HUDSON RESOURCES INC.

(An Exploration Stage Company)

Management Discussion and Analysis

(Form 51-102F1)

For the Nine Months Ended December 31, 2011

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. ("Hudson" or the "Company") during the nine months ended December 31, 2011 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed interim financial statements of the Company and the notes thereto for the nine months ended December 31, 2011. Consequently, the following discussion of performance and financial condition should be read in conjunction with the December 31, 2011 financial statements. The December 31, 2011 unaudited condensed interim financial statements 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 February 29, 2012.

FORWARD-LOOKING INFORMATION

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

GENERAL

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and 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 Q3 2012 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 $12.13 million. Management believes that the current cash position of the Company is sufficient to support the operations for the upcoming fiscal year as the total cash outflow from the operating and investing activities for the nine months ended December 31, 2011 and 2010 was $6,377,314 and $3,557,696 respectively.

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 28, 2011 in respect of the Company's financial statements for the second quarter ended September 30, 2011, Hudson completed a major milestone with the publication of its initial preliminary economic assessment (PEA) on the Sarfartoq rare earth project. In addition, Hudson announced the results of a five tonne bulk metallurgical sample, collected on surface at the ST1 Zone, which graded 2.5% Total Rare Earth Oxides (TREO). Going forward, Hudson is working on completing the upgraded resource model based on 2011 drill results and planning the 2012 exploration and development plans.

On December 7, 2011, Hudson released the results of the Preliminary Economic Assessment completed by Wardrop, A Tetra Tech Company (Tetra Tech). This study was based solely on the NI 43-101 Mineral Resource Estimate released on January 4, 2011, which defined an inferred resource of 14.1M tonnes averaging 1.51% total rare earth oxides (TREO) for the ST1 Zone and did not incorporate 2011 drill results.

Highlights of the Study include:

- Net Present Value of $616M at a 10% discount rate, pre-tax.
- Internal rate of return (IRR) of 31.2% and a 2.7 year payback with a 21 year mine life.
- Capital costs of $343 million which includes a contingency of $60M, for a 2,000 tonne per day open-pit mine and processing facility.
- Operating costs of $105 per tonne to produce an REO carbonate concentrate.
- Rare earth oxide prices of $32/kg were utilized, based on the three-year trailing FOB China average price as of October 2011, which were discounted by 43% to reflect the difference between rare earth carbonate concentrate and separated individual rare earth oxide prices. The price of $32/kg is a 74% discount to October 2011 FOB Spot prices.
- Annual rare earth carbonate concentrate production of 6,500 tonnes.
- The proposed metallurgical flowsheet includes bastnaesite and monazite flotation, leaching, acid bake solvent extraction and precipitation to produce a 42-45% REO carbonate product. An overall recovery rate of 64% was used for the study.

The following table presents a list of the Project parameters and assumptions derived from the PEA and cash flow model.

MINING			
Mineralized material mined	14,303,139	mt	
Waste mined	140,605,204	mt	
Total mined	154,908,343	mt	
Strip ratio	9.83		
PROCESSING			
Run-of-Mine Feed	2,000	t/d	
Mining recovery	95	%	
Mining dilution	5	%	
RESOURCE GRADE OF TREO	1.51	%	
RECOVERIES			
Overall Recovery	64	%	Base case
TOTAL TREO OXIDES IN CONCENTRATE	132,544	t	
RE OXIDE PRICES (FOB CHINA)			
La2O3	$41.6	3 year Average US$/kg	
Ce2O3	$39.4	3 year Average US$/kg	
Pr2O3	$76.9	3 year Average US$/kg	
Nd2O3	$88.3	3 year Average US$/kg	
Sm2O3	$37.1	3 year Average US$/kg	
Eu2O3	$1,134.1	3 year Average US$/kg	
Gd2O3	$53.0	3 year Average US$/kg	
Tb2O3	$963.3	3 year Average US$/kg	
Dy2O3	$512.0	3 year Average US$/kg	
Y2O3	$54.4	3 year Average US$/kg	
SARFARTOQ TREO DISTRIBUTION (AS PER INFERRED RESOURCE)			
La2O3	21.0	%	
Ce2O3	50.0	%	
Pr2O3	5.8	%	
Nd2O3	19.1	%	

Sm2O3	1.9	%
Eu2O3	0.4	%
Gd2O3	1.4	%
Tb2O3	-	%
Dy2O3	0.1	%
Y2O3	0.3	%
TREO	100.0	%
TREO – Calculated Contained Oxides	$56.4	US$/kg
TREO – Base Case	**$32.0**	US$/kg
Discount to account for REO carbonate product	43	%
GROSS OXIDE VALUES TREO	$4,241,409,596	US$
EXCHANGE RATE US$/CAN$	1.009	CAN$
NET REVENUE (CAN $)	$4,279,582,283	CAN$
OPERATING COSTS (per t milled material)		
Mining	$35.91	CAN$/t
Processing	$63.04	CAN$/t
G & A	$1.75	CAN$/t
Sustaining Capital	$2.68	CAN$/t
Salvage	($0.09)	CAN$/t
Mine Closure and reclamation	$0.14	CAN$/t
Operating Capital	$1.34	CAN$/t
Supplies and Materials Transportation	$0.05	CAN$/t
Material Transport from Mine to Mill (Conveying)	$0.50	CAN$/t
TOTAL OPERATING COST	$105.32	CAN$/t
CAPITAL COSTS		
DIRECT COSTS		
Site Development	$38,663,000	CAN$

Site Utilities	$5,978,077	CAN$
Tailings Management Facilities	$3,783,400	CAN$
Open Pit Mining	$24,133,000	CAN$
Material Processing Facilities	$96,220,969	CAN$
Hydro metallurgical Plant	$41,195,601	CAN$
Non-Process Buildings	$9,885,001	CAN$
SubTotal Direct Costs	$219,859,048	CAN$
INDIRECT COSTS		
Indirect Construction Costs	$12,962,500	CAN$
Owner's Costs	$8,267,500	CAN$
Contingency	$60,372,262	CAN$
EPCM	$41,053,138	CAN$
SubTotal Indirect Costs	$122,655,400	CAN$
TOTAL CAPITAL COST	$342,514,448	CAN$

The financial model cash flow and net present value for various discount rates are shown below.

PRE-TAX CASH FLOW			
Net Revenue	$4,279,582,283	CAN$	
Operating Cost	$1,515,316,566	CAN$	
Capital Costs	$342,514,448	CAN$	
TOTAL PRE-TAX CASH FLOW	$2,764,265,717	CAN$	
PAYBACK	Year 3		
PRE-TAX & PRE FINANCE NPV @ 6%	$1,038,161,293	CAN$	
PRE-TAX & PRE FINANCE NPV @ 8%	$797,700,033	CAN$	
PRE-TAX & PRE FINANCE NPV @ 10%	**$616,448,196**	**CAN$**	**Base Case**
PRE-TAX & PRE FINANCE NPV @ 12%	$477,834,034	CAN$	
PRE-TAX & PRE FINANCE NPV @ 15%	$325,688,225	CAN$	
PROJECT INTERNAL RATE OF RETURN (IRR)	31.17	%	

All $ values are in $CAN unless otherwise specified.

Proposed Mining Plan and Processing

For the Study, Tetra Tech determined that the mining operation will use a conventional open pit mining method (truck and shovel). The mine will provide mill feed at a rate of 2,000 t/d beginning the first year of the mine life. The overall mining sequence was developed in three phases: a starter pit (Phase I) and two pushback phases (Phase II and Phase III). The mine development for the mineralized material and the waste will progress using 10m high benches. The ultimate pit design for the selected pit contains 14.3 Mt of Inferred Resource. The average in situ grades over the LOM will be 1.51% TREO.

For the purpose of this evaluation, it was assumed that the Company would produce and sell a rare earth carbonate concentrate, composed of 42% to 45% rare earth oxide. To determine a price, a notional 43% discount was used on three-year trailing average prices (October 2011). This resulted in a price of $32/kg of contained rare earth oxides. The company is planning further studies, which will investigate the costs and benefits of producing a separated oxide product.

The flowsheet utilized in the PEA, while preliminary in nature, is based on assumptions from mineralogy, and incorporates recent metallurgical testwork from the Saskatchewan Research Council (SRC) which demonstrated successful extraction of rare earths utilizing acid baking and leaching. Test work showed that two hours of baking, at 220°C and approximately one tonne of acid per tonne of mineralized feed (concentrate) recovers 94% of the TREO.

5 Tonne Metallurgical Sample

On January 10, 2012, Hudson released the results of the five tonne bulk metallurgical sample, collected on surface at the ST1 Zone. It graded 2.5% Total Rare Earth Oxides (TREO) with neodymium oxide averaging 20% of total REO's. The sample confirmed the presence of a significant amount of high-grade rare earth material at surface. It also provides Hudson with a sufficient quantity of material to take the metallurgy through to pilot scale testing.

Mineralogical studies conducted on the bulk sample have confirmed that the rare earths are hosted within a distinct "red" ankerite mineral in the ST1 body which contains bastnaesite and monazite REEs. Hudson's metallurgical studies are focused on defining a process to extract these common rare earth bearing minerals from the bulk material.

Average Total Rare Earth Oxides (Parts Per Million)

TREO	La2O3	Ce2O3	Pr2O3	Nd2O3	Sm2O3	Eu2O3	Gd2O3
24,979	5,153	12,585	1,464	5,055	407	82	110
Tb2O3	Dy2O3	Ho2O3	Er2O3	Tm2O3	Yb203	Lu2O3	Y2O3
10.4	36.6	3.2	1.3	0.3	0.6	0.2	69.8

The sample was randomly bagged in the field and approximately 700kg was shipped by air to the GeoAnalytical Laboratories of the Saskatchewan Research Council (SRC) in Saskatoon, Saskatchewan. The balance of the sample was sent by ground and has now been received by the SRC. The initial 700kg sample was crushed and blended by the SRC and four separate samples assayed by lithium meteborate fusion, followed by dissolution in dilute HNO3 and ICP-MS analysis. A portion of the bulk sample material was shipped to Ancaster Ontario for processing at Activation Laboratories Ltd. (Actlabs) using lithium borate fusion, acid dissolution and ICP-MS analysis. Actlabs processed two separate assays. The results presented in this press release represent the average of the results from the two labs.

Recent metallurgical testwork from SRC has demonstrated successful extraction of rare earths utilizing acid baking and leaching. Test work showed that two hours of baking, at 220°C and approximately one tonne of acid per tonne of mineralized feed (concentrate) recovers 94% of the TREO.

Magnetic testwork and mineralogical studies are ongoing under the direction of Dr. Peter LeCouteur, P.Eng. With respect to the bulk sample, three hand specimens were examined microscopically with the objective of quantifying the rare earth element (REE) minerals present in the material. Samples were examined in polished thin section by light microscope and minerals of interest analyzed on an AMRAY 1810 scanning electron microscope ("SEM") equipped with an EDAX "Genesis" energy dispersive X-ray analyzer ("EDX" analyses). Key findings are as follows:

- The 2011 Safartoq bulk sample is a slightly oxidized surface sample of ferrocarbonatite of the "ST1 Zone" and consists mostly of Ca-Mg-Fe carbonates.
- The only REE minerals identified in the bulk sample are: REE phosphate monazite-(Ce), REE fluorocarbonate bastnäsite-(Ce), and Ca fluorocarbonate synchysite-(Ce).
- The proportion of the three REE minerals varies from sample to sample but overall it is estimated that about 50-70% of the REE are carried by monazite, 30-50 % by bastnasite, and <5% by synchysite.
- The hematized "red" ankerite contains +95% of the rare earth minerals and is distinct in colour from the other minerals present as it is pigmented with iron oxide.
- About 90% of REE particles fall in a size range of 10 to 300 microns in length. All the REE minerals occur as fine-grained single crystals that range from about 5 microns to 80 microns long and as shapeless aggregates of such crystals that are generally from 50 to 500 microns across but occasionally up to 1 mm across.

Qualifications

According to the cautionary statement required by NI 43-101, it should be noted that the PEA assessment is preliminary in nature as it includes inferred mineral resources that cannot be categorized as reserves at this time and as such there is no certainty that the preliminary assessment and economics will be realized.

Ms. Joanne Robinson, P.Eng., Mr. Doug Ramsey, R.P. Bio (BC), Mr. Daniel Coley, MBA, P.Eng. and Mr. Peter Broad, P.Eng. of Tetra TEch, Toronto, Ontario, were the qualified engineers responsible for the PEA study.

Ronald G. Simpson, B.Sc., P,Geo., President of Geosim Services Inc., is an independent Qualified Person as defined by NI 43-101 and is responsible for the resource estimate on the ST1 Zone.

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

RESULTS FROM OPERATIONS

Selected Information

	For the three months ended (1)		
	December 31, 2011	December 31, 2010	December 31, 2009
Interest and miscellaneous income	$ 132,714	$ 5,642	$ 97
Net loss	(6,611,612)	(4,760,189)	(1,485,178)
Basic and diluted loss per share	(0.08)	(0.08)	(0.04)

As at:	December 31, 2011	March 31, 2011	April 1, 2010
Balance Sheet Data			
Cash and cash equivalents	$ 12,567,378	$ 2,982,564	$ 1,981,878
Resource properties	702,934	679,167	652,249
Total assets	13,506,684	3,880,541	2,708,838

(1) Financial information for the fiscal year 2011 and 2010 has been reported under IFRS.
Financial information for the fiscal year 2009 has been reported under CAGAAP.

Three months ended December 31, 2011 compared with Three months ended September 30, 2011

The Company incurred a net loss of $1,176,224 for the three months ended December 31, 2011 representing a decrease of $1,652,857 when compared with $2,829,081 for the three months ended September 30, 2011. This decrease was primarily the result of a decrease in evaluation and exploration activities, and in management fees which was partially offset by an increase in impairment of resource properties.

Exploration and evaluation activities were $778,848 for the three months ended December 31, 2011 compared to $2,212,504 for the three months ended September 30, 2011. This decrease was a result of the completion of the drilling program.

Management fees were $116,265 for the three months ended December 31, 2011 compared to $331,200 for the three months ended September 30, 2011. This decrease in management fees was a result of bonuses being paid to the Company's management and establishment of director's fees for the three months ended September 30, 2011.

During the three months ended December 31, 2011, the Company relinquished the licence area of the Sarfartoq Øst Mineral Claim. As a result, the Company recognized an impairment of $20,094 during the three months ended December 31, 2011 (September 30, 2011 - $nil).

Three months ended December 31, 2011 compared with Three months ended December 31, 2010

The Company incurred a net loss of $1,176,224 for the three months ended December 31, 2011 representing an increase of $143,550 when compared with $1,032,674 for the three months ended December 31, 2010. This increase in net loss was primarily the result of the increase in evaluation and exploration costs of $149,785, increase in impairment of resource properties of $20,094 and increase in management fees of $34,965. These increases were partially offset by the decrease in share-based payments of $49,145 and increase in interest income of $43,490.

Evaluation and exploration costs increased by $149,785 to $778,845 for the three months ended December 31, 2011 from $629,060 for the three months ended December 31, 2010. This increase resulted from an expanded drilling program undertaken in the current year.

Management fees were $116,265 for the three months ended December 31, 2011 compared to $81,300 for the three months ended December 31, 2010. Management fees were increased in the current year which resulted in the variance over the prior year.

During the three months ended December 31, 2011, the Company relinquished the licence area of the Sarfartoq Øst Mineral Claim. As a result, the Company recognized an impairment of $20,094 during the three months ended December 31, 2011 (December 31, 2010 - $nil).

Share-based payments were $185,395 for the three months ended December 31, 2011 compared to $234,540 for the three months ended December 31, 2010. This decrease in share-based payments resulted from options vesting and a corresponding recognition of expense during the period.

Interest income increased by $43,490, to $47,742 for the three months ended December 31, 2011, from $4,252 for the three months ended December 30, 2010. This increase was a result of the financing completed during the year; the Company invested funds into term deposits yielding interest income.

Nine months ended December 31, 2011 compared with nine months ended December 31, 2010

The Company incurred a net loss of $6,611,612 for the nine months ended December 31, 2011 representing an increase of $1,851,423 when compared with $4,760,189 for the nine months ended December 31, 2010. This increase was primarily the result of the increases in evaluation and exploration costs, impairment of resource properties and management fees, which were offset by a decrease in share-based payments and an increase in interest income.

Evaluation and exploration costs increased by $2,406,717 to $5,342,487 for the nine months ended December 31, 2011 from $2,935,770 for the nine months ended December 31, 2010. This increase resulted from an expanded drilling program undertaken in the current year.

Management fees were $528,765 for the nine months ended December 31, 2011 compared to $243,900 for the nine months ended December 31, 2010. This increase in management fees was a result of bonuses being paid to the Company's management and establishment of director's fees.

During the three months ended December 31, 2011, the Company relinquished the licence area of the Sarfartoq Øst Mineral Claim. As a result, the Company recognized an impairment of $20,094 during the three months ended December 31, 2011 (December 31, 2010 - $nil).

Share-based payments were $473,722 for the nine months ended December 31, 2011 compared to $1,359,912 for the nine months ended December 31, 2010. This decrease in share-based payments resulted from options vesting and a corresponding recognition of expense during the period.

Interest income increased by $127,072 to $132,714 for the nine months ended December 31, 2011, from $5,642 for the nine months ended December 31, 2010. This increase was a result of the financing completed during the year; the Company invested funds into term deposits yielding interest income.

SUMMARY OF QUARTERLY RESULTS

	Three months ended (1)			
	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Interest income	$ 47,742	$ 47,862	$ 37,110	$ 93
Net loss	(1,176,224)	(2,829,081)	(2,606,307)	(735,105)
Basic and diluted loss per share	(0.01)	(0.04)	(0.03)	-

	Three months ended (1)			
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Interest income	$ 4,252	$ 1,367	$ 23	$ 25
Net loss	(1,032,674)	(1,474,727)	(2,252,786)	(786,884)
Basic and diluted loss per share	-	(0.02)	(0.04)	(0.01)

(1) Financial information for the fiscal year 2011 and 2010 has been reported under IFRS.
Financial information for the fiscal year 2009 has been reported under CAGAAP.

LIQUIDITY AND CAPITAL RESOURCES

The Company is currently completing the ungrading of the initial resource calculation for the ST1 Zone to include 2011 drill results, continuing metallurgical testwork, environmental and socio impact assessments ("EIA" and "SIA") and planning the 2012 exploration campaign. With working capital of $12.6 million as of December 31, 2011, the Company expects to have sufficient funds available to complete the 2012 Exploration Program and to finance non-exploration operations for the next 12 months and to finance non-exploration operations until the end of 2012. Additional funding may be required, but is not expected, for the calendar year 2012 exploration 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 licenses 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 jeopardized.

Furthermore, while there are currently no such agreements in place, should the Company enter into joint venture agreements relating to the properties, if 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 licenses. Refer to "Commitments" on page 13 of this MD&A for further 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, 2011 of $12,636,934 (March 31, 2011: $2,857,610). 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.

OUTSTANDING SHARE DATA

As at December 31, 2011 and the date of this MD&A, the Company had 80,186,766 common shares issued and outstanding.

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

- 3,102,500 warrants, each of which is exercisable for one common share at an exercise price of $1.20 through April 6, 2012.
- 5,845,000 stock options outstanding, each of which is exercisable for one common share at prices ranging from $0.10 to $1.04.

For the nine months ended December 31, 2011

On April 5, 2011, the Company issued 15,800,000 shares at $0.95 per share pursuant to a public offering. An additional 2,370,000 shares were issued to the underwriters pursuant to an overallotment option. Share issue costs included fees of $1,272,008 paid to the underwriters and other expenses of $166,029.

On June 6, 2011, the Company granted options to purchase up to 200,000 common shares exercisable at $1.04 per share until June 5, 2016. The options will vest equally and quarterly over the first 12 months after issuance.

On September 28, 2011, the Company granted options to officers, directors and field staff to purchase up to 1,200,000 common shares at $0.65 per share until September 28, 2016. The options vest 25% on the date of grant and 12.5% at the end of each quarter thereafter.

RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2011 and December 31, 2010, respectively, the Company incurred the following expenses with a company with a common director and with directors and officers of the Company.

	For the nine months ended December 31, 2011			For the nine months ended December 31, 2010		
	Management fees	Accounting and legal fees	Total	Management fees	Accounting and legal fees	Total
President	$ 253,750	$ -	$ 253,750	$ 131,400	$ -	$ 131,400
Chief Financial Officer	-	69,680	69,680	-	47,770	47,770
VP Project Development	215,000	-	215,000	112,500	-	112,500
	$ 468,750	**$ 69,680**	**$ 538,430**	**$ 243,900**	**$ 47,770**	**$ 291,670**

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 $8,154 as at December 31, 2011 (March 31, 2011 – $36,987; April 1, 2010 - $29,277). These amounts are unsecured and non-interest bearing.

As at December 31, 2011, there were no amounts due from related parties (March 31, 2011 – $20,353; April 1, 2010 - $nil).

For the nine months ended December 31, 2011, management fees included bonuses of $100,000 (2010 – nil) paid to the President and $80,000 paid to the VP Project Development (2010 – nil).

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, Hudson believes that it has met all of the expenditure commitments required under its license agreements with the Bureau of Minerals and Petroleum of Greenland. Licenses can also be renewed upon expiration as long as previous work commitments have been met.

The Naajat, Sarfartoq, and Arnanganeq Exploration Licences were due to expire expire on December 31, 2011.

In December, Hudson submitted 2 renewal applications. The Sarfartoq EL was amended to include portions of the Nalussivik, Sarfartuup Qulaa, Sarfartoq Valley and Arnanganeq exploration licences as well as annex portions of the Sarfartoq EL and add additional ground that extends the licence 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 licences will be incorporated into one new Sarfartoq EL that is focused on the rare earth project. Hudson annexed and relinquished the area around the Garnet Lake diamond discovery due to the fact that it has not worked on the Garnet Lake project since 2008 and it has no plans to reactivate the bulk sampling diamond project anytime in the foreseeable future. The Sarfartoq Øst EL was relinquished prior the December 31, 2011 because the Company had no future exploration plans for the area as it was situated well outside the bounds of the carbonatite complex. The Naajat EL was renewed for exploration years 11 and 12 and the licence area was reduced from 190 sq. km. to approximately 96 sq. km.

Resource Properties

<u>Naajat Mineral Claim, Greenland</u>

The total work commitment for 2011 is 3,356,500 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. The Company's license expires December 31, 2011. Prior to December 31, 2011, the Company applied to extend the licence for an additional 2 year period.

<u>Nalussivik Mineral Claim, Greenland</u>

The total work commitment for 2011 is 2,349,100 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. In December 2011, the Company applied to consolidate portions of the licence area into one master Sarfartoq EL.

<u>Sarfartuup Qulaa Mineral Claim, Greenland</u>

The total work commitment for 2011 is 1,867,300 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. In December 2009, the Company applied to extend the license for an additional five year period; the license was extended to December 31, 2014. In December 2011, the Company applied to consolidate portions of the licence area into one master Sarfartoq EL.

<u>Sarfartoq Mineral Claim (New Millennium Resources NL JV, Greenland)</u>

During 2009, the Company obtained approval to extend the license for a further 2 year period ending December 31, 2011. In December 2011, the Company applied to consolidate portions of the licence area into one master Sarfartoq EL.

Sarfartoq Øst Mineral Claim, Greenland

The total work commitment for 2011 is 4,203,300 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. An application to renew the license for another 5 years was submitted in December 2010 and is pending approval. The renewal application covers the license period 2011 -2015. In December 2011, the Company relinquished the licence.

Arnanganeq Mineral Claim, Greenland

The total work commitment for 2011 is 2,009,280 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. The Company's license expires December 31, 2011. In December 2011, the Company applied to consolidate portions of the licence area into one master Sarfartoq EL.

Sarfartoq Valley Claim, Greenland

The total work commitment for 2011 is 327,600 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. In December 2011, the Company applied to consolidate the licence area into one master Sarfartoq EL.

FINANCIAL INSTRUMENTS

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

The carrying values of cash and cash equivalents, amounts receivable, deposits 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, 2011, 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, US dollars and Greenland dollars ("DKK") 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 years ended March 31, 2012 and 2011 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, 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 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: John Hick, Flemming Knudsen, John McConnell, John McDonald 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 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, 2011 the Company's deficit was $32,880,257.

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 $1.50 to a low of $0.42. There can be no assurance that continual fluctuations in price will not occur.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

Conversion to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") confirmed in February 2008 that IFRS will replace Canadian Generally Accepted Accounting Principles ("CAGAAP") for publicly accountable enterprises for financial periods beginning on or after January 1, 2011. The condensed consolidated interim financial statements (unaudited) for the nine months ended December 31, 2011 have been prepared in accordance with IAS 34 using accounting policies consistent with IFRS as issued by International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC").

These are the Company's first IFRS unaudited interim financial statements for part of the period covered by the first IFRS annual financial statements to be presented in accordance with IFRS for the year ending

March 31, 2012. Previously, the Company prepared its annual and interim financial statements in accordance with CAGAAP.

Transition to International Financial Reporting Standards

As stated in Note 2 of the Company's condensed interim financial statements (unaudited), these financial statements are prepared in accordance with IFRS and do not include all of the information and disclosures required in the annual financial statements under IFRS.

The accounting policies in Note 2 have been applied as follows:

- in preparing the condensed interim financial statements (unaudited) for the three and nine months ended December 31, 2011;
- the comparative information for the three and nine months ended December 31, 2010;
- the statement of financial position as at March 31, 2011; and
- the preparation of an opening IFRS statement of financial position on the Transition Date (April 1, 2010).

In preparing the opening IFRS statement of financial position, comparative information for the three and nine months ended December 31, 2011 and the financial statements for the year ended March 31, 2011, the Company has adjusted amounts reported previously in financial statements prepared in accordance with CAGAAP. Further details of the adjustments to the condensed interim statements of financial position and comprehensive loss, including various reconciliations, are disclosed in note 16 to the condensed interim financial statements (unaudited) for the nine months ended December 31, 2011.

The guidance for the first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. In preparing these financial statements for the transition from CAGAAP to IFRS, the Company has elected to apply the following exemptions:

IFRS 2 – Share-based payment transactions

IFRS 2 Share-based Payment has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before April 1, 2010.

IFRS 2, similar to CAGAAP, requires the Company to measure share-based payments related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, under IFRS 2, the recognition of such expense must be done with a "graded vesting" methodology as opposed to the straight-line vesting method allowed under CAGAAP. In addition, under IFRS, forfeitures estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods; while under CAGAAP, forfeitures of awards are recognized as they occur.

IAS 16 – Property, plant and equipment

IAS 16 Property, plant and equipment allows for property, plant and equipment to continue to be carried at cost less depreciation, same as under CAGAAP.

Reclassification within Equity Section

IFRS requires an entity to present reconciliation between the carrying amount at the beginning and end of the period for each component of equity, separately disclosing each change. The Company examined its "contributed surplus" account and concluded that as at the Transition Date, $1,118,776 relates to "Stock Options reserve" and $661,646 related to the grant date fair value of the expired warrants and options which was reclassed to "Other Reserve". As a result, the Company believes that a reclassification would be necessary in the equity section between "Contributed surplus" and the "Stock Options reserve", "Warrants reserve" and "Other reserve" accounts.

Future Accounting Pronouncements

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2011 reporting period. The following standards are assessed not to have any impact on the Company's financial statements:

IFRS 9	Financial Instruments
IFRS 7 (Amendment)	Financial Instruments: Disclosure
IAS 12 (Amendment)	Income Taxes
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 27 (Amendment)	Separate Financial Statements
IAS 28 (Amendment)	Investments in Associates and Joint Ventures

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 nine months ended December 31, 2011 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.