

HUDSON RESOURCES INC.

Management Discussion and Analysis (Form 51-102F1)

**For the Six months ended September 30, 2006
Information as of November 28, 2006 unless otherwise stated**

Note to Reader

The following management discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's annual audited financial statements for the year ended March 31, 2006 and for the three and six months ended June 30 and September 30, 2006, respectively, together with the notes thereto, as well as, the Company's previous financial and MD&A reports. The material herein, as of November 28, 2006, updates the information as of August 25, 2006 contained in the MD&A of that report. These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Forward-Looking Information

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

GENERAL

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and engaged in the acquisition, exploration and development of mineral properties. It has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The Financial Statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the periods ended September 30, 2006 and 2005 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

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

Overall Performance

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

The Company was started in March 2000 and began trading on the TSX Venture Exchange in February 2001, classified as a Capital Pool Company. Since December 2002, Hudson has been active exploring for diamonds in Greenland.

The Company has a direct 100% interest in five contiguous exploration licences totaling 2,535 square kilometers in the Sarfartoq region, near Kangerlussuaq, Greenland.

The Company's loss from operations for the six months ended September 30, 2006 totaled \$289,236, a loss of \$0.02 per share, as compared to a loss of \$166,827 for the six months ended September 30, 2005, a loss of \$0.01 per share. Assets increased from \$2,983,150 as at year end March 31, 2006 to \$6,890,945 as at September 30, 2006 as a result of significant capital raising and resource property expenditures over the period. The proceeds of the capital raised during the period were used to fund the Company's exploration program and to cover operating expenses. On a quarterly basis, the Company's loss from operations for the three months ended September 30, 2006 totaled \$122,101 a loss of \$0.01 per share, as compared to a loss of \$93,852 for the three months ended September 30, 2005, a loss of \$0.01 per share. Assets increased by \$533,535 in the second quarter primarily as a result of the exercise of share purchase warrants.

General and administrative expenses increased from \$97,882 in the three months ended September 30, 2005 to \$141,851 in the three months ended September 30, 2006. For the six months ended September 30, 2006, general and administrative expenses were \$327,345, an increase of \$150,082 over corresponding period of the previous year. Interest income was \$19,750 (2005 - \$4,030) for the second quarter ended September 30, 2006. Interest income was \$38,109 (2005 - \$10,436) for the six months ended September 30, 2006. There were no deferred exploration or property write-offs in the second quarter or the six months ended September 30, 2006 (2005 - nil).

For the second quarter ended September 30, 2006, stock-based compensation expense accounted for approximately 41% or \$58,557 (2005 - \$35,129) of the Company's total general and administrative expenses. When compared on a semi-annual basis, stock-based compensation expense accounted for approximately 48% or \$157,922 (2005 - \$71,070 or 40%) of the Company's total general and administrative expenses.

The increase in overall expenses over the last 2 years is attributed to higher costs related to running and promoting a public company, especially in the period following the Company's discovery of diamonds on the Greenland properties and in light of the expanded exploration program in 2006. Significant changes in general and administrative costs over the past six months were: travel and entertainment increased by \$10,721 to \$13,985 reflecting increased marketing efforts and additional personnel, transfer agent company expenses increased by \$4,180 to \$7,525 due to additional financings and warrant exercises, management fees increased by \$35,000 to \$93,800 reflecting additional management personnel, rent increased by \$10,156 for the same reason and stock-based compensation increased by \$86,852, as discussed above.

Exploration Update

Since the previous Exploration Update provided in the Company's MD&A report dated August 25, 2006, Hudson has announced the following results.

- The recovery of 35 diamonds, including the largest diamond ever found in Greenland.
- Sample 06DS02-DI, which was a 14.60kg core sample taken from a 4.5m kimberlite intercept in the dike, yielded the two largest stones weighing 0.122 carats and 0.028 carats.
- To date, a total of 357kg of kimberlite from the Garnet Lake dike has yielded nine commercial sized stones (+0.85mm) totalling 0.31 carats or a nominal 0.87 carats/tonne.
- Diamonds were recovered in each of the core samples which intersected the Garnet Lake dike.

- The results extend the diamond-bearing dike easterly 900m and north-easterly 700m from Garnet Lake. These results are significant as they double the extent of the diamond-bearing kimberlite to the east of Garnet Lake.
- The diamondiferous results from the north-east are from previously untested areas.
- The Garnet Lake dike has now been shown to be diamond-bearing over a strike length of 900m and remains open to the south, east and north.
- The bulk sample of 50 tonnes of in situ Garnet Lake kimberlite was excavated, bagged, sealed and shipped in September.
- The bulk sample will be processed by DMS for the purpose of recovering commercial size diamonds.
- The bulk sample has now been crushed and is in the process of being sampled.
- A total of 16 drill holes, averaging 256m in depth, have been completed with a total length of 4,103m.
- 12 holes were drilled on the Garnet Lake dike, 3 at Itisooq and one other near Garnet Lake.
- Together with 2005 drill results, 14 individual drill intercepts on the principal Garnet Lake dike have been identified as being garnet bearing, which is consistent with previous diamondiferous results from the Garnet Lake kimberlite.
- 12 of these intercepts are now known to be diamond-bearing.
- The average estimated true thickness of kimberlite in each intersection is 2.7m over a 3.7m interval.
- Each of these intercepts is consistent with a kimberlite dike that outcrops at the bulk sample location at Garnet Lake and dips at approx. 22 degrees to the north east.
- These drill hole intercepts are located at spacings varying between 50m and 800m (averaging 425m) over an area of approximately 50 hectares.
- Consistent with these intercepts, the seismic survey identified a main kimberlite reflector that is evident over a sub-surface area of approximately 175 hectares and remains open to the north, east and south.
- Additional wide kimberlite intercepts to be tested for diamonds, have been reported in several of the drill holes at Garnet Lake.
- Drilling at Itisooq, a 600m diameter lake located 13km north east of Garnet Lake, intersected kimberlite in 3 drill holes but failed to contain any diamonds.
- Additional new targets have been delineated and surface samples have been collected and submitted for diamond analysis.
- 870 kg of kimberlite from core holes, surface samples and the Garnet Lake dike (350 kg) was shipped to the GeoAnalytical Laboratories at the Saskatchewan Research Council ("SRC") for microdiamond and indicator mineral analysis.

2006 DRILL CORE DIAMOND RECOVERY FROM THE GARNET LAKE DIKE

Kimberlite Sample	Pierce Point	Weight (kg)	Diamonds in Square Mesh Sieve Sizes (microns)										Total Diamond	Wt+ (milligrams)	Wt- (milligrams)	
			+75	+106	+150	+212	+300	+425	+600	+850	+1180	+1700				
06DS02-D1	180m ¹	14.60	17	6	7	1	2					1	1	35	29.834	0.265
06DS03-D1 ³	340m ¹	5.15												0	0.000	0.000
06DS04-D1	450m ¹	6.35	2	2	1		1		1					7	0.625	0.103
06DS06-D1	60m ²	9.20	1											1	0.000	0.002
06DS07-D1	110m ²	4.25	1	2	2	3								8	0.000	0.117
06DS08-D1	215m ²	5.20			1									1	0.000	0.014
06DS13-D1	900m ¹	5.95	2	4	2		3							11	0.000	0.179
06DS14-D1	500m ²	7.90				1								1	0.000	0.046
06DS15-D1	700m ²	5.85	2	1	1			1						5	0.000	0.293

- Notes:
- Wt+ refers to the weight of macrodiamonds (>0.5mm in 3 dimensions) – 1 Carat = 200 milligrams
 - Wt- refers to the weight of microdiamonds (>0.075mm and < 0.5mm)
 - 1. Down-dip pierce point measured easterly from Garnet Lake along the seismic reflection line SL-1.
 - 2. Down-dip pierce point measured easterly from sample MHGB10, located 500m south of Garnet Lake.
 - 3. Down-dip pierce point measured north-easterly from Garnet Lake along the seismic reflection line SL-3.
 - 4. Sample 06DS03 represents the top 1.57m intersection along the dike. An additional 1.47m intersection that occurs 13m below has not yet been submitted for caustic fusion analysis.

Trends

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

Competitive Conditions

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

Environmental Factors and Protection Requirements

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

Risks and Uncertainties

The risks and uncertainties affecting the Company remain unchanged from those disclosed in its Annual MD&A.

RELATED PARTY TRANSACTIONS

During the 3 month period ended September 30, 2006 and 2005, the Company incurred the following transactions with a director/officer and an officer of the Company:

	<u>2006</u>	<u>2005</u>
Management fees	\$ 35,400	\$29,400

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

COMMITMENTS

The Company has made certain commitments in the course of running its business. The Company rents office space on a month to month basis with a 60 day notice provision. The other notable commitment is the annual exploration commitment on the Company's exploration licenses in Greenland. For 2006, the Company expects that total work expenditures will need to be in the order of \$1,300,000 in order to maintain all of its land holdings. These commitments can be reduced by

making reduction in the exploration licence areas by December 31, 2006. Based on work done to date and work to be completed by the end of 2006, Hudson believes that it will meet all of the expenditure commitments required under its licence agreements with the Bureau of Minerals and Petroleum of Greenland.

SUBSEQUENT EVENTS

There are no material subsequent events that have not been discussed in this report or the financial statements for the period ended September 30, 2006.

SUMMARY OF QUARTERLY INFORMATION

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with June 30, 2006. Financial information is prepared according to GAAP and is reported in Canadian \$.

	Sep-30 <u>2006</u>	Jun-30 <u>2006</u>	Mar-31 <u>2006</u>	Dec-31 <u>2005</u>	Sep-30 <u>2005</u>	Jun-30 <u>2005</u>	Mar-31 <u>2005</u>	Dec-31 <u>2004</u>
Interest Income	\$19,750	\$18,377	\$5,054	\$4,890	\$4,030	\$6,406	\$9,029	\$6,375
Net loss	\$(122,101)	\$(185,512)	\$(218,797)	\$(111,255)	\$(93,852)	\$(79,381)	\$(109,108)	\$(111,121)
Net loss per share	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has sufficient financial resources to complete all of its planned 2006 exploration programs. The exploration and subsequent development of the Company's properties beyond that will depend on the Company's ability to obtain additional required financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing exploration properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in certain properties. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardised. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

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

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

The Company has working capital at September 30, 2006 of \$1,530,504 compared with \$861,161 as at September 30, 2005. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

FINANCIAL INSTRUMENTS

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

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

OUTSTANDING SHARE DATA AS OF NOVEMBER 28, 2006:

Authorized and issued share capital:

Class	Par Value	Authorized	Issued
Common	No par value	Unlimited	22,047,476

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

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

As at November 28, 2006, there were 3,213,499 share purchase warrants outstanding, including 524,333 agent's warrants exercisable at \$0.60. Some of the warrants have acceleration provisions that allow the Company to call for the early conversion of the warrants if the shares trade above the Early Conversion Price for a set number of trading days.

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Early Conversion Price</u>
1,346,500	\$0.80/\$1.00	April 21, 2007/April 25, 2008	\$1.50
1,342,666	\$0.80/\$1.00	April 21, 2007/April 25, 2008	\$1.50
269,319	\$0.60	April 21, 2007	
255,014	\$0.60	April 25, 2007	
<u>3,839,372</u>			

OTHER INFORMATION

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

BY ORDER OF THE BOARD

"James Tuer"
James Tuer
President and Director

"Robert Chase"
Robert Chase
Director