

# QUARTERLY AND YEAR END REPORT

## BC FORM 51-901F (previously Form 61)

British Columbia Securities Commission

**Freedom of Information and Protection of Privacy Act:** The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Financial Reporting (604-899-6729), PO Box 10142, Pacific Centre, 701 West Georgia Street, Vancouver BC V7Y 1L2 Toll Free in British Columbia 1-800-373-6393.

### INSTRUCTIONS

This report must be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of their year end.

"Exchange Issuer" means an issuer whose securities are listed and posted for trading on the Canadian Venture Exchange and are not listed and posted on any other exchange or quoted on a trading or quotation system in Canada. Three schedules must be attached to this report as follows:

#### SCHEDULE A: FINANCIAL STATEMENTS

Financial statements prepared in accordance with generally accepted accounting principles are required as follows:

*For the first, second and third financial quarters:*

Interim financial statements prepared in accordance with section 1751 of the CICA Handbook, including the following: balance sheet, income statement, statement of retained earnings, cash flow statement, and notes to the financial statements.

The periods required to be presented, consistent with CICA Handbook section 1751, are as follows:

- a balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding fiscal year;
- a statement of retained earnings cumulatively for the current fiscal year-to-date, with a comparative statement for the comparable year-to-date period of the immediately preceding fiscal year; and
- income statements and cash flow statements for the current interim period and cumulatively for the current fiscal year-to-date, with comparative statements for the comparable interim periods (current and year-to-date) of the immediately preceding fiscal year.

*For the financial year end:*

Annual audited financial statements prepared on a comparative basis.

Exchange Issuers with a fiscal year of less than or greater than 12 months should refer to National Policy No. 51 *Changes in the Ending Date of a Financial Year and in Reporting Status* for guidance.

Issuers in the development stage are directed to the guidance provided in CICA Accounting Guideline AcG-11 *Enterprises in the Development Stage* that states "enterprises in the development stage are encouraged to disclose in the income statement and in the cash flow statement cumulative balances from the inception of the development stage.

Issuers that have been involved in a reverse take-over should refer to the guidance found in BCIN #52-701 (previously NIN #91/21) with respect to such transactions including the requirement for disclosure of supplementary information regarding the legal parent's prior financial operations.

#### SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

##### 1. *Analysis of expenses and deferred costs*

Provide a breakdown of amounts presented in the financial statements for the following: deferred or expensed exploration, expensed research, deferred or expensed development, cost of sales, marketing expenses, general and administrative expenses, and any other material expenses reported in the income statement and any other material deferred costs presented in the balance sheet.

The breakdown should separately present, at a minimum, each component that comprises 20% or more of the total amount for a material classification presented on the face of the financial statements. All other components of a material classification may be grouped together under the heading "miscellaneous" or "other" in the cost breakdown; the total for "miscellaneous" should not exceed 30% of the total for a material classification.

Breakdowns are required for the year-to-date period only. Breakdowns are not required for comparative periods.

Issuers in the development stage are reminded that Section 3(9)(b) of the BC Securities Commission's Rules requires a schedule or note to the financial statements containing an analysis of each of exploration, research, development and the administration costs, whether expensed or deferred and if the issuer is a natural resource issuer, that analysis for each material property. Because the analysis required by Rule 3(9)(b) must be included in the financial statements, the information does not have to be repeated in Schedule B. Consistent with CICA Accounting Guidelines AcG-11, staff considers an issuer to be in the development stage when it is devoting substantially all of its efforts to establishing a new business and planned principal operations have not commenced. Further, in staff's view, the lack of significant revenues for the past two years normally indicates that an issuer is in the development stage.

##### 2. *Related party transactions*

Provide disclosure of all related party transactions as specified in Section 3840 of the CICA Handbook.

##### 3. *Summary of securities issued and options granted during the period*

Provide the following information for the year-to-date period:

- (a) summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.), number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid, and
- (b) summary of options granted during the period, including date, number, name of optionee for those options granted to insiders, generic description of other optionees (e.g. "employees"), exercise price and expiry date.

##### 4. *Summary of securities as at the end of the reporting period*

Provide the following information as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,
- (b) number and recorded value for shares issued and outstanding,
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and
- (d) number of shares in each class of shares subject to escrow or pooling agreements.

##### 5. *List the names of the directors and officers as at the date this report is signed and filed.*

**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

**1. General Instructions**

- (a) Management discussion and analysis provides management with the opportunity to discuss an issuer's business, current financial results, position and future prospects.
- (b) Focus the discussion on material information, including liquidity, capital resources, known trends, commitments, events, risks or uncertainties, that is reasonably expected to have a material effect on the issuer.
- (c) For an issuer with active ongoing operations the discussion should be substantive (e.g. generally two to four pages in length); for an issuer with limited operations the discussion may not be as extensive (e.g. one page).
- (d) The discussion must be factual, balanced and non-promotional.
- (e) Where the discussion relates to a mineral project, as defined in National Instrument 43-101 "Standards of Disclosure for Mineral Projects", the disclosure must comply with NI 43-101.

**2. Description of Business**

Provide a brief description of the issuer's business. Where an issuer is inactive and has no business, disclose these facts together with a description of any plans to reactive and the business the issuer intends to pursue.

**3. Discussion of Operations and Financial Condition**

Provide a meaningful discussion and analysis of the issuer's operations for the current year-to-date period presented in the financial statements. Discuss the issuer's financial condition as at the date of the most recent balance sheet presented in the financial statements.

The following is a list of items that should be addressed in management's discussion and analysis of the issuer's operations and financial condition. This is not intended to be an exhaustive list of the relevant items.

- (a) expenditures included in the analysis of expenses and deferred costs required under Securities Rule 3(9)(b) and Schedule B;
- (b) acquisition or abandonment of resource properties material to the issuer including material terms of any acquisition or disposition;
- (c) acquisition or disposition of other material capital assets including material terms of the acquisition, or disposition;
- (d) material write-off or write-down of assets;
- (e) transactions with related parties, disclosed in Schedule B or the notes to the financial statements;
- (f) material contracts or commitments;
- (g) material variances between the issuer's financial results and information previously disclosed by the issuer, (for example if the issuer does not achieve revenue and profit estimates previously released, discuss this fact and the reasons for the variance);
- (h) material terms of any existing third party investor relations arrangements or contracts including:

- i. the name of the person;
- ii. the amount paid during the reporting period; and
- iii. the services provided during the reporting period;

- (i) legal proceedings;
- (j) contingent liabilities;
- (k) default under debt or other contractual obligations;
- (l) a breach of corporate, securities or other laws, or of an issuer's listing agreement with the Canadian Venture Exchange including the nature of the breach, potential ramifications and what is being done to remedy it.
- (m) regulatory approval requirements for a significant transaction including whether the issuer has obtained the required approval or has applied for the approval;
- (n) management changes; or
- (o) special resolutions passed by shareholders.

**4. Subsequent Events**

Discuss any significant events and transactions that occurred during the time from the date of the financial statements up to the date that this report is certified by the issuer.

**5. Financings, Principal Purposes and Milestones**

- (a) In a tabular format, compare any previously disclosed principal purposes from a financing to actual expenditures made during the reporting period.
- (b) Explain any material variances and the impact, if any, on the issuer's ability to achieve previously disclosed objectives and milestones.

**6. Liquidity and Solvency**

Discuss the issuer's working capital position and its ability to meet its ongoing obligations as they become due.

**How to File Under National Instrument 13-101 – System for Electronic Document Analysis and Retrieval (SEDAR)**

BC Form 51-901F Quarterly and Year End Reports are filed under Category of Filing: Continuous Disclosure and Filing Type: Interim Financial Statements or Annual Financial Statements. Schedule A (Financial Statements) is filed under Document Type: Interim Financial Statements or Annual Financial Statements. Schedule B (Supplementary Information) and Schedule C (Management Discussion) are filed under Document Type: BC Form 51-901F (previously Document Type Form 61(BC)).

**Meeting the Form Requirements**

BC Form 51-901F consists of three parts: Instructions to schedules A, B and C, issuer details and a certificate. To comply with National Instrument 13-101 it is not necessary to reproduce the instructions that are set out in BC Form 51-901F. A cover page to the schedules titled BC Form 51-901F that includes the issuer details and certificate is all that is required to meet the BC Form 51-901F requirements. The form of certificate should be amended so as to refer to one or two of the three schedules required to complete the report.

**ISSUER DETAILS**

NAME OF ISSUER <b>HUDSON RESOURCES INC. (FORMERLY TEKWERKS SOLUTIONS INC.)</b>		FOR QUARTER ENDED <b>MAR 31, 2003</b>	DATE OF REPORT <b>YY/MM/DD 03/08/15</b>	
ISSUER ADDRESS <b>Suite 1300 – 885 West Georgia Street</b>				
CITY <b>Vancouver</b>	PROVINCE <b>BC</b>	POSTAL CODE <b>V6C 3E8</b>	ISSUER FAX NO. <b>(604) 688-3452</b>	ISSUER TELEPHONE NO. <b>(604) 688-3415</b>
CONTACT NAME <b>James R. Tuer</b>		CONTACT POSITION <b>President &amp; Director</b>		CONTACT TELEPHONE NO. <b>604-688-3415</b>
CONTACT EMAIL ADDRESS <b>tuer@hudsonresources.ca</b>		WEB SITE ADDRESS <b>www.hudsonresources.ca</b>		

**CERTIFICATE**

*The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.*

DIRECTOR'S SIGNATURE <b>➤ JAMES R. TUER</b>	PRINT FULL NAME <b>James Tuer</b>	DATE SIGNED <b>YY/MM/DD 03/08/15</b>
DIRECTOR'S SIGNATURE <b>➤ ROBERT F. CHASE</b>	PRINT FULL NAME <b>Robert F. Chase</b>	DATE SIGNED <b>YY/MM/DD 03/08/15</b>

**BC FORM 51-901F  
FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

**HUDSON RESOURCES INC.**

(formerly Tekwerks Solutions Inc.)

**REPORT AND FINANCIAL STATEMENTS**

March 31, 2003 and 2002

**BC FORM 51-901F  
FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

TERRY AMISANO LTD.  
KEVIN HANSON, CA

**AMISANO HANSON**  
CHARTERED ACCOUNTANTS

**AUDITORS' REPORT**

To the Shareholders,  
Hudson Resources Inc.  
(formerly Tekwerks Solutions Inc.)

We have audited the balance sheets of Hudson Resources Inc. (formerly Tekwerks Solutions Inc.) as at March 31, 2003 and 2002 and the statements of loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Company Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada  
July 11, 2003

"AMISANO HANSON"  
Chartered Accountants

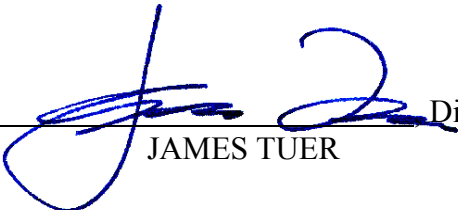
**BC FORM 51-901F  
FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

**HUDSON RESOURCES INC.  
(formerly Tekwerks Solutions Inc.)  
BALANCE SHEETS  
March 31, 2003 and 2002**

	<u>ASSETS</u>	<u>2003</u>	<u>2002</u>
Current			
Cash and term deposits		\$ 391,801	\$ 385,095
Accrued interest and accounts receivable		8,756	6,084
Goods and services tax receivable		9,833	1,941
Prepaid expenses		1,859	2,673
		<hr/>	<hr/>
		412,249	395,793
Resource properties – Note 3		71,864	951
		<hr/>	<hr/>
		\$ 484,113	\$ 396,744
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
Current			
Accounts payable and accrued liabilities		\$ 18,452	\$ 3,027
		<hr/>	<hr/>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital – Note 4		610,689	409,739
Deficit		( 145,028)	( 16,022)
		<hr/>	<hr/>
		465,661	393,717
		<hr/>	<hr/>
		\$ 484,113	\$ 396,744
		<hr/> <hr/>	<hr/> <hr/>

Nature and Continuance of Operations – Note 1  
Commitments – Notes 3, 4 and 7  
Subsequent Events – Note 7

APPROVED BY THE DIRECTORS:

  
\_\_\_\_\_  
JAMES TUER, Director

  
\_\_\_\_\_  
ROBERT CHASE, Director

SEE ACCOMPANYING NOTES

**BC FORM 51-901F  
FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

**HUDSON RESOURCES INC.  
(formerly Tekwerks Solutions Inc.)  
STATEMENTS OF LOSS AND DEFICIT  
and for the years ended March 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Administrative Expenses		
Accounting and legal fees	\$ 49,720	\$ 8,386
Bank charges and interest	91	155
Filing fees	12,972	3,968
Management fees – Note 5	30,000	-
Office	10,665	1,541
Rent – Note 5	7,826	10,403
Sponsorship fee	20,000	-
Telephone	3,255	2,097
Transfer agent fees	3,739	2,396
Travel and promotion	287	1,213
	<hr/>	<hr/>
Loss before other item	( 138,555)	( 30,159)
Other item		
Interest income	9,549	16,798
	<hr/>	<hr/>
Net loss for the year	( 129,006)	( 13,361)
Deficit, beginning of the year	( 16,022)	( 2,661)
	<hr/>	<hr/>
Deficit, end of the year	\$ ( 145,028)	\$ ( 16,022)
	<hr/>	<hr/>
Basic and diluted loss per share	\$ ( 0.03)	\$ ( 0.01)
	<hr/>	<hr/>
Weighted average number of shares outstanding	4,305,421	3,883,334
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

**BC FORM 51-901F  
FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

**HUDSON RESOURCES INC.  
(formerly Tekwerks Solutions Inc.)  
STATEMENTS OF CASH FLOWS  
and for the years ended March 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
Operating Activities		
Net loss for the year	\$ ( 129,006)	\$ ( 13,361)
Changes in non-cash working capital items related to operations:		
Accrued interest and accounts receivable	( 2,672)	2,497
Goods and services tax receivable	( 7,892)	1,624
Prepaid expenses	814	11,239
Accounts payable	15,425	( 1,741)
	<u>( 123,331)</u>	<u>258</u>
Investing Activity		
Resource properties expenditures	( 70,913)	( 951)
Financing Activity		
Issuance of common shares	200,950	-
Increase (decrease) in cash during the year	6,706	( 693)
Cash and term deposits, beginning of the year	385,095	385,788
Cash and term deposits, end of the year	<u>\$ 391,801</u>	<u>\$ 385,095</u>
Cash and term deposits consists of:		
Cash	\$ 7,251	\$ 7,207
Term deposits	384,550	377,888
	<u>\$ 391,801</u>	<u>\$ 385,095</u>
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

SEE ACCOMPANYING NOTES

**HUDSON RESOURCES INC.**  
(formerly Tekwerks Solutions Inc.)  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2003 and 2002

Note 1     Nature and Continuance of Operations

The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia as eVolution networking corp. and changed its name on September 25, 2000 to Tekwerks Solutions Inc. and on December 6, 2002 to Hudson Resources Inc. The Company was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("Exchange") Policy 2.4. The common shares of the Company began trading on the Exchange on February 7, 2001.

On December 6, 2002 the Exchange accepted the Company's qualifying transaction and it is no longer considered a Capital Pool Company. As a result of the qualifying transaction, the Company now is in the business of acquiring, exploring and evaluating mineral resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At March 31, 2003, the Company was in the development stage and had interests in properties located in Greenland and Australia.

The recoverability of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete their development, and future profitable production or disposition thereof.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable for a going concern which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. The Company is in the development stage, has not yet generated revenues and has accumulated losses of \$145,028 since its commencement. Its ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to meet its obligations and pay its liabilities arising from normal business operations when they come due.

Note 2     Significant Accounting Policies

Management has prepared the financial statements of the Company in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

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**FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

Hudson Resources Inc.  
(formerly Tekwerks Solutions Inc.)  
Notes to the Financial Statements  
March 31, 2003 and 2002 – Page 9

Note 2     Significant Accounting Policies – (cont'd)

(a) Financial Instruments

The carrying value of the Company's financial instruments, consisting of cash and term deposits, accrued interest and accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(b) Loss Per Share

Basic earnings per share are computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Fully diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

(c) Stock-based Compensation

The Company has a stock-based compensation plan as disclosed in Note 4, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company applies the "settlement method" of accounting for stock-based compensation awards. No compensation expense is recognized for those options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

Effective for fiscal years beginning on or after January 1, 2002, public companies are required to adopt the new recommendations of the Canadian Institute of Chartered Accountants regarding accounting for stock-based compensation. These new requirements require that all stock based payments to non-employees and direct awards of stock to employees be accounted for using a fair value based method of accounting. However, the new standard permits the Company to continue its existing policy of not recording compensation cost on the grant of stock options to employees with the addition of pro forma information. The Company has elected to apply the pro forma disclosure provisions of the new standard to awards granted on or after April 1, 2002.

**BC FORM 51-901F**  
**FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

Hudson Resources Inc.  
(formerly Tekwerks Solutions Inc.)  
Notes to the Financial Statements  
March 31, 2003 and 2002 – Page 10

Note 2     Significant Accounting Policies – (cont'd)

(d) Resource Properties

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties until such time as the properties are placed into production, abandoned, sold or considered to be impaired in value. Costs of producing properties will be amortized on a unit of production basis and costs of abandoned properties are written-off. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in operations. Write-downs due to impairment in value are charged to operations.

The Company is in the process of exploring and developing its mineral properties and has not yet determined the amount of reserves available. Management reviews the carrying value of mineral properties on a periodic basis and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company, the assessment of future probability of profitable revenues from the property or from the sale of the property. Amounts shown for properties represent costs incurred net of write-downs and recoveries, and are not intended to represent present or future values.

(e) Income Taxes

The Company accounts for income taxes by the asset and liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

(f) Foreign Currency Translation

Monetary items denominated in a foreign currency are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets were acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction date. Gains or losses arising from the translations are included in operations.

**BC FORM 51-901F  
FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

Hudson Resources Inc.  
(formerly Tekwerks Solutions Inc.)  
Notes to the Financial Statements  
March 31, 2003 and 2002 – Page 11

Note 3      Resource Properties – Note 5

	<u>2003</u>	<u>2002</u>
<u>GREENLAND</u>		
Naajat Mineral Claim		
Acquisition costs	\$ 6,298	\$ 951
Deferred exploration expenditures		
Consulting	7,300	-
Data processing	8,500	-
Geophysical data	21,648	-
	37,448	-
	43,746	951
<u>AUSTRALIA</u>		
Herbert Vale Claim		
Acquisition costs	28,118	-
	28,118	-
	\$ 71,864	\$ 951

Naajat mineral claim

On July 15, 2002, the Company's application for the Naajat mineral claim comprising 851 square kilometres in Western Greenland was approved by the Greenland mining authorities. The Company is required to incur exploration expenses of \$253,000 (1,173,534 DKK) in 2002 in order to maintain ownership of the Naajat claim. As at March 31, 2003 the Company has received approval of approximately \$109,000 (505,828 DKK) in exploration expenses and the non-fulfilled commitment of \$144,000 (667,706 DKK) can be carried over to 2003. The Company has the option to scale back the area in lieu of the non-fulfilled commitment.

Herbert Vale

On December 17, 2002, the Company entered into an agreement with Tracker Resources NL, a wholly-owned subsidiary of McArthur Diamonds Inc., a company with a director in common. The Company can earn a 50% interest in a base metal/silver prospect in Queensland, Australia. As consideration the Company is required to make the following year one expenditures:

- a) cash payment of \$28,118 (AUD\$31,722) (paid);
- b) work expenditures of \$88,663 (AUD\$100,000);

Once the Company has earned a 50% interest, this agreement shall be replaced by a joint venture agreement.

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**FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

Hudson Resources Inc.  
(formerly Tekwerks Solutions Inc.)  
Notes to the Financial Statements  
March 31, 2003 and 2002 – Page 12

Note 4     Share Capital

a) Authorized:

100,000,000 common shares without par value

b) Issued:

	<u>Number</u>	<u>\$</u>
Balance as at March 31, 2002 and 2001	3,883,334	409,739
For cash		
– pursuant to a private placement – at \$0.15	1,339,669	200,950
Balance as at March 31, 2003	5,223,003	610,689

c) Escrow Shares:

At March 31, 2003, the Company has 1,200,000 (2002: 1,333,334) common shares held in escrow by the Company's transfer agent. On December 6, 2002 the Exchange accepted the Company's Qualifying Transaction and allowed the release of 133,334 common shares. The remaining escrow shares will be released in amounts of 200,000 common shares semi-annually over the remaining three years.

d) Commitments:

Stock-based Compensation Plan:

The Company has granted directors and officers common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant.

A summary of the status of the stock option plan as of March 31, 2003 and 2002 and the changes during the periods ending on those dates is presented below:

	Year ended March 31,			
	2003		2002	
	<u>Shares</u>	<u>Weighted Average Exercise Price</u>	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Options outstanding and exercisable, beginning	388,333	\$0.15	-	-
Cancelled	(116,500)	(\$0.15)	-	-
Granted	375,000	\$0.15	388,333	\$0.15
Options outstanding and exercisable, ending	646,833	\$0.15	388,333	\$0.15

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**FINANCIAL REPORT FOR YEAR ENDED MARCH 31, 2003**

Hudson Resources Inc.  
(formerly Tekwerks Solutions Inc.)  
Notes to the Financial Statements  
March 31, 2003 and 2002 – Page 13

Note 4     Share Capital – (cont'd)

d) Commitments: – (cont'd)

Stock-based Compensation Plan: – (cont'd)

As at March 31, 2003, there are 646,833 share purchase options outstanding entitling the holders thereof the right to purchase one common share for each option held as follows:

<u>Number</u>	<u>Price</u>	<u>Expiry</u>
271,833	\$0.15	February 7, 2006
375,000	\$0.15	January 8, 2008
<u>646,833</u>		

As disclosed in Note 2 (c), the Company does not record compensation expense on the granting of stock options to employees. Disclosure of pro forma loss and loss per share had the Company elected to follow the fair value method is as follows. The pro forma effect of awards prior to March 31, 2002 has not been included.

	Years ended March 31,	
	<u>2003</u>	<u>2002</u>
Net loss for the year as reported	\$ ( 129,006)	\$ ( 16,022)
Stock-based compensation	( 41,250)	-
Pro forma loss for the year	<u>\$ ( 170,256)</u>	<u>\$ ( 16,022)</u>
Pro forma basic and diluted loss per share	<u>\$ ( 0.04)</u>	<u>\$ ( 0.01)</u>

The fair value was determined using the Black-Scholes model under the following assumptions:

	<u>2003</u>	<u>2002</u>
Risk free rate	3.48%	-
Dividend yield	0%	-
Expected volatility	148.5%	-
Weighted average expected stock option life	5 years	-

Share Purchase Warrants:

As at March 31, 2003, there are 1,339,669 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held at \$0.20 per share until December 6, 2003.

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Note 5      Related Party Transactions

During the years ended March 31, 2003 and 2002, the Company had the following transactions with directors of the Company or companies with common directors:

	<u>2003</u>	<u>2002</u>
Management fees	\$ 30,000	\$ -
Rent expense	5,311	10,403
	\$ 35,311	\$ 10,403
	\$ 35,311	\$ 10,403

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

The Company's interest in the Herbert Vale resource property was acquired from a related party as disclosed in Note 3.

Note 6      Corporation Income Taxes

Future income tax assets and liabilities are recognized for temporary differences between the carrying amount of the balance sheet items and their corresponding tax values as well as for the benefit of losses available to be carried forward to future years for tax purposes that are likely to be realized.

Significant components of the Company's future tax assets and liabilities, after applying enacted corporate income tax rates, are as follows:

	<u>2003</u>	<u>2002</u>
Future income tax assets		
Net tax losses carried forward	\$ 17,454	\$ 17,454
Exploration and development expenses	86,154	342
Unused share issue costs	11,642	17,462
	115,250	35,258
Less: valuation allowance	( 115,250)	( 35,258)
	\$ -	\$ -

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will be realized during the carry-forward periods to utilize all the future tax assets.

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Note 6      Corporation Income Taxes – (cont'd)

At March 31, 2003, the Company has accumulated non-capital losses of \$43,636 and Foreign Exploration and Development Expenses of \$215,382 which may be applied against future years taxable income. The non-capital losses expire as follows:

	2008	\$	15,771
	2009		27,865
			43,636
		\$	43,636

Note 7      Subsequent Events

Subsequent to March 31, 2003:

- a) The Company received approval for an exploration license contiguous to its existing Naajat exploration license. The new license area is referred to as the Nalussivik exploration license and comprises 208 square kilometres. The Company is required to complete expenditures on the property of approximately \$50,000 for the first year.
  
- b) Subject to regulatory approval, the Company entered into an agreement with an Australian company to acquire an 80 per cent interest of the diamond mineral rights (including all other minerals except for tantalum and niobium) on the Saraftoq exploration license on property located in West Greenland. This property is contiguous to the southeast margin of the Company's Nalussivik exploration license. In order to earn its interest, the Company must make minimum annual exploration expenditures in Australian dollars as follows:

	<u>Canadian equivalent</u> <u>(exchange \$0.8866)</u>	<u>Australian Dollars</u>
2004	\$ 88,663	\$ 100,000
2005	132,994	150,000
2006	221,656	250,000
2007	443,313	500,000
	\$ 886,626	\$ 1,000,000
	886,626	1,000,000

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**SCHEDULE B: SUPPLEMENTARY INFORMATION**

1. **Analysis of expenses and deferred costs, year to date:**

During the year, the major expenditures for the period were due to rent, telephone, legal, accounting, and filing fees. Please refer to the attached financial statements for a breakdown of administrative expenses, as well as, Note 3 which breaks down the deferred exploration expenses.

2. **Related party transactions, year to date:**

- See Note 5 to the financial statements attached.

3. **Summary of securities issued and options granted during the period:**

**Securities Issued:**

<u>Issue Date</u>	<u>Type of Issue</u>	<u>Quantity</u>	<u>Price</u>	<u>Total Proceeds</u>	<u>Type of Consideration</u>
Dec 6/02	Private placement	1,339,669	\$0.15	\$200,950	Cash

**Options Granted:**

<u>Optionee</u>	<u>Number of Shares</u>	<u>Grant Date</u>	<u>Exercise Price</u>	<u>Expiration Date</u>
Directors	375,000	January 8, 2003	\$0.15	January 8, 2008

4. **Summary of securities as at the end of the reporting period:**

**Authorized Capital:** 100,000,000 common shares

**Number and Recorded Value for Shares Issued and Outstanding:**

5,223,003 common shares at a recorded value of \$610,689

**Outstanding Options:**

See Note 4 in the Financial Statements.

**Outstanding Warrants:**

1,339,667 warrants outstanding exercisable at \$0.20 per share until December 6, 2003. See Note 4 in the Financial Statements.

**Shares in Escrow or Pooling Agreements:**

1,200,000 common shares are held in escrow in accordance with the policies of the TSX Venture Exchange. See Note 4 in the Financial Statements.

5. **List of Directors**

James R. Tuer <i>Vancouver, B.C.</i>	John Hick <i>Toronto, ON</i>	Robert F. Chase <i>West Vancouver, B.C.</i>	John Ferguson <i>Carwoola, NSW</i>
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**List of Officers**

James R. Tuer President, CEO, CFO <i>Vancouver, B.C.</i>	Gia-Van Tran, Secretary <i>Vancouver, B.C.</i>
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**SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

**Description of Business**

The Company is a Tier 2 Junior Resource company focused on diamond exploration. During the year ended March 31, 2003, the Company obtained all approvals to obtain this status and ceased to be a Capital Pool Company. The Company's primary asset is its interest in over 1,800 sq. km. of highly prospective ground in West Greenland. The Company has also entered into an agreement to explore a base metal/silver/diamond prospect at the Herbert Vale meteor impact site in Queensland, Australia.

**Discussion of Operations and Financial Condition**

Hudson Resources Inc. spent the bulk of fiscal 2003, organizing, structuring and obtaining approvals from the various regulatory bodies and shareholders regarding its move from a Capital Pool Company to a Tier 2 Junior Resource company. This involved a name change from TekWerks Solutions Inc. to Hudson Resources Inc.

Hudson was able to preserve shareholder capital and eliminate the requirement to issue additional common shares by applying for and being granted the Naajat Exploration Licence in West Greenland directly into the Company. As a result, Hudson has been able to spend funds directly into exploration activities which might otherwise have been required to acquire an exploration property.

In January of 2003, Hudson applied for an addition 208 sq. km of ground contiguous to the Naajat EL. This was subsequently granted this past April by the Bureau of Minerals and Petroleum of the Government of Greenland and is referred to as the Nalussivik Exploration Licence. This expanded the exploration area to 1,059 sq. km. within the Sarfartoq region. In a press release at the time, the Company summarized its primary reasons for increasing the area. They were because of the:

- The large, 100% controlled, land package in the Sarfartoq region;
- Excellent pre-existing database of Kimberlitic Indicator Minerals (KIM) representing approximately 414 samples collected by Dia Met Minerals and processed by CF Minerals;
- Superior mineral chemistry which demonstrates that 8.5% of the samples processed (35 of 414 samples) contain KIM grains which are known to have originated within the diamond stability field;
- 4 eclogitic garnets identified as being derived from diamond eclogite;
- G10/G9 plot which demonstrates that 29% (329 of 1146) of the pyrope garnets plot within the G10 field and 41% (173 of 414) of the samples contain at least one G10 garnet;
- Stable political environment, excellent mineral tenure regulations and no native land claim issues;
- Good infrastructure and access in comparison to other arctic exploration regions;
- Government sponsored "Hyperspectral" survey over the licensed permits; and
- The fact that diamonds have been found regionally in kimberlite float and boulders and in situ kimberlite dikes, sills and sheets are numerous.

Subsequent to the year end, Hudson entered into a joint venture agreement with New Millenium Resources NL ("NMR") of Perth Australia to acquire 80% of the diamond mineral rights (including all other minerals except for tantalum and niobium) on NMR's 765 sq. km. Sarfartoq Exploration Licence in West Greenland. This property is contiguous to the southeast margin of Hudson's Nalussivik Exploration Licence and increases Hudson's interest in this highly prospective regional diamond district to 1,824 sq. km. In order to earn its interest, Hudson must make certain minimum annual exploration expenditures by the end of years 2004 through 2007. These are (denominated in Australian dollars) \$100,000, \$150,000, \$250,000 and \$500,000, respectively. NMR has agreed to keep the ground in good standing with the Bureau of Minerals and Petroleum, Government of Greenland, until December 31, 2005. Assuming the terms of the agreement are fulfilled by Hudson and NMR, NMR will retain a 20% carried interest through feasibility on the ground covered by the Sarfartoq licence area, whether or not it is licenced to NMR or subsequently acquired by Hudson.

The core area held by NMR hosts the Sarfartoq carbonatite complex which has been the focus of its exploration program for a niobium and tantalum deposit. Hudson is interested in other areas within the Sarfartoq licence area which have been the focus of previous diamond exploration programs undertaken by both Monopros Limited and Aber Resources Ltd./Platinova AS. Previous assessment reports made available by the Geological Survey of Denmark and Greenland (GEUS) confirm the presence of high quality kimberlite mineral chemistry within the Sarfartoq licence area equivalent to the same mineral chemistry existing on the current Hudson tenements. Unlike Hudson's current licence area's where there is no record of known kimberlites ever being tested for diamond content, a number of kimberlite boulders were processed by both Aber and Monopros within the Sarfartoq licence area. Although no macrodiamonds were reported, approximately 40% of the samples tested were diamondiferous. Furthermore, the mineral chemistry of the tested kimberlites does not appear to match the much better chemistry attained from the nearby till samples leading one to surmise that more diamondiferous kimberlites exist in the area.

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Company representatives attended the 8<sup>th</sup> International Kimberlite Conference this past June. The event was held in Victoria, BC and every company involved in diamond exploration attended. While very technical in nature, what clearly stood out was:

- The importance of having excellent Kimberlite Indicator Mineral ("KIM") chemistry as a proxy for the expectation of diamond potential;
- That projects must occur within the proper geothermal setting (ie. a very cold host rock);
- The importance of local structural features as a control mechanism for the emplacement of kimberlite; and
- That just because it may not look like "classical" kimberlite doesn't mean it can't be highly diamondiferous.

Based on evidence presented at the conference, the geothermal setting within the company's exploration licenses is equivalent to that of the Ekati diamond operation in Canada's north. Together with KIM chemistry which appears to also be as good as that found at Ekati and abundant kimberlite found along structural controls within the licence areas, the Company is very encouraged about the prospects of finding diamonds there. Finally, there has in the past been much academic arm-wrestling as to whether the kimberlites in West Greenland can be classically defined as kimberlites. Hudson is more interested in their diamond content as opposed to their classification and has decided to refer to them as kimberlites.

At the beginning of July, the Company conducted its initial exploration program in Greenland. Hudson targeted known structural targets where there was previous evidence of kimberlite and good mineral chemistry derived from local till samples. The Company had planned to make extensive use of the hyperspectral survey data acquired from the Geological Survey of Denmark and Greenland ("GEUS"). Unfortunately, more post processing work is required as the initial results failed to locate kimberlite at a frequency considered to be meaningful. Notwithstanding this, Hudson collected and shipped to the kimberlite processing facilities at the Saskatchewan Research Council approximately 600 kilograms of material. The Company is in the process of preparing the samples to test for KIM's and diamond content. Mike Dufresne, Pgeol, President of Apex Geoscience Ltd., was in charge of the collection and handling of the samples in Greenland and is a qualified person under National Instrument 43-101.

Financially, the Company completed the raising of \$200,950 by way of a non-brokered private placement last November. These funds approximately correspond with recent expenditures related to the Greenland exploration program. The company has the required funds to complete the program and analyze the samples collected. Notwithstanding the results from the analysis, Hudson has identified a number of follow-up programs which are planned to target larger bodies and will require additional funds in order to execute.

The company incurred costs which are shown on the attached Income Statement and Balance Sheet and Notes to the Financial Statements. There were no investor relations arrangements entered into during the period. There were no transactions with related parties other than as disclosed in Note 5 of the Financial Statements. There also were no legal proceedings, contingent liabilities, defaults under debt or other contractual obligations, breach of any laws or special resolutions during the period.

**Subsequent Events**

Other than as disclosed above and in Note 7 of the Financial Statements, there were no other significant events after March 31, 2003.

**Financings, Principal Purposes and Milestones**

As discussed above, the Company completed its previously announced private placement of 1,339,667 Units at \$0.15 per unit raising an additional \$200,950 for the Company last November in conjunction with the completion of the Major Transaction. Those proceeds, together with existing capital in the Company are being used to advance Hudson's exploration projects. During the course of the year, the Company successfully completed the move from the status of Capital Pool Company to Junior Exploration company. In July, subsequent to the year end, Hudson initiated its exploration program in Greenland. It collected approximately 600 kilograms of kimberlite material for the purpose of testing for and comparing Kimberlite Indicator Mineral chemistry with diamond content. Finally, Hudson has accumulated a land package within West Greenland which it considers second to none for diamond potential.

**Liquidity and Solvency**

As at March 31, 2003, the Company had working capital of \$393,797. As of the date of this report, working capital is approximately \$200,000. Management believes that these funds are sufficient to meet all current commitments and obligations.

ON BEHALF OF THE BOARD OF DIRECTORS

          "James Tuer"            
James Tuer, Director

Vancouver, British Columbia  
August 15, 2003