HUDSON RESOURCES INC.

Management's Discussion and Analysis
(Form 51-102F1)
For the three and nine months ended December 31, 2009

Management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. (the "Company") during the nine months ended December 31, 2009 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited interim consolidated financial statements of the Company and the notes thereto for the nine months ended December 31, 2009. Consequently, the following discussion and analysis should be read in conjunction with the audited financial statements for the years ended March 31, 2009, and the notes thereto. All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

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

This MD&A contains information up to and including March 1, 2010.

FORWARD-LOOKING INFORMATION

Statements in this report 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 13 of this MD&A.

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, there can be no certainty that such additional financing will be obtained. The financial statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the nine months ended December 31, 2009 and 2008 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.

Exploration Update

Since the previous Exploration Update provided in the Company's MD&A report dated November 27, 2009 in respect of the Company's financial statements for the six months ended September 30, 2009, Hudson's objective has been to plan and prepare for the 2010 exploration program. The objective of Hudson's rare earth exploration program is to define a resource and take advantage of the streamlined permitting process in Greenland to rapidly advance the project.

On February 2, 2010, the Company announced its' first phase of an aggressive program to advance the rare earth element (REE) project on the Sarfartoq Carbonatite. The program is scheduled to commence in March and will include geophysical surveying, environmental baseline data collection, a minimum 3,000 meter drill program, and bench-scale metallurgical test work.

This first phase of drilling is planned to start in April. It will focus on the expansion of the rare earth zones at ST1 and ST40, which yielded significant REE intercepts in the 2009 drill program. The ST1 and ST40 zones are approximately 2.5 km apart and appear to be linked based on geophysics and rare earth mineralization traced on surface. This initial phase of the 2010 work program, including ground geophysics and 3,000m of core drilling (approximately 20 holes), is expected to cost $2.1M. Drill core will be logged and split in the field and flown to Canada for assaying.

The second phase of drilling, representing a minimum of 2,000m, will be conducted later in the summer based on spring results. Additional capital will be required to fund the second phase of drilling.

In 2009, Hudson generated three exciting rare earth priority targets on the Sarfartoq Carbonatite: the ST1, ST40 and ST19 localities. Highlights of the 2009 drill program include:

ST1 • 50.25m of 2.19% TREO including 9.55m of 3.98% Total Rare earth Oxides (TREO) in Hole SAR09-04 of which neodymium oxide and praseodymium oxide average over 25% of the TREO;

ST40 • 10.22m of 1.36% TREO in Hole SAR09-03 of which neodymium oxide and praseodymium oxide average over 54% of the TREO ; and

ST19 • 16.00m of 1.02% TREO with several smaller intersections of more than 1% TREO.

ST40 is a particularly interesting region in that neodymium oxide and praseodymium oxide together average around 54% of the total distribution of rare earth mineralization. This is highly anomalous compared to an industry average of under 20%. Neodymium is a major component in neodymium-iron-boron super magnets used extensively in wind turbines, hybrid cars, computer hard disk drives and numerous green technologies.

The Sarfartoq Carbonatite Complex is one of the largest carbonatite complexes in the world with approximate dimensions of 13 X 8 km. It is located near tidewater and adjacent to excellent potential hydroelectric sites.

All rare earth samples have been processed by ALS Chemex in Vancouver, BC. The samples were analysed by lithium metaborate/tetraborate fusion prior to acid dissolution and ICP-MS, being ALS sample method ME-MS81H. Check assays have been processed at Acme Analytical Laboratories (Vancouver) Ltd. The check assays have confirmed the original ALS Chemex assays within acceptable tolerances.

Dr. Danielle Giovenazzo, a qualified person under National Instrument 43-101, will be overseeing the first phase of the exploration program in Greenland and has reviewed this MD&A disclosure.

RESULTS OF OPERATIONS

The Company's unaudited interim financial statements for the nine months ended December 31, 2009 and 2008 (the "Financial Statements") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Currency amounts are in Canadian dollars, except where stated otherwise. The significant accounting policies are outlined within Note 3 to the audited annual financial statements of the Company for the year ended March 31, 2009 and the new accounting policies adopted are outlined within Note 3 to the unaudited interim financial statements of the Company for the nine months ended December 31, 2009.

Overall Performance

Hudson is a mineral exploration company that, since 2002, has primarily focused its exploration activities on the search for diamonds in the Sarfartoq region of western Greenland. The recent increased interest in rare earth elements ("REE's") as critical metals required to drive "green" technologies, such as wind turbines and hybrid cars, has resulted in the Company developing an exploration program for these metals as well as for diamonds.

The Company is currently actively exploring for diamonds and REE's on six contiguous exploration licences totaling approx. 1,300 square kilometers in the Sarfartoq region, near Kangerlussuaq, Greenland. All of its exploration licences are 100% held by the Company.

Since the Company is in the exploration phase of its development, its results are primarily determined by its administrative expenses net of interest income. Additional discussion of the variances in operational results is provided below.

Assets increased by $2,647,103 in the nine month period, YTD 2010, from $16,205,010 at March 31, 2009, to $18,852,113 at December 31, 2009. Resource property assets increased by $931,989 as the Company operated its summer prospecting program followed up by over 1,300m of drilling. The bulk of this amount (42%) was for helicopter costs followed by direct drilling costs (19%). During the nine months ended December 31, 2009, the Company completed a $0.20 private placement for $1,060,000 and received $2,143,500 from the exercise of warrants. These funds resulted in cash increasing by $1,760,194 over the period.

	For the nine months ended		
	December 31, 2009	**December 31, 2008**	**December 31, 2007**
Financial Results			
Interest income	$ 97	$ 13,469	$ 128,029
Net income (loss)	(560,879)	(709,587)	(616,688)
Basic loss per share	(0.01)	(0.02)	(0.02)
As at:	**December 31, 2009**	**March 31, 2009**	**March 31, 2008**
Balance Sheet Data			
Cash and cash equivalents	$ 2,473,071	$ 712,877	$ 2,314,434
Resource properties	16,345,702	15,413,713	11,880,903
Total assets	18,852,113	16,205,010	14,302,717

Three Months Ended December 31, 2009 compared with Three Months Ended September 30, 2009

The Company incurred a net loss of $150,579 for the three months ended December 31, 2009 representing an increase of $9,944 when compared with $140,635 for the three months ended September 30, 2009. This increase was primarily the result of increases in rent and travel expenses.

Rent expense increased by $8,070 to $10,033 for the three months ended December 31, 2009 from $1,963 for the three months ended September 30, 2009. In June 2009, the Company signed a new lease agreement for their office space. This lease agreement provided for a lower monthly rental payment than the previous lease agreement. The new lease agreement also offered four months free rent at the inception of the lease which covered the months June 2009 to September 2009.

Travel expenses increased by $6,148 to $6,643 for the three months ended December 31, 2009 from $495 for the three months ended September 30, 2009. This increase relates to costs incurred for attending the Rare Earth conference held in Hong Kong in November 2009.

Three Months Ended December 31, 2009 compared with Three Months Ended December 31, 2008

The Company incurred a net loss of $150,579 for the three months ended December 31, 2009 representing a decrease of $87,564 when compared with $238,143 for the three months ended December 31, 2008. This decrease was primarily the result of decreases in filing fees, foreign exchange loss and stock-based compensation expenses.

Filing fees decreased by $14,901 to $1,295 for the three months ended December 31, 2009 from $16,196 for the three months ended December 31, 2008. During the previous comparative quarter the Company incurred additional TSX-V filing fees on share issuance relating to a debt conversion.

Foreign exchange loss decreased by $13,439 to $155 for the three months ended December 31, 2009 from $13,594 for the three months ended December 31, 2008 due to fluctuations in the foreign currency exchange rates between Canada and Greenland.

Stock-based compensation expense was $27,026 for the three months ended December 31, 2009 compared to $93,267 for the three months ended December 31, 2008. This decrease in stock-based compensation expense for the three months ended December 31, 2009 resulted from the decrease in options vesting during the period and a corresponding recognition of expense in the current period.

Nine Months Ended December 31, 2009 compared with Nine Months Ended December 31, 2008

The Company incurred a net loss of $560,879 for the nine months ended December 31, 2009 representing a decrease of $148,708 when compared with $709,587 for the nine months ended December 31, 2008. This decrease was primarily the result of decreases in audit and legal fees, directors' fees, filing fees, office, rent and stock-based compensation expenses which were partially offset by an increase in shareholder communication.

Audit and legal fees decreased by $22,464 to $10,663 for the nine months ended December 31, 2009 from $33,127 for the nine months ended December 31, 2008. There was a general decrease in business activities during the nine months ended December 31, 2009. In addition, the Company's accounting function was maintained in-house for the current period. In the comparative period, the accounting function was performed by an external party. As a result, the accounting fees decreased by $10,060.

The Company did not incur any cash-based directors' fees during the nine months ended December 31, 2009 compared to $11,000 paid for the nine months ended December 31, 2008. Effective June 30, 2008, the Company no longer makes cash payments to the directors.

Filing fees decreased by $13,247 to $6,149 for the nine months ended December 31, 2009 from $19,396 for the nine months ended December 31, 2008. During the previous comparative period the Company incurred additional TSX-V filing fees on share issuance relating to a debt conversion.

Office expenses decreased by $10,847 to $19,561 for the nine months ended December 31, 2009 from $30,408 for the nine months ended December 31, 2008. This decrease was primarily the result of the decrease in business activities during the nine months ended December 31, 2009. During the nine months ended December 31, 2009, the Company reduced the number of full-time employees, which resulted in a reduction of salary expenses of $11,396.

Rent expenses decreased by $20,011 to $25,788 for the nine months ended December 31, 2009 from $45,799 for the nine months ended December 31, 2008. In June 2009, the Company signed a new lease agreement for their office space. This lease agreement provided for a lower monthly rental payment than the previous lease agreement. The new lease agreement also offered four months free rent at the inception of the lease which covered the months June 2009 to September 2009.

Stock-based compensation expense was $206,470 for the nine months ended December 31, 2009 compared to $306,827 for the nine months ended December 31, 2008. This decrease in stock-based compensation expense for the nine months ended December 31, 2009 resulted from the decrease in options vesting during the period and a corresponding recognition of expense in the current period.

Shareholder communication expenses increased by $15,603 to $23,096 for the nine months ended December 31, 2009 from $7,493 for the nine months ended December 31, 2008. This increase primarily resulted from additional resources being allocated to investor relations in order to enhance the communications between the stakeholders and the Company.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Interest income	$ 27	$ 32	$ 38	$ 142
Net loss	(150,579)	$ (140,635)	$ (269,665)	$ (130,205)
Basic loss per share	-	(0.01)	-	-

	Three months ended			
	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
Interest income	$ 916	$ 812	$ 11,741	$ 24,472
Net loss	(238,143)	(221,147)	(250,297)	(341,144)
Basic loss per share	(0.01)	(0.01)	-	(0.01)

Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

Quarterly net loss reported by the Company has generally been at a consistent level, aside from stock-based compensation charges which are impacted by the number of options vesting in a given period. Details of variances in specific quarters have been discussed above.

LIQUIDITY AND CAPITAL RESOURCES

The Company is currently planning its 2010 exploration and development program. With net working capital of $2.4M, the Company expects to have sufficient funds available to complete the first phase of the 2010 exploration program and to finance non-exploration operations until the end of 2010. Additional funding will be required for the second phase of the 2010 program.

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 the Greenland exploration licences overseen by the Government of Greenland, 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 jeopardised.

Furthermore, while there are currently no such agreements in place, should the Company enter into joint venture agreements relating to the properties, are the other parties that are subject to such agreements do not meet their share of such costs, the Company may be unable to finance the total cost required to maintain the licences. Refer to "Commitments" on page 9 for future information.

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 had working capital at December 31, 2009 of $2,364,184 (March 31, 2009: $479,724). The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

The Company invests its cash balances in term deposits with Canadian banks. It has no exposure to asset-backed securities.

SHARE CAPITAL

As at December 31, 2009, the Company had 54,461,266 common shares issued and outstanding.

As at the date of this MD&A, the total number of shares issued and outstanding was 54,511,266.

In addition, the Company had 3,601,833 stock options outstanding, each of which is exercisable for one common share at prices ranging from $0.10 to $1.00, at the date of this MD&A.

During the nine months ended December 31, 2009, the Company completed a non-brokered private placement of 5,300,000 Units at $0.20 per Unit. Each Unit was comprised of one fully paid and non-assessable common share (a "Share") in the capital of the Company and one transferable Common Share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Share (a "Warrant Share") in the capital of the Company from the date of the issue until expiry 18 months after such date at an exercise price of $0.30 per Warrant Share. In certain events, the Company can accelerate the expiry date of the Warrants if the Shares trade above a weighted average of $0.50 for 20 days. The Company closed the transaction on July 14, 2009. The Company applied the residual approach and allocated the total proceeds to the common shares and $nil to the attached warrants.

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

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

Subsequent to December 31, 2009, the Company granted 100,000 options, with an exercise price of $0.95 and a term of 5 years, to a director.

Subsequent to December 31, 2009, the Company issued 50,000 shares with cash proceeds of $25,500 for 50,000 options exercised.

RELATED PARTY TRANSACTIONS

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

	For the nine months ended December 31, 2009			For the nine months ended December 31, 2008		
	Management fees	Accounting and legal fees	Total	Management fees	Accounting and legal fees	Total
President	$ 131,400	$ -	$ 131,400	$ 131,400	$ -	$ 131,400
Chief Financial Officer	-	-	-	-	12,855	12,855
VP Project Development	112,500	-	112,500	112,500	-	112,500
	$ 243,900	$ -	$ 243,900	$ 243,900	$ 12,855	$ 256,755

These transactions were measured by the exchange amount, which is the amount agreed upon by the transacting parties. The Company does not currently have long-term contracts with the related parties.

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

COMMITMENTS

The Company has made certain commitments in the course of running its business. In addition to office lease commitments disclosed in the Company's financial statements, the most notable commitment is the annual exploration commitment on the Company's exploration licenses in Greenland. Commitments can be reduced and/or eliminated by dropping and/or reducing licenses by the end of each calendar year. Based on work done to date and work to be completed to the end of 2009, Hudson believes that it has met all of the expenditure commitments required under its licence agreements with the Bureau of Minerals and Petroleum of Greenland.

Resource Properties

Naajat Mineral Claim, Greenland

The total work commitment for 2009 is 3,245,300 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Nalussivik Mineral Claim, Greenland

The total work commitment for 2009 is 2,267,158 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Sarfartuup Qulaa Mineral Claim, Greenland

The total work commitment for 2009 is 910,095 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009. In December, 2009, the company applied to extend the licence for an additional five year period.

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

The Company has met its exploration commitments required to maintain the Sarfartoq claim in 2009. In December 2009, an application was submitted to extend the licence for a further 2 year period ending December 31, 2011.

Sarfartoq Øst Mineral Claim, Greenland

The total work commitment for 2009 is 2,920,770 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Arnanganeq Mineral Claim, Greenland

The total work commitment for 2009 is 1,947,180 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that, together with accumulated work credits from prior years, it has meet its' commitments for 2009.

Sarfartoq Valley Claim, Greenland

The total work commitment for 2009 is 148,155 DKK. The Company must submit an annual report by April 1 of each year details its' activities and expenditures for approval. The Company believes that it has meet its' commitments for 2009.

Helicopter Services

The Company has entered into an agreement with Air Greenland, valued at approximately $1,000,000 to provide helicopter services for the 2010 exploration period.

FINANCIAL INSTRUMENTS

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

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

The 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.

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

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

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 periods ended December 31, 2009 and 2008 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 diamond, 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. 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 diamonds or rare earths 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, land slides 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 extract diamonds 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 diamonds and/or REE and specialty metals 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, availability and costs of diamond substitutes, diamond stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of diamonds and REE metals, 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: James Tuer, John Ferguson, Robert Chase, John Hick and John McConnell; and officers: James Tuer and Jim Cambon. The loss of any of one of those persons could have an adverse affect 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 December 31, 2009 the Company's deficit was $4,274,431.

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 $1.67 to a low of $0.055. There can be no assurance that continual fluctuations in price will not occur.

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 annual financial statements and in Note 5 of the unaudited interim financial statements for the nine months ended December 31, 2009 that is available on the Company's website at www.hudsonresource.ca or on SEDAR at www.sedar.com.

CHANGES IN ACCOUNTING POLICIES

Adoption of New Accounting Policies:

Financial Instruments

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

Future changes in accounting policies:

International Financial Reporting Standards ("IFRS")

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

Business Combinations

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

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

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

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.