HUDSON
RESOURCES INC

HUDSON RESOURCES INC.

Management Discussion and Analysis
(Form 51-102F1)
For the Six Months Ended September 30, 2018

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. ("Hudson" or the "Company") during the six months ended September 30, 2018 ("Q2 2019") and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the six months ended September 30, 2018 (the "Financials"). Consequently, the following discussion of performance and financial condition should be read in conjunction with the Financials, which 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.hudsonresourcesinc.com.

This MD&A contains information up to and including November 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 15 of this MD&A.

OUTLOOK

The White Mountain Anorthosite (calcium feldspar) Project in Western Greenland is the primary focus for the Company. The Company has completed construction of the project and is in the process of commissioning the project with the goal of shipping its first finished product in January 2019. The first product is intended to be shipped to one of Hudson's customers with which the company has a 10-year purchase agreement. 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. The Company recently announced that it has received favourable test results when using the company's anorthosite (trade named "GreenSpar") in paint and clear coating formulations and is working with potential customers who are currently testing our products with the objective of achieving offtake agreements in this new market area.

OVERALL PERFORMANCE

Highlights for the six months ended September 30, 2018 and as of the Date of this Report

The following highlights the Company's significant events to date:

Financing Activities

- Completed an equity financing at $0.45 per share for total proceeds of $18.5M to be used to complete construction, cover upcoming working capital and meet various debt commitments.
- Repaid note payable of $1.3M
- Repaid US$1.1M in interest on loan payable

Development Activities

- Completed construction of the White Mountain anorthosite project
- Commenced commissioning activities with objective to make first shipment in January 2019

Corporate Activities

- Instituted a number of key changes on the board and in management as discussed in the Company's MD&A dated August 23, 2018

GENERAL

As at September 30, 2018, the Company is 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 generate revenue from sales, and while it has been successful in obtaining financing 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 Q1 2019 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 Capital Inc., of Montreal, 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.

As of the date of this MD&A, the Company holds cash of approximately $7.1 million. Set aside within this balance in blocked accounts is $1.8 million as debt service ratio cover as part of the Loan Agreement and $2.1 million as a reserve for working capital. The Company also has $3.2 million in its operating accounts. Total cash outflow in operating and investing activities for the current six month period were $2.9 million and 7.7 million respectively; net cash inflow from financing activities was $16.5 million.

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. 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 dated August 23, 2018 in respect of the Company's financial statements for the first quarter ended June 30, 2018, the Company announced on November 26, 2018 that it has now completed the construction of the Project and has initiated commissioning activities. The Company is also exploring other revenue streams from its White Mountain anorthosite.

In early Q1 2019, the Company re-commenced activities in Greenland completing the accommodation complex and the truck shop shortly thereafter. Between June and November of this year, the Company erected the process plant, warehouse, and the remaining infrastructure required to transport rock from the mine site 11 km away.

Hudson's workforce, including sub contractors, fluctuated between 30 and 45 personnel over the course of construction. There is currently a workforce of between 18 and 24 on site for commissioning and other work.

Included in the work this year are the following:

- Process plant building was completed.
- Product storage building was completed.
- All major mechanical equipment including conveyors, hoppers and chutes were installed.
- Lillegaarden EL of Denmark completed all electrical installations.
- The road from the port to the mine was completed.
- The process plant generators (3 x 630 kVA) including the control room are in place.

- The process plant automation room has been put in place adjacent to the process plant.
- Hudson received a new Sandvik DX800 production drill and Hyundai HL980 wheel loader for operations.

The current objective is to complete plant commissioning within 4 to 6 weeks. At this point, the plan is to ship finish product to the US east Coast in the beginning of 2019. In keeping with this schedule, the Company continues to work with the Greenland government to encourage local employment and ensure all operating conditions under the mining licence and the Impact Benefits Agreement (IBA) are met.

The following is a summary of total costs incurred on the Project as of September 30, 2018. 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 March 31, 2018	Cost incurred from April 1, 2018 to September 30, 2018	Cumulative costs incucrred as of September 30 2018
Acquisition costs / license fee	$ -	$ -	$ 224,843	$ 224,843	$ -	$ -	$ 224,843
Administrative	-	-	-	-	886,749	683,193	1,569,942
Assay and analysis	1,105,233	5,484	-	1,110,717	5,866	9,615	1,126,198
Borrowing costs	-	-	-	-	1,605,094	1,914,382	3,519,476
Buildings	-	-	3,045,606	3,045,606	2,446,369	4,110,224	9,602,199
Camp and portable shelters	344,839	-	-	344,839	1,207,375	326,419	1,878,633
Consulting	2,220,562	164,339	-	2,384,901	136,474	1,826	2,523,201
Depreciation	-	-	-	-	1,892,590	1,724,722	3,617,312
Drilling	582,612	111,204	-	693,816	101,278	-	795,094
Engineering	-	608,719	-	608,719	251,756	110,534	971,009
Explosives	-	68,415	-	68,415	7,565	-	75,980
Fuel	40,382	162,385	-	202,767	164,931	252,447	620,145
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	501,848	-	1,941,383
Legal	71,291	-	-	71,291	-	-	71,291
Parts and spares	524,930	526,868	-	1,051,798	161,429	98,774	1,312,001
Project management	-	1,028,173	-	1,028,173	378,900	740,984	2,148,057
Reclamation	1,541,533	-	-	1,541,533	-	-	1,541,533
Shipping	634,985	623,066	-	1,258,051	2,485,353	422,709	4,166,113
Supplies	449,071	769,277	-	1,218,348	548,448	317,020	2,083,816
Travel	506,671	300,040	-	806,711	592,796	650,588	2,050,095
Wages and benefits	95,374	-	-	95,374	-	-	95,374
Total	$ 9,860,458	$ 4,410,708	$ 4,709,984	$ 18,981,150	$ 13,392,522	$ 11,363,437	$ 43,737,109

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 are 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 in to 2019.

Qualifications

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

RESULTS FROM OPERATIONS

Selected Information

	For the six months ended		
	September 30, 2018	September 30, 2017	September 30, 2016
Interest and miscellaneous income	$ 42,377	$ 17,145	$ 4,863
Net loss	(3,018,285)	5,800,936	(1,812,660)
Basic and diluted loss per share	$ (0.02)	$ (0.04)	$ (0.02)

As at:	September 30, 2018	March 31, 2018	March 31, 2017
Balance Sheet Data			
Cash and cash equivalents	$ 7,264,709	$ 2,296,303	$ 6,382,573
Restricted cash	3,874,040	5,337,736	-
Equipment	13,162,570	12,201,223	4,276,396
Reclamation bonds	2,009,940	2,129,850	-
Resource properties	769,682	769,682	988,351
Development assets	29,283,865	19,241,194	-
Total assets	$ 56,498,264	$ 43,290,184	$ 17,798,894

Six months ended Sep 30, 2018 ("YTD 2019") compared with six months ended September 30, 2017 ("YTD 2018")

The Company incurred a net loss of $3,018,285 for YTD 2019 and a net loss of $5,800,936 for YTD 2018.

Evaluation and exploration costs decreased by $4,738,010 to $22,294 for YTD 2019 from $4,760,304 for YTD 2018. The decrease is the direct result of the decrease in pre-development activities on the Project in YTD 2019 compared to YTD 2018. 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 since were capitalized as development assets.

Depreciation expenses decreased to $3,316 for YTD 2019 from $396,583 for YTD 2018. The depreciation charged for equipment used for the Project was capitalized as development assets during YTD 2019.

Personnel costs were $417,530 for YTD 2019 compared similarly to $421,250 for YTD 2018. The decrease reflects bonuses paid to the Company's management during YTD 2018 but offset by an increased number of staff in the current quarter as activities increased in the Company. No such bonuses were paid to management during YTD 2019.

Professional fees decreased by $56,747 to $182,983 in the current year from $239,730 in the prior year due to additional fees spent last year relating to debt financing efforts.

Foreign exchange loss increased by $1,586,838 to $1,315,160 for YTD 2019, from a foreign exchange gain of $271,678 for YTD 2018 mainly due to the fluctuations in the exchange rates between the Canadian dollar, United States dollar, Danish Krone and Euro. Much of the loss in the current quarter was the result of the strength in the US Dollar and Canadian Dollar against the Danish Krone, which is the functional currency of the Company's subsidiary, during this period and where development activities have increased substantially year over year, and where the loans are denominated in USD. The weaker Danish Krone resulted in a large unrealized foreign exchange loss upon revaluation of the USD Cordiant loans.

Share-based payments were $807,588 for YTD 2019 compared to $17,789 for YTD 2019. This increase in share-based payments resulted from the options granted during Q1 2019.

The Company recorded $42,377 in interest income in YTD 2019 compared to $17,145 in YTD 2018 as a result of higher cash balance on hand during the current period after the equity financing in Q1 2019.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Interest income	$ 42,377	$ -	$ 8	$ 254
Net loss	(728,867)	(2,289,418)	364,065	(137,993)
Basic and diluted loss per share	$ (0.00)	$ (0.02)	$ -	$ -

	Three months ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Interest income	$ 1,411	$ 15,734	$ 5,126	$ 1,220
Net loss	(2,386,746)	(3,414,190)	(2,981,666)	(851,185)
Basic and diluted loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (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. 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 March 31, 2018 and June 30, 2018. The net income in the quarter ended March 31, 2018 was primarily the result of a large foreign exchange gain recognized due to the weakness of the Canadian Dollar against the Danish Krone. The net loss in the quarter ended June 30, 2018 was the combination of a large foreign exchange loss associated with the re-strengthening of the Canadian Dollar and US Dollar against the Danish Krone and the share-based payments recognized during the period. The Company prepared the financial statements for the periods indicated above in accordance with International Financial Reporting Standards ("IFRS").

Three months ended September 30, 2018 ("Q2 2019") compared with three months ended September 30, 2017 ("Q2 2018")

The Company incurred a net loss of $728,867 for Q1 2019 and a net loss of $2,386,746 for Q2 2018.

Evaluation and exploration costs decreased by $1,872,612 to $21,406 for Q2 2019 from $1,894,018 for Q2 2018. The decrease is primarily the result of the decrease in pre-development activities on the Project in Q2 2019 compared to Q2 2018. 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 since then were capitalized as development assets.

Depreciation expenses decreased to $1,647 for Q2 2019 from $123,750 for Q2 2018. The depreciation charged for equipment used for the Project was capitalized as development assets during Q2 2019.

Personnel costs were $272,744 for Q2 2019 compared to $81,250 for Q2 2018. The increase is the direct result of hiring additional staff associated with increased activities in the current quarter.

Professional fees decreased by $42,722 to $105,035 in the current quarter from $147,807 in Q2 2018 due to additional fees spent last year relating to debt financing efforts.

Share-based payments were $72,412 for Q2 2019 compared to $6,667 for Q2 2018. This increase in share-based payments was associated with the options granted during Q1 2019.

Foreign exchange loss increased by $121,528 to $135,762 for Q2 2019, from $14,234 for Q2 2018 mainly due to the fluctuations in the exchange rates between the Canadian dollar, United States dollar, Danish Krone and Euro. Much of the loss in the current quarter was the result of the strength in the US Dollar and Canadian Dollar against the Danish Krone, which is the functional currency of the Company's subsidiary, during this period and where development activities have increased substantially year over year, and where the loans are denominated in USD.

The Company recorded $42,377 in interest income in Q2 2019 compared to $1,411 in Q2 2018 as a result of higher cash balance on hand during the current period after the equity financing in Q1 2019.

LIQUIDITY AND CAPITAL RESOURCES

The Company's working capital was $9,437,187 as at September 30, 2018. 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.

During Q1 2019, the Company completed a non-brokered private placement of 41,082,832 units at a price of $0.45 for gross proceeds of $18,487,274.

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 additional financing, if required. 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

As at September 30, 2018 and as at the date of this MD&A, the Company had 177,992,705 common shares issued and outstanding.

- The Company completed a non-brokered private placement of 41,082,832 units at a price of $0.45 for gross proceeds of $18,487,274. Each Unit consists of one common share of the Company and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.75 for a period of three years following the date of issuance, subject to acceleration in the event that the common shares of the Company trade above a weighted average of $1.50 for twenty consecutive days.

- The Company granted 5,230,000 options with an exercise price of $0.47 to its officers, directors, employees and consultants. The options are exercisable for a period of five years. One third of the options vested on the date of grant and another third will vest on each of the first and second anniversary of the date of grant.

- The Company received gross proceeds of $47,400 for exercise of 130,000 options.

- 4,400,800 warrants expired and 100,000 stock options were cancelled.

- 43,149,659share purchase warrants outstanding, each of which is exercisable for one common share at prices ranging from $0.50 to $0.75; and

- 12,140,000 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 Q1 2019 and Q1 2018, respectively, the Company incurred the following expenses for directors and officers of the Company:

		For the six months ended	
		September 30, 2018	**September 30, 2017**
Short-term employee benefits - personnel costs	(1)	**$ 398,500**	$ 838,750
Short-term employee benefits - professional fees	(2)	**76,843**	130,000
Short-term employee benefits - directors' fees		**60,000**	50,000
Share-based payments		**807,588**	-
		$ 1,342,931	$ 1,018,750

(1) During the six months ended September 30, 2018, the Company incurred $398,500 of salaries and wages of which $238,500 and $160,000 were recognized as personnel costs and development assets, respectively.

During the six months ended September 30, 2017, the Company incurred $838,750 of salaries and wages of which $421,250, $364,167 and $53,333 were recognized as personnel costs, project management in exploration and evaluation costs and development assets, respectively.

(2) The Company incurred $76,843 during the six months ended September 30, 2018 (September 30, 2017 – $130,000) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner was the Company's former 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 $nil as at June 30, 2018 (March 31, 2018 – $139,207). These amounts are unsecured and non-interest bearing.

COMMITMENTS

	Total	2019	2020	2021	2022	2023 and thereafter
Operating leases	$ 181,350	$ 24,180	$ 48,360	$ 48,360	$ 48,360	$ 12,090
Loans (1)	42,958,599	1,759,245	6,541,321	8,964,445	8,237,856	17,455,732
	$ 43,139,949	**$ 1,783,425**	**$ 6,589,681**	**$ 9,012,805**	**$ 8,286,216**	**$ 17,467,822**

(1) Represents the undiscounted cash flow.

The Company currently has two exploration licenses in Greenland, the Sarfartoq EL (2010/40), which was recently renewed until December 31, 2020, 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 2018, the Company's license was renewed to December 31, 2020. 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 into 2019.

Pingasut Mineral Claim (2013/01), Greenland

The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. This license was granted on August 9, 2013. The Company's license expires December 31, 2018. Total work commitment for calendar 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 17 of our unaudited condensed consolidated interim financial statements for the six months ended September 30, 2018. 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, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not currently have any off-balance sheet arrangements.

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 six months ended September 30, 2018 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.

Shipping

Distribution of the Company's products from Greenland will be by ocean-going bulk carriers that will be secured through a spot-market charter. There can be no guarantee that appropriately sized and equipped vessels will be available to meet the Company's timing requirements or that such vessels can be chartered at a cost in line with the Company's original shipping market assessment.

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 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: Flemming Knudsen (Chairman), John McConnell, John McDonald, Herbert Wilson, Bob Shields, Jim Cambon and James Tuer; and officers: James Tuer, Jim Cambon and Samuel Yik. 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 June 30, 2018, the Company's deficit was $63,511,270.

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 $0.64 to a low of $0.38. There can be no assurance that continual fluctuations in share price will not recur.

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% until July 15, 2018 and increased to LIBOR plus 9.5% after that date. 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.

In accordance with the Senior and Subordinate Loan agreements with Cordiant, the Company paid US$1.1 million in semi-annual interest payments in July 2018.

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 corporate bank 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 in Danish Krone in Greenland. The Company's operations in Greenland and its continued 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

Adoption of new and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2018.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements. This pronouncement did not affect the Company's financial results nor did it result in adjustments to previously-reported figures.

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement.

- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Readers are requested to refer to note 3 of the Company's unaudited condensed consolidated interim financial statements for the six months ended September 30, 2018 for a more detailed discussion on the impact of the adoption of the new pronouncement.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- 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. The Company is currently evaluating the impact from adopting this standard.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's unaudited interim financial statements for the six months ended September 30, 2018 which are available on the Company's website at www.hudsonresourcesinc.com 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.

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.