HUDSON RESOURCES INC

HUDSON RESOURCES INC.

(An Exploration Stage Company)

Management Discussion and Analysis

(Form 51-102F1)

For the Year Ended March 31, 2015

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. ("Hudson" or the "Company") during the year ended March 31, 2015 ("FY 2015") and to the date of this report. The MD&A supplements, but does not form part of, the audited financial statements of the Company and the notes thereto for the year ended March 31, 2015 (the "Financials"). Consequently, the following discussion of performance and financial condition should be read in conjunction with the Financials. The Financials have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

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

This MD&A contains information up to and including July 27, 2015.

FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 15 of this MD&A.

OUTLOOK

The White Mountain Anorthosite Project is the primary development focus for the Company. Laboratory and bulk commercial scale testing of samples by a number of potential customers in the E-glass (fiberglass) industry has indicated that the anorthosite has superior characteristics compared with the kaolin feedstocks currently being used. The Company is now focused on concluding off-take agreements and finalizing a mining permit in order to advance the project to production. As of the date of this MD&A, Hudson has:

- Submitted all the necessary documentation to the Greenland government in order to obtain the mine exploitation license;
- Completed the necessary community meetings together with the political representatives from the government;
- Successfully completed an 80 tonne commercial furnace test with Owens Corning and extracted an additional 40 tonnes of material for further testing by other parties;
- Advanced road construction and port development on site;
- Produced metallurgical and specialty grade alumina using a hydrochloric leach process in the lab; and
- Completed and published a preliminary economic assessment on the production of specialty grade alumina from White Mountain anorthosite.

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

Further development of the Sarfartoq Carbonatite Project, a source of certain rare earth minerals, is dependent upon the improvement in world market prices for such metals. These markets are much more cyclical than the demand for E-glass which is expected to grow at an annualized rate of 7-10% for the foreseeable future.

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. As at March 31, 2015, the Company had not yet achieved profitable operations, had a deficit of $45,854,026, and expects to incur further losses in the development of its business, all of which indicates material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability generate future profitable operations and / or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These financial statements do not give the effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realization values may be substantially different from carrying values as shown.

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

PROJECT UPDATE

Since the previous update provided in the Company's MD&A report dated February 20, 2015 in respect of the Company's financial statements for the 9 months ended December 31, 2014, Hudson has continued to advance the White Mountain anorthosite project towards development in Greenland.

The Company is in the final stages of converting the Naajat (White Mountain) exploration licence into an exploitation mining licence. Hudson has submitted all required documentation and completed the community consultation process. Information meetings were held in the towns of Kangaamiut, Maniitsoq, Itilleq, Kangerlussuaq, Sarfannguit and Sisimiut, which are located in the Qeqqata Kommunia (Municipality) and within 50km to 130km of the White Mountain project. Hudson, along with the Minister of Industry, Labour, Trade and Foreign Affairs, Vittus Quiaukitsoq, the Minister of Nature, Environment and Justice, Mala Kuko Hoy, and Mayor Herman Berthelsen of Qeqqata Municipality made presentations in each of the six communities.

The public consultation comment period ended on May 29th, 2015. Hudson is currently completing the Impact Benefit Agreement (IBA).

On March 30, 2015, Hudson announced the results of the preliminary economic assessment for the production of specialty grade alumina from the White Mountain anorthosite. The purpose of the study was to evaluate the economics of producing specialty grade alumina utilizing the anorthosite rock from Hudson's White Mountain project. The deposit is a monomineralic calcium aluminum silicate feldspar with very low impurities and high aluminum oxide (30%) content. The study was based on extensive metallurgical testwork over the last two years where Hudson successfully produced a high quality calcined alumina product suited to specialty non-metallurgical applications (refer to NR2014-05, December 11, 2014). The metallurgical flowsheet utilizes known technologies, does not produce any waste, and produces two potentially valuable co-products, amorphous silica (AS) and calcium silicate (CS). The study is based on shipping crushed anorthosite from Greenland for final processing in Eastern Canada or the US Gulf Coast, where there is a ready supply of natural gas and customers for the co-products.

To determine the economic viability of the project, this alumina study was developed as if it was a standalone project without any of the benefits associated with an existing mining operation.

Highlights of the Study include:

- Net Present Value of $205M at a 10% discount rate, after-tax.
- Internal after-tax rate of return (IRR) of 23.5% and a 3.9 year payback assuming a 20 year mine life.
- Initial capital costs of $184 million which includes a contingency of $33M and working capital of $17M, for a 1,100 tonne per day open-pit mine in Greenland and an off-shore processing facility in North America.
- Operating costs of $115/t, including shipping costs of $25/t between Greenland and North America.
- Revenue of $287/t of mined rock, based on an average specialty alumina, AS and CS selling prices of $850/t, $75/t and $75/t, respectively, of finished product, ex-plant.
- Annual sales of specialty alumina, AS and CS of 110,000, 85,000, and 199,000 tonnes, respectively, representing sales of 81%, 6% and 13%, by value.

The financial model is based on a two year construction period followed by shipments of 200,000 tonnes in year three, 300,000 tonnes in year four and 400,00 tonnes of anorthosite each year thereafter.

Net present value calculation are presented below:

	Mining Operation Greenland	Process Plant N.A.	Total Operation Net Present Value	
NPV @ 7.5%	$32M	$256M	$288M	
NPV @ 10%	**$23M**	**$182M**	**$205M**	**BASE CASE**
NPV @ 12.5%	$17M	$126M	$143M	
IRR	26.1%	23.2%	23.5%	

The financial model is most sensitive to changes in the specialty alumina price as evidenced in the table below. Hudson commissioned Ted Dickson of TAK Industrial Mineral Consultancy, to prepare a report titled "Non-metallurgical Alumina Market Study". The report noted that specialty alumina producers and grades can vary from $600/t to $3,000/t with most falling in the range $700/t to $1,200/t. In general the finer grain size, lower soda content, and higher degree of calcination/sintering/fusing achieve higher prices. Hudson Resources' inherently low soda content indicates that it could achieve premium prices of $1,000/t to $1,100/t. The report also comments on potential pricing for the AS and CS co-products resulting in a nominal value of $75/t being used for both. The after-tax Net Present Value at 10% is $83M if no value is attributed to the AS and CS.

For the purposes of the Study, Hudson has chosen to use a conservative base price of $850/t for specialty grade alumina to reflect that it would be a new entrant in the market with volumes of just over 100,000 tonnes per year at full production. With time, a range of higher added value products could be developed in order to achieve an average price of $1,000/t to $1,100/t.

Sensitivity in Net Present Value due to Changing Alumina Prices:

Specialty Alumina Price	Change in Alumina Price	Mining Operation Greenland	Process Plant N.A.	Total Operation Net Present Value	Change in Net Present Value	
$700	-18%	$23M	$88M	$111M	-46%	
$850	**0%**	**$23M**	**$182M**	**$205M**	**0%**	**BASE CASE**
$1,000	18%	$23M	$274M	$297M	45%	

Other than the sales price of the alumina, the model is most sensitive to the price of natural gas (Table 4). Natural gas is needed to calcine the aluminum chloride hexahydrate (ACH) to the alpha phase at above 1250 ºC and in the HCl acid recovery step. Hudson believes that low natural gas prices in North America are a significant reason why the anorthosite project can be competitive with the Bayer process to produce alumina. As a result, Hudson has determined that it is uneconomic to consider undertaking the final processing in Greenland since it would require importing liquid natural gas (LNG) to the site. Likewise, higher natural gas prices in Europe do not make the location there an attractive option.

Sensitivity in Net Present Value due to Changing Natural Gas Prices:

Natural Gas Price	Change in Natural Gas Price	Change in Net Present Value	Mining Operation Greenland	Process Plant N.A.	Total Operation Net Present Value	
$3.00	-25%	10%	$23M	$202M	$225M	
$4.00	**0%**	**0%**	**$23M**	**$182M**	**$205M**	**BASE CASE**
$5.00	25%	-10%	$23M	$162M	$185M	

Natural Gas Price	Indicative World Natural Gas Price Indices	Mining Operation Greenland	Process Plant N.A.	Total Operation Net Present Value
$2.68	Henry Hub (NA) - Feb 27/15	$23M	$209M	$232M
$8.27	EU NG Import Price - Feb 28/15	$23M	$96M	$119M
$13.37	Japan LNG - Feb 28/15	$23M	($9M)	$14M

Key parameters utilized in the study are as follows:

Greenland:

- Open pit mine processing 400,000 tonnes annually
- Two- staged crushing to generate a -1/4 inch product
- No other processing in Greenland required
- No indoor storage required and 100% of material processed is shipped (no tailings)
- Deep-water bulk shipping directly from the project

Process Plant:

- Alumina process plant established near source of natural gas and industrial chemicals
- Final site location will also depend on near-source demand for co-products AS and CS
- Grinding of anorthosite prior to entering leach reactor
- Filter and clean AS produced in leach reactor for sale and for use in acid regeneration on site
- Produce aluminum chloride hexahydrate (ACH) from leach filtrate by HCl sparging
- Two stages of calcination to purify and produce high quality/purity specialty calcined alumina
- HCl acid regeneration recovers the HCl and produces a CS industrial mineral product

The flowsheet utilized in the PEA is based on recent bench-scale metallurgical testwork at SGS Lakefield (see NR 2014-05, December 11, 2014). Hudson has posted a technical alumina presentation on it's website which includes a schematic of the flow diagram (http://www.hudsonresources.ca/files/HUD_2015-Alumina.pdf). The work was conducted under the supervision of John Goode. Based on these bench scale tests, the process was modelled using Aspen Plus, a leading chemical process simulation software package, by Mike Dry, of

Arithmetek Inc. The capital and operating costs were generated using the modelling software. At $185M in capital costs, the average cost per tonne of capacity is equivalent to $1,677/t. As a comparison, the recently constructed P.T. Indonesia Chemical Alumina plant, a joint venture between Showa Denko of Japan and PT ANTAM of Indonesia, cost $1,600/t of alumina capacity using the Bayer process.

Test work has also been initiated on the alumina by-products for use in industries such as cement and ceramics.

Qualifications

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

John R. Goode is the Qualified Person as defined by NI 43-101 who reviewed the preparation of the scientific and technical metallurgical information in this MD&A.

RESULTS FROM OPERATIONS

Selected Information

	For the year ended		
	March 31, 2015	**March 31, 2014**	**March 31, 2013**
Interest and miscellaneous income	$ 12,721	$ 57,950	$ 126,435
Net loss	(2,037,447)	(3,718,786)	(6,467,767)
Basic and diluted loss per share	$ (0.03)	$ (0.05)	$ (0.08)

As at:	**March 31, 2015**	**March 31, 2014**	**March 31, 2013**
Balance Sheet Data			
Cash and cash equivalents	$ 926,853	$ 2,367,811	$ 6,476,099
Resource properties	855,556	793,193	743,780
Total assets	$ 2,408,993	$ 4,051,505	$ 7,559,588

Three months ended March 31, 2015 (“Q4 2015”) compared with Three months ended March 31, 2014 (“Q4 2014”)

The Company incurred a net loss of $422,117 for Q4 2015 representing a decrease of $198,475 when compared with a net loss of $620,592 for Q4 2014. This decrease was primarily the result of a decrease in evaluation and exploration costs and management fees.

Evaluation and exploration costs decreased by $148,384 to $116,112 for Q4 2015 from $264,496 for Q4 2014. The decrease is primarily the result of the reduction in exploration activities on the White Mountain project in Q4 2015 compared to Q4 2014. During Q4 2015, the evaluation and exploration costs incurred on White Mountain project decreased by $152,924, to $110,708 from $263,632 for Q4 2014. The Company focused on completing the EIA and SIA reports on White Mountain during the period. The decrease in evaluation and exploration costs on the White Mountain project is primarily the result of the decrease of the following expenditures:

- Consulting decreased by $104,159;
- Assay and analysis decreased by $77,285; and
- Shipping decreased by $13,364.

Management fees were $110,000 for Q4 2015 compared to $235,000 for Q4 2014. The decrease in management fee was due to the bonuses paid to the Company's management during Q4 2014. No such bonuses were paid to management during Q4 2015.

Year ended March 31, 2015 ("YTD 2015") compared with year ended March 31, 2014 ("YTD 2014")

The Company incurred a net loss of $2,037,447 for YTD 2015 representing a decrease of $1,681,339 when compared with a net loss of $3,718,786 for YTD 2014. This decrease was primarily the result of a decrease in evaluation and exploration costs and management fees which was partially offset by the increase in share-based payments.

Evaluation and exploration costs decreased by $1,904,135 to $567,613 for YTD 2015 from $2,471,748 for YTD 2014. The decrease is primarily the result of the reduction in exploration activities on the White Mountain project in YTD 2015 compared to YTD 2014 which was partially offset by the decrease in recoveries in Sarfartoq project in YTD 2015 compared to YTD 2014. During YTD 2015, the evaluation and exploration costs incurred on White Mountain project decreased by $1,967,062, to $519,381 from $2,486,443 for YTD 2014. The Company focused on completing the EIA and SIA reports on White Mountain during the period. The decrease in evaluation and exploration costs on the White Mountain project is primarily the result of the decrease of the following expenditures:

- Helicopter decreased by $593,876;
- Consulting decreased by $412,703;
- Assay and analysis decreased by $272,564;
- Equipment decreased by $182,819;
- Shipping decreased by $149,114;
- Travel decreased by $115,398;
- Supplies decreased by $104,360; and
- Camp and portable shelters decreased by $64,852.

In addition, during YTD 2014, the Company received a refund of $138,000 from environmental consultants which related to the work done in previous years. This amount was recognized as a recovery in YTD 2014. No such recovery was recognized in YTD 2015.

Management fees were $440,000 for YTD 2015 compared to $540,000 for YTD 2014. The decrease in management fee was due to the bonuses paid to the Company's management during YTD 2014. No such bonuses were paid to management during YTD 2015.

Share-based payments were $517,542 for YTD 2015 compared to $186,663 for YTD 2014. This increase in share-based payments resulted from an increase in the number of options vesting and a corresponding increase in recognition of expense during the period.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Interest income	$ (3,053)	$ 1,121	$ 5,429	$ 9,224
Net loss	(422,117)	(373,488)	(537,965)	(703,877)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)

	Three months ended			
	March 31, 2014	December 31, 2013	September 30, 2013	June 30, 2013
Interest income	$ 32,929	$ 2,652	$ 4,774	$ 17,595
Net loss	(620,592)	(615,166)	(1,741,289)	(741,739)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)

LIQUIDITY AND CAPITAL RESOURCES

Hudson is completing the process to be granted an exploitation permit on the White Mountain project. With working capital of $743,686 as of March 31, 2015, the Company will require additional funds to conduct pre-construction activities at White Mountain in 2015 and to finance non-exploration and development operations for the next 12 months.

The development of the Company’s properties will depend on the Company’s ability to obtain additional required financing. While the Company has some ability to reduce its budgets and expenditures, which could extend the time before which it would need to raise additional funds, any such actions could have a negative effect on its business. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing exploration properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company’s interest in the Greenland exploration licenses overseen by the Government of Greenland, the Mineral Licence and Safety Authority (MLSA) formerly the Bureau of Minerals and Petroleum (“BMP”). The Company may, in the future, be unable to meet its obligations under such agreements to which it is a party and consequently, the Company’s interest in the properties subject to such agreements could be jeopardized.

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

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

The Company had working capital at March 31, 2015 of $743,686 (March 31, 2014 – $2,271,050). 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.

OUTSTANDING SHARE DATA

As at March 31, 2015 and the date of this MD&A, the Company had 81,486,766 common shares issued and outstanding.

During FY 2015, the Company granted 2,100,000 five-year options with an exercise price of $0.34 to the Company's officers, directors and employees. The options are exercisable for a period of five years. 25% of the options granted vested immediately at the date of grant and 12.5% will vest every three months thereafter.

Subsequent to March 31, 2015, 2,200,000 options with an expiry date of April 30, 2015 expired unexercised.

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

- 5,600,000 stock options outstanding, each of which is exercisable for one common share at prices ranging from $0.34 to $0.65.

RELATED PARTY TRANSACTIONS

During Q4 2015 and Q4 2014, respectively, the Company incurred the following expenses with a company with a common director and with directors and officers of the Company:

	For the year ended March 31, 2015			
	Management fees	Accounting and legal fees	Directors' fees	Total
President	$ 230,000	$ -	$ -	$ 230,000
Chief Financial Officer (1)	-	96,200	-	96,200
VP Project Development	210,000	-	-	210,000
Directors	-	-	100,000	100,000
	$ 440,000	**$ 96,200**	**$ 100,000**	**$ 636,200**

	For the year ended March 31, 2014			
	Management fees	Accounting and legal fees	Directors' fees	Total
President	$ 280,000	$ -	$ -	$ 280,000
Chief Financial Officer (1)	-	103,636	-	103,636
VP Project Development	260,000	-	-	260,000
Directors	-	-	100,000	100,000
	$ 540,000	**$ 103,636**	**$ 100,000**	**$ 743,636**

(1) The Company paid $96,200 (March 31, 2014 – $103,636) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer. Fees have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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

As at March 31, 2014, the balances due from related parties included in amounts receivable were $115,000. These amounts were received during the year ended March 31, 2015. The balance due from related parties as at March 31, 2015 was $nil.

The balances due to related parties included in trade payables and accrued liabilities were $34,144 as at March 31, 2015 (March 31, 2014 – $39,347). These amounts are unsecured and non-interest bearing.

COMMITMENTS

The Company currently has three exploration licences in Greenland, the Naajat EL (2002/06), the Sarfartoq EL (2010/40) and the Pingasut EL (2013/01). In 2014, Hudson was granted licence renewals on the Naajat and Sarfartoq EL's. Prior to that, in 2012, Hudson was granted two licence renewals. 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. In 2013, the licence area was further reduced to 92 sq. km. This reduced the exploration burden on the area while still maintaining 100% interest in the Sarfartoq Carbonatite Complex. The Naajat EL was renewed in 2013 for its industrial mineral potential for exploration years 11 and 12 and the licence area was reduced from 190 sq. km. to approximately 96 sq. km. The Naajat EL includes the White Mountain Anorthosite Project ("White Mountain"). In 2014, Hudson began the process of converting the Naajat exploration licence into an exploitation licence. This is expected to be completed in the 2015. In addition, Hudson applied for and was granted a non-exclusive prospecting licence for the west coast of Greenland. The licence allows the Company to prospect ground outside of its existing 3 licences. In the event that Hudson wishes to apply for a future exploration licence on additional areas, funds expended from the prospecting can be carried over to the new licence area.

Resource Properties

<u>Naajat (White Mountain) Mineral Claim (2002/06), Greenland</u>

The total work commitment for calendar 2014 was 4,259,720 DKK (approximately $850,000). The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. These work commitments for calendar 2014 have now been approved by the Greenland government. The Company's licence is currently in the process of being converted into an exploitation licence. Provided the licence is unchanged in 2015, total work commitment for calendar 2015 is 8,636,960 DKK (approximately $1,586,000). Hudson has accrued sufficient credits from previous expenditures to carry the licence beyond December 31, 2015.

<u>Sarfartoq Mineral Claim (2010/40), Greenland</u>

The total work commitment for calendar 2014 was 16,538,600 DKK (approximately $3,308,000). The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. These work commitments for calendar 2014 have now been approved by the Greenland government. The Company's licence has been renewed to December 31, 2017. Total work commitment for calendar 2015 is 33,528,000 DKK (approximately $6,156,000). Hudson has accrued sufficient credits from previous expenditures to carry the licence beyond December 31, 2015.

<u>Pingasut Mineral Claim (2013/01), Greenland</u>

This licence was granted on August 9, 2013. The total work commitment for calendar 2014 was 409,370 DKK (approximately $82,000). 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, 2018. Total work commitment for calendar 2015 is 390,940 DKK (approximately $72,000). Hudson has accrued sufficient credits from previous expenditures to carry the licence beyond December 31, 2015.

FINANCIAL INSTRUMENTS

The Company has designated its cash and cash equivalents, amounts receivable and deposits as loans and receivables and accounts payable and accrued liabilities 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 (Canadian financial institution with funds held secured by provincial government – AAA rated).

The Company manages liquidity risk by maintaining sufficient cash balance to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are current. Included in the loss for the period in the financial statements is interest income on Canadian dollar cash and cash equivalents. As at March 31, 2015, 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, Danish Krones ("DKK") and Euros ("EURO") 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 year ended March 31, 2015 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

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

Trends

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

Competitive Conditions

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

Environmental Factors and Protection Requirements

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

Mineral Exploration and Development

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

Operating Hazards and Risks

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

Economics of Developing Mineral Properties

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

Commodity Prices

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

Title

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

Governmental Regulation

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

(i) government regulations relating to such matters as environmental protection, health, safety and labour;

(ii) mining law reform;
(iii) restrictions on production, price controls, and tax increases;
(iv) maintenance of claims;
(v) tenure; and
(vi) expropriation of property.

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

Management and Directors

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

Conflicts of Interest

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

Limited Operating History: Losses

As the Company is still in the exploration phase of its development, it has experienced losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2015, the Company's deficit was $45,854,026.

Price Fluctuations: Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the past 12 months, the Company's share price fluctuated from a high of $0.55 to a low of $0.22. There can be no assurance that continual fluctuations in price will not occur.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

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

- IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015
- IFRS 9: New standard that replaced IAS 39 for classification and measurement, tentatively effective for annual periods beginning on or after January 1, 2018

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's unaudited interim financial statements for the year ended March 31, 2015 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.