HUDSON
RESOURCES INC

HUDSON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(FORM 51-102F1)

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

Management's Discussion and Analysis – For the six months ended September 30, 2020

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, 2020 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, 2020. Consequently, the following discussion of performance and financial condition should be read in conjunction with the condensed consolidated interim financial statements, 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, 2020.

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 22 of this MD&A.

COVID -19 PANDEMIC

The COVID-19 pandemic has made international travel more challenging, but the Company has managed to adjust worker rotations and implement Covid-19 protocols to keep the operations in Greenland running near normal. Government imposed self-isolation, fluctuations in currencies and volatile financial markets pose significant challenges in planning, budgeting and carrying out meaningful exploration programs. Further uncertainties arise from the inability of the Company to gauge the duration of the pandemic. Hudson anticipates that the pandemic may lead to a global slowdown in demand for some of the commodities and metals that it has in its portfolio but is optimistic these will rebound in the near term. Of note is the significant increase in demand for paints and coatings due to the pandemic. This is a key market for the Company's anorthosite.

THE COMPANY

As at September 30, 2020, the Company is a junior exploration company engaged in the acquisition, exploration and development of mineral properties in Greenland. Hudson is listed on the TSX Venture Exchange and is currently focused on its wholly owned Sarfartoq rare earth element (REE) and niobium/tantalum exploration projects. The Company also has a minority interest in the pre-commercial production White Mountain Project (the "Project" or "Qaqortorsuaq" in Greenlandic) located on its Naajat anorthosite mineral holding.

Hudson is focusing on being a leader in the development of green products and technology while protecting the environment and respecting the communities where it operates. The Company has ensured that chemicals or even water are not used at its White Mountain anorthosite mine in Greenland. In addition, the products that will be made from the anorthosite product will help significantly reduce global CO_2 levels and create more energy efficient products while producing less waste.

Hudson has developed excellent relationships and support from the communities where it operates in Greenland. Through the Company's Impact Benefit Agreements, it provides financial support to educational and social programs to the communities surrounding our projects in Greenland.

HIGHLIGHTS

- On July 15, 2020, the Company entered into amendment agreements with its Lenders to extend the maturity date of its US$10 million short term loan facility and the interest payments on its senior loan and subordinated loan to July 31, 2020 in order to allow additional time to finalize the details and terms of a definitive agreement .
- On September 23, 2020, the Company announced that it had closed its debt restructuring transaction with the Lenders after receiving shareholder approval and approval from the government of Greenland. Hudson Greenland also issued a convertible debenture in the amount of US$10 million to the Lenders, to provide funding directly into Hudson Greenland to ensure sufficient working capital to get the White Mountain anorthosite mine back into operation.
- The Company has managed the re-commencement of mining operations at the White Mountain mine. The rotary drum dryer has been commissioned and is operational. Although there remain some travel restrictions due to the global COVID-19 pandemic, the Company has been given permission from the Government of Greenlandic to mobilize the management team back to the site and commence operations.
- The Company has reacquired and been awarded the Sarfartoq Exploration License which hosts the ST1 rare earth element (REE) project and the Sarfartoq niobium and tantalum (Nb/Ta) project. The primary term of the license is five years with minimal annual work commitments in the first year. The Government of Greenland has waived all exploration work commitments on the license for 2020 due to the pandemic and extended the expiry of this license to December 31, 2025.
- The Company completed an initial sampling program on the high-grade Sarfartoq niobium and tantalum project, and samples have arrived at the SGS Lakefield laboratory in Ontario for analysis.
- On November 2, 2020, the Company announced that Kevin Crawford, Donna Phillips, and Antony Harwood have been elected to the Board of Directors. Flemming Knudsen, Herb Wilson, Robert Shields, John McConnell and John McDonald had previously stepped down from the board.

CORPORATE

Debt Restructuring and Convertible Debt Financing in Hudson Greenland

On September 23, 2020, the Company announced it has closed its debt restructuring transaction (the “Transaction”) with its existing lenders, Cordiant Capital Inc. and its affiliates, and Romeo Fund – Flexi and its affiliates (together, the “Lenders”) after receiving approval from Hudson’s shareholders and the Government of Greenland.

Pursuant to the Transaction, the Company, cancelled the inter-company debt owed by the Company’s subsidiary, Hudson Greenland A/S (“Hudson Greenland’ or the “Subsidiary”), to the Company and converted approximately US$13.7 million, of the existing debt of US$43 million, owed to the Lenders pursuant to existing loan facilities, into preferred shares of Hudson Greenland, thereby reducing the Company’s interest payments substantially. The conversion of the debt into preferred shares of Hudson Greenland pursuant to the Transaction resulted in the Lenders holding approximately 68.9% interest of Hudson Greenland and Hudson retaining 31.1% interest. In addition, the Lenders were granted the right to each nominate one director to the Hudson Greenland board, which comprises two of the four board members (one of which being appointed to Chairman of the board), with Hudson retaining one member, and the fourth member the incumbent from Greenland Venture A/S, an investment company owned by the Greenland Government.

Hudson Greenland also issued a convertible debenture in the amount of US$10 million (the “Debenture”) to the Lenders to provide funding directly into Hudson Greenland to ensure sufficient working capital to allow the White Mountain anorthosite mine to get back into commercial operation. The Debenture has a maturity date of five years from the date of issuance and will be convertible into preferred shares in the capital of Hudson Greenland. The Debenture does not bear interest and will not confer voting rights on the Lenders until conversion of the Debenture, in accordance with its terms.

Hudson Greenland will use the proceeds of the Debenture for working capital to put the White Mountain mine back into production and general corporate purposes, as approved by Hudson Greenland's board of directors. Hudson retains the right to redeem the preferred shares from the above transactions to regain 100% interest of the White Mountain mine over the next five years.

Through a separate services agreement (the "Services Agreement"), Hudson will provide operational, logistical, sales and marketing support to Hudson Greenland related to all White Mountain anorthosite operations. This Services Agreement covers the majority of Hudson's management and operating costs.

New Directors

On November 2, 2020, the Company announced that Kevin Crawford, Donna Phillips, and Antony Harwood (the "New Directors') have been elected to the Board of Directors at the Company's annual general meeting. The Company's Board of Directors now comprises five directors including Dave Frattaroli and Jim Cambon.

Mr. Crawford is a retired executive who was the Chairman of the board at SCR-Sibelco, a global (3.2 billion Euro) industrial minerals company based in Belgium (and parent company of U.S.-based Unimin Corporation) until 2016. Prior to becoming the Chairman, Mr. Crawford held several executive positions with Sibelco, including Group CEO. Mr. Crawford currently sits on the board of Connor Investor Services, Inc, a private investment advisory firm in Wyomissing, PA, with close to US$1 billion under management.

Ms. Phillips has over thirty years of professional experience in business with particular focus in the areas of finance, corporate planning, land negotiations, business development, government relations, stakeholder/community relations and Indigenous negotiations in the energy industry. Ms. Phillips is the Executive Vice President, Corporate Development of Pacific Canbriam Energy Limited, a company with an organic growth story now producing > 40,000 barrels of oil equivalent per day.

Dr. Antony (Tony) Harwood is an economic geologist with 35 years of international exploration and mining experience focused on "green" and "battery" metals (REE's & lithium), gold and base metals. Dr. Harwood was a founder and appointed President and Chief Executive Officer (CEO) of Montero Mining & Exploration Ltd. in 2009 and took the company to IPO on the TSX-V in 2011 exploring for REE and lithium. Previous to this, Dr. Harwood was the President and CEO of Africo Resources Ltd., which he listed on the TSX to develop a major copper-cobalt project in the DRC. Dr. Harwood served as Vice President of Placer Dome Inc. for 8 years, a major Canadian mining company before its acquisition by Barrick Gold Corp.

OVERVIEW OF MARKETS

WHITE MOUNTAIN ANORTHOSITE

The White Mountain Project (the "Project") processing plant produces a finely ground anorthosite mineral concentrate that is being sold under the name "GreenSpar". Anorthosite is an igneous rock dominated by the mineral plagioclase, a calcium aluminum silicate, that formed deep in the earths crust. Although anorthosite is found in several parts of the world, the White Mountain anorthosite deposit is unique because of its size and purity. Hudson has identified a number of primary markets for GreenSpar including:

- E-Glass fiberglass
- Paints, coatings and polymers
- CO2 free cement
- Alumina and aluminum which can be produced with zero waste and valuable by-products
- Feed material for insulation (rock wool) manufacturing

E-Glass

The high aluminum content, low impurities and low melt temperature of anorthosite enables superior performance in production of E-Glass fiberglass. Testing of material from White Mountain has been undertaken by most of the leading E-Glass producers. They found that the use of GreenSpar compared to their currently used source of aluminum, largely kaolin clay, reduced energy consumption and decreased melt times, both being critical factors in lowering production costs while maintaining or increasing the quality of the final product.

E-Glass fiberglass is used in a vast range of products including boats, wind turbine blades, swimming pools, silos and tanks, and a wide range of construction materials. The value of the E-Glass market in the major economies of Asia, Europe, and North America is forecast to reach US$17.4 billion by 2024.

The Company, on behalf of Hudson Greenland, is in advanced discussions with several major E-Glass producers and is working towards finalizing purchase agreements. On July 30, 2015, the Company announced the signing of a 10-year supply agreement with a leading E-Glass producer, that contains significant, although not guaranteed, annual purchases to be used in a number of production furnaces in various countries, following the trial of GreenSpar at each furnace.

Paints and Coatings

The Company believes that based on the quality of GreenSpar in the White Mountain deposit, Hudson Greenland will be in a competitive position to penetrate the market for fillers (extenders) that are widely used in the production of paints, coatings and polymers. These are markets with higher unit value products than E-Glass and are projected to grow from US$160 billion in 2017 to US$209 billion by 2022. (*Source:* https://home.kpmg.com/xx/en/home/insights/2018/03/industry-update-2018.html).

In September 2016, Hudson announced the results of a market prospects study by Industrial Mineral Management Consultants in Ontario which took the GreenSpar product and ran a series of technical tests after grinding it to a very fine minus 45 micron particle size (a micron is a thousandth of a millimeter). The GreenSpar45, as that product is referred to, proved to have excellent technical properties that would make it attractive for these additional markets. More recently in August 2018, the Company announced that it received very favourable test results when using GreenSpar45 in paint and clear coating formulations. The test work completed by Marschall Labs Inc, of Clearwater, Florida, indicated that GreenSpar45 performs very well in paint and clear coating applications.

The Company, through its distributor in the United States, Terra Firma, has been marketing GreenSpar to a wide range of paint, coatings, and polymer companies in the United States. A number of companies have been actively testing GreenSpar in 2020. In calendar 2020 Q4, the Company contracted a toll facility in Germany to micronize 24 tonnes of GreenSpar to 45 microns and 15 microns product sizes to be used for industrial scale testing by the paints and coatings industry. This material is being shipped to Terra Firma in the United States with expected arrival in the coming weeks.

Rock Wool

Hudson has been approached by a number of companies with respect to the use of a coarse anorthosite product for use in the manufacturing of rock wool insulation in Europe and North America. This material would not need to go through Hudson's process plant and would only require one stage of crushing prior to shipping from the mine site in Greenland. A bulk trial has been completed by one group to date. Discussions are ongoing with a number of rock wool manufacturers with regard to long term contracts.

CO_2 Free Cement

Through initial R&D the Company has demonstrated that a carbon dioxide (CO_2) free white cement can be manufactured from the White Mountain anorthosite which has good heat resistant and strength characteristics. This has been backed up by research at the University of British Columbia's Ceramics and Refractories Research and Testing Laboratory. The Company has engaged with a number of groups who are testing GreenSpar in their concrete formulations for future production. This product has significant environmental benefits to manufactures and developers.

Alumina and Aluminum

The Company has conducted a significant amount of laboratory work and released a Preliminary Economic Assessment (PEA) on the production of a waste free green alumina that would be an environmentally friendly alternative to the current production of alumina using bauxite that generates a by-product waste known as red mud that has significant disposal issues. Hudson's alumina product would not only have no waste but it will also have valuable by-products resulting from the production phase.

SARFARTOQ RARE EARTH ELEMENT AND NIOBIUM - TANTALUM PROJECT

Prices for critical Rare Earth Elements REEs have jumped recently led by rumours that China is considering REE export controls and expectations of stronger than previously anticipated global demand for Offshore wind turbines and Electric Vehicles. China controls ~90% of global REE supply affecting many critical materials. Neodymium and Praseodymium (Nd–Pr) Rare Earth Oxide prices jumped 21% to US$67,706/t on the week (November 20, 2020) in China according to pricing from Asia Metals (www.asianmetal.com). Prices are 28% higher than the US$48,750/t recorded on October 26, 2020, highlighting the gradual rise in prices in recent weeks.

Recent international announcements on new stimulus plans for offshore windfarms, new nuclear power stations combined with a recent jump in EV sales is driving prices. The election of Joe Biden in the USA is expected to add stimulus to new offshore wind developments and to promote greater EV and other renewable energy use. Consumer demand for EVs is much greater than expected with stronger sales growth due to new models and factory capacity now expected. Manufacturers are due to roll out significant numbers of new EV models particularly in the luxury sector where innovative new designs will create new demand. The massive demand for the Cybertruck is a good example is this.

Niobium finds major application in steel and superalloys production; electronics and aerospace industries are the main consumers of tantalum. Niobium is mainly found as pyrochlore in carbonatite deposits; tantalum is mostly extracted as by-product from various ores. The niobium market is dominated by Brazil which accounts for 90% of global supply; 79% of tantalum is sourced from Africa (Rwanda, DR Congo, Mozambique, Nigeria)

WHITE MOUNTAIN PROJECT

Hudson announced on November 26, 2018 that it had completed the construction of the Project and had initiated commissioning activities. On February 4, 2019, the Company announced that it had completed the testing of all major equipment components under load and the production of GreenSpar had commenced. All equipment had been performing as expected with the exception of the secondary High-Pressure Grinding Rolls (HPGR) crusher, which was operating at 55% capacity due to mechanical issues. The issues with this crusher have continued despite numerous efforts to get it to design capacity at the manufacturer's expense, and Hudson continues to work with Weir to get the secondary HPGR to perform as warranted. The performance of this crusher contributed to an overall delay of approximately four months for the first GreenSpar shipment. This caused Hudson to seek additional working capital to support the first commercial shipments. Commissioning the plant during the winter also revealed the need for a rotary drum dryer which has now been commissioned and completed.

Mining at the White Mountain site consists of a simple drill and blast operation in an open pit where there is no overburden that needs to be removed prior to extraction. Mining is done with 10 m benches. After blasting, the 'shot rock' is loaded into 35 and 40 tonne articulated haul trucks that carry the ore 11 km down to the waterside processing plant where it is fed into a crushing circuit (jaw crusher followed by cone crusher) before being fed in to the processing plant. The haul trucks are operating downhill when loaded, which represents a considerable fuel saving that, together with the absence of overburden on the mineral resource, means a very cost-effective low-cost open pit mining operation.

Hudson announced on August 20, 2019 that that the bulk carrier, MV Happy Dragon, had been loaded with a GreenSpar shipment and departed the Project site on August 20th, 2019 for a port facility in Charleston, South

Carolina, USA. The ship carried approximately 14,400 tonnes of GreenSpar, 250 tonnes of anorthosite product and 56 tonnes of GreenSpar 90 (98% finer than 90 microns) which is a high-quality air separated product from the low iron process plant dust collection system. The GreenSpar 90 material will be used in further development of the paints and coatings markets and CO_2 free cement applications. The ship also transported two Terex all terrain cranes (80 tonnes and 55 tonnes) and three manlifts which were no longer required after the construction period and will be sold in North America.

On August 30, 2019, Hudson reported that the unloading of its first shipment in Charleston was terminated before completion for reasons outside the Company's control. The receiver, Carver Maritime, was not properly set up to deal with the dust associated with the dry product despite being well aware of the requirements in advance. The impending arrival of Hurricane Dorian caused the emergency closure of the port forcing the MV Happy Dragon to put to sea for safety.

Hudson identified a suitable temporary facility in Savannah and the MV Happy Dragon proceeded there to discharge its cargo once weather permitted. The disruption caused by hurricane Dorian further impacted the logistical arrangements with significant additional costs being incurred. Hudson has retained experienced legal counsel in the USA and a claim has now been filed against Carver Maritime seeking to recover all additional costs that were incurred from the failure to perform under the contract resulting in the change in port and storage facilities.

The Company completed bagging the GreenSpar at the Savannah facility into 1,300 kg super sacs to allow for transshipment or temporary storage until the product is shipped to customers in the Americas. On November 20, 2019, the Company received a purchase order for 5,000 tonnes of GreenSpar, and delivered this amount to a storage warehouse in Tlaxcala, Mexico. The Company since discovered some contamination of its product occurred from trucks moving the product from the ship to the warehouse several kilometers from the port. A claim has been filed with the Company's insurer to recover costs if the product cannot be sold, or if added costs are incurred to remove the contamination through screening. There can be no assurances that either the claim against Carver Maritime, or the insurance claim for the product contamination, will be successful, or that either will be concluded in a timely manner.

Activities commenced to re-start the mine in Q2 2020 to bring it to full operation. The mine is currently operating with approximately 20 people on site running one 12-hour shift per day. The Company continues to work closely with the government of Greenland to ensure activities are conducted to strict COVID-19 guidelines to protect the wellbeing of employees and local communities.

Mineral Resource

The Company filed an Amended and Restated Technical Report dated December 15, 2015 that disclosed the White Mountain project area on the Najaat mineral claim contains an Indicated Resource of 27.4 million tonnes and an Inferred Resource of 32.7 million tonnes. At the Company's anticipated rate of extraction, which includes a second phase expansion of the White Mountain processing plant, these resources are considerably more than sufficient for the 50 years provided under the Najaat Exploitation License. The Company has not published a feasibility study for this development that might have enabled a reclassification to a reserve through demonstrated economic viability. The markets in which the GreenSpar product is being sold are highly competitive and a full feasibility study would have required the disclosure of sales and cost data that would have been prejudicial to the Company's competitive position and its ability to negotiate purchase agreements. The Amended and Restated Technical Report is available on the SEDAR website.

Project costs

As of July 17, 2017, Hudson had transitioned to the development stage for the Naajat mineral claim comprising the White Mountain deposit; as a result of the transition, all expenditures going forward were capitalized as development assets. On November 26, 2018, the Company announced that it had completed construction of its White Mountain Project and commenced commissioning at the site. The Company announced in February 2019 that it has commenced production at the site.

EXPLOITATION AND EXPLORATION PROPERTIES

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

In September 2015, Naajat (White Mountain) mineral exploration license 2015/39 was converted to an exploitation license, and a fee of 100,000 DDK was paid. Previously, the Company was required to maintain certain work commitments to retain the exploration license. Hudson Greenland 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. The exploitation license is valid for 30 years with the option for a 20 year extension.

Sarfartoq Mineral Claim (2010/40 and 2020/32), Greenland

Hudson has a 100% interest in the Sarfartoq Rare Earth Element (REE) and Niobium/Tantalum Projects through the Sarfartoq Exploration License. The Sarfartoq 2010/40 license was in its 25th year and work commitments in excess of $5 million would have been required in the 2020 calendar year. Consequently, Hudson elected to relinquish the license in December 2019 and reapplied for a new exploration license on Sarfartoq which was granted to Hudson in the last quarter of the previous fiscal year. The granting of the new Sarfartoq 2020/32 license has reset the minimum work commitment expenditures to approximately $60,000 per annum. Due to COVID-19, the Government of Greenland has waived all work commitments for the calendar year 2020 and extended the expiry of this license to December 31, 2025.

The Sarfartoq exploration license host the Sarfartoq Carbonatite Complex (SCC) which is one of the larger carbonatite complexes in Greenland with approximate dimensions of 13 km by 8 km. It is located near tidewater and adjacent to very good potential hydroelectric power sites. The SCC chosts a high-grade light rare earth element project and potentialy very high-grade niobium and tantalum targets.

Rare Earth Element Project

Hudson has outlined a 43-101 REE resource at the ST1 project on the Sarfartoq license. The ST1 deposit has elevated levels of neodymium and praseodymium which are the key components in permanent magnets, which are integral to green energy and green technologies. In the past year there has been a significant increase in the interest of this asset due to global supply chain issues and concerns around Arctic sovereignty. The Company has seen significant interest from the US State Department and Canadian government and others given the need for a secure supply of strategic minerals.

Hudson is planning an exploration and development work program for the Sarfartoq REE project which will include further metallurgical test work to improve recoveries and possibly drilling to expand on numerous high-grade drill intercepts. Further development of the Sarfartoq REE project may be dependent upon the improvement in world market prices for rare earths. The neodymium price has started to improve appreciably in the last few months with a 40% increase in the last month.

Niobium and Tantalum Project

The Company has initiated work on the high-grade niobium and tantalum project on the Sarfartoq license.

The Sarfartoq Carbonatite Complex is unique in terms of the niobium and tantalum concentrations, which are unusually high in comparison to any other such deposits throughout the world (please see on Company website https://hudsonresourcesinc.com/projects/niobium-and-tantalum/). The mineral of economic interest at Sarfartoq is pyrochlore which is a niobium and tantalum oxide mineral.

A total of 35 samples were collected from outcrop along the 112 m of exposed pyrochlore mineralization. Three samples were also collected along the strike length for mineralogical analysis. Samples have been submitted and received by SGS laboratory in Canada for analysis and metallurgical testwork.

Niobium and Tantalum are transition elements that are almost always found together in nature. Niobium is used as an alloy in high strength steel and is one of the most powerful superconducting materials. Niobium and tantalum are vital to a wide range of products in the energy, infrastructure, transportation, medical and defense sectors. The United States and the European Union have designated niobium and tantalum as critical to their security and wellbeing.

RESULTS FROM OPERATIONS

Selected Information

	For the six months ended		
	September 30, 2020	September 30, 2019	September 30, 2018
Interest income	$ -	$ -	$ 42,377
Net income (loss)	3,032,411	(5,562,871)	(3,018,285)
Basic and diluted loss per share	$ 0.02	$ (0.03)	$ (0.02)

As at:	September 30, 2020	September 30, 2019	September 30, 2018
Balance Sheet Data			
Cash and cash equivalents	$ 142,182	$ 229,653	$ 7,264,709
Restricted cash	-	1,341,144	3,874,040
Inventory	-	2,900,195	-
Equipment and right of use assets	74,315	10,155,292	13,162,570
Reclamation bonds	-	1,934,620	2,009,940
Resource properties	6,253	769,682	769,682
Development assets	-	40,025,200	29,283,865
Investment in associate	12,497,417	-	-
Total assets	$ 12,786,347	$ 67,922,459	$ 58,839,533

Six months ended September 30, 2020 (“Q2YTD 2021”) compared with six months ended September 30, 2019 (“Q2YTD 2020”)

The Company announced on September 23, 2020 that it had completed a debt restructuring of Hudson Greenland which resulted in a disposition of controlling interest of 68.9% of the subsidiary. Upon the cease of control, the subsidiary was deconsolidated and a gain on disposition was recognized on that date and the Company commenced accounting for its interest in Hudson Greenland on an equity basis by recognizing its share of profits and losses of this investment in associate from that date forward.

The Company recorded a comprehensive income of $3,052,771 for Q2YTD 2021 compared with a comprehensive loss of $6,326,142 for Q2YTD 2020.

There was no accretion of interest in Q2YTD 2021 compared to $6,045 in Q2YTD 2020 and is related to the estimate of the present value of the future required site restoration costs. With interest rates in Greenland and Denmark, being at 0% or negative since last year, the Company accelerated the accretion of its reclamation obligation to its nominal estimated amount at the end of the 2020 fiscal year.

Depreciation expense was $22,101 for Q2YTD 2021 and was comparable to $24,484 for Q2YTD 2020. The depreciation charged for equipment used for the Project has been capitalized as development in the current period.

Director fees remained at $70,000 for both Q2YTD 2021 and Q2YTD 2020. These fees have been accrued and payable to the Company’s former directors who have agreed to defer payment until the Company’s financial situation improves.

Evaluation and exploration costs were $5,983 for Q2YTD 2021 compared to $25,571 for Q2YTD 2020. The Company did not incur significant evaluation and exploration costs in these periods in order to conserve cash.

Total foreign exchange gain was $2,411,573 for the current period compared to a foreign exchange loss of $866,791 in Q2YTD 2020 mainly due to the fluctuations in the exchange rates amongst the Canadian dollar ($), United States dollar (US$), and Danish Krone (DKK). While the Canadian dollar has remained relatively consistent against the DKK, there has been significant weakness in the US$ against the DKK, the functional currency of the Company's subsidiary and where its US$ denominated debt balance has increased, that has resulted in the foreign exchange gain to date

Interest and financing costs of $2,060,018 were recorded in Q2YTD 2021 compared to $45,370 in Q2YTD 2020. The increase is due to the recognition on the statement of loss and comprehensive loss the accrued interest and cash transaction costs associated with the short term loan facility entered into in December 2020. Interest costs incurred on the long term loans continued to be capitalized into development assets until commercial production is reached. The prior year's amount primarily included recognition of interest expense from capitalized leases.

An inventory adjustment of $4,978,382 was recorded in Q2YTD 2020 and $nil in the current year in order to adjust the carrying value of the Company's finished product inventory to its net realizable value in the prior year. The adjustment was made largely as a result of operating at below full capacity in Q2YTD 2020 and additional costs attributed to the various logistical challenges. Due to COVID-19 and the Company being in care and maintenance mode during Q2 YTD, there was no new production in the current year.

The Company recorded miscellaneous income of $1,406 from the sale of rock samples in Q2YTD 2020. There were no such sales in the current year.

Total office expenses totalled $31,033 for Q2YTD 2021 and was comparable to $32,125 in Q2YTD 2020.

Personnel costs increased by $23,384 to $522,555 for Q2YTD 2021 from $499,171 in the prior period. The increase was the result of allocation of a portion of the personnel costs capitalized to inventory in the prior year. There was no production of inventory in the current year.

Professional fees of $156,232 in the current year was comparable to $155,197 in Q2YTD 2020.

Rent expense of $13,873 in Q2YTD 2021 remained consistent with $14,153 in Q2YTD 2020.

Share-based payments were $244,462 for Q2YTD 2021 and was comparable to $267,327 for Q2YTD 2020. Stock options were granted to directors, employees, and consultants in both periods.

Shareholder and community engagement costs were insignificant in Q2YTD 2021 at $6,340 as compared to $20,242 in Q2YTD 2020.

Transfer agent and filing fees of $17,262 for Q2YTD 2021, consistent with $20,116 recorded for Q2YTD 2020

Travel and accommodation expenses were minimal for the quarter at $694, down from $27,384 in Q2YTD 2020, as the Company focussed on conserving cash by minimizing expenditures in the current period.

A gain of $1,488,481 on debt refinancing was recorded in the prior year and $nil in the current period as a result of modifying the terms of the original loans payable to Cordiant in the prior year which included the extension of the maturity date and the deferral of the first principal payment. Under IFRS 9, the original debt was derecognized and replaced with the present value of the modified debt, and consequently, a gain was recorded from the calculation.

Upon the debt restructuring and the resultant disposition of controlling interest in Hudson Greenland completed in the current year, the Company recorded the following:

- Net gain of $3,811,129 on the disposition in the current year upon deconsolidation of the Subsidiary.

- Share of loss of $39,738 from equity accounting of Hudson Greenland from the date control ceased on the Subsidiary.
- Reclassified $11,488 of foreign currency differences from the Company's foreign currency translation reserve.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Interest and other income	$ -	$ -	$ -	$ -
Net income (loss)	3,383,513	(351,102)	(5,789,655)	(2,869,951)
Basic and diluted earnings (loss) per share	$ 0.02	$ -	$ (0.03)	$ (0.02)

	Three months ended			
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Interest and other income	$ -	$ -	$ 2,657	$ 17,822
Net income (loss)	(5,672,549)	109,679	(2,618,963)	(929,216)
Basic and diluted loss per share	$ (0.03)	$ -	$ (0.01)	$ (0.01)

The Company transitioned to the development stage in fiscal year 2018 where costs associated with its White Mountain project were capitalized. The Company's net results were historically mainly due to share-based payments, and foreign exchange fluctuations amongst the US$, Canadian dollar, and the DKK which have significant impact on the results of operations from quarter to quarter.

In the most recent quarter ended September 30, 2019, a net income was recorded largely due to a recognition of a gain on disposition of controlling interest and unrealized foreign exchange gains due to continued weakness in the US$ against the DKK.

Three months ended September 30, 2020 ("Q2 2021") compared with three months ended September 30, 2019 ("Q2 2020")

The Company announced on September 23, 2020 that it had completed a debt restructuring of Hudson Greenland which resulted in a disposition of controlling interest of 68.9% of the subsidiary. Upon the cease of control, the subsidiary was deconsolidated and a gain on disposition was recognized on that date and the Company commenced accounting for its interest in Hudson Greenland on an equity basis by recognizing its share of profits and losses of this investment in associate from that date forward.

The Company recorded a comprehensive income of $3,617,638 for Q2 2021 compared with a comprehensive loss of $2,411,768 for Q2 2020.

There was no accretion of interest in Q2 2021 compared to $2,990 in Q2 2020 and is related to the estimate of the present value of the future required site restoration costs. With interest rates in Greenland and Denmark, being at 0% or negative since last year, the Company accelerated the accretion of its reclamation obligation to its nominal estimated amount at the end of the 2020 fiscal year.

Depreciation expense was $11,051 for Q2 2021 and was comparable to $13,775 for Q2 2020. The depreciation charged for equipment used for the Project has been capitalized as development in the current period.

Director fees remained at $35,000 for both Q2 2021 and Q2 2020. These fees have been accrued and payable to the Company's former directors who have agreed to defer payment until the Company's financial situation improves.

Evaluation and exploration costs were $3,448 for Q2 2021 compared to $21,014 for Q2 2020. The Company did not incur significant evaluation and exploration costs in these periods in order to conserve cash.

Total foreign exchange gain was $1,294,414 for the current period compared to a foreign exchange loss of $1,088,533 in Q2 2020 mainly due to the fluctuations in the exchange rates amongst the Canadian dollar, United States dollar, and Danish Krone. The gain in the current period was primarily the result of the continued weakness in the USD against the DKK, the functional currency of the Company's subsidiary, where its USD denominated debt balance increased.

Interest and financing costs of $1,058,632 were recorded in Q2 2021 compared to $26,761 in Q2 2020. The increase is due to the recognition on the statement of loss and comprehensive loss the accrued interest and cash transaction costs associated with the short term loan facility entered into in December 2020. Interest costs incurred on the long term loans continued to be capitalized into development assets until commercial production is reached. The prior period's amount primarily included recognition of interest expense from capitalized leases.

The Company recorded miscellaneous income of $1,406 from the sale of rock samples in Q2 2020. There were no such sales in the current period.

Total office expenses totalled $14,966 for Q2 2021, compared with 9,498 in Q2 2020 and was higher due to higher insurance premiums in the period.

Personnel costs increased by $68,619 to $334,711 for Q2 2021 from $266,092 in the comparable period. The increase was the result of allocation of a portion of the personnel costs capitalized to inventory in the prior year. There was no production of inventory in the current period.

Professional fees decreased by $81,500 to $14,014 in the current period from $95,514 in Q2 2020. The higher costs in the prior period was due to increased activities associated with discussions on restructuring of the Company's debt and claims filed by the Company to recover damages associated with its cargo shipment in the prior fiscal year.

Rent expense of $6,921 in Q2 2021 remained consistent with $7,302 in Q2 2020.

Share-based payments were $183,319 for Q2 2021 compared to $89,934 for Q2 2020. This increase in share-based payments was largely associated with a new grant of stock options in the current quarter.

Shareholder and community engagement costs were insignificant in Q2 2021 at $4,590 as compared to $4,833 in Q2 2020.

Transfer agent and filing fees of $14,496 for Q2 2021, consistent with $15,031 recorded for Q2 2020

Travel and accommodation expenses were minimal for the quarter at $694, down from $9,382 in Q2 2020, as the Company focussed on conserving cash by minimizing expenditures in the current period.

Upon the debt restructuring and the resultant disposition of controlling interest in Hudson Greenland completed in the current period, the Company recorded the following:

- Net gain of $3,811,129 on the disposition in the current period upon deconsolidation of the Subsidiary.
- Share of loss of $39,738 from equity accounting of Hudson Greenland from the date control ceased on the Subsidiary.
- Reclassified $11,488 of foreign currency differences from the Company's foreign currency translation reserve.

GOING CONCERN

The Company's condensed consolidated interim financial statements for the six months ended September 30, 2020, have been prepared in accordance with IFRS requirements that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business.

As at September 30, 2020, the Company had a working capital deficit of approximately $165,333. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

The Company had a deficit of $79.0 million as at September 30, 2020, with the cumulative losses being attributable to the very long lead times required to identify and secure potential minerals resources of commercial value, to obtain all necessary permits and licenses required for development of a deposit and the complexity of construction of the processing plant and shipping facilities in a remote location, combined with some start-up operating and transportation logistical issues.

In addition to above, the Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future cash flow from its operations and/or obtain additional financing.

These unaudited condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realizable values may be substantially different from carrying values as shown.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant widespread stock market declines and the movement of people and goods has become restricted, affecting supply, demand and pricing for many products.

The mineral exploration sector is expected to be impacted significantly as various levels of governments have issued public health orders in response to COVID-19, including restricting the movement of people, which could impact the Company's ability to access its properties and complete exploration, development or production programs in the current year. Certain industrial mineral prices have declined in the wake of the COVID-19 pandemic. A continuing period of lower prices could significantly affect the economic potential or intentions with respect to the White Mountain Project.

The longer term impact of these factors on the Company is not yet determinable; however, they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. There may be heightened risk of mineral property impairment and liquidity or going concern uncertainty. As a result, impairment indicators for our mineral properties could arise in 2021 if current conditions persist.

In response to the COVID-19 pandemic, the Greenlandic Government announced certain emergency relief measures for mining companies, with the first initiative being the waiver of minimum mineral exploration license obligations and expenditures through to December 31, 2020. Additionally, the Company was granted temporary permission in the current year and has withdrawn DKK 5 million from its reclamation funds on deposit for working capital purposes, with such funds to be repaid within two years from the date of the withdrawal. The Company has also applied for and received compensation for wage costs for some of its Greenlandic employees it has retained during the pandemic.

LIQUIDITY AND CAPITAL RESOURCES

As noted previously, the Company continues to be in a working capital deficiency position. The Company has no material income from operations and any improvement in working capital results will primarily be from the issuance of share capital

On July 15, 2020, the Company entered into amendment agreements with its Lenders to extend the maturity date of its US$10 million six month bridge loan facility (the "Loan") and the interest payments on its senior loan and subordinated loan ("Interest") to July 31, 2020 in order to allow the Company and Lenders additional time to finalize the details and terms of a definitive agreement.

The Company announced on August 4, 2020 that it has entered into Definitive Agreements with its existing Lenders to restructure the outstanding debt on the White Mountain Anorthosite mine, held by Hudson Greenland, and to provide an injection of working capital to ensure the stability of the mine going forward as summarized below:

Debt Restructuring

Pursuant to the terms of the Definitive Agreements, the Company, Hudson Greenland and the Lenders amended the existing loan facilities (the "Loan Facilities") between the parties to, among other things:

- Convert approximately US$13.7 million, of the existing debt of US$42 million owed to the Lenders pursuant to the Loan Facilities, into preferred shares of Hudson Greenland, thereby reducing the Company's interest payments substantially.
- Extend the maturity of the Loan Facilities from July 15, 2025 to January 15, 2028 and push out the first principal payment payable under the Loan Facilities from January 15, 2021 to January 15, 2023;
- Cancel all inter-company debt owed by Hudson Greenland to the Company;
- Reduce the interest rate of the US$10 million backstop facility from 20% to 9.5% over LIBOR;
- Amend the interest payments terms of the Loan Facilities to enable the Company to pay interest to the Lenders on the consolidated and reduced principal amount every six months in arrears; and
- Give Hudson Resources the option to reacquire its interest from the Lenders for 200% of the subscription price.

The conversion of existing debt into preferred shares of Hudson Greenland pursuant to the Definitive Agreements will result in the Lenders holding approximately 68.9% of Hudson Greenland.

Convertible Debenture Financing

In connection with the debt restructuring, Hudson Greenland has agreed to issue a convertible debenture in the amount of US$10 million (the "Debenture") to the Lenders, to provide funding directly into Hudson Greenland. The Debenture has a maturity date of five years from the date of issuance and will be convertible into preferred shares in the capital of Hudson Greenland. The Debenture will not bear interest and will not confer voting rights on the Lenders until conversion of the Debenture, in accordance with its terms.

The Debenture ranks pari passu with Hudson Greenland's other unsecured and unsubordinated debt. In the event the Debenture is converted in full, the Lenders' ownership interest in Hudson Greenland would increase to approximately 79%.

This debt restructuring and new capital injection are subject to (i) approval of the TSX Venture Exchange and the satisfaction of any conditions to final approval that may be imposed by the TSX Venture Exchange, (ii) receipt of the consent of the Minister of Mineral Resources of Greenland in respect of the change of control of Hudson Greenland, and (iii) other conditions which are customary for transactions of this type.

The Company announced on September 23, 2020 the completion of the above debt restructuring and convertible debenture financing transactions after receiving shareholder approval and approval from the Government of Greenland.

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 bring the project into commercial production, 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. 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 interest bearing accounts with Canadian banks.

OUTSTANDING SHARE DATA

As at September 30, 2020 and as at the date of this MD&A, the Company had 178,392,705 common shares issued and outstanding.

- There were 52,791,416 share purchase warrants outstanding as at September 30, 2020 and as at the date of this MD&A, each of which is exercisable for one common share at prices ranging from $0.325 to $0.75.
- There were 12,440,000 stock options outstanding as at September 30, 2020 and 13,340,000 as of the date of this MD&A. The current outstanding stock options are exercisable at prices ranging from $0.15 to $0.65.
- 30,000 stock options with an exercise price of $0.45 were cancelled in the current period.
- 2,600,000 stock options with an exercise price of $0.50 expired without exercise in the current period.
- 4,280,000 stock options with an exercise price of $0.15 and a term of 5 years were granted on August 10, 2020.
- 900,000 stock options with an exercise price of $0.40 and a term of 5 years were granted on November 9, 2020.

RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2020 and 2019 respectively, the Company incurred the following expenses for directors and officers of the Company:

		For the six months ended	
		September 30, 2020	**September 30, 2019**
Short-term employee benefits - personnel costs	(1)	**$ 280,167**	$ 409,000
Short-term employee benefits - directors' fees		**70,000**	70,000
Share-based payments		**110,829**	183,647
		$ 460,995	$ 662,647

(1) During the six months ended September 30, 2020, the Company recognized $280,167 of salaries and wages of which the full amount was recognized as personnel costs.

During the six months ended September 30, 2019, the Company incurred $409,000 of salaries and wages of which $274,000 and $135,000 were recognized as personnel costs and inventory, respectively

These transactions were measured by the exchange amount, which is the amount agreed upon by the transacting parties. The balance due to related parties included in accounts payable and accrued liabilities was $243,333 for director fees as at September 30, 2020 (March 31, 2020 – $173,333) due to the former directors of the Company. In light of the Company's current financial situation, the directors of the Company have agreed to defer payment of these fees until the Company's financial situation improves. These amounts are unsecured and non-interest bearing.

COMMITMENTS

		Total	2021	2022	2023	2024	2025 and thereafter
Lease from right of use asset		$ 87,000	$ 26,100	$ 52,200	$ 8,700	$ -	$ -
Capital leases	(1)	-	-	-	-	-	-
Reclamation bond	(1)	-	-	-	-	-	-
Short term loan payable	(1)	-	-	-	-	-	-
Loans payable	(1)	-	-	-	-	-	-
		$ 87,000	**$ 26,100**	**$ 52,200**	**$ 8,700**	**$ -**	**$ -**

(1) Upon disposition of controlling interest in Hudson Greenland, the Company has deconsolidated the Subsidiary's assets and liabilities from the date on which the control ceased.

In December 2019, the Company relinquished the Sarfartoq license due to expected work commitment expenditures of approximately $5 million in the calendar year 2020. The Company elected to relinquish the license in December 2019 and reapplied in January 2020 for a new license on Sarfartoq that was granted in March 2020. As a first year license, it has minimum annual work commitment expenditures of approximately $60,000; however, due to the COVID-19 situation, the Greenlandic government has waived all work commitments for calendar 2020 and extended the expiry of this license to December 31, 2025.

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 19 of the Company's condensed consolidated interim financial statements for the six months ended September 30, 2020. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended March 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

As at September 30, 2020 and the date of this report, the Company had no disclosable proposed transaction except as disclosed. It is the Company's policy not to disclose transactions until they are fully executed.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

General

The Company is a junior exploration company with a minority interest in a pre-commercial production stage project in Greenland. The Company is listed on the TSX Venture Exchange and is engaged in the acquisition, exploration, development and mining 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 consolidated 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, 2020 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 successful sales of its mining products and 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 caused by previous or existing owners or operators of the properties 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 exploitation with limited environmental impact.

Mineral Exploration and Development

As at September 30, 2020, the Company has minority interest in one production stage project (White Mountain) that is fully permitted and constructed. The Company relinquished and reapplied for a new exploration license at the Sarfartoq Carbonatite Complex which hosts rare earth element and niobium/tantalum prospects. This new exploration license was granted to the Company in March 2020. Development of the Company's exploration 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, niobium 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 involve 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 and Port Terminal

Distribution of Hudson Greenland'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. The use of such vessels requires appropriate receiving port terminals capable of handling the GreenSpar product and transloading it into another modal form of delivery, that is road or rail. The Company does not own such facilities and there can be no guarantee that they will be available when required or at an economic rate to secure.

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

Hudson Greenland's revenues, if any, are expected to be in large part derived from the mining and sale of anorthosite and industrial minerals or interests related thereto. The price of comparative commodities has fluctuated 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: Kevin Crawford, Donna Phillips, Antony Harwood, David Frattaroli, and James Cambon; and officers: James 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 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 September 30, 2020, the Company's deficit was $78,966,894.

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 $0.38 to a low of $0.065. There can be no assurance that continual fluctuations in share price will not recur.

Additional Capital

Mining, processing, development and exploration may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms.

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.

CRITICAL JUDGEMENTS AND ESTIMATES

JUDGEMENTS

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below.

Development stage

Management has determined that the construction of the White Mountain project was completed in the third quarter of the prior fiscal year and was thus in the development stage until that time. Accordingly, related costs incurred have been capitalized as development assets to the extent these costs are economically recoverable. Management uses several criteria in its assessments of stage of mining including metallurgic information, scoping and feasibility studies, accessible facilities, existing permits, availability of financing, and life of mine plans.

Commencement of commercial production

As at September 30, 2020, management has determined that the White Mountain project remained in pre-commercial production stage. Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues. Commercial production is deemed to have occurred when management determines that, amongst other items, the completion of operational commissioning of major well components has been reached, operating results are being achieved consistently for a period of time, and there are indicators that these operating results will continue, all of which involve management judgments. The White Mountain Project has not yet reached commercial production.

Cash generating units ("CGU")

The determination of cash generating units requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

Deferred tax assets

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit and, if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statement of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

Impairment

If information becomes available suggesting that the carrying amount of inventory, equipment, and resource properties may exceed its recoverable amount, or upon transition to the development stage, the Company carries out an impairment test at the cash-generating unit or group of cash-generating unit level. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

Reclamation Obligations

In evaluating whether a reclamation obligation exists, management applies judgment to evaluate whether they have a constructive, or legal obligation.

Determination of functional currency

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of Hudson is the Canadian dollar and that of Hudson Greenland is the Danish Krone, respectively, as these are the currencies of the primary economic environments in which the entities operate.

ESTIMATES

Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include, but are not limited to, the following:

Carrying value and recoverability of non-current assets

The carrying amount of the Company's non-current assets do not necessarily represent present or future values, and the Company's resource properties and development assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's non-current assets.

Reclamation Obligations

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example, in response to changes in ore reserves or production rates or economic conditions. As a result, there could be significant adjustments to the provision for decommissioning and site restoration, which would affect future financial results.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them.

CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

New accounting standards not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2020. The Company does not anticipate such updates will be applicable or have significant impacts on the Company's results of operations or financial position.

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 condensed consolidated interim financial statements for the six months ended September 30, 2020 which are available on the Company's website at www.hudsonresourcesinc.com or on SEDAR at www.sedar.com.

APPROVAL

The Company's Board of Directors 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.