HUDSON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2022

(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, 2022, 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, 2022**		**March 31, 2022**
ASSETS				
Current assets				
Cash	**$**	**33,057**	$	21,018
Sales tax and other receivables		**887**		11,605
Deposits		**-**		6,993
Prepaid expenses		**23,995**		2,054
		57,939		**41,670**
Non-current assets				
Equipment and right of use asset (note 3)		**810**		8,183
Resource properties (note 4)		**13,626**		13,626
		14,436		21,809
TOTAL ASSETS	**$**	**72,375**	**$**	**63,479**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	**$**	**826,498**	$	744,390
Notes payable (note 7)		**165,448**		131,354
TOTAL LIABILITIES		**991,946**		**875,744**
EQUITY				
Share capital (note 9(b))	**$**	**78,208,835**	$	78,208,835
Reserves		**13,329,452**		13,314,716
Deficit		**(92,457,858)**		(92,454,489)
TOTAL EQUITY		**(919,571)**		**(812,265)**
TOTAL EQUITY AND LIABILITIES	**$**	**72,375**	**$**	**63,479**

Corporate information and continuance of operations (note 1)
Commitments (note 11)
Segmented information (note 12)
Subsequent events (note 16)

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

These unaudited consolidated interim financial statements were approved for issue by the Audit Committee of the Company on behalf of the Board of Directors on August 26, 2022 and signed on its behalf by:

/s/ Kevin Crawford 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, 2022	June 30, 2021
EXPENSES		
Depreciation (note 3)	$ **7,372**	$ 11,008
Directors' fees (note 10)	**24,000**	24,000
Exploration and evaluation costs	**1,068**	20,076
Foreign exchange	**-**	(130)
Interest and financing costs	**5,104**	2,592
Office	**9,698**	4,982
Personnel costs (note 10)	**40,631**	164,156
Professional fees	**17,251**	126
Rent	**11,125**	6,952
Share-based payments (note 9(d))	**14,736**	46,301
Shareholder and community engagement	**-**	3,660
Transfer agent and filing fees	**1,498**	1,328
Travel and accommodation	**24**	32
TOTAL EXPENSES	**132,507**	285,083
OTHER ITEMS		
Other income	**(10,465)**	(200,747)
Share of loss from associates (note 5)	**-**	1,380,234
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ **122,042**	$ 1,464,570
Basic and diluted loss per share for the year	$ **0.00**	$ 0.01
Weighted average number of common shares outstanding - basic and diluted	**178,409,205**	178,409,205

The accompanying notes are an integral part of these unaudited consolidated interim 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**	**Deficit**	**Total**
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**
Cancellation and foreiture of stock options		-	-	12,603	(12,603)	-	-	**-**
Share-based payments	9(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**	**$ 9,266,236**	**$ 1,701,928**	**$ 2,274,180**	**$ (88,337,994)**	**$ 3,113,185**
Balance at March 31, 2022		**178,409,205**	**$ 78,208,835**	**$ 11,166,545**	**$ 1,683,367**	**$ 464,804**	**$ (92,335,816)**	**$ (812,265)**
Share-based payments	9(d)	-	-	-	14,736	-	-	**14,736**
Loss and comprehensive loss		-	-	-	-	-	(122,042)	**(122,042)**
Balance at June 30, 2022		**178,409,205**	**$ 78,208,835**	**$ 11,166,545**	**$ 1,698,103**	**$ 464,804**	**$ (92,457,858)**	**$ (919,571)**

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

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

	For the three months ended June 30, 2022	For the three months ended June 30, 2021
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ (122,042)**	**$ (1,464,570)**
Adjustments for items not affecting cash:		
Depreciation	7,373	11,008
Share-based payments	14,736	46,301
Interest and financing costs	128	1,583
Share of loss from equity accounted investments	-	1,380,234
	(99,805)	**(25,444)**
Net changes in non-cash working capital items:		
Sales tax and other receivables	10,718	34,852
Prepaid expenses	(21,941)	(11,912)
Inventory	-	-
Accounts payable and accrued liabilities	94,774	20,028
Net cash flows from (used in) operating activities	**(9,261)**	**17,524**
FINANCING ACTIVITIES		
Proceeds from notes payable	30,000	-
Lease payments	(8,700)	(13,050)
Net cash flows from (used in) financing activities	**21,300**	**(13,050)**
INVESTING ACTIVITIES		
Resource property acquisition costs	-	(993)
Net cash flows used in investing activities	**-**	**(993)**
Net increase (decrease) in cash	**12,039**	**3,481**
Cash, beginning of year	**21,018**	**121,544**
Cash, end of year	**$ 33,057**	**$ 125,025**
Cash paid during the year for interest on note payable	**$ -**	**$ -**
Cash paid during the year for taxes	**$ -**	**$ -**
Supplementary cash flow information		
Reclassification of the fair value of options cancelled	**$ -**	**$ 12,603**

The accompanying notes are an integral part of these unaduited consolidated interim 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 1500 - 701 West Georgia St, Vancouver, BC V7Y 1C6.

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 ("Nb-Ta") 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.

Going Concern

The Company has experienced recurring operating losses and as at March 31, 2022, had a working capital deficit of $934,007. 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, 2022, the Company recorded a net loss of $122,042 and an accumulated deficit of $92,457,858 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

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the outbreak of COVID-19 that was designated as a pandemic by the World Health Organization on March 11, 2020. The international response to the spread of COVID-19 has led to significant restrictions on travel, temporary business closures, quarantines, global stock market volatility and a general reduction in consumer activity. Such public health crises can result in operating, supply chain and project development delays and disruptions, global stock market and financial market volatility, declining trade and market sentiment, reduced movement of people and labour shortages, and travel and shipping.

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 April 1, 2022.

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 6) 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, 2022 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, 2022.

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. EQUIPMENT AND RIGHT OF USE ASSET

	Computer equipment	Right of use asset	Total
Cost			
As at March 31, 2022	$ 23,260	$ 138,210	**$ 161,470**
Balance as at June 30, 2022	**$ 23,260**	**$ 138,210**	**$ 161,470**
Depreciation			
As at March 31, 2022	$ (22,353)	$ (130,934)	**$ (153,287)**
Charged for the year	(97)	(7,276)	**(7,373)**
Balance as at June 30, 2022	**$ (22,450)**	**$ (138,210)**	**$ (160,660)**
Net book value			
As at March 31, 2022	$ 907	$ 7,276	$ 8,183
As at June 30, 2022	**$ 810**	**$ -**	**$ 810**

(Unaudited Expressed in Canadian Dollars)

4. RESOURCE PROPERTIES

The Company currently has two Exploration Licenses (“EL”) in Greenland.

The Sarfartoq EL (2020/32), an exploration stage property was reacquired by the Company, under a new EL at the end of the fiscal 2020 year, and acquired another exploration property, EL (2021/56) with license M-306 located near Nuuk in West Greenland during the fiscal 2022 year.

	Sarfartoq Mineral Claim	EL 2021/56 Mineral Claim	Total
Acquisition costs / license fees			
Balance as at March 31, 2021	**$ 6,253**	**$ -**	**$ 6,253**
Additions	**$ 993**	**$ 6,380**	**7,373**
Balance as at March 31 and June 30, 2022	**$ 7,246**	**$ 6,380**	**$ 13,626**

The minimum work commitment expenditures on the Sarfartoq EL is approximately $60,000 per annum.

5. INVESTMENT IN ASSOCIATE

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.

(Unaudited Expressed in Canadian Dollars)

5. INVESTMENT IN ASSOCIATE (CONTINUED)

Debt restructuring in Hudson Greenland A/S (continued)

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 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.

Subsequent to the completion of the Transaction, the management of Hudson Greenland determined that the White Mountain project has entered commercial production stage. Accordingly, Hudson Greenland then stopped capitalizing its costs associated with the project and commenced expensing such costs directly in its statement of loss.

Equity Basis of Accounting

The Company has recorded the following losses associated with its investment in Hudson Greenland.

Balance as at March 31, 2021	**$**	**4,725,709**
Share of loss from equity accounted investments		(4,725,709)
Balance as at March 31 and June 30, 2022	**$**	**-**

(Unaudited Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		June 30, 2022		March 31, 2022
Trade payables	$	65,562	$	50,236
Lease obligations - current portion (see note 9)		-		8,573
Accrued liabilities		760,936		685,581
	$	**826,498**	**$**	**744,390**

7. NOTES PAYABLE

The Company received advances totaling $125,000 and $30,000 from the members of its board of directors in October 2021 and May 2022 respectively. The proceeds of these advances were used for working capital purposes (Note 10). These advances were unsecured and were for a term of three months bearing interest at 12% per annum.

Balance as at March 31, 2022	**$**	**131,354**
Additions		30,000
Interest expense		4,094
Balance as at June 30, 2022	**$**	**165,448**

8. LEASE OBLIGATIONS

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 6).

		Total CAD
Balance as at March 31, 2022	**$**	**8,573**
Interest		127
Principal payments		(8,700)
Balance as at June 30, 2022	**$**	**-**

9. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

As at June 30, 2022 and March 31, 2022, the Company had 178,409,205 common shares issued and outstanding. There were no shares issued for the three months ended June 30, 2022 nor for the three months ended June 30, 2021.

(Unaudited Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants

There were no changes in warrants during the three months ended June 30, 2022.

	Number outstanding		Weighted average exercise price
Balance, March 31, 2021	**23,391,416**	**$**	**0.66**
Expired	(20,541,416)		0.75
Balance, March 31 and June 30, 2022	**2,850,000**	**$**	**0.45**

For the three months ended June 30, 2022

- None

For the three months ended June 30, 2021

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

The following summarizes information about the share purchase warrants outstanding as at June 30, 2022:

Expiry date	Warrants outstanding		Exercise price	Weighted average remaining contractual life (in years)
May 23, 2024	2,850,000	$	0.45	1.90
	2,850,000			**1.90**

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.

(Unaudited Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

The were no changes in stock options during the three months ended June 30, 2022.

	Number outstanding		Weighted average exercise price
Balance, March 31, 2022	**11,470,000**	**$**	**0.33**
Expired	(1,860,000)		0.38
Cancelled	(660,000)		0.32
Balance, March 31 and June 30, 2022	**8,950,000**	**$**	**0.33**

For the Three months ended June 30, 2022

- None

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.

The following summarizes information about Options outstanding and exercisable at June 30, 2022:

Expiry date	Options outstanding	Options exercisable		Exercise price		Estimated grant date fair value	Weighted average remaining contractual life (in years)
June 28, 2023	3,580,000	3,580,000	$	0.47	$	775,367	0.99
February 20, 2024	830,000	830,000	$	0.45	$	380,123	1.64
August 10, 2025	3,640,000	2,433,100	$	0.15	$	179,955	3.12
November 10, 2025	900,000	600,000	$	0.40	$	161,171	3.37
	8,950,000	**7,443,100**	**$**	**0.33**	**$**	**1,496,616**	**2.16**

During the three months ended June 30, 2022, the Company recognized share-based payments expense of $14,736 (2021 – $46,301) from stock options.

(Unaudited Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

d) 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.

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The total balance due to related parties included in accounts payable and accrued liabilities was $717,083 for directors' fees and unpaid personnel costs as at June 30, 2022 (March 31, 2021 – $655,583). These amounts are unsecured and non-interest bearing. The notes payable balance due to the members of the Company's board of directors was $165,448 (see note 7) as at June 30, 2022 (March 31, 2021 - $131,354).

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, 2022	**June 30, 2021**
Short-term employee benefits - personnel costs	**$ 37,500**	$ 146,250
Short-term employee benefits - directors' fees	**24,000**	24,000
Share-based payments	**94,172**	40,919
	$ 155,672	$ 211,169

(Unaudited Expressed in Canadian Dollars)

11. COMMITMENTS

The minimum work commitment expenditures on the Sarfartoq EL is approximately $60,000 for the 2022 calendar year.

12. 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, 2022			
Equipment and right of use asset	$ **8,183**	$ **-**	$ **8,183**
Resource properties	-	13,626	**13,626**
	$ **8,183**	$ **13,626**	$ **21,809**
As at June 30, 2022			
Equipment and right of use asset	$ **810**	$ **-**	$ **810**
Resource properties	-	13,626	**13,626**
	$ **810**	$ **13,626**	$ **14,436**

13. CAPITAL MANAGEMENT

The Company manages its capital structure 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, 2022.

(Unaudited Expressed in Canadian Dollars)

14. 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, 2022		March 31, 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 33,057**	**$ 33,057**	$ 21,018	$ 21,018
Sales tax and other receivables	**887**	**887**	11,605	11,605
Deposits	**-**	**-**	6,993	6,993
	$ 33,944	**$ 33,944**	$ 39,616	$ 39,616
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 826,498**	**$ 826,498**	$ 744,390	$ 744,390
Note payable	**165,448**	**165,448**	131,354	131,354
	$ 991,946	**$ 991,946**	$ 875,744	$ 875,744

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.

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 and sales tax and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at March 31, 2022, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

15. 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 balances to meet liabilities as they become due.

As at June 30, 2022, the Company had cash of $33,057 in order to meet short-term business requirements and accounts payable and accrued liabilities of $826,498. All accounts payable and accrued liabilities are current liabilities. The Company also has notes payable of $165,448 included in its current liabilities.

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 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, 2022 and 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.

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, 2022, the Company's cash, sales tax and other receivables, accounts payable and accrued liabilities, and notes payable are all denominated in CAD.

15. SUBSEQUENT EVENTS

- In July 2022, the Company received further unsecured advances totaling $40,000 from the members of its board of directors for working capital purposes. The unsecured advances were for a term of three months bearing interest at 12% per annum.

- On August 22, 2022, the Company announced a binding agreement with Neo Performance Materials Inc. ("Neo") for the sale of its Sarfartoq Exploration License ("Agreement"). The key terms of the Agreement provides for the following:

  - Non-refundable initial cash payment of US$250,000 upon signing of the Agreement.
  - Upon receipt of approval from the Greenland government, the Company will transfer the License to Neo or a special purpose entity ("SPE") (the "Closing").
  - The Company will receive an additional US$3,250,000 upon closing of the transaction.
  - If within five years from the date of closing of the transaction (1) the SPE transfers the License, or there is a change in control of the SPE pursuant to an acquisition or merger, the Company will receive 5% of the total consideration received by the SPE in connection with such transfer, or (2) the SPE conducts an initial public offering on a stock exchange ("**IPO**"), then Hudson will receive 5% of the fully diluted equity interests in the SPE immediately prior to the IPO.

  Completion of the above transaction is subject to various conditions, including approval from the Government of Greenland for the transfer of the License and approval of the TSX Venture Exchange. There can be no assurance that such approvals will be obtained for the Closing of this transaction.