HUDSON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2021

(Unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of Hudson Resources Inc. for the three months ended June 30, 2021, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

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

As at	June 30, 2021	March 31, 2021
ASSETS		
Current assets		
Cash	$ **125,025**	$ 121,544
Sales tax receivable	**2,406**	37,258
Deposits	**6,993**	6,993
Prepaid expenses	**17,954**	6,042
	152,378	**171,837**
Non-current assets		
Equipment and right of use asset (note 6)	**41,207**	52,216
Resource properties (note 7)	**7,246**	6,253
Investment in associate (note 9)	**3,345,475**	4,725,709
	3,393,928	4,784,178
TOTAL ASSETS	**$ 3,546,306**	**$ 4,956,015**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 10 and note 16)	$ **433,121**	$ 415,988
Short term loan payable (note 11)	**-**	-
	433,121	**415,988**
Non-current liabilities		
Lease obligations (note 14)	-	8,573
	-	**8,573**
TOTAL LIABILITIES	**433,121**	**424,561**
EQUITY		
Share capital (note 15(b))	$ **78,208,835**	$ 78,208,835
Reserves	**13,242,344**	13,196,043
Deficit	**(88,337,994)**	(86,873,424)
TOTAL EQUITY	**3,113,185**	**4,531,454**
TOTAL EQUITY AND LIABILITIES	**$ 3,546,306**	**$ 4,956,015**

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

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

These condensed consolidated interim financial statements were approved for issue by the Audit Committee of the Company on behalf of the Board of Directors on August 30, 2021 and signed on its behalf by:

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

Hudson Resources Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended June 30, 2021	June 30, 2020
EXPENSES		
Depreciation (note 6)	**$ 11,008**	$ 11,050
Directors' fees (note 16)	**24,000**	35,000
Exploration and evaluation costs	**20,076**	2,535
Foreign exchange	**-**	219,508
Foreign exchange - unrealized	**(130)**	(1,336,667)
Interest and financing costs (note 12)	**2,592**	1,001,386
Office	**4,982**	16,067
Personnel costs (note 16)	**164,156**	187,844
Professional fees	**126**	142,218
Rent	**6,952**	6,952
Share-based payments (note 15(d) and 16)	**46,301**	61,143
Shareholder and community engagement	**3,660**	1,750
Transfer agent and filing fees	**1,328**	2,316
Travel and accommodation	**32**	-
TOTAL EXPENSES	**285,083**	351,102
OTHER ITEMS		
Management services	**(200,747)**	-
Share of loss from equity accounted investments (note 9)	**1,380,234**	-
NET LOSS FOR THE PERIOD	**1,464,570**	351,102
OTHER COMPREHENSIVE LOSS (INCOME)		
Foreign currency translation on foreign operations	**-**	213,765
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**$ 1,464,570**	$ 564,867
Basic and diluted loss per share for the year	**$ 0.01**	$ 0.00
Weighted average number of common shares outstanding - basic and diluted	**178,409,205**	178,392,705

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

Hudson Resources Inc.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited - 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, 2020		**178,392,705**	**$ 78,206,360**	**$ 7,559,876**	**$ 2,530,035**	**$ 2,805,527**	**$ 2,616**	**$ (82,010,793)**	**$ 9,093,621**
Expiry of stock options		-	-	5,721	(5,721)	-	-	-	**-**
Share-based payments	15(d)	-	-	-	61,143	-	-	-	**61,143**
Loss and comprehensive loss		-	-	-	-	-	(213,765)	(351,102)	**(564,867)**
Balance at June 30, 2020		**178,392,705**	**$ 78,206,360**	**$ 7,565,597**	**$ 2,585,457**	**$ 2,805,527**	**$ (211,149)**	**$ (82,361,895)**	**$ 8,589,897**
Balance at March 31, 2021		**178,409,205**	**$ 78,208,835**	**$ 8,092,063**	**$ 2,829,800**	**$ 2,274,180**	**$ -**	**$ (86,873,424)**	**$ 4,531,454**
Cancellation and foreiture of stock options		-	-	12,603	(12,603)	-	-	-	**-**
Share-based payments	15(d)	-	-	-	46,301	-	-	-	**46,301**
Loss and comprehensive loss		-	-	-	-	-	-	(1,464,570)	**(1,464,570)**
Balance at June 30, 2021		**178,409,205**	**$ 78,208,835**	**$ 8,104,666**	**$ 2,863,498**	**$ 2,274,180**	**$ -**	**$ (88,337,994)**	**$ 3,113,185**

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

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

	For the three months ended June 30, 2021	June 30, 2020
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the period	$ **(1,464,570)**	$ **(351,102)**
Adjustments for items not affecting cash:		
Depreciation	11,008	11,050
Share-based payments	46,301	61,143
Interest and financing costs	1,583	8,233
Foreign exchange	-	327,765
Foreign exchange - unrealized	-	(1,336,667)
Share of loss from equity accounted investments	1,380,234	-
	(25,444)	**(1,279,578)**
Net changes in non-cash working capital items:		
Sales tax receivable	34,852	38,743
Prepaid expenses	(11,912)	406,489
Inventory	-	(82,800)
Accounts payable and accrued liabilities	20,028	416,886
Net cash flows from (used in) operating activities	**17,524**	**(500,260)**
FINANCING ACTIVITIES		
Lease payments	(13,050)	(65,573)
Net cash flows from (used in) financing activities	**(13,050)**	**(65,573)**
INVESTING ACTIVITIES		
Equipment purchases	-	(596,540)
Resource property acquisition costs	(993)	(6,253)
Reclamation bonds	-	1,023,274
Expenditures on development assets	-	(929,638)
Net cash flows used in investing activities	**(993)**	**(509,157)**
Effect of exchange rate changes on cash	**-**	**302,363**
Net increase (decrease) in cash	**3,481**	**(772,627)**
Cash, beginning of period	**121,544**	**1,829,044**
Cash, end of period	$ **125,025**	$ **1,056,417**
Cash paid during the year for interest on loan payable	$ **-**	$ **-**
Supplementary cash flow information		
Reclassification of the fair value of options cancelled	$ **12,603**	$ **(5,721)**
Expenditures on development assets included in accounts payable and accrued liabilities	$ **-**	$ **576,656**

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 June 30, 2021, had a working capital deficit of $280,743. 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 three months ended June 30, 2021, the Company recorded a net loss of $1,464,570 and an accumulated deficit of $88,337,994 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 condensed consolidated interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realizable values may be substantially different from carrying values as shown.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. This pandemic has continued with various governments enacting restrictions on the movement of people and goods. Although multiple vaccines have been released and are being administered to the public, there have been coincidental mutations to the COVID-19 virus and which have been reported to be more virulent. Should vaccines prove less effective against the new virus strains resulting in a resurgence of COVID-19 during the year, it is anticipated that additional governments would again issue public health orders which may include further restrictions on the movement of people and goods, impacting the Company's ability to access its properties and complete exploration, development, or production programs in the current year. The Government of Greenland has imposed quarantine programs, and Covid-19 protocols have been implemented at the White Mountain anorthosite mine in Greenland where the Company has an interest.

Further uncertainties arise from the inability of the Company to gauge the duration of the pandemic. Fluctuations in currencies and volatile financial markets pose significant challenges in planning, budgeting, and carrying out meaningful exploration programs. Certain industrial mineral prices have declined in the wake of the COVID-19 pandemic, and 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 expected impact of the pandemic may lead to a global slowdown in demand for some of the commodities and metals that the Company has in its portfolio. The pandemic has also put focus on supply chains which may be beneficial in an increase demand for the rare earth elements (REE's) and niobium-tantalum (Nb-Ta) critical metals that the Company has in its portfolio. The rapid conversion to green applications including electric vehicles and sustainable energy has greatly increase the demand for critical metals and the desire for secure supply chains.

The longer-term impact of these factors on the Company is not yet determinable, however they may have a material impact on the Company's financial position, results of operations and cash flows in future periods. There may be heightened risk of mineral property impairment and liquidity or going concern uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of preparation

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

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Company's annual financial statements as at March 31, 2021 which have been prepared in accordance with IFRS. These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended March 31, 2021.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Company.

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 was required to maintain a restricted cash balance of an amount at least equal to the next upcoming interest payment.

As at June 30 and March 31, 2021, restricted cash was $Nil. Upon disposition of controlling interest in Hudson Greenland, the Company has deconsolidated the Subsidiary's assets and liabilities from the date on which the control ceased (see note 2 and note 9).

(Unaudited - Expressed in Canadian Dollars)

5. INVENTORY

The Company's inventory on hand was $Nil as at June 30 and March 31, 2021. Upon disposition of controlling interest in Hudson Greenland, the Company has deconsolidated the Subsidiary's assets and liabilities from the date on which the control ceased (see note 2 and note 9).

6. EQUIPMENT AND RIGHT OF USE ASSET

	Computer equipment	Right of use asset	Total
Cost			
As at March 31, 2021	$ 23,260	$ 138,210	**$ 161,470**
Additions	-	-	**-**
Disposals	-	-	**-**
Effect of movements in exchange rates	-	-	**-**
Balance as at June 30, 2021	**$ 23,260**	**$ 138,210**	**$ 161,470**
Depreciation			
As at March 31, 2021	$ (21,964)	$ (87,290)	**$ (109,254)**
Charged for the period	(98)	(10,911)	**(11,009)**
Balance as at June 30, 2021	**$ (22,062)**	**$ (98,201)**	**$ (120,263)**
Net book value			
As at March 31, 2021	$ 1,296	$ 50,920	$ 52,216
As at June 30, 2021	**$ 1,198**	**$ 40,009**	**$ 41,207**

During the three months ended June 30, 2021, the Company charged $11,009 (2021 – $678,650) in depreciation expense of which $11,009 (2021 – $11,050) was charged to statement of loss and comprehensive loss and $667,600 was capitalized as development assets. Upon disposition of controlling interest in Hudson Greenland, the Company has deconsolidated the Subsidiary's assets and liabilities from the date on which the control ceased (see note 2 and note 9).

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

Asset restrictions and contractual commitments

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

(Unaudited - Expressed in Canadian Dollars)

6. 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, 2021	**$**	**6,253**
Additions		993
Balance as at June 30, 2021	**$**	**7,246**

The minimum work commitment expenditures on this EL is approximately $60,000 per annum. Due to COVID-19, the Greenland government has also waived all work commitments for the calendar year 2021.

8. DEVELOPMENT ASSETS

Balance as at March 31, 2020	**$**	**50,257,360**
Additions		3,029,183
Capitalized borrowing costs (Note 12)		2,725,623
Capitalized depreciation charges (Note 6)		1,352,167
Disposals		(57,666,623)
Effect of movements in exchange rates		302,290
Balance as at March 31 and June 30, 2021	**$**	**-**

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).

(Unaudited - Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE

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	**$**	**4,725,709**
Share of loss from equity accounted investments		(1,380,234)
Balance as at June 30, 2021	**$**	**3,345,475**

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.

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.

(Unaudited - Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE (CONTINUED)

Loss of control over subsidiary during the last fiscal year

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 in the prior fiscal year.

		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**

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**

(Unaudited - Expressed in Canadian Dollars)

9. INVESTMENT IN ASSOCIATE (CONTINUED)

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:

		June 30, 2021		March 31, 2021
Trade payables	$	2,608	$	1,646
Lease obligations - current portion (see Note 14)		45,102		47,995
Accrued liabilities		385,411		366,347
	$	**433,121**	**$**	**415,988**

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.

Prior to the completion of the Short Term Loan facility, the Company also 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).

(Unaudited - Expressed in Canadian Dollars)

12. LOAN PAYABLE

The Company's loan payable balance as at June 30 and March 31, 2021 are as follow:

	in USD	in CAD
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 June 30 and 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%.

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.

12. LOAN PAYABLE (CONTINUED)

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:

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.

(Unaudited - Expressed in Canadian Dollars)

12. LOAN PAYABLE (CONTINUED)

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

Hudson Greenland maintains cash deposits held in a restricted escrow account, to the funding of estimated reclamation costs. As at June 30 and March 31, 2021, the carrying value of the Company's reclamation bonds is $Nil. 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).

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, 2020	**10,000,000**	**$**	**2,087,690**
Disposition of controlling interest	(10,000,000)		(2,096,240)
Effect of movements in exchange rates			8,550
Balance as at June 30 and March 31, 2021	**-**	**$**	**-**

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. Hudson Greenland then 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, and presented management's best estimate of the present value of the future site restoration costs required at the time. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation obligation and associated asset (development assets).

(Unaudited - Expressed in Canadian Dollars)

13. RECLAMATION BONDS AND RECLAMATION OBLIGATION (CONTINUED)

Reclamation obligation (continued)

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).

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, 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**

		DKK denominated		CAD	Total
		In DKK	in CAD	Denominated	CAD
Balance as at March 31, 2021	(1)	**-**	**-**	**$ 56,568**	**$ 56,568**
Interest		-	-	1,583	1,583
Principal payments		-	-	(13,049)	(13,049)
Total lease obligations		-	-	45,102	45,102
Less: current portion in accrued liabilities (Note 10)		-	-	(45,102)	(45,102)
Balance as at June 30, 2021		**-**	**$ -**	**$ -**	**$ -**

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

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

	Total
2022	$ 39,150
2023	8,700
	$ 47,850

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

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

As at June 30 and March 31, 2021, the Company had 178,409,205 common shares issued and outstanding.

For the three months ended June 30, 2021

- None

For the three months ended June 30, 2020

- None

c) Share purchase warrants

The changes in warrants during the three months ended June 30, 2021, are as follow:

	Number outstanding		Weighted average exercise price
Balance, March 31, 2020	**52,791,416**	**$**	**0.50**
Expired	(29,400,000)		0.75
Balance, March 31, 2021	**23,391,416**	**$**	**0.66**
Expired	(20,541,416)		0.75
Balance, June 30, 2021	**2,850,000**	**$**	**0.45**

For the three months ended June 30, 2021

- 9,615,805 share purchase warrants with an exercise price of $0.75 expired without exercise in May 2021.
- 10,921,611 share purchase warrants with an exercise price of $0.75 expired without exercise in June 2021.

For the three months ended June 30, 2020

- None

The following summarizes the share purchase warrants outstanding as at June 30, 2021:

Expiry date	Warrants outstanding		Exercise price	Weighted average remaining contractual life (in years)
May 23, 2024	2,850,000	$	0.45	2.90
	2,850,000			**2.90**

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

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 three months ended June 30, 2021 are as follow:

	Number outstanding	Weighted average exercise price
Balance, March 31, 2020	**10,790,000**	**$ 0.46**
Granted	5,180,000	0.19
Expired	(2,600,000)	0.50
Cancelled	(1,883,500)	0.45
Exercised	(16,500)	0.15
Balance, March 31, 2021	11,470,000	0.34
Cancelled	(100,000)	0.30
Balance, June 30, 2021	**11,370,000**	**$ 0.34**

For the three months ended June 30, 2021

- 100,000 stock options with exercise price ranging from $0.15 to $0.45 were cancelled during the current period.

For the three months ended June 30, 2020

- None

(Unaudited - Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

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	0.55
March 30, 2022	80,000	80,000	$ 0.65	$ 36,638	0.75
June 28, 2023	3,730,000	3,730,000	$ 0.47	$ 807,855	1.99
February 20, 2024	870,000	870,000	$ 0.45	$ 398,442	2.64
August 10, 2025	3,930,000	1,324,800	$ 0.15	$ 194,292	4.12
November 10, 2025	900,000	300,000	$ 0.40	$ 161,171	4.37
	11,370,000	**8,164,800**		**$ 1,994,550**	**2.72**

During the three months ended June 30, 2021, the Company recognized share-based payments expense of $46,301 (2021 – 61,143) from stock options. There were no stocks options granted during this period.

e) Reserves

Additional paid-in capital

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

Stock options reserve

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

Warrants reserve

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

(Unaudited - 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 $319,000 for directors' fees as at June 30, 2021 (March 31, 2020 – $295,000). 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 three months ended June 30, 2021	June 30, 2020
Short-term employee benefits - personnel costs (1)	**$ 146,250**	$ 137,000
Short-term employee benefits - directors' fees	**24,000**	35,000
Share-based payments	**40,919**	40,206
	$ 211,169	$ 212,206

(1) During the three months ended June 30, 2021, the Company recognized $146,250 (2021 - $137,000) of salaries and wages of which the full amount was recognized as personnel costs.

17. COMMITMENTS

	Total	2022	2023	2024	2025	2026 and thereafter
Lease from right of use asset	$ 47,850	$ 39,150	$ 8,700	$ -	$ -	$ -
Capital leases (1)	-	-	-	-	-	-
Reclamation bond (1)	-	-	-	-	-	-
Short term loan payable (1)	-	-	-	-	-	-
Loans payable (1)	-	-	-	-	-	-
	$ 47,850	**$ 39,150**	**$ 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).

(Unaudited - 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, 2021			
Inventory	$ **52,216**	$ -	$ **52,216**
Equipment	-	6,253	**6,253**
Resource properties	-	4,725,709	**4,725,709**
	$ **52,216**	$ **4,731,962**	$ **4,784,178**
As at June 30, 2021			
Equipment	$ **41,207**	$ -	$ **41,207**
Resource properties	-	7,246	**7,246**
Investment in associate	-	3,345,475	**3,345,475**
	$ **41,207**	$ **3,352,721**	$ **3,393,928**

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 three months ended June 30, 2021. Hudson Greenland is subject to its own externally imposed capital requirements in connection with its loan payable, as detailed in Note 12.

(Unaudited - Expressed in Canadian Dollars)

20. FINANCIAL INSTRUMENTS

a) Fair value

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

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

	June 30, 2021		March 31, 2021	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 125,025**	**$ 125,025**	$ 121,544	$ 121,544
Restricted cash	**-**	**-**	-	-
Sales tax receivable	**2,406**	**2,406**	37,258	37,258
Deposits	**6,993**	**6,993**	6,993	6,993
	$ 134,424	**$ 134,424**	$ 165,795	$ 165,795
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 433,121**	**$ 433,121**	$ 415,988	$ 415,988
Lease obligations	**-**	**-**	8,573	8,573
	$ 433,121	**$ 433,121**	$ 424,561	$ 424,561

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).

b) Financial risk management

<u>Market Risk</u>

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

<u>Credit risk</u>

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 June 30, 2021, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

20. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

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 June 30, 2021, the Company had cash of $125,025 in order to meet short-term business requirements and accounts payable and accrued liabilities of $433,121. 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).

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 June 30, 2021.

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 three months ended June 30, 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.

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 June 30, 2021, the Company's cash, sales tax receivables, and accounts payable and accrued liabilities are all denominated in CAD.

21. SUBSEQUENT EVENT

- A total of 560,000 stock options with exercise price ranging from $0.15 to $0.47 were cancelled subsequent to June 30, 2021.