks or uncertainties, that is reasonably expected to have a material effect on the issuer.
   (c) For an issuer with active ongoing operations the discussion should be substantive (e.g. generally two to four pages in length); for an issuer with limited operations the discussion may not be as extensive (e.g. one page).
   (d) The discussion must be factual, balanced and non-promotional.
   (e) Where the discussion relates to a mineral project, as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects", the disclosure must comply with NI 43-101.
2. *Description of Business*
   Provide a brief description of the issuer's business. Where an issuer is inactive and has no business, disclose these facts together with a description of any plans to reactive and the business the issuer intends to pursue.
3. *Discussion of Operations and Financial Condition*
   Provide a meaningful discussion and analysis of the issuer's operations for the current year-to-date period presented in the financial statements. Discuss the issuer's financial condition as at the date of the most recent balance sheet presented in the financial statements.

   The following is a list of items that should be addressed in management's discussion and analysis of the issuer's operations and financial condition. This is not intended to be an exhaustive list of the relevant items.
   (a) expenditures included in the analysis of expenses and deferred costs required under Securities Rule 3(9)(b) and Schedule B;
   (b) acquisition or abandonment of resource properties material to the issuer including material terms of any acquisition or disposition;
   (c) acquisition or disposition of other material capital assets including material terms of the acquisition, or disposition;
   (d) material write-off or write-down of assets;
   (e) transactions with related parties, disclosed in Schedule B or the notes to the financial statements;
   (f) material contracts or commitments;
   (g) material variances between the issuer's financial results and information previously disclosed by the issuer, (for example if the issuer does not achieve revenue and profit estimates previously released, discuss this fact and the reasons for the variance);
   (h) material terms of any existing third party investor relations arrangements or contracts including:
      i. the name of the person;
      ii. the amount paid during the reporting period; and
      iii. the services provided during the reporting period;
   (i) legal proceedings;
   (j) contingent liabilities;
   (k) default under debt or other contractual obligations;
   (l) a breach of corporate, securities or other laws, or of an issuer's listing agreement with the Canadian Venture Exchange including the nature of the breach, potential ramifications and what is being done to remedy it.
   (m) regulatory approval requirements for a significant transaction including whether the issuer has obtained the required approval or has applied for the approval;
   (n) management changes; or
   (o) special resolutions passed by shareholders.
4. *Subsequent Events*
   Discuss any significant events and transactions that occurred during the time from the date of the financial statements up to the date that this report is certified by the issuer.
5. *Financings, Principal Purposes and Milestones*
   (a) In a tabular format, compare any previously disclosed principal purposes from a financing to actual expenditures made during the reporting period.
   (b) Explain any material variances and the impact, if any, on the issuer's ability to achieve previously disclosed objectives and milestones.
6. *Liquidity and Solvency*
   Discuss the issuer's working capital position and its ability to meet its ongoing obligations as they become due.

How to File Under National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR)

BC Form 51-901F Quarterly and Year End Reports are filed under Category of Filing: Continuous Disclosure and Filing Type: Interim Financial Statements or Annual Financial Statements. Schedule A (Financial Statements) is filed under Document Type: Interim Financial Statements or Annual Financial Statements. Schedule B (Supplementary Information) and Schedule C (Management Discussion) are filed under Document Type: BC Form 51-901F (previously Document Type Form 61(BC)).

Meeting the Form Requirements

BC Form 51-901F consists of three parts: Instructions to schedules A, B and C, issuer details and a certificate. To comply with National Instrument 13-101 it is not necessary to reproduce the instructions that are set out in BC Form 51-901F. A cover page to the schedules titled BC Form 51-901F that includes the issuer details and certificate is all that is required to meet the BC Form 51-901F requirements. The form of certificate should be amended so as to refer to one or two of the three schedules required to complete the report.

ISSUER DETAILS

NAME OF ISSUER		FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
HUDSON RESOURCES INC.		MAR 31, 2004	04/08/13

ISSUER ADDRESS				
Suite 1300 – 885 West Georgia Street				
CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver	BC	V6C 3E8	(604) 688-3452	(604) 688-3415

CONTACT NAME	CONTACT POSITION	CONTACT TELEPHONE NO.
James R. Tuer	President & Director	(604) 688-3415

CONTACT EMAIL ADDRESS	WEB SITE ADDRESS
tuer@hudsonresources.ca	www.hudsonresources.ca

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
➢ *JAMES R. TUER*	James Tuer	04/08/13
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
➢ *ROBERT F. CHASE*	Robert F. Chase	04/08/13

HUDSON RESOURCES INC.

(An Exploration Stage Company)

REPORT AND FINANCIAL STATEMENTS

March 31, 2004 and 2003

(Stated in Canadian Dollars)

TERRY AMISANO LTD.
KEVIN HANSON, CA

AMISANO HANSON
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders,
Hudson Resources Inc.
(An Exploration Stage Company)

We have audited the balance sheets of Hudson Resources Inc. as at March 31, 2004 and 2003 and the statements of operations, shareholders' equity and cash flows for each of the years in the three year period ended March 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2004 and 2003 and the results of its operations and its cash flows for each of the years in the three year period ended March 31, 2004 in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
June 18, 2004

"*Amisano Hanson*"
Chartered Accountants

COMMENTS BY AUDITOR FOR US READERS ON CANADA - US REPORTING CONFLICT

In the United States of America, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is substantial doubt about a company's ability to continue as a going concern. The accompanying financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the realization of assets and discharge of liabilities in the normal course of business. As discussed in Note 1 to the accompanying financial statements, the Company has incurred substantial losses from operations and is in the process of exploring its resource properties and has not yet determined whether these properties contain ore reserves that are economically recoverable, all of which raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our report to the shareholders dated June 18, 2004 is expressed in accordance with Canadian reporting standards which do not permit a reference to such uncertainty in the auditors' report when the uncertainty is adequately disclosed in the financial statements.

Vancouver, Canada
June 18, 2004

"*Amisano Hanson*"
Chartered Accountants

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HUDSON RESOURCES INC.
(An Exploration Stage Company)
BALANCE SHEETS
March 31, 2004 and 2003

ASSETS	2004	2003
Current		
Cash and term deposits	$ 577,480	$ 391,801
Accrued interest and amounts receivable	6,723	8,756
Goods and services tax receivable	11,453	9,833
Prepaid expenses	2,936	1,859
	598,592	412,249
Deferred charge – Note 4	4,063	-
Resource properties – Note 3 and Schedule 1	220,596	71,864
	$ 823,251	$ 484,113
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 26,156	$ 18,452
SHAREHOLDERS' EQUITY		
Share capital – Note 4	1,109,331	610,689
Contributed surplus – Note 4	19,500	-
Deficit	(331,736)	(145,028)
	797,095	465,661
	$ 823,251	$ 484,113

Nature and Continuance of Operations – Note 1
Commitments – Notes 3, 4 and 7
Subsequent Events – Notes 5 and 7

APPROVED BY THE DIRECTORS:

"*James Tuer*" ______________________, Director
JAMES TUER

"*Robert Chase*" ______________________, Director
ROBERT CHASE

SEE ACCOMPANYING NOTES

HUDSON RESOURCES INC.
(An Exploration Stage Company)
STATEMENTS OF OPERATIONS
for the years ended March 31, 2004, 2003 and 2002

	2004	2003	2002
Administrative Expenses			
Accounting and legal fees	$ 17,004	$ 49,720	$ 8,386
Bank charges and interest	288	91	155
Filing fees	7,248	12,972	3,968
Management fees – Note 5	60,000	30,000	-
Non-cash compensation – Note 4	15,437	-	-
Office	12,452	10,665	1,541
Rent – Note 5	13,414	7,826	10,403
Shareholder communication	25,762	-	-
Sponsorship fee	-	20,000	-
Telephone	3,529	3,255	2,097
Transfer agent fees	4,614	3,739	2,396
Travel and promotion	2,150	287	1,213
Loss before other items	(161,897)	(138,555)	(30,159)
Other items:			
Interest income	5,691	9,549	16,798
Write-off of resource property costs	(30,502)	-	-
Net loss for the year	$ (186,708)	$ (129,006)	$ (13,361)
Basic and diluted loss per share	$ (0.03)	$ (0.03)	$ (0.01)
Weighted average number of shares outstanding	5,588,324	4,305,421	3,883,334

SEE ACCOMPANYING NOTES

HUDSON RESOURCES INC.
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
for the years ended March 31, 2004, 2003 and 2002

	2004	2003	2002
Operating Activities			
Net loss for the year	$ (186,708)	$ (129,006)	$ (13,361)
Items not involving cash:			
Write-off of resource property costs	30,502	-	-
Non-cash compensation	15,437	-	-
Changes in non-cash working capital items related to operations:			
Accrued interest and amounts receivable	2,033	(2,672)	2,497
Goods and services tax receivable	(1,620)	(7,892)	1,624
Prepaid expenses	(1,077)	814	11,239
Accounts payable and accrued liabilities	7,704	15,425	(1,741)
	(133,729)	(123,331)	258
Investing Activity			
Resource properties expenditures	(179,234)	(70,913)	(951)
Financing Activity			
Issuance of common shares	498,642	200,950	-
Increase (decrease) in cash during the year	185,679	6,706	(693)
Cash and term deposits, beginning of the year	391,801	385,095	385,788
Cash and term deposits, end of the year	$ 577,480	$ 391,801	$ 385,095
Cash and term deposits consists of:			
Cash	$ 428,774	$ 7,251	$ 7,207
Term deposits	148,706	384,550	377,888
	$ 577,480	$ 391,801	$ 385,095
Supplemental disclosure of cash flow information:			
Cash paid for:			
Interest	$ -	$ -	$ -
Income taxes	$ -	$ -	$ -

SEE ACCOMPANYING NOTES

HUDSON RESOURCES INC.
(An Exploration Stage Company)
STATEMENTS OF SHAREHOLDERS' EQUITY
for the years ended March 31, 2001 to 2004
(Stated in Canadian Dollars)

	Common Stock Issued Shares	Common Stock Amount	Deficit Accumulated Prior to Exploration Stage	Deficit Accumulated During the Exploration Stage	Contributed Surplus	Total
Issue of shares for cash pursuant to an escrow agreement – at $0.75	1,333,334	$ 100,000	$ -	$ -	$ -	$ 100,000
Issue of shares for cash pursuant to a private placement – at $0.15	1,050,000	157,500	-	-	-	157,500
Issue of shares pursuant to an initial public offering – at $0.15	1,500,000	225,000	-	-	-	225,000
Issue costs		(72,761)				
Net loss for the year ended March 31, 2001	-	-	(2,661)	-	-	(2,661)
Balance, March 31, 2001	3,883,334	409,739	(2,661)	-	-	407,078
Net loss for the year ended March 31, 2002	-	-	(13,361)	-	-	(13,361)
Balance, March 31, 2002	3,883,334	409,739	(16,022)	-	-	393,717
Issue of shares for cash pursuant to private placements – at $0.15	1,339,669	200,950	-	-	-	200,950
Net loss for the year ended March 31, 2003	-	-	-	(129,006)	-	(129,006)
Balance, March 31, 2003	5,223,003	610,689	(16,022)	(129,006)	-	465,661
Issue of shares for cash pursuant to the exercise of share purchase warrants – at $0.20	1,156,334	231,267	-	-	-	231,267
Issue of shares for cash pursuant to private placements – at $0.225	1,350,000	303,750	-	-	-	303,750
Issue costs		(36,375)				(36,375)
Stock-based compensation	-	-	-	-	19,500	19,500
Net loss for the year ended March 31, 2004	-	-	-	(186,708)	-	(186,708)
Balance, March 31, 2004	5,223,003	$ 1,109,331	$ (16,022)	$ (315,714)	$ 19,500	$ 797,095

SEE ACCOMPANYING NOTES

HUDSON RESOURCES INC. Schedule 1

(An Exploration Stage Company)

SCHEDULE OF RESOURCE PROPERTY COSTS

for the years ended March 31, 2004 and 2003

(Stated in Canadian Dollars)

Naajat & Nalussivik Claims, Greenland	Balance March 31, 2002	Additions	Balance March 31, 2003	Additions	Balance, March 31, 2004
Acquisition Costs					
Cash	$ 951	$ 5,347	$ 6,298	$ 6,983	$ 13,281
Deferred Exploration Costs					
Assay & Analysis	-	-	-	44,916	44,916
Consulting	-	7,300	7,300	17,730	25,030
Data processing	-	8,500	8,500	24,422	32,922
Geophysical data	-	21,648	21,648	573	22,221
Helicopter	-	-	-	52,462	52,462
Software	-	-	-	2,526	2,526
Supplies & Sundry	-	-	-	1,128	1,128
Travel	-	-	-	26,110	26,110
	951	37,448	37,448	169,867	207,315
	951	42,795	43,746	176,850	220,596
Herbert Vale Claims, Australia					
Acquisition Costs					
Cash	-	28,118	28,118	-	28,118
Deferred Exploration Costs					
Consulting	-	-	-	2,384	2,384
Write-off of resource property costs	-	-	-	-	(30,502)
	-	28,118	28,118	-	-
Totals	$ 951	$ 70,913	$ 71,864	$ 179,234	$ 220,596

Note 1 Nature and Continuance of Operations

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 was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("Exchange") Policy 2.4. The common shares of the Company began trading on the Exchange on February 7, 2001.

On December 6, 2002 the Exchange accepted the Company's qualifying transaction and it is no longer considered a Capital Pool Company. As a result of the qualifying transaction, the Company now is in the business of acquiring, exploring and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At March 31, 2004, 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, continuation 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 financial statements have been prepared using Canadian generally accepted accounting principles applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. The Company is in the exploration stage, has not yet generated revenues and has accumulated losses of $331,736 since its commencement. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted ("GAAP") in Canada and are stated in Canadian dollars. Except as disclosed in Note 8, these financial statements conform in all material respects with GAAP in the United States of America. Because a precise determination of any assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Actual results may differ from these estimates.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Note 2 Significant Accounting Policies – (cont'd)

(a) Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash and term deposits, accrued interest and amounts receivable and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(b) Loss Per Share

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

(c) Stock-based Compensation

The Company has a stock-based compensation plan as disclosed in Note 4, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company applies the "settlement method" of accounting for stock-based compensation awards. No compensation expense is recognized for those options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

Effective for fiscal years beginning on or after January 1, 2002, public companies are required to adopt the new recommendations of the Canadian Institute of Chartered Accountants regarding accounting for stock-based compensation. These new requirements require that all stock based payments to non-employees and direct awards of stock to employees be accounted for using a fair value based method of accounting. However, the new standard permits the Company to continue its existing policy of not recording compensation cost on the grant of stock options to employees with the addition of pro forma information. The Company has elected to apply the pro forma disclosure provisions of the new standard to awards granted on or after April 1, 2002.

Note 2 Significant Accounting Policies – (cont'd)

(d) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing resource properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its resource properties and has not yet determined the amount of reserves available. Management reviews the carrying value of resource properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for resource properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

(e) Income Taxes

The Company accounts for income taxes by the asset and liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

(f) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

Note 2 Significant Accounting Policies – (cont'd)

(g) Exploration Stage Company

The Securities and Exchange Commission's Exchange Act Guide 7 "Description of property by issuers engaged or to be engaged in significant mining operations" requires that mining companies in the exploration stage should not refer to themselves as development stage companies in the financial statements, even though such companies should comply with Financial Accounting Standard Board Statement No. 7, if applicable. Accordingly, the Company has not been referred to as being a development stage company.

Note 3 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. In December, 2003, the Company reduced the area to 325 sq. km., based on the results of the 2003 exploration program and reduced exploration commitments for 2003. The Company has met the exploration expenditures requirements for 2003 and has a credit of approximately $24,000 that can be carried forward to future years. Work expenditures are approved each April by the Bureau of Minerals and Petroleum ("BMP") for Greenland based on Company submissions due April 1 of each year. Maximum work commitments for calendar 2004 are approximately $350,000. Expenditures in excess of this amount can be carried forward to future years. This amount can be reduced or eliminated by reducing or dropping the licence by December 31,2004.

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. The Company was required to incur net exploration expenses of $55,350 (260,157 DKK) in 2003 in order to maintain ownership of the Nalussivik claim. The company, which defers some of the expenditures and expenses others, has met this requirement and has a credit of approximately $38,000 that can be carried forward to future years. Subsequent to March 31, 2004 the Company has made applications to increase the licence to 401 sq km. Work commitments for calendar 2004 are approximately $95,000. Expenditures in excess of this amount can be carried forward to future years. This amount can be reduced to $55,000 by reducing the licence size by December 31, 2004.

Note 3 Resource Properties – (cont'd)

New Millennium Resources NL Joint Venture, 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 per cent interest of the diamond mineral rights (including all other minerals except for tantalum and niobium) on the Saraftoq exploration license on property located in West Greenland. This property is contiguous to the southeast margin of the Company's Nalussivik exploration license. In order to earn its interest, the Company must make minimum annual exploration expenditures in Australian dollars as follows:

	Canadian Equivalent (exchange $0.9775)	Australian Dollars
2004	$ 97,750	$ 100,000
2005	146,625	150,000
2006	244,375	250,000
2007	488,750	500,000
	$ 977,550	$ 1,000,000

Herbert Vale, Australia

On December 17, 2002, the Company entered into an agreement with Tracker Resources NL, a wholly-owned subsidiary of McArthur Diamonds Inc., a company with a director in common. The Company can earn a 50% interest in a base metal/silver prospect in Queensland, Australia. As consideration the Company was required to make the following year one expenditures:

a) cash payment of $28,118 (AUD$31,722) (paid); and

b) work expenditures of $88,663 (AUD$100,000).

In December 2003, the Company decided to abandon the option to earn an interest in this venture. Consequently, costs incurred totalling $30,502 were written-off during the year ended March 31, 2004.

(Stated in Canadian Dollars) – Page 6

Note 4 Share Capital

a) Authorized:

100,000,000 common shares without par value

b) Escrow Shares:

At March 31, 2004, the Company has 800,000 (2003: 1,200,000) common shares held in escrow by the Company's transfer agent. On December 6, 2002 the Exchange accepted the Company's Qualifying Transaction and allowed the release of 133,334 common shares. The remaining escrow shares will be released in amounts of 200,000 common shares semi-annually over the remaining two years.

c) Commitments:

Stock-based Compensation Plan:

The Company has granted directors and officers common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant.

A summary of the status of the stock option plan as of March 31, 2004 and 2003 and the changes during the periods ending on those dates is presented below:

	Year ended March 31, 2004		2003	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Options outstanding and exercisable, beginning of year	646,833	$0.15	388,333	$0.15
Cancelled	(100,000)	($0.20)	(116,500)	($0.15)
Granted	150,000	$0.20	375,000	$0.15
Options outstanding end of year	696,833	$0.15	646,833	$0.15
Options exercisable, end of year	665,583	$0.15	646,833	$0.15

(Stated in Canadian Dollars) – Page 7

Note 4 Share Capital – (cont'd)

c) Commitments: – (cont'd)

Stock-based Compensation Plan: – (cont'd)

As at March 31, 2004, there are 696,833 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

Number	Price	Expiry
271,833	$0.15	February 7, 2006
375,000	$0.15	January 8, 2008
50,000	$0.20	December 5, 2008
696,833		

A non-cash compensation charge of $19,500, associated with the granting of options to consultants, has been recognized in the financial statements for the year ended March 31, 2004. $4,063 has been recorded as a deferred charge and $15,437 has been recorded as a compensation expense. The compensation charge associated with directors' and employees' options for the year ended March 31, 2003 in the amount of $41,250 is not recognized in the financial statements, but included in the pro forma amounts below. These compensation charges have been determined under the fair value method using the Black-Scholes option pricing model with the following assumptions:

	2004	2003
Expected dividend yield	0.0%	0.0%
Expected volatility	78.8%	148.5%
Risk-free interest rate	2.93%	3.48%
Expected term in years	5	5

Had the fair value method been used for those options issued to employees and directors', the Company's net income and earnings per share would have been adjusted to the pro forma amounts indicated below:

		Year ended March 31, 2003
Net loss	As reported	$ (129,006)
	Pro forma	$ (170,256)
Basic and diluted loss per share	As reported	$ (0.03)
	Pro forma	$ (0.04)

(Stated in Canadian Dollars) – Page 8

Note 4 Share Capital – (cont'd)

c) Commitments: – (cont'd)

Share Purchase Warrants:

As at March 31, 2004, there are 1,350,000 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held at $0.30 per share for a period of one year expiring March 30, 2005.

Note 5 Related Party Transactions

During the years ended March 31, 2004 and 2003, the Company incurred the following transactions with certain directors of the Company or companies with common directors:

	2004	2003	2002
Management fees	$ 60,000	$ 30,000	$ -
Rent expense	-	5,311	10,403
	$ 60,000	$ 35,311	$ 10,403

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

The Company's interest in the Herbert Vale resource property was acquired from a related party (Note 3).

Note 6 Corporation Income Taxes

Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

(Stated in Canadian Dollars) – Page 9

Note 6 Corporation Income Taxes – (cont'd)

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	2004	2003
Future income tax assets		
Net tax losses carried forward	$ 17,454	$ 17,454
Exploration and development expenses	207,795	86,154
Unused share issue costs	5,821	11,642
	231,070	115,250
Less: valuation allowance	(231,070)	(115,250)
	$ -	$ -

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will be realized during the carry-forward periods to utilize all the future tax assets.

At March 31, 2004, the Company has accumulated non-capital losses of $43,636 and Foreign Exploration and Development Expenses of $519,487 which may be applied against future years taxable income. The non-capital losses expire as follows:

2008	$ 15,771
2009	27,865
	$ 43,636

Note 7 Subsequent Events – Note 5

Subsequent to March 31, 2004:

a) The Company has granted common share purchase options under the company's stock option plan to directors, employees and consultants to purchase a total of 150,000 treasury shares at $0.35 per share. The options are exercisable for a period of five years, subject to the policies of the TSX Venture Exchange.

Note 7 Subsequent Events – Note 5 – (cont'd)

b) The Company proposed to complete a non-brokered private placement of up to 1,455,000 units at a price of $0.30 per unit to raise gross proceeds of $436,500. Each unit will consist of one common share and one-half share purchase warrant, each full warrant entitling the holder to purchase one additional common share for a period of one year from the closing day at $0.40 per share. The warrants will contain provisions for earlier conversion in the event that the company's share trade for any 10 consecutive days at a weighted average trading price exceeding $0.80 per share. A finder's fee will be paid to arm's length parties on this private placement. This private placement is subject to regulatory approval.

Note 8 Differences Between Canadian and United States Accounting Principles

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada which differ in certain respects with those principles and practices that the Company would have followed had its financial statements been prepared in accordance with accounting principles and practices generally accepted in the United States of America.

The Company's accounting principles generally accepted in Canada differ from accounting principles generally accepted in the United States as follows:

(a) Resource Properties and Deferred Exploration Costs

Under accounting principles generally accepted in Canada ("Canadian GAAP") resource property acquisition and exploration costs may be deferred and amortized to the extent they meet certain criteria. Under accounting principles generally accepted in the US ("US GAAP") resource property acquisition costs and exploration costs must be expensed as incurred unless the resource properties have proven reserves. Therefore an additional acquisition and exploration expense is required under US GAAP.

(b) Stock-based Compensation

The Company grants stock options at exercise prices equal to the fair market value of the Company's stock at the date of the grant. The compensation charge for the year ended March 31, 2003 for employees is not recognized in this circumstance. Under SFAS 123, it is required to present pro-forma information as to the effect on income and earnings per share as if the Company had accounted for its employee stock options under the fair value method of that statement. Had compensation cost been determined based on the fair value at the grant dates for those options issued to directors and employees, the Company's net loss and loss per share would have been increased to the pro-forma amounts indicated below:

(Stated in Canadian Dollars) – Page 11

Note 8 Differences Between Canadian and United States Accounting Principles – (cont'd)

(b) Stock-based Compensation – (cont'd)

	2004	2003	2002
Net loss for the year per US GAAP as reported – Note 8 (d)	$ (335,440)	$ (199,919)	$ (14,321)
Pro-forma adjustment for SFAS 123	-	(41,250)	-
	$(335,440)	$(241,169)	$(14,312)
Pro-forma net loss per share	$ (0.06)	$ (0.05)	$ (0.00)

As a result of the new recommendations of the Canadian Institute of Chartered Accountants regarding accounting for stock-based compensation, there is no difference between Canadian and US GAAP for the years ended March 31, 2004 and 2003.

(c) New Accounting Standards

Management does not believe that any recently issued, but not yet effective accounting standards if currently adopted could have a material effect on the accompanying financial statements.

(Stated in Canadian Dollars) – Page 12

Note 8 Differences Between Canadian and United States Accounting Principles – (cont'd)

(d) The impact of the above on the financial statements is as follows:

Statements of Loss	2004	2003	2002
Net loss for the year per Canadian GAAP	$ (186,708)	$ (129,006)	$ (13,361)
Resource property acquisition costs	(6,983)	(33,465)	(951)
Resource property costs written-off	30,502	-	-
Deferred exploration costs	(172,251)	(37,448)	-
Net loss for the year per US GAAP	$ (335,440)	$ (199,919)	$(14,312)
Basic and diluted loss per share per US GAAP	$ (0.06)	$ (0.05)	$ (0.00)
Weighted average number of shares outstanding per US GAAP	5,588,324	4,305,421	3,883,334

Statements of Cash Flows	2004	2003	2002
Cash flows from (used in) operating activities per Canadian GAAP	$ (133,729)	$ (123,331)	$ 258
Resource properties acquired	(6,983)	(33,465)	(951)
Exploration expenses incurred	(172,251)	(37,448)	-
Cash flows used in operating activities per US GAAP	(312,963)	(194,244)	(693)
Cash flows from financing activities per Canadian and US GAAP	498,642	200,950	-
Cash flows used in investing activities per Canadian GAAP	(179,234)	(70,913)	(951)
Resource properties acquired	6,983	33,465	951
Exploration expenses incurred	172,251	37,448	-
Cash flows used in investing activities per US GAAP	-	-	-
Increase (decrease) in cash per US GAAP	$ 185,679	$ 6,706	$ (693)

(Stated in Canadian Dollars) – Page 13

Note 8 Differences Between Canadian and United States Accounting Principles – (cont'd)

(d) The impact of the above on the financial statements is as follows: – (cont'd)

Balance Sheets	2004	2003
Total assets per Canadian GAAP	$ 823,251	$ 484,113
Resource property costs	(220,596)	(71,864)
Total assets per US GAAP	602,655	412,249
Total liabilities per Canadian and US GAAP	(26,156)	(18,452)
	$ 576,499	$ 393,797
Shareholders' Deficiency		
Deficit, per Canadian GAAP	$(331,736)	$(145,028)
Resource property costs	(220,596)	(71,864)
Deficit, per US GAAP	(552,332)	(258,142)
Share capital per Canadian and US GAAP	1,109,331	610,689
Contributed surplus per Canadian and US GAAP	19,500	-
	$ 576,499	$ 393,797

HUDSON RESOURCES INC.
(An Exploration Stage Company)
YEAR END REPORT
for the year ended March 31, 2004

Schedule A: Financial Information
– See financial statements

Schedule B: Supplementary Information

1. Analysis of expenses and deferred costs:
   – See financial statements and Note 3 to the financial statements.

2. Related party transactions:
   – See Note 5 to the financial statements

3. Summary of securities issued and options granted during the year:

   a) Summary of common shares issued:

Issue Date	Type of Issue	Quantity	Price	Total Proceeds	Type of Consideration
Dec. 10/04	Warrants	1,156,334	$0.20	$231,267	Cash
Mar. 30/04	Private placement	1,350,000	$0.225	$303,750	Cash

   b) Summary of options granted during the year:

Optionee	Number of Shares	Grant Date	Exercise Price	Expiration Date
Jim Simpson	100,000	Dec. 5/03	$0.20	Dec. 5/08
John Anderson	50,000	Dec. 5/03	$0.20	Dec. 5/08

4. Summary of securities as at the end of the reporting period:

   a) Authorized capital:
      – See Note 4 to the financial statements

   b) Number and recorded value for shares issued and outstanding:
      – See Note 4 to the financial statements

   c) Description of options, warrants and convertible securities outstanding:
      – See Note 4 to the financial statements

   d) Number of shares in each class of shares subject to escrow or pooling agreements:
      – See Note 4 to the financial statements

5. List of Directors and Officers: James Tuer, President, CEO, CFO and Director
   Robert Chase, Director
   Gia-Van Tran, Secretary
   Dr. John Ferguson, Director
   John Hick, Director

Schedule C: Management Discussion
– See attached

HUDSON RESOURCES INC.
(An Exploration Stage Company)
YEAR END REPORT
for the year ended March 31, 2004

Schedule C: Management Discussion:

Description of Business

The Company is a Tier 2 Junior Resource company focused on diamond exploration. The Company's primary asset is its interest in over 1,300 sq. km. of highly prospective ground in West Greenland.

Discussion of Operations and Financial Condition

During the period ended March 31, 2004, the Company continued to pursue the exploration of diamonds in Greenland. To this end it received microprobe results from samples that were collected during the 2003 field season which helped to narrow the search for areas which are prospective for finding diamondiferous kimberlites. The Company also completed a small private placement of 1,350,000 units at $0.225 per unit for total proceeds of $303,750. These funds are being used to help pay for the 2004 exploration program. As well, the Company attended a number of mining conferences and increased its marketing program in an attempt to increase its profile with investors during this period.

The microprobe results related to the chemistry from the kimberlites collected during the 2003 field season that were tested for diamonds. Seventeen samples were concentrated and picked for kimberlite indicator minerals ("KIM's"). In general, most of these samples yielded results which fell outside the diamond stability field which is consistent with the lack of diamonds produced by caustic fusion on the samples. The significance of this is that the source of the superior indicator mineral chemistry in till samples on Hudson's properties remains undiscovered. The results from samples 03MDP14 and 03MDP16 suggest that the search for at least one of the sources may have been significantly narrowed. Based on worldwide comparisons of this calibre of KIM, the Company expects to find significantly diamondiferous kimberlites upon locating these sources. A table of results was included in the Company's previous Management Discussion and Analysis for the third quarter ended December 31, 2003.

The company incurred costs which are shown on the attached Income Statement and Balance Sheet and Notes to the Financial Statements. The Company had administrative expenses of $161,897 in fiscal 2004 versus $138,555 in 2003. The overall level of expenses reflect the cost of running a public company. With expected increases in market regulation and accounting oversite, these costs are expected to continue to rise. The increase in costs from 2003 to 2004, reflect the first full year of running the Company as an exploration company rather than as a Capital Pool Company. The net loss for the year was further increased by $30,502 because of the write-off of the Company's joint venture in the Australian basemetals property. There were no investor relations arrangements entered into during the period. There were no transactions with related parties other than as disclosed in Note 5 of the Financial Statements. There also were no legal proceedings, contingent liabilities, defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

Subsequent Events

Subsequent the end of the period the company announced the appointment of Bruce Counts as a technical advisor to the Company. Bruce has been working with Hudson Resources for two years through his consulting company LithoQuest. He is a Professional Geophysicist with more than 12 years of experience in diamond exploration. He was an integral member of the discovery and development team at the Ekati Diamond Mine and went on to become a senior consultant to Dia Met Minerals on their international portfolio of projects. More recently, Bruce has made a significant contribution to the discoveries on the Churchill Project with Shear Minerals. In January

2004, Mr. Counts became President of Indicator Minerals Inc., a TSX Venture listed company focused on diamond exploration in Canada's eastern arctic.

Regarding the Company's mineral licences, the Company has made several applications for land positions in West Greenland. Upon receipt of signed approvals, the Company will make these licences public.

As well, the Company entered into a contract with Fugro Airborne Surveys Corp. to fly a Dighem Mag-EM geophysical survey for the Company in West Greenland. The survey will be conducted on 100m intervals for a total of approximately 2,000 line kilometres. The program was expected to commence around June 20th and take up to 10 days to complete. However, delays have resulted in the survey only recently being completed. As a result, the Company is re-evaluating when a drill program will take place. The areas covered by the survey have never been flown in the past. Furthermore, two of the areas have yielded diamonds from local kimberlite samples. As well, till samples from all of the areas have been proven to contain superior kimberlite indicator mineral chemistry supporting the view that at least one diamondiferous kimberlite body exists in the area.

The Company conducted a field program for approximately 2 weeks in mid-July. The Company collected a number of kimberlite samples which are to be analysed for mineral chemistry and diamonds and evaluated several potential drill targets.

Finally, the Company proposed a non-brokered private placement of up to 3,500,000 units at a price of 30 cents per unit to raise gross proceeds of $1,050,000. Each unit consists of one common share and one-half nontransferable share purchase warrant, each full warrant entitling the holder to purchase one additional common share for a period of one year from the closing day at an exercise price of 40 cents per share. The warrants contain provisions for earlier conversion in the event that the company's shares trade for any 10 consecutive days at a weighted average trading price exceeding 80 cents per share. A finder's fee will be paid to arm's-length parties on this private placement. The Company has since reduced the placement to $436,500 due to pushing back the drill schedule as a result of the delay in the airbourne survey.

Otherwise, except for as disclosed above, there were no other significant events after March 31, 2004.

Financings, Principal Purposes and Milestones

During the period the company entered into an agreement with Global Securities Inc. with respect to a brokered private placement to issue 1,350,000 units for total proceeds of up to $303,750. Each unit was priced at $0.225 per unit and comprise of one common share of the company and one common share purchase warrant exercisable at $0.30 per share for a period of one year from the date of closing. Global Securities Inc. was paid a fee equal to 10% of the gross proceeds raised plus 100,000 Agent's Warrants exercisable for a period of one year from date of closing at $0.30 per share.

Last July 2003, Hudson initiated its' exploration program in Greenland. The initial success of that program has resulted in the Company contracting with Fugro to conduct a heliborne magnetic-EM survey in order to locate kimberlite drill targets. A significant milestone for the Company will be the drilling of an insitu kimberlite pipe. The Company hopes to undertake this step within the next 9 months. To date, the Company has been successful in arranging capital to pay for the required exploration programs and maintain a level of working capital sufficient to carry the Company forward. However, in order to continue its exploration efforts, the Company will still require additional funds in the future.

Liquidity and Solvency

As at March 31, 2004, the Company had working capital of $572,436. As of the date of this report, working capital, including the net proceeds of the recently announced brokered private placement, is approximately $500,000. Management believes that these funds are sufficient to meet all current commitments and obligations.

ON BEHALF OF THE BOARD OF DIRECTORS

"James Tuer"
James Tuer, Director

Vancouver, British Columbia
August 13, 2004