HUDSON RESOURCES INC.

(An Exploration Stage Company)

Management Discussion and Analysis

(Form 51-102F1)

For the Six Months Ended September 30, 2016

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. ("Hudson" or the "Company") during the six months ended September 30, 2016 ("YTD 2017") and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the six months ended September 30, 2016 (the "Financials"). Consequently, the following discussion of performance and financial condition should be read in conjunction with the Financials. The Financials have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to Hudson is available on SEDAR at www.sedar.com and on the Company's website at www.hudsonresources.ca.

This MD&A contains information up to and including November XX, 2016.

FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 14 of this MD&A.

OUTLOOK

The White Mountain Anorthosite Project is the primary development focus for the Company. Laboratory and bulk commercial scale testing of samples by a number of potential customers in the E-glass (fiberglass) industry has indicated that the anorthosite has superior characteristics compared with the kaolin feedstocks currently being used. In the past year, the Company was granted a 50-year mining license for the Project and signed a 10-year supply agreement with a major fiberglass producer. As of the date of this MD&A, Hudson has:

- Entered into a finance mandate agreement with the European Investment Bank;
- Obtained the mine exploitation license from the Government of Greenland;
- Completed an Impact Benefit Agreement with the local communities and government;
- Completed a major supply (off-take) agreement with a world leader in fiberglass production;
- Successfully completed an 80 tonne commercial furnace test with Owens Corning;
- Extracted an additional 40 tonnes of material for further testing by other parties;
- Advanced road construction and port development on site;
- Produced metallurgical and specialty grade alumina using a hydrochloric leach process in the lab; and
- Completed and published a preliminary economic assessment on the production of specialty grade alumina from White Mountain anorthosite.
- Defined a robust business plan for the paint, coatings and polymer industry.

The Company is focusing on three major markets for the anorthosite: A feed material for E-glass fiberglass production, a filler material in the production of polymers and paints and a source of alumina and other valuable by-products.

Further development of the Sarfartoq Carbonatite Project, a source of rare earth minerals, is dependent upon the improvement in world market prices for such metals. In December 2015, the Greenland government granted an exploration holiday of two years to the Sarfartoq EL, which hosts the rare earth project. As a result, Hudson will be able to carry accrued work commitments beyond the current December 2017 license renewal date.

GENERAL

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and is 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 second quarter ended September 30, 2016 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

As of the date of this MD&A, the Company holds cash and cash equivalents of approximately $350,000. Management is currently seeking additional financing through debt and / or equity in order to maintain the operations for the coming twelve months. Total cash outflow in respect of operating and investing activities for YTD 2017 was $1,691,290 and $350,347, respectively. The Company has the ability to reduce its spending going forward if necessary, without negatively affecting its property holdings in Greenland due to substantial exploration credits from previous year's activities.

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 activities 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.

PROJECT UPDATE

Since the previous update provided in the Company's MD&A report dated August 24, 2016 in respect of the Company's financial statements for the quarter ended June 30, 2016, Hudson has continued to advance the White Mountain anorthosite project towards development.

Between August and November, the Company was undertaking construction activities at the White Mountain project. Construction was focused on civil works in preparation of equipment delivery and process plant construction in the spring of 2017. Activities this year included:

- Completion of a large portion of the civil works including blasting for the port, warehouse storage area, process plant pads and fuel farm
- Completion of the crushed rock pad for the truck shop
- Continued extension of the road from the port to the pit
- Expansion of the accommodation complex to accommodate up to 45 people for the 2017 construction program

The project once again had an excellent safety record with zero lost time accidents. Photos of this years activities are available at www.hudsonresources.ca.

On September 29, Hudson announced that an independent study by Industrial Mineral Management Consulting (IMMC) of Bridgenorth, Ontario, confirmed the anorthosite will make an excellent mineral additive for the paint, coatings and polymer industries. Known as functional fillers or extenders, mineral additives are used for their physical properties to improve the product it is being added to. High quality functional fillers and extenders are a sought after commodity. Filler demand in the paint and coatings industry alone has been estimated to be in excess of US$2 billion (Source: Acmite Market Intelligence, Global Inorganic Filler Market, August 2015).

Hudson is now moving to introduce our material to potential end users in the paint, coatings and polymer businesses with the objective of signing off-take agreements. This will complement its strategy to supplement the supply agreement already signed for the E-Glass business line.

Hudson plans to market the anorthosite under the brand name GreenSpar, which has been trademarked. GreenSpar, reflects the fact that this unique calcium feldspar product originates in Greenland. As well, there are a number of uses of the product that are beneficial to the environment, such as reduced CO2 emissions when used in the production of fiberglass and the elimination of toxic red muds when used in the production of alumina.

Hudson will produce the paint, coatings and polymer material by upgrading a portion of the anorthosite that will be exported from Greenland for the E-Glass market. Upgrading involves fine grinding (also referred to as micronizing) the anorthosite from 250 microns in size to various grades below 45 microns. The material produced for the paint, coatings and polymer markets will be marketed as GreenSpar45. Hudson plans to establish an initial micronizing facility in the US in conjunction with material already being shipped and trans loaded for Hudson's E-Glass customers.

Hudson has based the study on achieving 40,000 tonnes in US annual sales within three years. Excellent market opportunities also exist in Europe and Asia to grow the business. Hudson recognizes that it will take time to qualify the material for the various applications and formulations and the study takes this into consideration. Once established, Hudson believes there are substantial growth opportunities well beyond its projections.

The IMMC study used Hudson's glass fiber feed sample material, which was ground and classified to minus 45 microns (325 mesh). IMMC concluded that the key technical characteristics of GreenSpar45 that will make it an attractive functional filler and extender include the following:

- High brightness (89.3 using the TAPPI scale). Finer grinds can be expected to yield higher brightness
- Highest refractive index of the feldspar group minerals - 1.57-1.59.
- Very low oil absorption at 22.4g/100g.
- Moh's hardness of 6.0-6.5. This provides excellent scrubbing and abrasion resistance in paints.
- Low concentration of free silica (quartz). No free silica reported in the dust.
- Excellent replacement for nepheline syenite, of which there is only one producer in North America.

Feldspathic fillers, such as nepheline syenite and common feldspar, can be used with certain polymers and plastics to keep the final product clear. GreenSpar, due to its higher refractive index, offers this possibility and extends it to other important polymers, such as polystyrene and polycarbonate, which also have higher matching refractive indexes. As well, the product is a potential candidate for high clarity mineral anti-block applications used to keep plastic films from sticking together.

Hudson continues to work with the EIB to complete its previously announced mandate letter. The EIB is considering offering Hudson a loan of up to 14M Euros, but not exceeding 50% of the project costs. Specific terms and conditions of the loan are confidential at this time. The potential financing being considered is still subject to a number of institutional approvals following appraisal as well as contract negotiations. Positive discussions are ongoing with a number of groups with regard to the remaining portion of the financing and Hudson will provide updates once a final decision has been reached.

Qualifications

Dr. Michael Druecker is a qualified person as defined by NI 43-101 and reviewed the preparation of the scientific and technical information in this MD&A disclosure.

RESULTS FROM OPERATIONS

Selected Information

	For the six months ended		
	September 30, 2016	**September 30, 2015**	**September 30, 2014**
Interest and miscellaneous income	$ 4,863	$ 13,070	$ 14,653
Net loss	(1,812,660)	(2,071,732)	(1,241,842)
Basic and diluted loss per share	$ (0.02)	$ (0.03)	$ (0.02)

As at:	**September 30, 2016**	**March 31, 2016**	**March 31, 2015**
Balance Sheet Data			
Cash and cash equivalents	$ 971,913	$ 1,476,790	$ 926,853
Resource properties	951,321	947,678	855,556
Total assets	$ 4,856,032	$ 4,648,476	$ 2,408,993

Three months ended September 30, 2016 ("Q2 2017") compared with three months ended September 30, 2016 ("Q2 2016")

The Company incurred a net loss of $1,068,873 for Q2 2017 representing a decrease of $573,961 when compared with a net loss of $1,642,834 for Q2 2016.

Share-based payments were $58,523 for Q2 2017 compared to $539,991 for Q2 2016. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

Evaluation and exploration costs decreased by $101,527, to $619,467 for Q2 2017 from $720,994 for Q2 2016. The decrease is primarily the result of the decrease in evaluation and exploration activities on Sarfartoq, White Mountain and Pingasut project. For White Mountain project, the decrease of $12,487 was primarily the result of the decrease in shipping costs of $137,949 and helicopter of $122,893 which was partially offset by the increase in consulting fees of $183,343.

Six months ended September 30, 2016 ("YTD 2017") compared with six months ended September 30, 2016 ("YTD 2016")

The Company incurred a net loss of $1,821,660 for YTD 2017 representing a decrease of $259,072 when compared with a net loss of $2,071,732 for YTD 2016.

Share-based payments were $148,694 for YTD 2017 compared to $569,954 for YTD 2016. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

Evaluation and exploration costs decreased by $104,280, to $791,590 for YTD 2017 from $895,870 for YTD 2016. The decrease is primarily the result of the decrease in evaluation and exploration activities on Sarfartoq, White Mountain and Pingasut project. For White Mountain project, the decrease of $9,416 was primarily the result of the decrease in shipping costs of $134,877 and helicopter of $113,639 which was partially offset by the increase in consulting fees of $146,377.

Professional fees increased by $116,724 to $236,651 for Q2 2017 from $119,927 for YTD 2016. The increase in professional fees is primarily the result of the costs incurred in appraising the value of the White Mountain mineral claim. No such professional fees were incurred during YTD 2016.

Depreciation expenses increased to $179,891 for YTD 2017 from $74,998 for YTD 2016. The increase is primarily due to the addition of equipment during the year ended March 31, 2016.

Bank charges and interest were $75,270 for YTD 2017 compared to $20,304 for YTD 2016. On August 12, 2015, the Company obtained an unsecured bridge loan for $1,165,673. Interest of $70,084 and $18,779 was accrued during YTD 2017 and YTD 2016, respectively.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Interest income	$ 1,585	$ 3,278	$ 3,171	$ 5,787
Net loss	(1,068,873)	(743,787)	(483,883)	(1,591,836)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.02)

	Three months ended			
	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Interest income	$ 104	$ 12,966	$ (3,053)	$ 1,121
Net loss	(1,642,834)	(428,898)	(422,117)	(373,488)
Basic and diluted loss per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.00)

The Company's net losses are mainly due to evaluation and exploration costs, share-based payments and general and administrative costs that vary from quarter to quarter based on planned exploration activities and resource constraints. Net losses in the last eight quarters were relatively consistent except for the quarters ended September 30, 2015 and December 31, 2015. The net loss increased during the quarters ended September 30, 2015 and December 31, 2015 mainly due to the pre-construction activities at White Mountain and an increase in the number of options vesting and a corresponding increase in recognition of expense during the period.

The Company prepared the financial statements for the periods indicated above in accordance with International Financial Reporting Standards ("IFRS").

LIQUIDITY AND CAPITAL RESOURCES

With a working capital deficit of $296,117, which included a note payable of $1,324,716, as of September 30, 2016, the Company will need to raise additional funds and/or renegotiate with the lender to extend the term of the note in order to finance non-exploration and development operations for the next 12 months. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

During the six months ended September 30, 2016, the Company completed a non-brokered private placement of 4,050,000 units of the Company at $0.40 per unit for total proceeds to the Company of $1,620,000.

Hudson recently obtained the exploitation permit on the White Mountain project. In total, project capital costs, including working capital and reclamation costs, are not expected to exceed CDN$40M. During YTD 2017, the Company entered into an agreement with the EIB to consider financing the debt portion of the required project capital. The EIB is finalizing due diligence with respect to completing a loan of up to 14M Euros (equivalent to approximately CDN$20M), but not exceeding 50% of the project costs, into Hudson Greenland A/S. The balance of the funds will need to be advanced by Hudson to Hudson Greenland A/S as equity.

The development of the Company's properties will depend on the Company's ability to obtain the additional required financing. While the Company has some ability to reduce its budgets and expenditures, which could extend the time before which it would need to raise additional funds, any such actions could have a negative effect on its business. 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 the Greenland exploration licenses overseen by the Government of Greenland, the Mineral License and Safety Authority (MLSA), formerly the Bureau of Minerals and Petroleum ("BMP"). The Company may, in the future, be unable to meet its obligations under such agreements to which it is a party and consequently, the Company's interest in the properties subject to such agreements could be jeopardized.

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 the required financing.

The Company's future 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 affected by 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 invests its cash balances in term deposits with Canadian banks.

OUTSTANDING SHARE DATA

As at September 30, 2016 and the date of this MD&A, the Company had 94,338,366 common shares issued and outstanding.

On August 12, 2016, the Company completed a non-brokered private placement of 4,050,000 units ("Units") of the Company at $0.40 per unit for total proceeds of $1,620,000. Each Unit is comprised of one fully paid and non-assessable common share in the capital of the Company and one-half of a transferable Common Share purchase warrant (a "Warrant"). Each whole Warrant shall entitle the holder thereof to purchase one additional common share of the Company from the date of the issue until August 10, 2019 at an exercise price of $0.60.

In addition, as of the date of this MD&A, the Company had the following share purchase warrants and stock options outstanding:

- 6,425,800 share purchase warrants outstanding, each of which is exercisable for one common share at prices ranging from $0.60 to $0.75.

- 7,150,000 stock options outstanding, each of which is exercisable for one common share at prices ranging from $0.34 to $0.50.

RELATED PARTY TRANSACTIONS

During YTD 2017 and YTD 2016, respectively, the Company incurred the following expenses for directors and officers of the Company:

	For the six months ended	
	September 30, 2016	**September 30, 2015**
Short-term employee benefits - management fees	**$ 220,000**	$ 220,000
Short-term employee benefits - professional fees (1)	**75,400**	42,000
Short-term employee benefits - evaluation and exploration costs (2)	**20,000**	-
Short-term employee benefits - directors' fees	**50,000**	50,000
Share-based payments - management fees	**115,646**	441,520
Share-based payments - directors' fees	**27,540**	107,920
	$ 508,586	$ 861,440

(1) The Company paid $75,400 (September 30, 2015 – $42,000) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

(2) The Company paid $20,000 (September 30, 2015 – $nil) to a director for engineering consulting services.

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

The balances due to related parties included in trade payables and accrued liabilities were $89,816 as at September 30, 2016 (March 31, 2016 – $46,588). These amounts are unsecured and non-interest bearing.

COMMITMENTS

The Company currently has two exploration licenses in Greenland, the Sarfartoq EL (2010/40) and the Pingasut EL (2013/01) and one exploitation license, the Naajat EL (2015/39). In 2014, Hudson was granted license renewals on the Naajat and Sarfartoq EL's. Prior to that, in 2012, Hudson was granted two license renewals. The Sarfartoq EL was amended to include portions of the Nalussivik, Sarfartuup Qulaa, Sarfartoq Valley and Arnanganeq exploration licenses as well as annex portions of the Sarfartoq EL and add additional ground that extends the license area to the fjord. The total area was reduced from 1,351 sq. km. to approximately 687 sq. km. As a result of the application, five previous licenses will be incorporated into one new Sarfartoq EL that is focused on the rare earth project. In 2013, the license area was further reduced to 92 sq. km. This reduced the exploration burden on the area while still maintaining 100% interest in the Sarfartoq Carbonatite Complex. The Naajat EL was renewed in 2013 for its industrial mineral potential for exploration years 11 and 12 and the license area was reduced from 190 sq. km. to approximately 96 sq. km. The Naajat EL includes the White Mountain Anorthosite Project ("White Mountain"). In 2014, Hudson began the process of converting the Naajat exploration license into an exploitation license. This was completed in September 2015. In addition, Hudson applied for and was granted a non-exclusive prospecting license for the west coast of Greenland. The license allows the Company to prospect ground outside of its existing 3 licenses. In the event that Hudson wishes to apply for a future exploration license on additional areas, funds expended from the prospecting can be carried over to the new license area.

Resource Properties

Naajat (White Mountain) Mineral Claim (2015/39), Greenland

In September 2015, exploration license 2015/39 was converted to an exploitation license. A fee of 100,000 DDK was paid. Previously, the Company was required to maintain certain work commitments to retain the exploration license. Hudson now has certain non-monetary commitments, including but not limited to employing Greenlandic personnel, based on establishing a mining operation as per the exploitation agreement in order to maintain the license.

Sarfartoq Mineral Claim (2010/40), Greenland

The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. The total work commitment for calendar 2015 was 33,528,000 DKK (approximately $6,156,000). The work commitments for calendar 2015 have been approved by the Greenland government. In 2015, the Company's license was renewed to December 31, 2017. Subsequently, in December 2015, the Greenland government granted Hudson a 2-year exploration commitment holiday. As a result, Hudson will be able to carry accrued work commitments beyond the current December 2017 license renewal date with credits available until December 31, 2019.

Pingasut Mineral Claim (2013/01), Greenland

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

FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents, amounts receivable and deposits as loans and receivables and accounts payable and accrued liabilities and note payable as other financial liabilities.

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

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 (Canadian financial institution with funds held secured by provincial government – AAA rated).

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. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash and cash equivalents. As at September 30, 2016, the Company's cash is subject to or exposed to interest rate risk. However, this risk is not significant.

The Company's operations in Canada and Greenland are subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian dollars, United States dollars and Danish Krone and the fluctuation of the Canadian dollar in relation to the other currencies 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.

RISKS AND UNCERTAINTIES

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

General

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and engaged in the acquisition, exploration and development of mineral properties. It has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The Financial Statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the six months ended September 30, 2016 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.

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 and for mining equipment. There is significant and increasing competition for a limited number of rare earth 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, the majority of which 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 limited environmental impact.

Mineral Exploration and Development

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

Operating Hazards and Risks

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

Economics of Developing Mineral Properties

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

Commodity Prices

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of REE and industrial minerals or interests related thereto. The price of these commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of these commodities, and therefore the economic viability of the Company's operations cannot accurately be predicted and, in almost all cases, are factors which the Company cannot change or influence.

Title

Although the Company believes that it has taken all reasonable legal and other actions to ensure that it has good title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

Governmental Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by:

i. government regulations relating to such matters as environmental protection, health, safety and labour;
ii. mining law reform;
iii. restrictions on production, price controls, and tax increases;
iv. maintenance of claims;
v. tenure; and
vi. expropriation of property.

There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess. The Bureau of Mines and Petroleum in Greenland currently restricts the mining of radioactive elements and there is no assurance that the ban will be lifted if the production of REE contains radioactive elements as by products to the primary metals.

Management and Directors

The Company is dependent on a relatively small number of directors: John Hick, Flemming Knudsen, John McConnell, John McDonald, Herbert Wilson and James Tuer; and officers: James Tuer, Jim Cambon and Alnesh Mohan. The loss of any of one of those persons could have an adverse effect on the Company. The Company does not maintain key person insurance on any of its management.

Conflicts of Interest

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

Limited Operating History: Losses

As the Company is still in the exploration phase of its development, it has experienced losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at September 30, 2016, the Company's deficit was $51,814,137.

Price Fluctuations: Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the past 12 months, the Company's share price fluctuated from a high of $0.50 to a low of $0.29. There can be no assurance that continual fluctuations in price will not occur.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company has not completed its evaluation of the effects of adopting these standards on its financial statements.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's unaudited interim financial statements for the six months ended September 30, 2016 which are available on the Company's website at www.hudsonresource.ca or on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors of Hudson Resources Inc. has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled “Risks and Uncertainties” in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.