HUDSON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Hudson Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hudson Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2021 and 2020, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $4,874,119 during the year ended March 31, 2021 and had a working capital deficiency of $244,151. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management’s Discussion and Analysis prior to the date of this auditor’s report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 29, 2021

Hudson Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

As at		March 31, 2021		March 31, 2020
ASSETS				
Current assets				
Cash	$	**121,544**	$	1,829,044
Restricted cash (note 4)		**-**		2,612,711
Sales tax receivable		**37,258**		58,212
Deposits		**6,993**		7,928
Prepaid expenses		**6,042**		772,857
Inventory (note 5)		**-**		892,652
		171,837		**6,173,404**
Non-current assets				
Equipment and right of use asset (note 6)		**52,216**		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)		**4,725,709**		-
		4,784,178		61,749,055
TOTAL ASSETS	**$**	**4,956,015**	**$**	**67,922,459**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 10 and note 16)	$	**415,988**	$	10,428,463
Short term loan payable (note 11)		**-**		14,250,372
		415,988		**24,678,835**
Non-current liabilities				
Lease obligations (note 14)		**8,573**		494,761
Loan payable (note 12)		**-**		31,567,552
Reclamation obligation (note 13)		**-**		2,087,690
		8,573		**34,150,003**
TOTAL LIABILITIES		**424,561**		**58,828,838**
EQUITY				
Share capital (note 15(b))	$	**78,208,835**	$	78,206,360
Reserves		**13,196,043**		12,898,054
Deficit		**(86,873,424)**		(82,010,793)
TOTAL EQUITY		**4,531,454**		**9,093,621**
TOTAL EQUITY AND LIABILITIES	**$**	**4,956,015**	**$**	**67,922,459**

Corporate information and continuance of operations (note 1)
Commitments (note 17)
Segmented information (note 18)
Subsequent events (note 22)

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 July 28, 2021 and signed on its behalf by:

/s/ Antony Harwood Director *   /s/ Donna Phillips Director*

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

	For the year ended	
	March 31, 2021	**March 31, 2020**
EXPENSES		
Accretion of interest (note 13)	$ -	$ 373,758
Depreciation (note 6)	**44,200**	48,149
Directors' fees (note 16)	**121,667**	140,000
Exploration and evaluation costs	**35,792**	37,340
Foreign exchange	**(34,869)**	164,451
Foreign exchange - unrealized	**(2,002,722)**	898,727
Impairment of resource properties (note 7)	-	769,682
Interest and financing costs (note 12)	**2,504,087**	1,812,993
Inventory adjustment (note 5)	-	9,501,054
Miscellaneous income	-	(4,417)
Office	**63,572**	83,539
Personnel costs (note 16)	**697,003**	964,657
Professional fees	**278,266**	281,988
Rent	**27,777**	28,057
Share-based payments (note 15(d) and 16)	**300,605**	441,903
Shareholder and community engagement	**12,535**	81,147
Transfer agent and filing fees	**38,105**	51,196
Travel and accommodation	**866**	36,734
TOTAL EXPENSES	**2,086,884**	15,710,958
OTHER ITEMS		
Management services	**(342,576)**	-
Gain on debt refinancing (note 12)	-	(1,488,481)
Gain on disposition of controlling interest (note 9)	**(370,781)**	-
Share of loss from equity accounted investments (note 9)	**3,500,592**	-
NET LOSS FOR THE YEAR	**4,874,119**	14,222,477
OTHER COMPREHENSIVE LOSS (INCOME)		
Reclassification of foreign currency differences on disposition of controlling interest	**(11,488)**	-
Foreign currency translation on foreign operations	**(8,872)**	(110,221)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**$ 4,853,759**	$ 14,112,256
Basic and diluted loss per share for the year	**$ 0.03**	$ 0.08
Weighted average number of common shares outstanding - basic and diluted	**178,397,587**	178,367,614

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

Hudson Resources Inc.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital		Reserves					
	Note	**Number of shares**	**Amount**	**Additional paid-in capital**	**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		-	-	565,795	(565,795)	-	-	-	**-**
Expiry of warrants		-	-	2,422,339	-	(2,422,339)	-	-	**-**
Fair value of warrants issued for short term loan payable		-	-	-	-	531,346	-	-	**531,346**
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)	-	-	-	441,903	-	-	-	**441,903**
Loss and comprehensive loss		-	-	-	-	-	110,221	(14,222,477)	**(14,112,256)**
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**
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**
Shares issued for cash - exercise of stock options		16,500	2,475	840	(840)	-	-	-	**2,475**
Expiry of stock options		-	-	807,384	(807,384)	-	-	-	**-**
Cancellation and foreiture of stock options		-	-	354,186	(354,186)	-	-	-	**-**
Expiry of warrants		-	-	531,347	-	(531,347)	-	-	**-**
Share-based payments	15(d)	-	-	-	300,605	-	-	-	**300,605**
Loss and comprehensive loss		-	-	-	-	-	8,872	(4,874,119)	**(4,865,247)**
Reclassification of foreign currency differences on disposition of controlling interest		-	-	-	-	-	(11,488)	11,488	**-**
Balance at March 31, 2021		**178,409,205**	**$ 78,208,835**	**$ 9,253,633**	**$ 1,668,230**	**$ 2,274,180**	**$ -**	**$ (86,873,424)**	**$ 4,531,454**

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

Hudson Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		For the year ended March 31, 2021		March 31, 2020
Cash flows from (used in):				
OPERATING ACTIVITIES				
Net income (loss) for the period	$	**(4,874,119)**	$	**(14,222,477)**
Adjustments for items not affecting cash:				
Depreciation		44,200		48,149
Share-based payments		300,605		441,903
Accretion of interest		-		373,758
Interest and financing costs		20,022		888,478
Foreign exchange		(34,869)		164,451
Foreign exchange - unrealized		(2,002,722)		898,727
Impairment on or resource properties		-		769,682
Inventory adjustment		-		9,501,054
Gain on debt refinancing		-		(1,488,481)
Gain on disposition of controlling interest		(370,781)		-
Share of loss from equity accounted investments		3,500,592		-
		(3,417,072)		**(2,624,756)**
Net changes in non-cash working capital items:				
Sales tax receivable		20,954		24,691
Prepaid expenses		398,925		(748,410)
Deposits		-		(36)
Inventory		(102,850)		(8,333,149)
Accounts payable and accrued liabilities		2,682,318		(954,229)
Net cash flows from (used in) operating activities		**(417,725)**		**(12,635,889)**
FINANCING ACTIVITIES				
Proceeds from exercise of stock options		2,475		136,000
Proceeds from loan payable, net of cash transaction costs		-		9,424,716
Repayment of interest on loan payable		-		(4,426,371)
Proceeds from short term loan, net of cash transaction costs		-		12,879,967
Repayment of note payable		-		(526,137)
Lease payments		(158,432)		(255,298)
Net cash flows from (used in) financing activities		**(155,957)**		**17,232,877**
INVESTING ACTIVITIES				
Equipment purchases		(596,540)		(23,477)
Resource property acquisition costs		(6,253)		-
Reclamation bonds		1,023,274		-
Restricted cash		1,438,785		(2,612,711)
Expenditures on development assets		(3,029,183)		(2,835,435)
Net cash flows used in investing activities		**(1,169,917)**		**(5,471,623)**
Effect of exchange rate changes on cash		**36,099**		**1,234,517**
Net increase (decrease) in cash		**(1,707,500)**		**359,882**
Cash, beginning of year		**1,829,044**		**1,469,162**
Cash, end of year	$	**121,544**	$	**1,829,044**
Cash paid during the year for interest on note payable	$	**-**	$	**26,137**
Cash paid during the year for interest on loan payable	$	**-**	$	**4,426,371**
Supplementary cash flow information				
Reclassification of the fair value of options expired	$	**(354,186)**	$	**565,795**
Reclassification of the fair value of options cancelled	$	**354,186**	$	**-**
Reclassification of grant date fair value on exercise of stock options	$	**840**	$	**108,068**
Reclassification of the fair value of warrants cancelled	$	**-**	$	**104,501**
Reclassification of the fair value of warrants expired	$	**531,347**	$	**2,422,339**
Fair value of warrants issued for short term loan	$	**-**	$	**531,346**
Fair value of warrants issued for loan payable	$	**-**	$	**464,806**
Expenditures on development assets included in accounts payable and accrued liabilities	$	**-**	$	**834,260**

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 wholly owned Nukittooq niobium/tantalum project and its Sarfartoq rare earth element (REE) projects and continues to support 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 (CA$18.4 million), of the then existing debt of US$43 million (CA$58.6 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 being the incumbent from Greenland Venture A/S, an investment company owned by the Greenland Government.

Hudson Greenland also issued a convertible debenture (the "Debenture") in the amount of US$10 million (CA$13.3 million) to the Lenders to provide funding directly into Hudson Greenland to ensure sufficient working capital to get the White Mountain anorthosite mine back into operation. The Debenture has a maturity date of five years from the date of issuance and are 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. The Debenture may be repaid based on 200% of its face value at any time to the date of maturity.

Proceeds of the Debenture are being used by Hudson Greenland for working capital purposes 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 back-in rights to redeem the preferred shares and repay the Debenture from the above transactions to regain 100% interest of the White Mountain Project over the next five years.

Through a separate services arrangement, the Company provides operational, logistical, sales and marketing support to Hudson Greenland related to all White Mountain anorthosite operations. This services arrangement 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 March 31, 2021, had a working capital deficit of $244,151. 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 Year ended March 31, 2021, the Company recorded a net loss of $4,874,119 and an accumulated deficit of $86,873,424 with the cumulative losses being attributable to the extensive 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 consolidated financial statements of the Company have been prepared in accordance with Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated 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 March 31, 2021.

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)

Resource properties

Resource properties include acquired mineral use rights for mineral properties held by the Company. The amount of consideration paid (in cash or share value) for mineral use rights is capitalized. Pre-exploration, and exploration costs are expensed as incurred as exploration and evaluation costs. The amounts shown for resource properties represent costs of acquisition incurred to date, less recoveries, and do not necessarily reflect present or future values. These costs will be amortized against revenue from future production or written off if the resource properties are abandoned or sold. Included in the cost of resource properties is the cost of the estimated decommissioning liability (reclamation obligation). The Company classifies resource properties as intangible in nature. Depletion of costs capitalized on projects put into commercial production will be recorded using the unit-of-production method based upon estimated proven and probable reserves. Proceeds received from the sale of any interest in a property are credited against the carrying value of the property, with any excess included in operations for the period.

Ownership in resource properties involves certain inherent risks, including geological, metal prices, operating costs, and permitting risks. Many of these risks are outside the Company's control. The ultimate recoverability of the amounts capitalized for the resource properties is dependent upon the delineation of economically recoverable ore reserves, obtaining the necessary financing to complete their development, obtaining the necessary permits to operate a mine, and realizing profitable production or proceeds from the disposition thereof. Management's estimates of recoverability of the Company's investment in its resource properties have been based on current and expected conditions. However, it is possible that changes could occur which could adversely affect management's estimates and may result in future write downs of resource properties carrying values.

The Company assesses resource property assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

When a project is deemed to no longer have commercially viable prospects to the Company, the carrying amount of the resource property, in excess of estimated recoveries, in respect of that project are deemed to be impaired and written off to profit or loss.

Exploration and evaluation costs

Exploration and evaluation costs, other than those acquisition costs described above, are expensed as incurred including costs incurred prior to obtaining mineral use rights, until such time that permits to operate the mineral resource property are received, financing to complete development has been obtained, and technical feasibility and commercial viability are demonstrable. Following confirmation of mineral reserves or receipt of permits to commence mining operations and obtaining necessary financing, exploration and evaluation expenditures are capitalized within development assets and capitalized expenditures are transferred from exploration and evaluation assets, and equipment, to development assets.

Exploration and evaluation costs that are considered to be tangible, are recorded as a component of equipment at cost less accumulated impairment losses. As the asset is not available for use, is not depreciated.

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

Development assets

Development expenditures incurred by the Company are accumulated separately as development assets for each area of interest in which technical feasibility and commercial viability has been demonstrated. Such expenditures comprise costs directly attributable to the construction of a mine and the related infrastructure (including buildings and land improvements). Development assets are carried net of the proceeds of incidental sales of metals from mineralized stockpiles extracted during the development stage.

On initial recognition, development assets are valued at cost, less accumulated impairment losses. Cost is comprised of the fair value of consideration given to acquire or construct an asset, and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset (reclamation obligation). The corresponding liability is recognized within reclamation obligation. In accordance with IAS 36, *"Impairment of Assets"*, upon transition to the development stage the Company is required to assess the recoverable amount of development assets against its carrying amount.

Borrowing costs

Interest on borrowings directly related to the financing of qualifying capital projects under construction is added to the capitalized cost of those projects during the construction phase (development stage), until such time as the assets are substantially ready for their intended use or sale which, in the case of development assets, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in profit or loss during the period in which they are incurred.

Inventory

Anorthosite inventory is stated at the lower of cost and net realizable value. Cost for anorthosite inventory is determined on an average cost basis. Such costs include direct labour, fuel, freight, depreciation, depletion, repair parts, supplies, raw materials, and production overhead. Consumable supplies are stated at the lower of cost and net realizable value. Costs for consumable supplies are determined on a first-in, first-out basis.

When inventories have been written down to net realizable value ("NRV"), the Company makes a new assessment of NRV in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

Land improvements

Once the legal right to explore a property has been acquired, costs directly related to land improvements are recognized and capitalized as resource properties and/or development asset. These direct expenditures include such costs as materials used, equipment rental, payments made to contractors, and road construction.

Land improvements are stated at cost less any impairment losses.

Land improvements are not depreciated until commercial production is reached. If a property is sold or abandoned, the acquisition costs and deferred exploration expenditures would be derecognized.

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

Equipment

Equipment is initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognized within reclamation obligation. All items of equipment are subsequently carried at cost less accumulation depreciation except for exploration and evaluation costs that are considered tangible in nature (see "Exploration and evaluation costs" above), and impairment losses, if any.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognized net within profit or loss.

Depreciation is provided for at the following rates:

- Office equipment 30%
- Computer equipment 30%
- Vehicles 20%
- Field equipment 30%
- Right of use asset Straight-line over life of asset

Additions during the year are depreciated at one-half rates. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Material residual value estimates and estimates of useful life are reviewed at each financial year end and adjusted if appropriate.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

When applicable, the Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses previously recognized are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed to the extent that the asset's new carrying amount does not exceed the original carrying amount, net of related accumulated depletion, and depreciation, if there has been an increase in the estimate of the recoverable amount.

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

Reclamation obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement or reclamation of resource properties or development assets. The net present value of future reclamation cost estimates is expensed as exploration and evaluation costs in connection with exploration and evaluation activities (resource properties) in accordance with the Company's policy on exploration and evaluation costs. For reclamation obligations arising from development activities the net present value of future reclamation costs is capitalized to the related asset (development assets) along with a corresponding increase in the reclamation obligation in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs underlying its reclamation obligation could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded as an expense to the extent they relate to exploration activities and resource properties or are recorded directly to the related assets to the extent they relate to development assets, with a corresponding entry to the reclamation obligation. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of its reclamation obligation, are charged to profit or loss in the year the estimates change.

Taxation

Income tax expense comprises of current and deferred taxes. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or reserves.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred income tax is provided for any temporary differences at the reporting date between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Taxation (continued)

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of income tax or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Currency translation

The presentation currency and functional currency of the Company is the Canadian dollar. The functional currency of its subsidiary is the Danish Krone ("DKK"). The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates based on assessments of IAS 21, "*The Effects of Foreign Exchange Rates*".

Transactions and balances

Foreign currency transactions are translated into the functional currency of the underlying entity using appropriate average rates of exchange. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange in effect at the end of each reporting period. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss.

Foreign operations

The results of foreign operations are translated to Canadian dollars at appropriate rates of exchange during the year and are included in foreign currency translation reserve. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation's assets and liabilities to Canadian dollars at period end are recognized in foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income (loss) as part of the gain or loss on sale.

Share-based payments

The share option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in stock options reserve within equity.

Where equity-settled share options are awarded to employees, the fair value of the options, which is measured using the Black-Scholes option pricing model at the date of grant, is charged to profit or loss over the vesting period on a graded-vesting basis. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

Share-based payments (continued)

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in stock options reserve, until exercised or upon expiration. Upon exercise, shares are issued from treasury and the amount reflected in stock options reserve is credited to share capital, adjusted for any consideration paid. The fair value of the expired options will be transferred to additional paid-in capital. Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Cash

Cash comprise cash on hand, deposits held on call with banks, and highly liquid investments that are readily convertible into a known amount of cash and which are subject to insignificant risk of changes in value.

Financial instruments

Financial assets

Financial assets are classified at initial recognition based on the applicable measurement model: amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income (loss) ("OCI").

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

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

Financial instruments (continued)

Financial assets (continued)

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

Financial liabilities are designated as either FVTPL or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Debt is recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition the debt is measured at amortized cost, calculated using the effective interest rate method.

Leases

The Company adopted IFRS 16 as of April 1, 2019 in accordance with the transitional provisions outlined in the standard, using the modified retrospective approach, where leases have been recorded on April 1, 2019. Right-of-use assets were recorded in an amount equal to lease liabilities, adjusted for prepaid and accrued lease liabilities, if applicable, and without regard to initial direct costs incurred on the inception of leases. Comparative information has not been restated and continues to be reported under IAS 17, Leases, and IFRIC 4, Determining Whether an Arrangement Contains a Lease.

Prior to April 1, 2019, leases are classified as either finance or operating in nature. Finance leases are those which substantially transfer the benefits and risks of ownership to the Company. Assets acquired under finance leases are depreciated at the same rates as those described under Equipment in Note 2. Obligations recorded under finance leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to finance costs. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share options, and warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Judgments

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

Cash generating units ("CGU")

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

Development stage

Management has determined that the construction of the White Mountain project was completed in the third quarter of the 2019 fiscal year and was thus in the development stage until that time. Accordingly, related costs incurred have been capitalized as development assets to the extent these costs are economically recoverable. Management uses several criteria in its assessments of stage of mining including metallurgic information, scoping and feasibility studies, accessible facilities, existing permits, availability of financing, and life of mine plans.

Commencement of commercial production

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

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

Critical accounting estimates and judgments (continued)

Judgments (continued)

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see Note 21). Management believes that, at March 31, 2021, it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Reclamation Obligations

In evaluating whether a reclamation obligation exists, management applies judgment to evaluate whether they have a constructive, or legal obligation. See "Estimates" below and, Note 13.

Impairment

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

Determination of functional currency

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

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

Critical accounting estimates and judgments (continued)

Estimates

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

Carrying value and recoverability of non-current assets

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

Reclamation Obligations

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs.

The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites.

The expected timing of expenditure can also change, for example, in response to changes in ore reserves or production rates or economic conditions. As a result, there could be significant adjustments to the provision for decommissioning and site restoration, which would affect future financial results. As at March 31, 2021, no reclamation obligation was recognized after disposition of the Company's controlling interest in Hudson Greenland (March 31, 2020 – $2,087,690).

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 15.

(Expressed in Canadian Dollars)

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, 2021. The Company does not expect that any new or amended standards or interpretations that are effective for annual periods beginning on or after April 1, 2021 will have a significant impact 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 (CA$16,353,710) on a Senior Loan and US$9.5 million (CA$11,950,788) 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 March 31, 2021, 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).

5. INVENTORY

	March 31, 2021	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).

(Expressed in Canadian Dollars)

6. EQUIPMENT AND RIGHT OF USE ASSET

	Office equipment	Computer equipment	Field equipment	Vehicle	Right of use asset	Total
Cost						
As at March 31, 2019	$ 21,067	$ 23,260	$ 17,599,802	$ 2,099,939	$ -	**$ 19,744,068**
Additions	-	-	23,477	-	138,210	**161,687**
Disposals	-	-	-	-	-	**-**
Effect of movements in exchange rates	854	-	714,702	85,122	-	**800,678**
Balance as at March 31, 2020	**$ 21,921**	**$ 23,260**	**$ 18,337,981**	**$ 2,185,061**	**$ 138,210**	**$ 20,706,433**
Depreciation						
As at March 31, 2019	$ (8,536)	$ (20,617)	$ (7,056,472)	$ (179,923)	$ -	**$ (7,265,548)**
Charged for the year	(3,711)	(792)	(3,125,074)	(378,930)	(43,645)	**(3,552,152)**
Eliminated on disposal	-	-	-	-	-	**-**
Effect of movements in exchange rates	(544)	-	(456,252)	(27,932)	-	**(484,728)**
Balance as at March 31, 2020	**$ (12,791)**	**$ (21,409)**	**$(10,637,798)**	**$ (586,785)**	**$ (43,645)**	**$(11,302,428)**
Net book value						
As at March 31, 2019	$ 12,531	$ 2,643	$ 10,543,330	$ 1,920,016	$ -	$ 12,478,520
As at March 31, 2020	**$ 9,130**	**$ 1,851**	**$ 7,700,183**	**$ 1,598,276**	**$ 94,565**	**$ 9,404,005**

	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	(22,011)	-	(19,024,107)	(2,194,010)	-	**(21,240,128)**
Effect of movements in exchange rates	90	-	89,586	8,949	-	**98,624**
Balance as at March 31, 2021	**$ -**	**$ 23,260**	**$ -**	**$ -**	**$ 138,210**	**$ 161,470**
Depreciation						
As at March 31, 2020	$ (12,791)	$ (21,409)	$(10,637,799)	$ (586,785)	$ (43,645)	**$(11,302,429)**
Charged for the period	(1,490)	(555)	(1,192,255)	(158,422)	(43,645)	**(1,396,367)**
Disposition of controlling interest	14,353	-	11,889,129	749,670	-	**12,653,152**
Effect of movements in exchange rates	(72)	-	(59,075)	(4,463)	-	**(63,610)**
Balance as at March 31, 2021	**$ -**	**$ (21,964)**	**$ -**	**$ -**	**$ (87,290)**	**$ (109,254)**
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 March 31, 2021	**$ -**	**$ 1,296**	**$ -**	**$ -**	**$ 50,920**	**$ 52,216**

During the Year ended March 31, 2021, the Company charged $1,396,367 (2020 – $3,552,152) in depreciation expense of which $44,200 (2020 – $48,149) was charged to statement of loss and comprehensive loss and $1,352,167 was capitalized as development assets (2020 - $2,060,556 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.

(Expressed in Canadian Dollars)

6. EQUIPMENT AND RIGHT OF USE ASSET (CONTINUED)

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).

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 the fiscal 2020 year.

		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 March 31, 2021	**$**	**6,253**

Sarfartoq Mineral Claim (2010/40), Greenland

Prior to December 31, 2019, the Company held an 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.

(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		3,029,183
Capitalized borrowing costs (Note 12)		2,725,623
Capitalized depreciation charges (Note 6)		1,352,167
Disposition of controlling interest		(57,666,623)
Effect of movements in exchange rates		302,290
Balance as at March 31, 2021	**$**	**-**

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

		March 31, 2021		March 31, 2020
As at March 31, 2020	$	-	$	-
Recognition of fair value of investment in associate upon disposition of controlling interest		8,226,301		-
Share of loss from equity accounted investments		(3,500,592)		-
Balance as at March 31, 2021	**$**	**4,725,709**	**$**	**-**

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 arrangement, the Company provided operational, logistical, sales and marketing support to Hudson Greenland related to all White Mountain anorthosite operations. This arrangement covers the majority of Hudson's management and operating costs.

(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 $370,781 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	$	1,228,413
Inventory		995,502
Other current assets		251,465
Total current assets		2,475,380
Reclamation bond		1,048,119
Equipment		8,586,976
Development assets		57,666,623
Total assets		69,777,098
Accounts payable and accrued liabilities		(10,306,441)
Borrowings		(48,993,375)
Total current liabilities		(59,299,816)
Due to parent		(31,166,369)
Other provisions		(2,435,705)
Total liabilities		(92,901,890)
Total net liabilities		(23,124,792)
Net cash consideration	$	-
Total net liabilities		(23,124,792)
Gain on disposition upon debt restructuring	**$**	**23,124,792**

(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	$	8,226,301
Carrying value of investment		(30,980,312)
Loss on retained investment	**$**	**(22,754,011)**

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

Gain on disposition upon debt restructuring	$	23,124,792
Loss on retained investment		(22,754,011)
Net gain on disposition of controlling interest	**$**	**370,781**

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:

		March 31, 2021		**March 31, 2020**
Trade payables	$	1,646	$	870,524
Loan payable - current portion (see Note 12)		-		9,065,793
Lease obligations - current portion (see Note 14)		47,995		237,597
Accrued liabilities		366,347		254,549
	$	**415,988**	**$**	**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 bore interest at 20% per annum and had a maturity date of 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. The above warrants expired without exercise. Interest expense of $1,457,568 (2020 - $654,021) and $607,359 (2020 – $827,566) of accretion expense associated with this loan facility were recognized in the Statement of Loss and Comprehensive Loss.

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 included 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).

(Expressed in Canadian Dollars)

12. LOAN PAYABLE

The Company's loan payable balance as at March 31, 2021 and 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		6,384,778		9,065,793
Total loan amount		28,616,897		40,633,345
Add: interest expense and accretion of transaction costs (Note 8)		1,975,439		2,725,623
Add: effect of movements in exchange rates		-		(1,719,788)
Balance as at September 22, 2020		30,592,336		41,639,180
Deconsolidation upon disposition of controlling interest		(30,592,336)		(41,639,180)
Balance as at March 31, 2021	**$**	**-**	**$**	**-**

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 redeem the preferred shares 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 resulted in the Lenders holding approximately 68.9% of Hudson Greenland.

Convertible Debenture Financing

In connection with the debt restructuring, Hudson Greenland issued 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 is 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. The Debenture may be repaid based on 200% of its face value at any time to the date of maturity. 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. Hudson retains the right to redeem the preferred shares and repay the Debenture from the above transactions to regain 100% interest of the White Mountain mine over the next five years.

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 March 31, 2021, 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.

(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 March 31, 2021	**-**	**$**	**-**

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).

(Expressed in Canadian Dollars)

14. LEASE OBLIGATIONS

Hudson Greenland 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	9,607	20,022
Principal payments		(513,234)	(106,233)	(52,199)	(158,432)
Effect of movements in exchange rates		-	1,374	-	1,374
Total lease obligations		2,570,096	538,754	56,568	595,322
Disposition of controlling interest		(2,570,096)	(538,754)	-	(538,754)
Less: current portion in accrued liabilities (Note 9)		-	-	(47,995)	(47,995)
Balance as at March 31, 2021		**-**	**$ -**	**$ 8,573**	**$ 8,573**

(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 of the Company 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
2022	$ 52,200
2023	8,700
	$ 60,900

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

(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 March 31, 2021, the Company had 178,409,205 common shares issued and outstanding (March 31, 2020 – 178,392,705).

For the Year ended March 31, 2021

- 16,500 stock options with an exercise price of $0.15 were exercised for gross proceeds of $2,475 in December 2020.

For the year ended March 31, 2020

- 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 Year ended March 31, 2021, are as follow:

	March 31, 2021		March 31, 2020	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**52,791,416**	**$ 0.50**	43,149,669	$ 0.64
Issued	-	-	32,250,000	0.34
Expired	**(29,400,000)**	**0.33**	(22,158,253)	0.55
Cancelled	-	-	(450,000)	0.55
Outstanding, end of year	**23,391,416**	**$ 0.71**	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.

(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. These warrants expired in December 2020 without exercise.

Expiry date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (in years)
May 29, 2021	9,619,805	0.75	0.16
June 20, 2021	10,921,611	0.75	0.22
May 23, 2024	2,850,000	0.45	3.15
	23,391,416		**0.55**

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 Year ended March 31, 2021 are as follow:

	March 31, 2021			March 31, 2020		
	Number outstanding		**Weighted average exercise**	Number outstanding		Weighted average exercise
Outstanding, beginning of year	**10,790,000**	**$**	**0.46**	13,500,000	$	0.44
Granted	**5,180,000**		**0.19**	-		-
Exercised	**(16,500)**		**0.15**	(400,000)		0.34
Expired	**(2,600,000)**		**0.50**	(1,650,000)		0.34
Forfeited				-		-
Cancelled	**(1,883,500)**		**0.45**	(660,000)		0.45
Outstanding, end of year	**11,470,000**	**$**	**0.33**	10,790,000	$	0.46

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

For the Year ended March 31, 2021

- 1,853,500 stock options with exercise price ranging from $0.15 to $0.47 were cancelled in January 2021.
- 16,500 stock options with an exercise price of $0.15 were exercised for gross proceeds of $2,475 in December 2020.
- On November 10, 2020, the Company granted 900,000 options with an exercise price of $0.40 to its new directors. 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.
- 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 Year ended March 31, 2020

- 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.
- 500,000 options with an exercise price of $0.45 were cancelled in December 2019 without exercise.
- 160,000 options with an exercise price of $0.45 were cancelled in March 2020 without exercise.

The following summarizes information about Options outstanding and exercisable at March 31, 2021:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
January 18, 2022	1,860,000	1,860,000	$ 0.38	$ 396,152	0.80
March 30, 2022	80,000	80,000	$ 0.65	$ 36,638	1.00
June 28, 2023	3,730,000	3,730,000	$ 0.47	$ 807,855	2.24
February 20, 2024	920,000	920,000	$ 0.45	$ 421,341	2.89
August 10, 2025	3,980,000	1,341,800	$ 0.15	$ 196,764	4.36
November 10, 2025	900,000	300,000	$ 0.40	$ 161,171	4.62
	11,470,000	**8,231,800**		**$ 2,019,921**	**2.98**

The estimated grant date fair value of the options granted during the Year ended March 31, 2021 and 2020, were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

		For the year ended	
		March 31, 2021	**March 31, 2020**
Share price at the grant date	$	0.15	N/A
Risk-free interest rate		0.29%	N/A
Expected annual volatility		63.74%	N/A
Expected life		5.00	N/A
Expected dividend yield		-	N/A
Grant date fair value per option	$	0.07	N/A

During the year ended March 31, 2021, the Company recognized share-based payments expense of $300,605 (2020 – 441,903) from stock options.

d) **Reserves**

<u>Additional paid-in capital</u>

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

<u>Stock options reserve</u>

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.

<u>Warrants reserve</u>

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.

(Expressed in Canadian Dollars)

16. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balance due to related parties included in accounts payable and accrued liabilities was $295,000 for directors' fees as at March 31, 2021 (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 year ended	
		March 31, 2021	**March 31, 2020**
Short-term employee benefits - personnel costs	(1)	**$ 572,667**	$ 757,201
Short-term employee benefits - directors' fees		**121,667**	140,000
Share-based payments		**248,006**	299,363
		$ 942,340	$ 1,196,564

(1) During the Year ended March 31, 2021, the Company recognized $572,667 of salaries and wages of which the full amount was recognized as personnel costs.

During the year ended March 31, 2020, the Company incurred $757,201 of salaries and wages of which $610,951 and $146,250 were recognized as personnel costs and inventory, respectively.

17. COMMITMENTS

		Total	2022	2023	2024	2025	2026 and thereafter
Lease from right of use asset		$ 60,900	$ 52,200	$ 8,700	$ -	$ -	$ -
Capital leases	(1)	-	-	-	-	-	-
Reclamation bond	(1)	-	-	-	-	-	-
Short term loan payable	(1)	-	-	-	-	-	-
Loans payable	(1)	-	-	-	-	-	-
		$ 60,900	**$ 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).

(Expressed in Canadian Dollars)

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 March 31, 2021			
Equipment	$ **52,216**	$ -	$ **52,216**
Resource properties	-	6,253	**6,253**
Investment in associate	-	4,725,709	**4,725,709**
	$ **52,216**	$ **4,731,962**	$ **4,784,178**

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, 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 Year ended March 31, 2021. 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.

(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).

	March 31, 2021		March 31, 2020	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 121,544**	**$ 121,544**	$ 1,829,044	$ 1,829,044
Restricted cash	**-**	**-**	2,612,711	2,612,711
Sales tax receivable	**37,258**	**37,258**	58,212	58,212
Deposits	**6,993**	**6,993**	7,928	7,928
Reclamation bonds	**-**	**-**	2,087,690	2,087,690
	$ 165,795	**$ 165,795**	$ 6,595,585	$ 6,595,585
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 415,988**	**$ 415,988**	$ 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	**8,573**	**8,573**	494,761	494,761
	$ 424,561	**$ 424,561**	$ 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.

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 March 31, 2021, 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 March 31, 2021, the Company had cash of $121,544 in order to meet short-term business requirements and accounts payable and accrued liabilities of $415,988. 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 March 31, 2021 and 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 for the Year ended March 31, 2021.

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.

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 March 31, 2021, the Company's cash, sales tax receivables, and accounts payable and accrued liabilities are all denominated in CAD.

21. INCOME TAXES

The reconciliation of the income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2021	2020
Loss before income taxes	**$(4,874,119)**	**$(14,222,477)**
Expected income tax recovery	(1,317,000)	(3,840,000)
(Increase) decrease in income tax recovery resulting from:		
Impact of foreign tax rates, changes in unrecognized deferred tax assets and other	(31,000)	(380,000)
Impact of loss in controlling interest	2,232,000	-
Change in unrecognized deferred tax assets	(1,756,000)	1,812,000
Non-deductible differences	662,000	84,000
Adjustment of prior years' provision versus statutory tax returns and expiry of non-capital losses	210,000	2,324,000
Deferred tax expense (recovery)	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2021	Expiry Date Range	2020	Expiry Date Range
Temporary Differences				
Resource properties and equipment	$ 13,118,000	No expiry date	$ 13,118,000	No expiry date
Share issuance costs	$ 288,000	2042 to 2043	$ 553,000	2041 to 2043
Investment in associate	$ 21,762,000	No expiry date	$ -	No expiry date
Non-capital losses carried forward	$ 17,544,000	2026 to 2041	$42,784,000	2026 to 2040

22. SUBSEQUENT EVENTS

a) A total of 20,541,416 share purchase warrants with an exercise price of $0.75 expired without exercise.

b) A total of 660,000 stock options with exercise price ranging from $0.15 to $0.47 were cancelled subsequent to March 31, 2021.