HUDSON RESOURCES INC.

Management Discussion and Analysis
(Form 51-102F1)
For the Three and Nine Months Ended December 31, 2017

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. ("Hudson" or the "Company") during the three and nine months ended December 31, 2017 ("Q3 2018" and "YTD 2018", respectively) and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three and nine months ended December 31, 2017 (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 February 27, 2018.

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 16 of this MD&A.

OUTLOOK

The White Mountain Anorthosite (calcium feldspar) Project in Western Greenland is the primary focus for the Company. The Company is advancing the project towards production by mid-2018, with construction re-commencing in April 2018 and targeted to commence production in the second half of 2018. The anorthosite product has four major markets: a feed material for E-glass fiberglass production, a filler material in the production of paints and coatings, a source of alumina and other valuable by-products for the aluminum industry and for the production of a CO_2 free white cement.

OVERALL PERFORMANCE

Highlights of up to and including Q3 2018 and as of the Date of this Report

During Q3 2018 and to the date of this MD&A, the following highlights the Company's significant events:

Financing Activities

- Announced that Cordiant Capital ("Cordiant") committed and closed on both the Senior Loan and Subordinated Loan for total proceeds of US$22.5 million;
- Completed the US$9.5 million drawdown in July of the subordinated debt financing after satisfying the conditions of its loan financings; and
- Completed the US$13.0 million drawdown in January of the senior debt financing.

Development Activities

- Completed the majority of the civil works for the process plant, warehouse and accommodation complex;
- Completed the concrete foundations for the process plant, fuel farm and 95% of the product storage building;
- Completed the installation of the fuel farm which includes five 100,000 litre double walled tanks;
- Successfully barged 1,100 tonnes of steel and equipment to the site from Canada. Cargo included the project buildings, major components of the process equipment and mobile construction equipment including three cranes and 6-man lifts;

- Purchased and completed the dismantling, shipping and erection of the 44-person accommodation complex on site;
- Commenced installation of the truck shop;
- Extended the road to within 4km of the mine site;
- Installed the mooring system and moored the barge in place, which is now the floating dock. Several ships have already called on the Hudson port, including Royal Arctic's largest container ship; and
- Continued with fabrication of steel components including structural steel, bins and chutes and conveyors in Canada. Hudson has shipped over 50% of these components in 40' containers which are now in Greenland. The remaining steel components are expected to be shipped in the next two months.

GENERAL

As at December 31, 2017, the Company was a development stage mineral company listed on the TSX Venture Exchange, engaged in the acquisition, exploration and development of mineral properties. As of July 17, 2017, the Company entered the development phase of its Naajat (White Mountain or Qaqortorsuaq in Greenlandic) Mineral Claim. The recoverability of the amounts shown for resource assets is dependent upon the ability of the Company to obtain the necessary financing to complete the 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 YTD 2018 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

On July 17, 2017, the Company completed a debt funding arrangement with Cordiant for a Senior Loan of US$13 million and a Subordinated Loan of US$9.5 million, for a total of US$22.5 million (collectively, the "Loan Agreement") for Hudson's White Mountain Anorthosite Project in Greenland (the "Project") through its 100% owned Greenland subsidiary, Hudson Greenland A/S. It was originally contemplated that the European Investment Bank ("EIB") would assume the Senior Loan; however, based on discussions to date it was determined that the loan would remain as is with Cordiant, with Cordiant retaining the right to syndicate it. (See Hudson News Release NR2017-11 dated July 17, 2017).

As of the date of this MD&A, the Company holds cash of approximately $10.0 million, of which $1.3 million has been set aside as a reclamation bond, $1.3 million in a debt service ratio account as part of the Loan Agreement and $7.2 million in the blocked account until required by the Company. In addition to this, the Company will require additional funds to complete the project and maintain sufficient working capital. Total cash outflow in respect of operating and investing activities for YTD 2018 was $4,501,519 and $25,569,332, respectively.

The amount of the Company's administrative expenditures is related to the level of financing and development activities that are being conducted, which in turn may depend on the Company's ability to complete the construction of the Project within budget and on time, on recent other exploration activities and prospects, and on general market conditions relating to the availability of funding for exploration and development 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 last MD&A report dated November 29, 2017 in respect of the Company's financial statements for the second quarter ended September 30, 2017, Hudson has continued with the construction of the Project. The 2017 construction activities were completed safely and on schedule.

In December 2017, Hudson announced the following:

- The completion of the concrete foundations for the process plant, fuel farm and 95% of the product warehouse building;
- The completion of the installation of the 500,000-litre diesel fuel farm which is comprised of five 100,000 litre double walled tanks. In November, Hudson received 270,000 litres of arctic grade diesel by fuel ship – enough to complete project construction;
- The successful barging of 1,100 tonnes of goods to site from Canada. Cargo included the project buildings, major components of the process equipment, the ship loader, three mobile cranes and 6-man lifts;
- The completion of the shipping and erection of the 44-room accommodation complex. This accommodation complex will house the construction team and will then be used for operations;
- The completion of the port including the mooring of Hudson's 90m x 30m barge, which will be the permanent wharf for the mine. Three ships have already called on the Hudson port, including Royal Arctic's largest container ship, the Naja Acrtica;
- The completion of the structural components of the truck shop which will be finished early next year; and
- The extension of the road to within 4 kilometers of the mine site.

Hudson is now focused on working towards calendar year 2018 activities with the goal of shipping product to customers by the second half of 2018.

On October 15, 2017, Hudson's barge arrived at the Project from Sydney Nova Scotia with 1,100 tonnes of cargo including 52 shipping containers and several pieces of mobile construction equipment. Major cargo components included the process plant building, product warehouse building, truck shop building, 3 mobile cranes, 6-man lifts, the ship loader and associated conveyors, screening equipment for the process plant, structural steel and construction equipment. The barge was unloaded and the cargo stored around the project area in preparation for construction.

Prior to unloading, the barge was secured to the shoreline by a unique and robust mooring system designed by Hudson which includes a number of forward and aft chain lines, spring lines and stiff legs to keep the barge 10m off shore. This provides a minimum of 20m draft which will allow any size ship to dock at the port, providing Hudson with more flexibility in the future for delivery of materials to site and shipping of product.

The Company purchased a 44-man camp, which was located in Nuuk, the capital of Greenland. The facility was dismantled, moved and erected on site in October and November. The facility will be instrumental in providing high quality accommodation to construction and operating staff.

A large majority of the process equipment and buildings have been delivered and are safely stored at site ready for erection to commence in April 2018. Additional equipment is in transit with the remaining equipment to be delivered over the next few months. The objective is to begin plant commissioning this summer with product shipping to customers in the second half of 2018. With this in mind, the Company continues to work with the Greenland government to encourage local employment and ensure all operating conditions under the mining licence and impact benefits agreement (IBA) are met.

In January 2018, Hudson announced that it has now completed initial research and development activities and has confirmed that the White Mountain anorthosite (calcium feldspar) can be used to make a CO2 free, heat-resistant, acid-resistant, white cement. Hudson believes this cement has numerous potential applications including white or coloured architectural concrete, fibre reinforced cement, refractory castable pieces, fire-proof building materials, and hazardous waste containment.

Hudson has been working with researchers at The University of British Columbia's Ceramics and Refractories Research and Testing Laboratory (UBCeram) for the past year using the White Mountain anorthosite to create

Chemically Bonded Anorthosite Cements (CBAC), Concretes and Composites. Hudson has branded the new anorthosite concrete as AnoCrete.

In the spring of 2016, based on research from existing phosphate cements, Hudson discovered that by adding phosphoric acid to its crushed anorthosite, a cementitious material could be created at room temperature. In comparison, Ordinary Portland Cement (OPC) requires the high temperature processing of limestone which releases a significant amount of CO2 into the atmosphere.

According to the Cement Sustainability Initiative, the cement industry causes five percent of global man-made CO2 emissions annually. Every tonne of Portland cement produced contributes 0.9 tonnes of CO2 to the environment. The CO2 emissions generated in the production of Hudson's anorthosite cement are limited to the contribution from the production of the anorthosite (mainly crushing and transportation of ore) and the production of phosphoric acid (estimated as low, neutral or in some cases negative when using modern technologies – https://www.researchgate.net/publication/235704822).

The main objective of Hudson's research to date has been to develop a sustainable, low to zero CO2 cement with superior appearance (white colour) and heat and acid resistance in comparison to OPC. The research has achieved excellent results in a very short period of time. Initial research was completed at McGill University in Montreal. In the summer of 2017, UBCeram, in conjunction with Hudson, was awarded a Natural Sciences and Engineering Research Council of Canada (NSERC) grant to conduct research and define a path to commercialization.

Testing to date has successfully demonstrated that AnoCrete exceeds the OPC minimum ASTM C150 compressive strength of 28MPa after 28 days. The properties of AnoCrete are affected by ambient heat, the amount of added phosphoric acid and the particle size of the anorthosite. Additional research is ongoing to perfect the mix and determine how various additives can be used to improve performance characteristics.

UBCeram research has identified a number of key properties which support Anocrete being a premium product, including:

- Low to net zero CO2 emission
- High whiteness
- High durability (insoluble in water and acidic solutions, resistant to sulphate solutions)
- Potential to produce a lightweight cement
- Strength comparable to OPC
- High heat resistance (up to 1200°C before it started to turn into glass).
- Alkali, thermal shock, and abrasion resistant

Hudson believes AnoCrete may be used in the following applications:

- Structural cements such as white architectural cement concrete, heat-reflecting cement for warm climates, marine cement, borehole sealant for deep oil and gas wells, and premixed just-add-water cement for homeowners
- Cost effective, hard and chemically resistant ceramic components such as countertops and tiles
- High temperature materials such as monolithic and castable refractories for the metal industry, insulating firebricks and foams, fireproof panels
- Lightweight acid resistant composite materials compatible with E-glass and steel fibres
- Encapsulation of nuclear waste including Caesium, Strontium, Barium and Technetium
- Stabilization of hazardous waste such as mine tailings, municipal solid waste, industrial sludge, contaminated soils, and smelter slags

These applications are all high value cements in comparison with OPC. For example, white cement commands a significant premium over grey OPC. Increases in carbon taxes (Canada recently announced a carbon tax of $50 per tonne by 2022) can be expected to significantly increase OPC prices. Hudson believes that AnoCrete can be more than price competitive with these OPC-based high value cements while having a net zero CO_2 impact.

This development further diversifies the White Mountain anorthosite's potential revenue streams. Hudson now envisages the anorthosite product being used in the manufacture of structural E-Glass fibre, as a filler and extender in paints and plastics, as a primary feed material in the production of alumina and as a source of CO_2 free white cement.

The following is a summary of total costs incurred on the Project as of December 31, 2017. In an effort to summarize the full cost of the Project, the table includes Pre-development costs, which have been expensed and Development costs which have been capitalized as of July 17, 2017:

	Pre-development costs				Development costs	
	Cumulative costs incucrred as of March 31, 2017	Cost incurred from April 1, 2017 to July 17, 2017	Costs transferred from Equipment and exploration and evaluation assets	Total costs incurred	Cost incurred from July 18, 2017 to December 31, 2017	Cumulative costs incucrred as of December 31, 2017
Acquisition costs / license fees	$ -	$ -	$ 224,843	$ 224,843	$ -	$ 224,843
Adminstrative	-	347,972	-	347,972	728,493	1,076,465
Assay and analysis	1,105,233	5,484	-	1,110,717	3,663	1,114,380
Borrowing costs	-	-	-	-	827,160	827,160
Buildings	-	-	3,045,606	3,045,606	2,421,794	5,467,400
Camp and portable shelters	344,839	-	-	344,839	966,627	1,311,466
Consulting	2,220,562	164,339	-	2,384,901	131,340	2,516,241
Depreciation	-	-	-	-	1,098,484	1,098,484
Drilling	582,612	111,204	-	693,816	101,278	795,094
Engineering	-	608,719	-	608,719	209,276	817,995
Explosives	-	68,415	-	68,415	7,565	75,980
Fuel	40,382	162,385	-	202,767	153,674	356,441
Geophysical data	53,272	-	-	53,272	-	53,272
Helicopter	1,689,703	42,738	-	1,732,441	17,701	1,750,142
Land improvements	-	-	1,439,535	1,439,535	501,856	1,941,391
Legal	71,291	-	-	71,291	-	71,291
Parts and spares	524,930	526,868	-	1,051,798	160,086	1,211,884
Project management	-	1,028,173	-	1,028,173	250,755	1,278,928
Reclamation	1,541,533	-	-	1,541,533	-	1,541,533
Shipping	634,985	623,066	-	1,258,051	1,733,129	2,991,180
Supplies	449,071	769,277	-	1,218,348	541,305	1,759,653
Travel	506,671	300,040	-	806,711	562,906	1,369,617
Wages and benefits	95,374	-	-	95,374	-	95,374
Total	$ 9,860,458	$ 4,758,680	$ 4,709,984	$ 19,329,122	$ 10,417,092	$ 29,746,214

Note that as of July 17, 2017, the Company has transitioned to the development stage for the Naajat mineral claim; as a result of the transition, all expenditures going forward will be recorded capitalized as development assets.

The Company also holds a 100% interest in the Sarfartoq Rare Earth Project. Further development of the Sarfartoq Project is dependent upon the improvement in world market prices for rare earths. In December 2015, the Greenland government granted the Company a 2-year exploration commitment holiday. In December 2017, the Greenland government extended the exploration commitment holiday for an additional year. As a result, the Company will be able to carry accrued work commitments beyond the current December 2017 license renewal date with credits available until December 31, 2020. In December 2017, Hudson applied to extend the license for an additional 3-year period.

Qualifications

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

RESULTS FROM OPERATIONS

Selected Information

	For the nine months ended		
	December 31, 2017	December 31, 2016	December 31, 2015
Interest and miscellaneous income	$ 17,399	$ 6,083	$ 18,857
Net loss	(5,938,929)	2,663,845	(3,663,568)
Basic and diluted loss per share	$ (0.04)	$ (0.03)	$ (0.04)

As at:	**December 31, 2017**	**March 31, 2017**	**March 31, 2016**
Balance Sheet Data			
Cash and cash equivalents	$ 1,791,459	$ 6,382,573	$ 1,476,790
Restricted cash	3,558,826	-	-
Equipment	10,795,900	4,276,396	2,161,672
Reclamation bonds	1,345,847	-	-
Resource properties	769,682	988,351	947,678
Development assets	15,358,103	-	-
Total assets	$ 35,726,275	$ 17,798,894	$ 4,648,476

Three months ended December 31, 2017 ("Q3 2018") compared with three months ended December 31, 2016 ("Q3 2017")

The Company incurred a net loss of $137,993 for Q3 2018 representing a decrease of $713,192 when compared with a net loss of $851,185 for Q3 2017.

Evaluation and exploration costs decreased by $432,145 to $1,136 for Q3 2018 from $433,281 for Q3 2017. The decrease is primarily the result of the decrease in pre-development activities on the Project in Q3 2018 compared to Q3 2017. Pre-development activities on the Project were incurred up to date of transition to the development phase on July 17, 2017. Costs incurred on the Project during Q3 2018 were capitalized as development assets.

Foreign exchange gain increased by $274,625 to $266,835 for Q3 2018, from a foreign exchange loss of $7,790 for Q2 2017 mainly due to the fluctuations in the exchange rates between the Canadian dollar, United States dollar, Danish Krone and Euro.

Depreciation expenses decreased to $404 for Q3 2018 from $94,424 for Q3 2017. The depreciation charged for equipment used for the Project was capitalized as development assets during Q3 2018.

The decrease in net loss during Q3 2018 compared to Q3 2017 was partially offset by the increase in professional fees.

Professional fees increased by $109,610 to $171,666 for Q3 2018 from $62,056 for Q3 2017. The increase is primarily the result of the increase in business activities on the Project in Q3 2018.

Nine months ended December 31, 2017 ("YTD 2018") compared with nine months ended December 31, 2016 ("YTD 2017")

The Company incurred a net loss of $5,938,929 for YTD 2018 representing an increase of $3,275,084 when compared with a net loss of $2,663,845 for YTD 2017.

Evaluation and exploration costs increased by $3,536,569 to $4,761,440 for YTD 2018 from $1,224,871 for YTD 2017. The increase is primarily the result of the increase in pre-development activities on the Project in YTD 2018 compared to YTD 2017. Pre-development activities on the Project were incurred up to date of transition to the development phase on July 17, 2017.

Management fees were $502,500 for YTD 2018 compared to $330,000 for YTD 2017. The increase in management fees was due to the bonuses paid to the Company’s management during YTD 2018. No such bonuses were paid to management during YTD 2017.

Professional fees increased by $112,689 to $41,396 for YTD 2018 from $298,707 for YTD 2017. The increase is primarily the result of the increase in business activities on the Project in YTD 2018.

The increase in net loss during YTD 2018 compared to YTD 2017 was partially offset by the increase in foreign exchange gain and the decrease in share-based payments.

Foreign exchange gain increased by $556,804 to $538,513 for YTD 2018, from a foreign exchange loss of $18,291 for YTD 2017 mainly due to the fluctuations in the exchange rates between the Canadian dollar, United States dollar, Danish Krone and Euro.

Share-based payments were $22,148 for YTD 2018 compared to $182,117 for YTD 2017. This decrease in share-based payments resulted from a decrease in the number of options vesting and a corresponding decrease in recognition of expense during the period.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Interest income	$ 254	$ 1,411	$ 15,734	$ 5,126
Net loss	(137,993)	(2,386,746)	(3,414,190)	(2,981,666)
Basic and diluted loss per share	$ (0.00)	$ (0.02)	$ (0.02)	$ (0.03)

	Three months ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Interest income	$ 1,220	$ 1,585	$ 3,278	$ 3,171
Net loss	(851,185)	(1,068,873)	(743,787)	(483,883)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

The Company’s net losses are mainly due to pre-development costs, share-based payments and general and administrative costs that vary from quarter to quarter based on planned pre-development activities and resource constraints. Net losses in the last eight quarters were relatively consistent except for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017. The net loss increased during the quarter ended March 31, 2017 mainly due to the recognition of the reclamation obligation of the resource properties. The net loss increased during the quarter ended June 30, 2017 mainly due to the increase in exploration and evaluation costs. During the quarter ended September 30, 2017, the Company entered the development phase of its Naajat (White Mountain) Mineral Claim; as a result of the transition, the costs incurred on the Naajat (White Mountain) Mineral Claim upon entering the development phase were capitalized as development asset instead of expense as exploration and evaluation costs. The change in accounting policy for the costs incurred on Naajat (White Mountain) Mineral Claim began to decrease the net loss (upon transition to the development phase on July 17, 2017) during the quarter ended September 30, 2017 and significantly decreased during the quarter ended December 31, 2017. The Company prepared the financial statements for the periods indicated above in accordance with International Financial Reporting Standards (“IFRS”).

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was $2,469,867 as of December 31, 2017, which included a note payable of $1,271,111. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital and long-term debt.

On July 17, 2017, the Company completed the debt funding arrangement with Cordiant for debt financing of up to US$13 million on the Senior Loan and US$9.5 million on the Subordinated Loan for Hudson's White Mountain Anorthosite Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S. Cordiant committed to both the Senior Loan and Subordinated Loan; the European Investment Bank will not participate in the funding arrangement. On August 1, 2017, the Company drew down the Subordinated Loan for US$9.5 million. On October 10, 2017 and November 7, 2017, the Company withdrew US$3.9 million and US$4.5 million of the Senior Loan. Subsequent to December 31, 2017, the Company withdrew the remaining US$4.6 million from the Senior Loan.

The continued development of the Company's properties over the next 12 months will depend on the Company's ability to complete the construction of the project and obtain the required financing to do so. 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 the other existing exploration properties beyond the anorthosite development project. Failure to obtain additional financing could result in delay or indefinite postponement of the completion of the Project and 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, Mineral Licence and Safety Authority ("MLSA"). 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) or by obtaining debt financing, in order to finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising the required financing.

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

The Company invests its cash balances in term deposits with Canadian banks.

OUTSTANDING SHARE DATA

At December 31, 2017 and March 31, 2017, respectively, the Company had 136,779,873 and 134,604,873 common shares issued and outstanding.

During YTD 2018:

- 2,175,000 options were exercised; and
- 175,000 options expired unexercised.

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

- 27,009,053 share purchase warrants outstanding, each of which is exercisable for one common share at prices ranging from $0.50 to $0.75.
- 7,140,000 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 YTD 2018 and YTD 2017, respectively, the Company incurred the following expenses for directors and officers of the Company:

	For the nine months ended	
	December 31, 2017	**December 31, 2016**
Short-term employee benefits - management fees (1)	**$ 1,000,000**	$ 330,000
Short-term employee benefits - professional fees (2)	**194,480**	109,720
Short-term employee benefits - exploration and evaluation costs	**-**	40,000
Short-term employee benefits - directors' fees	**75,000**	75,000
Share-based payments	**-**	175,370
	$ 1,269,480	$ 730,090

(1) During YTD 2018, the Company incurred $1,000,000 of management fees of which $502,500, $364,167 and $133,333 were recognized as management fees, project management in exploration and evaluation costs and development assets, respectively. During YTD 2017, no management fees were recognized as project management in exploration and evaluation costs.

(2) The Company paid $194,480 in YTD 2018 (YTD 2017 – $109,720) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

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 accounts payable and accrued liabilities were $92,212 as at December 31, 2017 (March 31, 2017 – $49,128). These amounts are unsecured and non-interest bearing.

As at December 31, 2017, an amount of $17,172 (March 31, 2017 – $nil) was due from a related party of the Company. These amounts were paid subsequent to December 31, 2017.

COMMITMENTS

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

Resource Properties

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

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

Sarfartoq Mineral Claim (2010/40), Greenland

The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. In 2015, the Company's license was renewed to December 31, 2017. Subsequently, in December 2015, the Greenland government granted the Company a 2-year exploration commitment holiday. In December 2017, the Greenland government extended the exploration commitment holiday for an additional year. As a result, the Company will be able to carry accrued work commitments beyond the current December 2017 license renewal date with credits available until December 31, 2020. In December 2017, Hudson applied to extend the license for an additional 3-year period.

Pingasut Mineral Claim (2013/01), Greenland

The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. This license was granted on August 9, 2013. The Company's license expires December 31, 2018. Total work commitment for calendar 2017 was 1,512,180 DKK (approximately $300,000). Hudson has accrued sufficient credits (2,475,727 DKK) from previous expenditures to carry the license beyond December 31, 2017, with credits available until December 31, 2018.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in note 18 of our unaudited condensed consolidated interim financial statements for the nine months ended December 31, 2017. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the audited consolidated financial statements for the year ended March 31, 2017.

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 development stage mineral company listed on the TSX Venture Exchange and engaged in the acquisition, exploration and development of mineral properties. The recoverability of the amounts shown for resource assets is dependent upon 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 nine months ended December 31, 2017 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 pre-development activities that are being conducted, which in turn may depend on the Company's recent experience and prospects, as well as the general market conditions relating to the availability of funding for development-stage resource companies. Consequently, the Company does not acquire properties or conduct work programs 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 are no assurances 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 (Sarfartoq Mineral Claim and Pingasut Mineral Claim) and development stage (Naajat (White Mountain) Mineral Claim). 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 and development 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 calcium feldspar anorthosite and possibly 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 has transitioned from the exploration phase to the development phase, 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, 2017, the Company's deficit was $61,585,917.

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 $0.80 to a low of $0.38. There can be no assurance that continual fluctuations in price will not occur.

Indebtedness Owing Under Senior Secured Notes

On July 17, 2017, the Company completed the debt funding arrangement from Cordiant for a Senior Loan of US$13 million and a Subordinated Loan of US$9.5 million, for a total of US$22.5 million for Hudson's White Mountain Anorthosite Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S. In connection with the debt funding arrangement, the Company provided security in respect to its obligation to pay all principal and interest owing under the Subordinated Loan and the Senior Loan in the form of a charge over substantially all of the Company's assets.

The Subordinated Loan and the Senior Loan have a term of seven years, maturing on July 15, 2024. Semi-annual principal repayments start on January 15, 2020. Prior to that only interest payments are required. The Senior Loan carries an interest rate of $US six-month LIBOR plus 6.5%. The rate increases to LIBOR plus 9.5% after July 15, 2018 in the event that Cordiant remains the holder of the loan. Cordiant may syndicate the loan prior to then, in which case the rate will remain LIBOR plus 6.5%. The Subordinated Loan's rate is $US six-month LIBOR plus 9.5%. Should the Company fail to meet its obligations to the holders of the Subordinated Loan and the Senior Loan (collectively the "Loan Holders"), such default could result in the Loan Holders' decision to realize on their security.

Financial Resources

The Company's ability to continue its development activities depends primarily on the Company's ability to obtain debt financings, equity financings, sale of assets or some combination of these or other means. There can be no assurance that any such arrangements will be concluded and the associated funding obtained. There can be no assurance that the Company will have sufficient cash to meet its obligations as they become due or will obtain necessary financing on acceptable terms, if at all. The failure of the Company to meet its on-going obligations on a timely basis will likely result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its properties. The Company's current priority is to continue to develop the White Mountain Anorthosite Project in Greenland.

Currency Fluctuations

The Company presently maintains its accounts in Canadian and US dollars. The senior and subordinated loans are denominated in US dollars. Due to the nature of its operations in Greenland, the Company also maintains accounts Danish krone. The Company's operations in Greenland and its proposed exploration and development expenditures in Greenland are denominated in DKK, US dollars and EURO, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially adversely affect the Company's financial position and results.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

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

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

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

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, 2017 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.