



**HUDSON RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED DECEMBER 31, 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 nine months ended December 31, 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)

<i>As at</i>	December 31, 2022	March 31, 2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 155,846	\$ 21,018
Sales tax and other receivables	8,087	11,605
Deposits	-	6,993
Prepaid expenses	9,375	2,054
	<b>173,308</b>	<b>41,670</b>
<b>Non-current assets</b>		
Equipment and right of use asset (note 3)	616	8,183
Resource properties (note 4)	14,511	13,626
	<b>15,127</b>	<b>21,809</b>
<b>TOTAL ASSETS</b>	<b>\$ 188,435</b>	<b>\$ 63,479</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	\$ 622,510	\$ 744,390
Deposit received on sale of asset (note 4)	313,006	-
Notes payable (note 7)	216,955	131,354
<b>TOTAL LIABILITIES</b>	<b>1,152,471</b>	<b>875,744</b>
<b>EQUITY</b>		
Share capital (note 9(b))	\$ 78,370,502	\$ 78,208,835
Reserves	13,373,787	13,314,716
Deficit	(92,708,325)	(92,335,816)
<b>TOTAL EQUITY</b>	<b>(964,036)</b>	<b>(812,265)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$ 188,435</b>	<b>\$ 63,479</b>

*Corporate information and continuance of operations (note 1)*

*Commitments (note 11)*

*Segmented information (note 12)*

*The accompanying notes are an integral part of these unaudited 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 February 27, 2023 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		For the nine months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(unaudited)	(unaudited)		
<b>EXPENSES</b>				
Depreciation (note 3)	97	11,008	\$ 7,567	\$ 33,025
Directors' fees (note 10)	24,000	24,000	72,000	72,000
Exploration and evaluation costs	(24,145)	5,320	11,955	35,072
Foreign exchange	(7)	(24)	(79)	(154)
Interest and financing costs	6,475	4,807	17,588	9,888
Office	13,367	12,563	32,907	22,666
Personnel costs (note 10)	103,748	119,058	145,618	436,067
Professional fees	9,801	5,306	52,789	29,648
Rent	-	7,153	11,125	20,839
Share-based payments (note 9(d))	33,948	20,785	59,071	104,099
Shareholder and community engagement	5,444	2,580	7,488	8,925
Transfer agent and filing fees	8,427	5,334	19,631	16,052
Travel and accommodation	1,272	67	8,647	109
<b>TOTAL EXPENSES</b>	<b>182,427</b>	<b>217,957</b>	<b>446,307</b>	<b>788,236</b>
<b>OTHER ITEMS</b>				
Other income	-	-	(10,465)	(271,746)
Gain on settlement of debt (note 6)	(63,333)	-	(63,333)	-
Share of loss from associates (note 5)	-	1,822,405	-	4,725,709
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 119,094</b>	<b>\$ 2,040,362</b>	<b>\$ 372,509</b>	<b>\$ 5,242,199</b>
<b>Basic and diluted loss per share for the year</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>	<b>\$ 0.00</b>	<b>\$ 0.03</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>181,431,668</b>	<b>178,409,205</b>	<b>179,420,356</b>	<b>178,409,205</b>

*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)

	Note	Share capital		Reserves			Deficit	Total
		Number of shares	Amount	Additional paid-in capital	Stock options reserve	Warrants reserve		
<b>Balance at March 31, 2021</b>		<b>178,409,205</b>	<b>\$ 78,208,835</b>	<b>\$ 9,253,633</b>	<b>\$ 1,668,230</b>	<b>\$ 2,274,180</b>	<b>\$ (86,873,424)</b>	<b>\$ 4,531,454</b>
Cancellation and forfeiture of stock options		-	-	103,536	(103,536)	-	-	-
Share-based payments	9(d)	-	-	-	104,099	-	-	<b>104,099</b>
Loss and comprehensive loss		-	-	-	-	-	(5,242,199)	<b>(5,242,199)</b>
<b>Balance at December 31, 2021</b>		<b>178,409,205</b>	<b>\$ 78,208,835</b>	<b>\$ 9,357,169</b>	<b>\$ 1,668,793</b>	<b>\$ 2,274,180</b>	<b>\$ (92,115,623)</b>	<b>\$ (606,646)</b>
<b>Balance at March 31, 2022</b>		<b>178,409,205</b>	<b>\$ 78,208,835</b>	<b>\$ 11,166,545</b>	<b>\$ 1,683,367</b>	<b>\$ 464,804</b>	<b>\$ (92,335,816)</b>	<b>\$ (812,265)</b>
Shares issued in settlement of debt		3,233,333	161,667	-	-	-	-	<b>161,667</b>
Share-based payments	9(d)	-	-	-	59,071	-	-	<b>59,071</b>
Loss and comprehensive loss		-	-	-	-	-	(372,509)	<b>(372,509)</b>
<b>Balance at December 31, 2022</b>		<b>181,642,538</b>	<b>\$ 78,370,502</b>	<b>\$ 11,166,545</b>	<b>\$ 1,742,438</b>	<b>\$ 464,804</b>	<b>\$ (92,708,325)</b>	<b>\$ (964,036)</b>

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

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

	For the nine months ended	
	December 31, 2022	December 31, 2021
<b>Cash flows from (used in):</b>		
<b>OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ (372,509)	\$ (5,242,199)
<b>Adjustments for items not affecting cash:</b>		
Depreciation	7,567	33,025
Share-based payments	59,071	104,099
Accretion of interest	-	-
Interest and financing costs	15,729	-
Gain on settlement of debt	63,333	-
Share of loss from equity accounted investments	-	4,725,709
	<b>(226,809)</b>	<b>(379,366)</b>
<b>Net changes in non-cash working capital items:</b>		
Sales tax and other receivables	3,518	20,611
Prepaid expenses	(7,321)	(4,612)
Deposits	6,993	-
Accounts payable and accrued liabilities	(14,974)	226,024
<b>Net cash flows from (used in) operating activities</b>	<b>(238,593)</b>	<b>(137,343)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from notes payable	70,000	125,000
Lease payments	(8,700)	(39,150)
<b>Net cash flows from (used in) financing activities</b>	<b>61,300</b>	<b>85,850</b>
<b>INVESTING ACTIVITIES</b>		
Resource property acquisition costs	(885)	(7,373)
Deposit received from sale of asset	313,006	-
<b>Net cash flows used in investing activities</b>	<b>312,121</b>	<b>(7,373)</b>
<b>Net increase (decrease) in cash</b>	<b>134,828</b>	<b>(58,866)</b>
<b>Cash, beginning of period</b>	<b>21,018</b>	<b>121,544</b>
<b>Cash, end of period</b>	<b>\$ 155,846</b>	<b>\$ 62,678</b>
<b>Cash paid during the period for interest on note payable</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the period for taxes</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Common shares issued in settlement of debt</b>	<b>\$ 161,667</b>	<b>\$ -</b>
<b>Supplementary cash flow information</b>		
Reclassification of the fair value of options cancelled	\$ -	\$ 103,536

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

**Hudson Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Nine months ended December 31, 2022**  
**(Unaudited Expressed in Canadian Dollars)**

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**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 the sale of its wholly owned Nukittoq niobium - tantalum (“Nb-Ta”) project and its Sarfartoq rare earth element (“REE”) project and the exploration of its wholly owned Gronne Bjerg exploration license for anorthosite. The Company is also involved in research and testwork of the uses of anorthosite. Hudson 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. The Company has a minority 31.1% interest in Lumina Sustainable Materials A/S (“Lumina”), previously Hudson Greenland A/S) which owns the pre-commercial production White Mountain anorthosite mine located on its Naajat anorthosite exploitation license.

**Going Concern**

The Company has experienced recurring operating losses and as at December 31, 2022, had a working capital deficit of \$979,163. 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 nine months ended December 31, 2022, the Company recorded a net loss of \$372,509 and an accumulated deficit of \$92,708,325 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 continues to be subject to various market, political and regulatory constraints as a result of the COVID-19 situation and additional business and financial risks that may result therefrom. The duration of the COVID-19 outbreaks and the resultant travel restrictions, social distancing, Government response, actions, business closures and disruptions, can all have an impact on the Company’s operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that maybe brought about by the COVID-19 pandemic on global financial markets, share prices and financial liquidity and that may severely limit the financing capital available to the Company. 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.

**Hudson Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Nine months ended December 31, 2022**  
**(Unaudited Expressed in Canadian Dollars)**

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**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 5) 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.



**Hudson Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Nine months ended December 31, 2022**  
(Unaudited Expressed in Canadian Dollars)

**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
<b>Cost</b>			
As at March 31, 2022	\$ 23,260	\$ 138,210	\$ 161,470
<b>Balance as at December 31, 2022</b>	<b>\$ 23,260</b>	<b>\$ 138,210</b>	<b>\$ 161,470</b>
<b>Depreciation</b>			
As at March 31, 2022	\$ (22,353)	\$ (130,934)	\$ (153,287)
Charged for the year	(291)	(7,276)	(7,567)
<b>Balance as at December 31, 2022</b>	<b>\$ (22,644)</b>	<b>\$ (138,210)</b>	<b>\$ (160,854)</b>
<b>Net book value</b>			
As at March 31, 2022	\$ 907	\$ 7,276	\$ 8,183
<b>As at December 31, 2022</b>	<b>\$ 616</b>	<b>\$ -</b>	<b>\$ 616</b>

**Hudson Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Nine months ended December 31, 2022**  
(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, Gronne Bjerg EL (2021/56) with license M-306 located near Nuuk in West Greenland during the fiscal 2022 year.

	Sarfartoq Mineral Claim	Green Mountain Mineral Claim	Total
<i>Acquisition costs / license fees</i>			
<b>Balance as at March 31, 2021</b>	\$ 6,253	\$ -	\$ 6,253
Additions	\$ 993	\$ 6,380	7,373
Transfer to development assets			-
Impairment of resource properties	-	-	-
<b>Balance as at March 31, 2022</b>	\$ 7,246	\$ 6,380	\$ 13,626
Additions	885	-	885
<b>Balance as at December 31, 2022</b>	\$ 8,131	\$ 6,380	\$ 14,511

The minimum work commitment expenditures on the Sarfartoq EL is approximately \$60,000 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:

- Initial cash payment of \$313,006 (US\$250,000 received in August) upon signing of the Agreement, refundable only in the event that the Company fails to take reasonable actions that result in the closing 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.

The Company has recorded the initial cash payment of \$313,006 as a deposit received on the sale of assets.

**Hudson Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**For the Nine months ended December 31, 2022**  
**(Unaudited Expressed in Canadian Dollars)**

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**5. INVESTMENT IN ASSOCIATE**

**Debt restructuring in Lumina Sustainable Minerals A/S (“Lumina”, previously 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.

Upon completion of the Transaction, the Company held 100% of the common shares and 31.1% of the voting rights in Lumina, 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 Lumina’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 Lumina Board of Directors shall cast the deciding vote in such situations.

Management has reassessed its involvement in Lumina 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, Lumina has been deconsolidated as at the Transaction date when control ceased, and the Company commenced application of the equity method of accounting for Lumina 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 Lumina determined that the White Mountain project has entered commercial production stage. Accordingly, Lumina 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 Lumina.

<b>Balance as at March 31, 2021</b>	<b>\$</b>	<b>4,725,709</b>
Share of loss from equity accounted investments		(4,725,709)
<b>Balance as at March 31 and December 31, 2022</b>	<b>\$</b>	<b>-</b>

**Hudson Resources Inc.**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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(Unaudited Expressed in Canadian Dollars)

**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

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

	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Trade payables	\$ 40,143	\$ 50,236
Lease obligations - current portion (see note 8)	-	8,573
Accrued liabilities	582,367	685,581
	<b>\$ 622,510</b>	<b>\$ 744,390</b>

**7. NOTES PAYABLE**

The Company received advances totaling \$125,000, \$30,000, and \$40,000 from the members of its board of directors in October 2021, May 2022, and July 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.

<b>Balance as at March 31, 2022</b>	<b>\$ 131,354</b>
Additions	70,000
Interest expense	15,601
<b>Balance as at December 31, 2022</b>	<b>\$ 216,955</b>

**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).

	<b>Total</b>
<b>Balance as at March 31, 2022</b>	<b>\$ 8,573</b>
Interest	127
Principal payments	(8,700)
<b>Balance as at December 31, 2022</b>	<b>\$ -</b>

**9. SHARE CAPITAL**

**a) Authorized share capital**

Unlimited number of common shares without par value.

Hudson Resources Inc.  
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For the Nine months ended December 31, 2022  
(Unaudited Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

b) Issued share capital

For the Nine Months Ended December 31, 2022

- On October 12, 2022, the Company issued an aggregate of 3,233,333 common shares at a price of \$0.05 per share in settlement of outstanding accounts payable and accrued liabilities totaling \$250,000 for directors' fees owing to former and current directors of the Company.

For the Nine Months Ended December 31, 2021

- None

c) Share purchase warrants

There were no changes in warrants during the nine months ended December 31, 2022.

	Number outstanding	Weighted average exercise price
Balance, March 31, 2021	23,391,416	\$ 0.66
Expired	(20,541,416)	0.75
<b>Balance, March 31 and December 31, 2022</b>	<b>2,850,000</b>	<b>\$ 0.45</b>

For the Nine Months Ended December 31, 2022

- None

For the Nine Months Ended December 31, 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 September 30, 2022:

Expiry date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (in years)
May 23, 2024	2,850,000	\$ 0.45	1.39
	<b>2,850,000</b>		<b>1.39</b>

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(Unaudited Expressed in Canadian Dollars)

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**9. 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.

	Number outstanding	Weighted average exercise price
<b>Balance, March 31, 2022</b>	<b>8,950,000</b>	<b>\$ 0.33</b>
Granted	3,000,000	0.05
<b>Balance, March 31 and December 31, 2022</b>	<b>11,950,000</b>	<b>\$ 0.26</b>

**For the Nine Months Ended December 31, 2022**

- 3,000,000 stock options with exercise price of \$0.05 and expiry of October 17, 2027 were granted to the Company's employees and directors in October 2022.

**For the Nine Months Ended December 31, 2021**

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

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**9. SHARE CAPITAL (CONTINUED)**

**d) Stock options (continued)**

The following summarizes information about Options outstanding and exercisable at December 31, 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	0.49
February 20, 2024	830,000	830,000	\$ 0.45	\$ 775,367	1.14
August 10, 2025	3,640,000	3,640,000	\$ 0.15	\$ 775,367	2.61
November 10, 2025	900,000	1,000,004	\$ 0.40	\$ 775,367	2.86
October 17, 2027	3,000,000	900,000	\$ 0.05	\$ 775,367	4.80
	<b>11,950,000</b>	<b>9,950,004</b>	<b>\$ 0.26</b>	<b>\$ 3,101,469</b>	<b>1.24</b>

The estimated grant date fair value of the options granted during the nine months ended December 31, 2022 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

Share price at the grant date	\$	0.04
Risk-free interest rate		3.63%
Expected annual volatility		75.55%
Expected life		5.00
Expected dividend yield		-
Grant date fair value per option	\$	0.02

During the Nine months ended December 31, 2022, the Company recognized share-based payments expense of \$59,071 (2021 – \$104,099) from stock options.

**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.

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**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 \$538,000 for directors' fees and unpaid personnel costs as at December 31, 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 \$216,955 (see note 7) as at December 31, 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 nine months ended	
	December 31, 2022	December 31, 2021
Short-term employee benefits - personnel costs	\$ 142,500	\$ 438,750
Short-term employee benefits - directors' fees	72,000	72,000
Share-based payments	57,472	94,172
	\$ 271,972	\$ 604,922

**11. COMMITMENTS**

The Sarfartoq and Gronne Bjerg licenses have certain minimum work commitment expenditures amounting to DKK 200,000 (approximately \$39,000) each for the 2023 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:

<b>As at March 31, 2022</b>			
Equipment and right of use asset	\$ 8,183	\$ -	\$ 8,183
Resource properties	-	13,626	13,626
	\$ 8,183	\$ 13,626	\$ 21,809
<b>As at December 31, 2022</b>			
Equipment and right of use asset	\$ 616	\$ -	\$ 616
Resource properties	-	14,511	14,511
	\$ 616	\$ 14,511	\$ 15,127



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**13. CAPITAL MANAGEMENT**

The Company manages adjusts its capital structure 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 nine months ended December 31, 2022.

**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).

	December 31, 2022		March 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets:</b>				
<i>Amortized cost</i>				
Cash	\$ 155,846	\$ 155,846	\$ 21,018	\$ 21,018
Sales tax and other receivables	8,087	8,087	11,605	11,605
Deposits	-	-	6,993	6,993
	<b>\$ 163,933</b>	<b>\$ 163,933</b>	<b>\$ 39,616</b>	<b>\$ 39,616</b>
<b>Financial liabilities:</b>				
<i>Amortized cost</i>				
Accounts payable and accrued liabilities	\$ 622,510	\$ 622,510	\$ 744,390	\$ 744,390
Deposit received on sale of asset	313,006	313,006	-	-
Note payable	216,955	216,955	131,354	131,354
	<b>\$ 1,152,471</b>	<b>\$ 1,152,471</b>	<b>\$ 875,744</b>	<b>\$ 875,744</b>

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.

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**14. FINANCIAL INSTRUMENTS (CONTINUED)**

**b) Financial risk management**

**Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash 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.

**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 December 31, 2022, the Company had cash of \$155,846 in order to meet short-term business requirements and accounts payable and accrued liabilities of \$622,510. The Company also has notes payable of \$216,955 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 December 31, 2022 and March 31, 2022.

**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.

Subsequent to the Company's disposition of controlling interest in its subsidiary in September 2020, the Company's cash, sales tax and other receivables, accounts payable and accrued liabilities, and notes payable are all denominated in CAD.