HUDSON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated interim financial statements of Hudson Resources Inc. for the six months ended September 30, 2020 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Hudson Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

As at		September 30, 2020		March 31, 2020
ASSETS				
Current assets				
Cash	$	**142,182**	$	1,829,044
Restricted cash (note 4)		**-**		2,612,711
Sales tax receivable		**28,633**		58,212
Deposits		**6,993**		7,928
Prepaid expenses		**30,554**		772,857
Inventory (note 5)		**-**		892,652
		208,362		**6,173,404**
Non-current assets				
Equipment and right of use asset (note 6)		**74,315**		9,404,005
Reclamation bonds (note 13)		**-**		2,087,690
Resource properties (note 7)		**6,253**		-
Development assets (note 8)		**-**		50,257,360
Investment in associate (note 9)		**12,497,417**		-
		12,577,985		61,749,055
TOTAL ASSETS	**$**	**12,786,347**	**$**	**67,922,459**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 10 and note 16)	**$**	**373,695**	$	10,428,463
Short term loan payable (note 11)		**-**		14,250,372
		373,695		**24,678,835**
Non-current liabilities				
Lease obligations (note 14)		**33,286**		494,761
Loan payable (note 12)		**-**		31,567,552
Reclamation obligation (note 13)		**-**		2,087,690
		33,286		**34,150,003**
TOTAL LIABILITIES		**406,981**		**58,828,838**
EQUITY				
Share capital (note 15(b))	**$**	**78,206,360**	$	78,206,360
Reserves		**13,139,900**		12,898,054
Deficit		**(78,966,894)**		(82,010,793)
TOTAL EQUITY		**12,379,366**		**9,093,621**
TOTAL EQUITY AND LIABILITIES	**$**	**12,786,347**	**$**	**67,922,459**

Corporate information and continuance of operations (note 1)
Commitments (note 17)
Segmented information (note 18)
Subsequent event (note 21)

The accompanying notes are an integral part of these consolidated financial statements.

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Company on behalf of the Board of Directors on November 27, 2020 and signed on its behalf by:

/s/ Antony Harwood Director *Director /s/ Kevin Crawford Director*

Hudson Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
EXPENSES				
Accretion of interest (note 13)	**$ -**	$ 2,990	**$ -**	$ 6,045
Depreciation (note 6)	**11,051**	13,775	**22,101**	24,884
Directors' fees (note 16)	**35,000**	35,000	**70,000**	70,000
Exploration and evaluation costs	**3,448**	21,014	**5,983**	25,571
Foreign exchange	**(589,073)**	(562,280)	**(369,565)**	(181,316)
Foreign exchange - unrealized	**(705,341)**	1,650,813	**(2,042,008)**	1,048,107
Interest and financing costs (note 12)	**1,058,632**	26,761	**2,060,018**	45,370
Inventory adjustment (note 5)	**-**	-	**-**	4,978,382
Miscellaneous income	**-**	(1,406)	**-**	(1,406)
Office	**14,966**	9,498	**31,033**	32,125
Personnel costs (note 16)	**334,711**	266,092	**522,555**	499,171
Professional fees	**14,014**	95,514	**156,232**	155,197
Rent	**6,921**	7,302	**13,873**	14,153
Share-based payments (note 15(d) and 16)	**183,319**	89,934	**244,462**	267,327
Shareholder and community engagement	**4,590**	4,833	**6,340**	20,242
Transfer agent and filing fees	**14,946**	15,031	**17,262**	20,116
Travel and accommodation	**694**	9,382	**694**	27,384
TOTAL EXPENSES	**387,878**	1,684,253	**738,980**	7,051,352
OTHER ITEMS				
Gain on debt refinancing (note 11)	**-**	-	**-**	(1,488,481)
Gain on disposition of controlling interest (note 9)	**(3,811,129)**	-	**(3,811,129)**	-
Share of loss from equity accounted investments (note 9)	**39,738**	-	**39,738**	-
NET INCOME FOR THE PERIOD	**(3,383,513)**	1,684,253	**(3,032,411)**	5,562,871
OTHER COMPREHENSIVE (INCOME) LOSS				
Reclassification of foreign currency differences on disposition of controlling interest	**(11,488)**	-	**(11,488)**	-
Foreign currency translation on foreign operations	**(222,637)**	727,515	**(8,872)**	763,271
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**$ (3,617,638)**	$ 2,411,768	**$ (3,052,771)**	$ 6,326,142
Basic and diluted loss per share for the year	**$ (0.02)**	$ 0.01	**$ (0.02)**	$ 0.03
Weighted average number of common shares outstanding - basic and diluted	**178,392,705**	178,392,705	**178,392,705**	178,355,000

The accompanying notes are an integral part of these consolidated financial statements.

Hudson Resources Inc.

Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited - Expressed in Canadian Dollars)

		Share capital		Reserves						
	Note	Number of shares	Amount	Additional paid-in capital	Contributed surplus	Stock options reserve	Warrants reserve	Foreign currency translation reserve	Deficit	Total
Balance at March 31, 2019		**177,992,705**	**$ 78,070,360**	**$ 4,359,173**	**$ -**	**$ 2,761,995**	**$ 4,336,215**	**$ (107,605)**	**$ (67,788,316)**	**$ 21,631,822**
Shares issued for cash - exercise of stock options		400,000	136,000	108,068	-	(108,068)	-	-	-	**136,000**
Expiry of stock options		-	-	445,794	-	(445,794)	-	-	-	**-**
Fair value of warrants issued for loan payable		-	-	-	-	-	464,806	-	-	**464,806**
Fair value of warrants cancelled from loan payable		-	-	104,501	-	-	(104,501)	-	-	**-**
Share-based payments	15(d)	-	-	-	-	267,327	-	-	-	**267,327**
Loss and comprehensive loss		-	-	-	-	-	-	(763,271)	(5,562,870)	**(6,326,141)**
Balance at September 30, 2019		**178,392,705**	**$ 78,206,360**	**$ 5,017,536**	**$ -**	**$ 2,475,460**	**$ 4,696,520**	**$ (870,876)**	**$ (73,351,186)**	**$ 16,173,814**
Balance at March 31, 2020		**178,392,705**	**$ 78,206,360**	**$ 7,559,876**	**$ -**	**$ 2,530,035**	**$ 2,805,527**	**$ 2,616**	**$ (82,010,793)**	**$ 9,093,621**
Reclassification of grant date fair value on expired options		-	-	1,254,922	-	(1,254,922)	-	-	-	**-**
Reclassification of grant date fair value on cancelled options		-	-	5,721	-	(5,721)	-	-	-	**-**
Share-based payments	15(d)	-	-	-	-	244,462	-	-	-	**244,462**
Loss and comprehensive loss		-	-	-	-	-	-	8,872	3,032,411	**3,041,283**
Reclassification of foreign currency differences on disposition of controlling interest		-	-	-	-	-	-	(11,488)	11,488	**-**
Balance at September 30, 2020		**178,392,705**	**$ 78,206,360**	**$ 8,820,519**	**$ -**	**$ 1,513,854**	**$ 2,805,527**	**$ -**	**$ (78,966,894)**	**$ 12,379,366**

The accompanying notes are an integral part of these consolidated financial statements.

Hudson Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	For the six months ended September 30, 2020	For the six months ended September 30, 2019
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ 3,032,411**	**$ (5,562,870)**
Adjustments for items not affecting cash:		
Depreciation	22,101	24,884
Share-based payments	244,462	732,133
Accretion of interest	-	6,393
Interest and financing costs	15,854	18,867
Foreign exchange	(369,565)	(181,316)
Foreign exchange - unrealized	(2,042,008)	1,048,107
Inventory adjustment	-	4,978,382
Gain on debt refinancing	-	(1,488,481)
Gain on disposition of controlling interest	(3,811,129)	-
Reclamation obligations	-	40,903
Share of loss from equity accounted investments	39,738	-
	(2,868,136)	**(382,998)**
Net changes in non-cash working capital items:		
Sales tax receivable	29,579	54,799
Prepaid expenses	398,925	(527,181)
Inventory	(102,850)	(5,890,791)
Accounts payable and accrued liabilities	2,631,495	(251,839)
Net cash flows from (used in) operating activities	**89,013**	**(6,998,010)**
FINANCING ACTIVITIES		
Proceeds from exercise of stock options	-	136,000
Proceeds from loan payable, net of cash transaction costs	-	9,424,862
Repayment of interest on loan payable	-	(1,966,411)
Proceeds from note payable	-	(526,137)
Lease payments	(132,333)	(128,148)
Net cash flows from (used in) financing activities	**(132,333)**	**6,940,166**
INVESTING ACTIVITIES		
Equipment purchases	(596,540)	(23,605)
Resource property acquisition costs	(6,253)	-
Reclamation bonds	1,023,274	-
Restricted cash	1,438,785	(1,380,007)
Expenditures on development assets	(3,215,518)	-
Net cash flows used in investing activities	**(1,356,252)**	**(1,403,612)**
Effect of exchange rate changes on cash	**(287,290)**	**221,947**
Net increase (decrease) in cash and cash equivalents	**(1,686,862)**	**(1,239,509)**
Cash, beginning of period	**1,829,044**	**1,469,162**
Cash, end of period	**$ 142,182**	**$ 229,653**
Cash paid during the year for interest on note payable	**$ -**	**$ 26,137**
Cash paid during the period for interest on loan payable	**$ -**	**$ 1,966,411**
Supplementary cash flow information		
Reclassification of the fair value of options expired	**$ 1,249,201**	**$ 445,794**
Reclassification of the fair value of options cancelled	**$ 5,721**	**$ -**
Reclassification of grant date fair value on exercise of stock options	**$ -**	**$ 108,068**
Reclassification of the fair value of warrants cancelled	**$ -**	**$ 104,501**
Transaction costs - loan payable		**$ (1,675,447)**
Equipment included in lease obligations	**$ -**	**$ 1,099,053**
Expenditures on development assets included in accounts payable and accrued liabilities	**$ -**	**$ 200,770**

The accompanying notes are an integral part of these consolidated financial statements.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Hudson Resources Inc. ("Hudson" or the "Company") is a publicly listed company and its shares are listed on the TSX Venture Exchange under the symbol "HUD". The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia. The Company's head office and the registered records office are located at Suite 420 - 1639 West 2nd Ave, Vancouver, BC V6J 1H3.

The Company is in the business of prospecting for, developing, and mining mineral resources located in Greenland and is currently focused on its Sarfartoq rare earth element (REE) and niobium/tantalum exploration projects and production from the White Mountain Project (the "Project" or "Qaqortorsuaq" in Greenland) located on its Naajat anorthosite mineral license holding. The Company may also acquire, explore and evaluate other resource properties, and either joint venture or develop these properties further or dispose of them when the evaluation is completed.

Debt restructuring in Hudson Greenland A/S

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 shareholder approval and approval from 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% of Hudson Greenland and the remaining 31.1% by the Company. Additionally, 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 get the White Mountain anorthosite mine back into 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. The Company retains the right to redeem the preferred shares from the above transactions to regain 100% interest of the White Mountain Project over the next five years.

Through a separate services agreement (the "Services Agreement"), the Company 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.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

Going Concern

The Company has experienced recurring operating losses and as at September 30, 2020, had a working capital deficit of $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.

For the current six months ended September 30, 2020, the Company recorded a net gain of $3,0,32,411 and an accumulated deficit of $78,966,894 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.

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 consolidated 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 volatilities 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 and the Company's rare earth element (REE) and niobium/tantalum exploration projects.

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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of preparation

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on September 30, 2020.

Basis of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date that control ceases. All intercompany balances, transactions, income and expenses, and profits or losses are eliminated on consolidation.

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Transaction as announced by the Company on September 23, 2020 (see note 1 and note 9) resulted in a loss of de-facto control of the Subsidiary as the facts and circumstances indicate. Accordingly, the Subsidiary has been deconsolidated as at the Transaction date when control ceased, and the Company commenced application of equity method of accounting for Hudson Greenland A/S and recognized its investment in associate at its fair value.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Company's annual audited financial statements as at March 31, 2020 which have been prepared in accordance with IFRS. These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended March 31, 2020.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars ("$" or "CAD") which is the functional currency of the Company. The functional currency of Hudson Greenland A/S is determined as the Danish Krone ("DKK").

3. NEW ACCOUNTING STANDARDS

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.

4. RESTRICTED CASH

On July 17, 2017, the Company completed a debt funding arrangement with Cordiant for debt financing of US$13 million on a Senior Loan and US$9.5 million on a Subordinated Loan (the "Loan Agreements") for the White Mountain Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S (Note 12). Pursuant to the Loan Agreements, the Company is required to maintain a restricted cash balance of an amount at least equal to the next upcoming interest payment.

As at September 30, 2020, restricted cash was $Nil (March 31, 2020 - $2,612,711 (US$1,840,54)). 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 (see note 2 and note 9).

(Unaudited - Expressed in Canadian Dollars)

5. INVENTORY

	September 30, 2020	March 31, 2020
Supplies and fuel inventory	$ -	$ 521,511
Work in process	-	1,624
Finished product	-	369,517
	$ -	**$ 892,652**

The Company's inventory on hand were located at the White Mountain project site in Greenland. Although the Company also has inventory located at its warehouse facilities in the United States and Mexico, those carrying amounts were adjusted down in the prior year to state inventory at the lower of cost and net realizable value in accordance with the Company's accounting policy. 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 (see note 2 and note 9).

6. EQUIPMENT AND RIGHT OF USE ASSET

	Office equipment	Computer equipment	Field equipment	Vehicle	Right of use asset	Total
Cost						
As at March 31, 2020	$ 21,921	$ 23,260	$ 18,337,981	$ 2,185,061	$ 138,210	**$ 20,706,433**
Additions	-	-	596,540	-	-	**596,540**
Disposition of controlling interest	(22,007)	-	(19,020,659)	(2,193,612)	-	**(21,236,278)**
Effect of movements in exchange rates	86	-	86,138	8,551	-	**94,775**
Balance as at September 30, 2020	**$ -**	**$ 23,260**	**$ -**	**$ -**	**$ 138,210**	**$ 161,470**
Depreciation						
As at March 31, 2020	$ (12,791)	$ (21,409)	$(10,637,799)	$ (586,785)	$ (43,645)	**$(11,302,429)**
Charged for the period	(1,490)	(278)	(1,192,255)	(158,422)	(21,823)	**(1,374,268)**
Disposition of controlling interest	14,351	-	11,886,973	749,534	-	**12,650,858**
Effect of movements in exchange rates	(70)	-	(56,919)	(4,327)	-	**(61,316)**
Balance as at September 30, 2020	**$ -**	**$ (21,687)**	**$ -**	**$ -**	**$ (65,468)**	**$ (87,155)**
Net book value						
As at March 31, 2020	$ 9,130	$ 1,851	$ 7,700,182	$ 1,598,276	$ 94,565	$ 9,404,004
As at September 30, 2020	**$ -**	**$ 1,573**	**$ -**	**$ -**	**$ 72,742**	**$ 74,315**

During the six months ended September 30, 2020, the Company charged $1,374,268 (2019 – $2,096,707) in depreciation expense of which $22,101 (2020 – $24,884) was charged to statement of loss and comprehensive loss and $1,352,167 was capitalized as development assets (2020 - $2,071,823 capitalized as inventory). 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 (see note 2 and note 9).

On adoption of IFRS 16 on Leases, the Company recognized Right of Use ("ROU") assets in relation to a lease for office space at its head office which had previously been classified as operating leases under the principles of IAS 17. The ROU assets were recognized based on the amount equal to the lease liability. Upon transition to IFRS 16 in the prior year, the Company recognized ROU assets and lease obligations of $138,210.

Asset restrictions and contractual commitments

Hudson Greenland's assets are subject to certain restrictions on title, and have been pledged as security for credit facility arrangements (Note 12).

(Unaudited - Expressed in Canadian Dollars)

7. RESOURCE PROPERTIES

The Company currently has one Exploration License ("EL") in Greenland, the Sarfartoq EL (2020/32). The Company reacquired the Sarfartoq Mineral Claim, an exploration stage property, under a new EL at the end of 2020.

		Sarfartoq Mineral Claim
Acquisition costs / license fees		
Balance as at March 31, 2019	**$**	**769,682**
Impairment of resource properties		(769,682)
Balance as at March 31, 2020	**$**	**-**
Additions		6,253
Balance as at September 30, 2020	**$**	**6,253**

Sarfartoq Mineral Claim (2010/40), Greenland

Prior to December 31, 2019, the Company held an Exploration License ("EL") in Greenland, the Sarfartoq EL (2010/40), which is an exploration stage property. The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. In 2015, the Company's license was renewed to December 31, 2017. Subsequently in December 2015, the Greenland government granted the Company a 2-year exploration commitment holiday. In December 2017, the Greenland government extended the exploration commitment holiday for an additional year which permitted the Company to carry accrued work commitments until December 31, 2020. In December 2017, Hudson renewed the license for an additional 3-year period expiring December 31, 2020, however, this extension triggered a requirement for further work commitment expenditures in 2020 expected to be in excess of $5 million, consequently, the Company relinquished the Sarfartoq mineral claim in December 2019. Accordingly, the previous capitalized costs associated with this property have been written down to nil.

The Company applied to reacquire the EL under a new license which was granted in the last quarter of the 2020 fiscal year. The granting of the new license has reset the minimum work commitment expenditures to approximately $60,000 per annum. Due to COVID-19, the Greenland government has also waived all work commitments for the calendar year 2020.

(Unaudited - Expressed in Canadian Dollars)

8. DEVELOPMENT ASSETS

Balance as at March 31, 2019	**$**	**38,925,498**
Additions		2,614,864
Capitalized borrowing costs (Note 12)		5,191,652
Capitalized depreciation charges (Note 6)		1,443,447
Effect of movements in exchange rates		2,081,899
Balance as at March 31, 2020	**$**	**50,257,360**
Additions		3,215,518
Capitalized borrowing costs (Note 12)		2,478,827
Capitalized depreciation charges (Note 6)		1,350,677
Disposition of controlling interest		(57,627,565)
Effect of movements in exchange rates		325,183
Balance as at September 30, 2020	**$**	**-**

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

In September 2015, the license was converted to an exploitation license, and a fee of 100,000 DKK 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 in respect of establishing a mining operation as per the exploitation agreement in order to maintain the license.

Upon transition to the development stage of the Naajat (White Mountain) Mineral Claim, the Company calculated the present value of future cash flows expected from the Naajat (White Mountain) Mineral Claim and determined that there was no impairment loss to recognize as at July 17, 2017.

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 (see note 2 and note 9).

9. INVESTMENT IN ASSOCIATE

	September 30, 2020		March 31, 2020	
As at March 31, 2020	$	-	$	-
Recognition of fair value of investment in associate upon disposition of controlling interest		12,537,155		-
Share of loss from equity accounted investments		(39,738)		-
Balance as at September 30, 2020	**$**	**12,497,417**	**$**	**-**

The Company announced on September 23, 2020 that it had completed a debt restructuring of Hudson Greenland which resulted in a disposition of a controlling interest of 68.9% of the subsidiary, of which it held a 100% interest prior to that date. Hudson Greenland also completed a concurrent US$10 million convertible debenture financing (see note 1 and note 12) to ensure sufficient working capital to allow the White Mountain Project to get back into commercial operation. Hudson Greenland is in the business of developing and mining mineral resources from the White Mountain Project located in Greenland.

Through a separate services agreement (the "Services Agreement"), the Company 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.

(Unaudited - Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE (CONTINUED)

Significant judgements and assumptions

Upon completion of the Transaction, the Company held 100% of the common shares and 31.1% of the voting rights in Hudson Greenland, and the Lenders held 100% of the voting preferred shares and 68.9% of the voting rights. The Company has appointed one and the Lenders have appointed two (including the Chairman of the Board) of Hudson Greenland's Board of Directors out of a total of four. In the event of a tie with decisions to be voted upon within Hudson Greenland, the Chairman of the Hudson Greenland Board of Directors shall cast the deciding vote in such situations.

Management has reassessed its involvement in Hudson Greenland in accordance with IFRS 10's control definition and guidance and concluded that it no longer has outright control but has retained significant influence. In making this judgement, management considered the Company's relative size of voting rights and the Lenders' decision-making ability on the Board of Directors. Accordingly, Hudson Greenland has been deconsolidated as at the Transaction date when control ceased, and the Company commenced application of the equity method of accounting for Hudson Greenland and recognized its investment in associate at its fair value as of the date of the Transaction.

Loss of control over subsidiary during the reporting period

On September 22, 2020, the Company disposed of a controlling interest in its Greenlandic subsidiary, Hudson Greenland and recorded a net gain of $3,811,129 on the disposition consisting of both a gain on disposition upon debt restructuring and a loss on the retained investment.

The Company recorded the following gain on disposition upon the debt restructuring.

		September 22, 2020
Cash	$	1,483,737
Inventory		995,502
Other current assets		344,317
Total current assets		2,823,556
Reclamation bond		1,048,120
Equipment		8,586,976
Development assets		57,627,563
Total assets		70,086,215
Accounts payable and accrued liabilities		(6,899,220)
Borrowings		(51,850,806)
Total current liabilities		(58,750,026)
Due to parent		(31,166,369)
Other provisions		(2,484,437)
Total liabilities		(92,400,832)
Total net liabilities		(22,314,617)
Net cash consideration	$	-
Total net liabilities		(22,314,617)
Gain on disposition upon debt restructuring	**$**	**22,314,617**

(Unaudited - Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE (CONTINUED)

Loss of control over subsidiary during the reporting period (Continued)

As part of the Transaction (see note 12), the Company retained a 31.1% interest in Hudson Greenland and recorded a loss on the retained investment based on its fair value at the date when control was lost. Fair value, under IFRS 13 Fair Value Measurement, is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and is also referred to as an exit price.

Fair value of retained investment	$	12,537,155
Carrying value of investment		(31,040,643)
Loss on retained investment	**$**	**(18,503,488)**

The net gain on disposition of controlling interest is summarized below:

Gain on disposition upon debt restructuring	$	22,314,617
Loss on retained investment		(18,503,488)
Net gain on disposition of controlling interest	**$**	**3,811,129**

Commitments

Hudson Greenland has certain contractual commitments relating to its own liabilities, including the reclamation bond, capital leases, and short term and long term loans payable. Hudson Greenland's assets have been pledged as security for its credit facility arrangements. The Company has not provided any commitments or guarantees relating to these liabilities of Hudson Greenland except for the pledge of its ownership of common shares of Hudson Greenland to the Lenders as part of Hudosn Greenland's loan agreements.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

		September 30, 2020		March 31, 2020
Trade payables	$	56,270	$	870,524
Loan payable - current portion (see Note 12)		-		9,065,793
Lease obligations - current portion (see Note 14)		45,213		237,597
Accrued liabilities		272,209		254,549
	$	**373,692**	**$**	**10,428,463**

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 (see note 2 and note 9).

11. SHORT TERM LOAN PAYABLE

On December 18, 2019, the Company announced it had entered into definitive agreements with its existing lenders, Cordiant Capital Inc. and its affiliates ("Cordiant"), and Romeo Fund – Flexi and its affiliates ("Romeo"), with respect to an additional US$10 million six month bridge loan facility (the "Short Term Loan") designed to facilitate completion of deliveries to lead customers and completion of its strategic process announced earlier in 2019. The additional loan facility was provided by Cordiant and Romeo on a 50:50 basis.

The Short Term Loan provided for an immediate $13,776,701 (US$10 million) loan facility increase, of which the Company drew down fully as at March 31, 2020. The additional funds bear interest at 20% per annum and mature on June 16, 2020. In connection with this loan facility increase, the Company issued a total of 29,400,000 share purchase warrants with a fair value of $531,346 to the lenders, each warrant entitling the holder to purchase one additional share in the capital of the Company until December 16, 2020 at an exercise price of $0.325 per share. The securities issued, including any shares issued upon exercise of the warrants, were subject to a 4 month hold period. The Company incurred cash transaction costs of $896,734, non-cash transaction costs of $531,346.

Prior to the completion of the Short Term Loan facility, the Company entered into additional short-term loan agreements for US$109,197 and US$350,000 with Cordiant and Romeo respectively which were used to make direct payment of certain invoices to its vendors. The loans bore interest at a rate of LIBOR plus 9.5% and were fully repaid with the proceeds from the Short Term Loan facility.

On September 23, 2020, the Company announced it had completed a debt restructuring of Hudson Greenland which would include the consoldiation of the Short Term Facility with the Loan Payble. 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 (see note 2 and note 9).

(Unaudited - Expressed in Canadian Dollars)

12. LOAN PAYABLE

The Company's loan payable balance as at September 30 and March 31, 2020 are as follow:

		in USD		in CAD
Balance as at March 31, 2019				
Long term portion	$	21,712,161	$	28,984,604
Short term portion in accrued liabilities		702,223		937,432
Total loan amount		22,414,384		29,922,036
Add: interest expense and accretion of transaction costs (Note 8)		3,902,190		5,191,652
Add: advances		8,000,000		10,635,357
Less: transaction costs (cash and non-cash)		(1,260,285)		(1,675,447)
Less: difference recognized as gain on refinancing		(1,112,410)		(1,488,481)
Less: payment of interests		(3,326,983)		(4,426,371)
Less: current portion of interest and principal payable (Note 10)		(6,384,777)		(9,065,793)
Add: effect of movements in exchange rates		-		2,474,599
Balance as at March 31, 2020	**$**	**22,232,119**	**$**	**31,567,552**

Balance as at March 31, 2020				
Long term portion	$	22,232,119	$	31,567,552
Short term portion in accrued liabilities		6,384,777		9,065,793
Total loan amount		28,616,897		40,633,345
Add: interest expense and accretion of transaction costs (Note 8)		2,198,222		3,046,177
Add: effect of movements in exchange rates		-		12,264,305
Balance as at September 22, 2020		30,815,118		55,943,827
Deconsolidation upon disposition of controlling interest		(30,815,118)		(55,943,827)
Balance as at September 30, 2020	**$**	**-**	**$**	**-**

On July 17, 2017, the Company completed the debt funding arrangement with Cordiant for a Senior Loan of US$13 million and a Subordinated Loan of US$9.5 million, for a total of US$22.5M (fully drawn as at March 31, 2018), for the Project through its 100% owned Greenland subsidiary, Hudson Greenland A/S. As at March 31, 2020, included in development assets to date is $10,661,125 of capitalized borrowing costs based on a capitalization rate of 100%.

The Subordinated Loan and the Senior Loan each initially have a term of seven years, maturing on July 15, 2024. Semi-annual principal repayments start on January 15, 2020 with only interest payments are required prior to that date. The Senior Loan carries an interest rate of $US six-month LIBOR plus 6.5% until July 15, 2018 and increased to LIBOR plus 9.5% after that date. The Subordinated Loan's rate is $US six-month LIBOR plus 9.5%. The Subordinated Loan and the Senior Loan are secured by all the assets of the Company.

Both the Subordinated Loan and the Senior Loan contain identical financial covenants stating that at the end of December 31 and June 30 of each year upon the commencement of principal repayments, the Company's historic debt service cover ratio and its forecast debt service cover ratio, as defined in the respective loan agreements, shall not be less than 110%.

12. LOAN PAYABLE (CONTINUED)

In May 2019, the Company entered into definitive agreements with its lender, Cordiant, with respect to a loan facility increase and extension originally announced on March 29, 2019. The agreements provided for an immediate $6,647,098 (US$5 million) loan facility increase, which was received by the Company in May 2019. The additional funds were provided based on the same terms as the existing facility and the definitive agreements extend the maturity of the total loan facility from July 15, 2024 to July 15, 2025, with the first principal repayment also being deferred by one year accordingly from January 15, 2020 to January 15, 2021.

In connection with this loan facility increase, the Company issued 1,950,000 share purchase warrants with a fair value of $309,096, each warrant entitling Cordiant to purchase one additional share in the capital of the Company until May 23, 2024, at an exercise price of $0.45 per share, and cancelled the 450,000 share purchase warrants issued to Cordiant in 2017 in connection with the existing facility. The securities issued, including any shares issued upon exercise of the warrants, were subject to a 4 month hold period. The definitive agreements also provided for a further US$3 million loan facility increase to be disbursed upon the fulfillment of certain conditions.

In August 2019, the Company entered into definitive agreements with Cordiant and its new lender, Romeo Fund – Flexi and its affiliates (“Romeo”) with respect to the $3,988,259 (US$3 million) loan facility increase originally announced on May 24, 2019. Pursuant to the agreements, which provide for the assignment by Cordiant to Romeo of Cordiant's commitments in respect of the third tranche, Romeo funded the US$3 million loan facility increase. The additional funds are provided based on the same terms as the existing facility and the definitive agreements. In connection with this loan facility increase, the Company has issued 900,000 share purchase warrants with a fair value of $155,710, each warrant entitling Romeo to purchase one additional share in the capital of the Company until May 23, 2024. The securities issued, including any shares issued upon exercise of the warrants, are subject to a 4 month hold period.

Under IFRS 9, a gain or loss on the modification of debt would result in a gain or loss. Modifications to debt can occur when the borrower and lender negotiate changes to the terms of the debt such as changing the interest rate or extending the maturity date. In such cases, the modification gain or loss is equal to the difference between the present value of the cash flows under the original and modified terms discounted by the original effective interest rate. In addition, any costs or fees incurred to change the terms would need to be adjusted to the carrying amount of the modified debt and amortized over the remaining term of the modified debt. The facility increase in May 2019 resulted in modifications of the loan payable including the extension of the maturity date and the commencement of the principal repayment of the original loan. Accordingly, the Company recognized a gain of $1,488,481 on the modification of the original debt in 2020.

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:

12. LOAN PAYABLE (CONTINUED)

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
- 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
- Provide the company the option to buy back 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%.

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.

13. RECLAMATION BONDS AND RECLAMATION OBLIGATION

Reclamation bonds

The Company maintains cash deposits that are restricted, and held in a restricted escrow account, to the funding of estimated reclamation costs. As at September 30, 2020, the carrying value of the Company's reclamation bonds is $Nil (March 31, 2020 - $2,087,690). 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 (see note 2 and note 9). In supporting the local business sectors and employees during the COVID-19 pandemic, the Greenlandic Government provided certain emergency relief measures for mining companies, including temporary permission to partially withdraw from funds held in escrow as closure bonds. The Company withdrew 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 withdrawal.

(Unaudited - Expressed in Canadian Dollars)

13. RECLAMATION BONDS AND RECLAMATION OBLIGATION (CONTINUED)

Reclamation obligation

The following table presents the aggregate discounted carrying amount of the obligation associated with clean-up and abandonment of the Company's White Mountain project:

	in DKK		in CAD
Balance as at March 31, 2019	**8,097,057**	**$**	**1,627,599**
Accretion of interest	1,902,943		373,758
Effect of movements in exchange rates	-		86,333
Balance as at March 31, 2020	**10,000,000**	**$**	**2,087,690**
Disposition of controlling interest	(10,000,000)		(2,096,240)
Effect of movements in exchange rates			8,550
Balance as at September 30, 2020	**-**	**$**	**-**

During the year ended March 31, 2016, the Company entered into a counter-guarantee agreement with the Bank of Greenland for the Company's reclamation obligation on its White Mountain project. Under the agreement, the Bank of Greenland guaranteed to the Government of Greenland that the Company's reclamation obligation of DKK 1,250,000 on the White mountain project was in place. There was no reclamation bond posted for this amount. The Company pledged its field equipment as security against the counter-guarantee. The counter-guarantee agreement was released during the year ended March 31, 2018, upon funds being remitted to the Government of Greenland (see reclamation bonds above).

The Company determined the amount of the reclamation obligation to be DKK 10,000,000, coinciding with the reclamation bond it posted with the Government of Greenland. The reclamation obligation at the date of the statement of financial position represents management's best estimate of the present value of the future site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation obligation and associated asset (development assets). To the extent that reclamation obligation is created due to exploration activities which do not yet qualify for capitalization, the amount is expensed to exploration and evaluation costs, otherwise capitalized to development assets to the extent the reclamation obligation relates to such activity. Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditures differing from the amount currently provided.

Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditures differing from the amount currently provided.

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 (see note 2 and note 9).

(Unaudited - Expressed in Canadian Dollars)

14. LEASE OBLIGATIONS

The Company entered into two leases in December 2018 for heavy equipment to be used on the White Mountain project. These leases have four-year terms with obligations to purchase the equipment at the end of the term. 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 (see note 2 and note 9).

		DKK denominated		CAD	Total
		In DKK	in CAD	Denominated	CAD
Balance as at March 31, 2019	(1)	**3,934,691**	**$ 789,440**	**$ -**	**$ 789,440**
Adoption of IFRS 16		-	-	138,210	138,210
Interest		124,786	24,704	13,030	37,734
Principal payments		(1,026,468)	(203,218)	(52,080)	(255,298)
Effect of movements in exchange rates		-	22,272	-	22,272
Total lease obligations		3,033,009	633,198	99,160	732,358
Less: current portion in accrued liabilities (Note 9)		(934,067)	(195,004)	(42,593)	(237,597)
Balance as at March 31, 2020		**2,098,942**	**$ 438,194**	**$ 56,567**	**$ 494,761**

		DKK denominated		CAD	Total
		In DKK	in CAD	Denominated	CAD
Balance as at March 31, 2020	(1)	**3,033,009**	**$ 633,198**	**$ 99,160**	**$ 732,358**
Interest		50,321	10,415	5,439	15,854
Principal payments		(513,234)	(106,233)	(26,100)	(132,333)
Effect of movements in exchange rates		-	1,373	-	1,373
Total lease obligations		2,570,096	538,754	78,499	617,253
Disposition of controlling interest		(2,570,096)	(538,754)	-	(538,754)
Less: current portion in accrued liabilities (Note 9)		-	-	(45,213)	(45,213)
Balance as at September 30, 2020		**-**	**$ -**	**$ 33,286**	**$ 33,286**

(1) Obligations under capital lease for vehicles with interest at a rate of 3.87%, maturing on December 31, 2022

Minimum lease payments in respect of lease obligations for the ROU assets and the effect of discounting are as follow:

Minimum lease payments under operating leases as at March 31, 2019	$	165,180
Effect from discounting at the incremental borrowing rate as at April 1, 2019		(26,970)
Lease liabilities recognized as at April 1, 2019		**138,210**
Right of use asset recognized as at April 1, 2019	**$**	**138,210**

The lease liabilities were discounted at a rate of 12% as at April 1, 2019

Future minimum lease payments, including principal and interest, under the capital leases for subsequent years are as follows:

		Total
2021	$	26,100
2022		52,200
2023		8,700
	$	**87,000**

The obligations under capital leases in Hudson Greenland are secured by the underlying lease assets.

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

As at September 30, 2020, the Company had 178,392,705 common shares issued and outstanding (March 31, 2020 – 178,392,705).

For the six months ended September 30, 2020

- None.

For the six months ended September 30, 2019

- 400,000 stock options with an exercise price of $0.34 were exercised for gross proceeds of $136,000 in April 2019.

c) Share purchase warrants

The changes in warrants during the six months ended September 30, 2020 and 2020, are as follow:

	Number outstanding		Weighted average exercise price
Balance, March 31, 2019	**43,149,669**	**$**	**0.64**
Issued	32,250,000		0.34
Expired	(22,158,253)		0.55
Cancelled	(450,000)		0.55
Balance, September 30 and March 31, 2020	**52,791,416**	**$**	**0.50**

In August 2019, 2,025,000 warrants with an exercise price of $0.60 expired without exercise. In February 2020 and March 2020, 16,133,253 and 4,000,000 warrants with exercise prices of $0.50 and $0.70 expired respectively without exercise.

In connection with the loan facility increases, the Company issued 1,950,000 and 900,000 share purchase warrants on May 23, 2019 and August 15, 2019 respectively, each warrant entitling the debt holders to purchase one additional share in the capital of the Company until May 23, 2024, at an exercise price of $0.45 per share, and has cancelled the 450,000 share purchase warrants issued to Cordiant in 2017 in connection with the existing facility. The Company estimated the grant date fair value of the warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.55% and 1.20% respectively, an expected life of 5 years for both, an expected volatility of 55% for both and an expected dividend yield of 0% for both, which totaled $309,096 and $155,710 respectively, and recorded this value in warrant reserve with a corresponding decrease in the carrying value of the liability.

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants (continued)

In connection with the short term loan received in December 2019, the Company issued to the lenders a total of 29,400,000 share purchase warrants, each warrant entitling the debt holders to purchase one additional share in the capital of the Company until December 16, 2020, at an exercise price of $0.325 per share. The Company estimated the grant date fair value of the warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.72%, an expected life of 1 year, an expected volatility of 51% and an expected dividend yield of 0%, which totaled $531,346.

Expiry date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (in years)
December 16, 2020	29,400,000	0.325	0.21
May 29, 2021	9,619,805	0.750	0.66
June 20, 2021	10,921,611	0.750	0.72
May 23, 2024	2,850,000	0.450	3.65
	52,791,416		**0.58**

d) Stock options

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the issued and outstanding common shares of the Company as at the date of the grant. The maximum number of common shares reserved for issue to any one optionee under the plan cannot exceed 5% of the total issued and outstanding number of common shares on a non-diluted basis. The maximum number of common shares reserved for issue to any insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to all eligible persons who undertake investor relation activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on a non-diluted basis. The Company has granted directors, officers and consultants common share purchase options ("Options"). These Options are granted with an exercise price equal to no less than the closing market price of the Company's shares prevailing on the day that the Option is granted. Options may have a maximum term of ten years. Under the stock option plan, the Board of Directors can determine vesting periods for Options granted.

The changes in stock options during six months ended September 30, 2020 are as follow:

	Number outstanding	Weighted average exercise price
Balance, March 31, 2019	**13,500,000**	**$ 0.44**
Exercised	(400,000)	0.34
Expired	(1,650,000)	0.34
Cancelled	(660,000)	0.45
Balance, March 31, 2020	10,790,000	0.46
Granted	4,280,000	0.15
Expired	(2,600,000)	0.50
Cancelled	(30,000)	0.45
Balance, September 30, 2020	**12,440,000**	**$ 0.34**

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

For the six months ended September 30, 2020

- 2,600,000 options with an exercise price of $0.50 expired in September 2020 without exercise.
- On August 10, 2020, the Company granted 4,280,000 options with an exercise price of $0.15 to its then directors, officers, employees and consultants. The options are exercisable for a period of five years. One-third vested on the date of grant and one-third will vest on each of the first and second anniversary of the date of grant.
- 30,000 stock options with an exercise price of $0.45 were cancelled in April 2020.

For the six months ended September 30, 2019

- 400,000 stock options with an exercise price of $0.34 were exercised for gross proceeds of $136,000 in April 2019.
- 1,650,000 options with an exercise price of $0.34 expired in April 2019 without exercise.

The following summarizes information about Options outstanding and exercisable at September 30, 2020:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
January 18, 2022	2,180,000	2,180,000	$ 0.38	$ 481,346	1.30
March 30, 2022	80,000	80,000	$ 0.65	$ 36,638	1.50
June 28, 2023	4,980,000	4,980,000	$ 0.47	$ 1,132,729	2.74
February 20, 2024	920,000	613,336	$ 0.45	$ 343,836	3.39
August 10, 2025	4,280,000	1,443,800	$ 0.15	$ 211,596	4.86
	12,440,000	**9,297,136**		**$ 2,206,145**	**3.26**

The weighted average exercise price of the exercisable Options was $0.34.

The estimated grant date fair value of the options granted during the six months ended September 30, 2020 and 2019, were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended September 30, 2020	For the six months ended September 30, 2019
Share price at the grant date	$ 0.11	N/A
Risk-free interest rate	0.27%	N/A
Expected annual volatility	63.31%	N/A
Expected life	5.00	N/A
Expected dividend yield	-	N/A
Grant date fair value per option	$ 0.05	N/A

During the six months ended September 30, 2020, the Company recognized share-based payments expense of $244,462 (2020 – 267,327) from stock options.

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

e) **Reserves**

Additional paid-in capital

Additional paid-in capital records the fair value of the expired options and warrants initially recorded in stock options reserve or warrants reserve.

Stock options reserve

The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to additional paid-in capital.

Warrants reserve

The warrants reserve records the fair value of the warrants issued until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount recorded is transferred to additional paid-in capital.

16. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balance due to related parties included in accounts payable and accrued liabilities was $243,333 for directors' fees as at September 30, 2020 (March 31, 2020 – $173,333). These amounts are unsecured and non-interest bearing.

b) Key management personnel compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation is comprised of:

	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.

(Unaudited - Expressed in Canadian Dollars)

17. 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 (see note 2 and note 9).

18. SEGMENTED INFORMATION

The Company has one operating segment: the exploration and evaluation, and development of resource properties in Greenland. The Company's assets are located in the following geographic areas:

	Canada	Greenland	Total
As at March 31, 2020			
Inventory	$ -	$ **892,652**	$ **892,652**
Equipment	96,419	9,307,586	**9,404,005**
Development asset	-	50,257,360	**50,257,360**
	$ 96,419	**$ 60,457,598**	**$ 60,554,017**
As at September 30, 2020			
Equipment	**$ 74,315**	**$ -**	**$ 74,315**
Resource properties	-	6,253	**6,253**
Investment in associate	-	12,497,417	**12,497,417**
	$ 74,315	**$ 12,503,670**	**$ 12,577,985**

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 (see note 2 and note 9).

19. CAPITAL MANAGEMENT

The Company manages its capital structure, being its shareholders' equity, short term loan payable, loan payable, and note payable, and makes adjustments to it based on the funds available to the Company in order to support future development activities. The Board of Directors does not establish quantitative returns on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In order to further exploration and development activities, the Company will spend its existing working capital and raise additional funds, if required. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six months ended September 30, 2020. Hudson Greenland is subject to externally imposed capital requirements in connection with its loan payable, as detailed in Note 12. The Company is compliant with these capital requirements.

(Unaudited - Expressed in Canadian Dollars)

20. FINANCIAL INSTRUMENTS

a) Fair value

Financial assets and liabilities that are recognized on the statement of financial position at fair value follow in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	September 30, 2020		March 31, 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 142,182**	**$ 142,182**	$ 1,829,044	$ 1,829,044
Restricted cash	**-**	**-**	2,612,711	2,612,711
Sales tax receivable	**28,633**	**28,633**	58,212	58,212
Deposits	**6,993**	**6,993**	7,928	7,928
Reclamation bonds	**-**	**-**	2,087,690	2,087,690
	$ 177,808	**$ 177,808**	$ 6,595,585	$ 6,595,585
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 373,693**	**$ 373,693**	$ 10,428,463	$ 10,428,463
Short term loan payable	**-**	**-**	14,250,372	14,250,372
Loan payable	**-**	**-**	31,567,552	31,567,552
Lease obligations	**33,286**	**33,286**	494,761	494,761
	$ 406,979	**$ 406,979**	$ 56,741,148	$ 56,741,148

The carrying values of the Company's financial assets and liabilities are considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. The Company's loan payable also approximates fair value as it bears market rates of interest.

There are no financial instruments recorded at fair value through profit or loss (FVTPL) on the statements of financial position.

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 (see note 2 and note 9).

20. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, restricted cash and sales tax receivable are exposed to credit risk. The Company reduces its credit risk on cash and restricted cash by placing these instruments with institutions of high credit worthiness. As at September 30, 2020, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash and cash equivalent balances to meet liabilities as they become due.

As at September 30, 2020, the Company had cash of $142,182 in order to meet short-term business requirements and accounts payable and accrued liabilities of $373,693. All accounts payable and accrued liabilities are current liabilities.

Upon disposition of controlling interest in the Company's subsidiary, the Company has deconsolidated the subsidiary's assets and liabilities from the date on which the control ceased (see note 2 and note 9).

Market Risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as at September 30 and March 31, 2020.

Prior to the disposition of controlling interest, the Company's interest rate risk principally arises from fluctuations in the LIBOR rate as it relates to the Company's loan payable. The Company is also subject to interest rate risk on its cash balances as they are held in interest bearing accounts. A 1% change in interest rates on cash would have an insignificant impact on the Company's profit or loss. A 1% change in the LIBOR rate would result in approximately a $200,000 impact on the Company's profit or loss for the six months ended September 30, 2020.

20. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

Prior to the disposition of controlling interest, the Company's cash, restricted cash, deposits, accounts payable and accrued liabilities, loan payable, and note payable were held in CAD, USD, and DKK; therefore, the USD, and DKK accounts are subject to fluctuation against the Canadian dollar. Subsequent to the Company's disposition of controlling interest in its subsidiary and as at September 30, 2020, the Company's cash, sales tax receivables, and accounts payable and accrued liabilities are all denominated in CAD.

The Company had the following balances in Canadian and foreign currencies as at September 22, 2020, prior to the disposition of the controlling interest:

	in CAD	in USD	in DKK
Cash	$ 224,776	$ 76,293	$ 447,647
Restricted cash	-	760,002	-
Sales tax receivable	28,633	-	-
Deposits	6,993	-	4,480
Reclamation bonds	-	-	5,000,000
Accounts payable and accrued liabilities	(496,212)	(4,121,513)	(4,594,620)
Short term loan payable	-	(11,030,438)	-
Reclamation obligations	-	-	(10,000,000)
Loan payable	-	(34,473,983)	-
Lease obligations	(33,286)	-	(1,851,875)
	(269,096)	**(48,789,639)**	**(10,994,368)**
Rate to convert to $1.00 CAD	1.000	0.7503	4.7713
Equivalent to Canadian dollars	**(269,096)**	**(65,030,734)**	**(2,304,266)**

Based on the net exposures prior to the disposition of controlling interest, and assuming that all other variables remain constant, a 10% change of the CAD against the USD and DKK would impact comprehensive loss by approximately $6,700,000 during the six months ended September 30, 2020.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

21. SUBSEQUENT EVENT

The Company announced on November 9, 2020 that it has granted incentive stock options under the Company's stock option plan to the new directors of the Company to purchase a total of 900,000 shares at a price of $0.40 per share and are exercisable for a period of five years, subject to the policies of the TSX Venture Exchange.