HUDSON RESOURCES INC

HUDSON RESOURCES INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Hudson Resources Inc.

Opinion

We have audited the accompanying financial statements of Hudson Resources Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2023 and 2022, and the statements of loss and comprehensive loss, changes in deficiency, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which indicates that the Company recorded a net loss of $500,084 and an accumulated deficit of $92,835,900 for the year ended March 31, 2023. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditor's report.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

July 31, 2023

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

As at		March 31, 2023		March 31, 2022
ASSETS				
Current assets				
Cash	**$**	**100,205**	$	21,018
Sales tax and other receivables		**10,628**		11,605
Deposits		**-**		6,993
Prepaid expenses		**2,225**		2,054
		113,058		**41,670**
Non-current assets				
Equipment and right of use asset (note 4)		**616**		8,183
Resource properties (note 5)		**14,511**		13,626
		15,127		21,809
TOTAL ASSETS	**$**	**128,185**	**$**	**63,479**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 7)	**$**	**675,294**	$	744,390
Deposit received on sale of asset (note 5)		**313,006**		-
Notes payable (note 8)		**222,725**		131,354
TOTAL LIABILITIES		**1,211,025**		**875,744**
DEFICIENCY				
Share capital (note 10(b))	**$**	**78,370,502**	$	78,208,835
Reserves		**13,382,558**		13,314,716
Deficit		**(92,835,900)**		(92,335,816)
TOTAL DEFICIENCY		**(1,082,840)**		**(812,265)**
TOTAL DEFICIENCY AND LIABILITIES	**$**	**128,185**	**$**	**63,479**

Corporate information and continuance of operations (note 1)
Commitments (note 12)
Segmented information (note 13)
Subsequent events (note 17)

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

/s/ Kevin Crawford Director *   /s/ Donna Phillips Director*

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
EXPENSES		
Depreciation (note 4)	**$ 7,567**	$ 44,033
Directors' fees (note 11)	**96,000**	96,000
Exploration and evaluation costs	**19,850**	36,036
Foreign exchange	**(81)**	(154)
Interest and financing costs	**21,498**	15,294
Office	**45,979**	32,890
Personnel costs (note 11)	**177,271**	542,539
Professional fees	**85,875**	73,273
Rent	**11,313**	27,993
Share-based payments (note 10(d), 11)	**67,842**	118,673
Shareholder and community engagement	**12,524**	8,925
Transfer agent and filing fees	**28,085**	24,406
Travel and accommodation	**9,208**	109
TOTAL EXPENSES	**582,931**	1,020,017
OTHER ITEMS		
Other income	**(9,514)**	(283,334)
Debt forgiveness (note 7)	**(73,333)**	-
Share of loss from associates (note 6)	**-**	4,725,709
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	**$ 500,084**	$ 5,462,392
Basic and diluted loss per share for the year	**$ 0.00**	$ 0.03
Weighted average number of common shares outstanding - basic and diluted	**179,968,292**	178,409,205

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

Hudson Resources Inc.
Statement of Changes in Deficiency
(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		-	-	103,536	(103,536)	-	-	**-**
Expiry of warrants		-	-	1,809,376	-	(1,809,376)	-	**-**
Share-based payments	10(d)	-	-	-	118,673	-	-	**118,673**
Loss and comprehensive loss		-	-	-	-	-	(5,462,392)	**(5,462,392)**
Balance at March 31, 2022		**178,409,205**	**$ 78,208,835**	**$ 11,166,545**	**$ 1,683,367**	**$ 464,804**	**$ (92,335,816)**	**$ (812,265)**
Balance at March 31, 2022		**178,409,205**	**$ 78,208,835**	**$ 11,166,545**	**$ 1,683,367**	**$ 464,804**	**$ (92,335,816)**	**$ (812,265)**
Shares issued in settlement of debt		3,233,333	161,667	-	-	-	-	**161,667**
Share-based payments	10(d)	-	-	-	67,842	-	-	**67,842**
Loss and comprehensive loss		-	-	-	-	-	(500,084)	**(500,084)**
Balance at March 31, 2023		**181,642,538**	**$ 78,370,502**	**$ 11,166,545**	**$ 1,751,209**	**$ 464,804**	**$ (92,835,900)**	**$ (1,082,840)**

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

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

	For the year ended	
	March 31, 2023	**March 31, 2022**
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net loss for the year	**$ (500,084)**	**$ (5,462,392)**
Adjustments for items not affecting cash:		
Depreciation	7,567	44,033
Share-based payments	67,842	118,673
Accretion of interest	-	-
Interest and financing costs	21,498	4,205
Gain on settlement of debt	73,333	-
Share of loss from equity accounted investments	-	4,725,709
	(329,844)	**(569,772)**
Net changes in non-cash working capital items:		
Sales tax and other receivables	977	25,653
Prepaid expenses	(171)	3,988
Deposits	6,993	-
Accounts payable and accrued liabilities	27,811	374,178
Net cash flows used in operating activities	**(294,234)**	**(165,953)**
FINANCING ACTIVITIES		
Proceeds from notes payable	70,000	125,000
Lease payments	(8,700)	(52,200)
Net cash flows from financing activities	**61,300**	**72,800**
INVESTING ACTIVITIES		
Resource property acquisition costs	(885)	(7,373)
Deposit received from sale of asset	313,006	-
Net cash flows from (used in) investing activities	**312,121**	**(7,373)**
Net increase (decrease) in cash	**79,187**	**(100,526)**
Cash, beginning of year	**21,018**	**121,544**
Cash, end of year	**$ 100,205**	**$ 21,018**
Cash paid during the year for interest on note payable	**$ -**	**$ -**
Cash paid during the year for taxes	**$ -**	**$ -**
Common shares issued in settlement of debt	**$ 161,667**	**$ -**
Supplementary cash flow information		
Reclassification of the fair value of options cancelled	**$ -**	**$ 103,536**
Reclassification of the fair value of warrants expired	**$ -**	**$ 1,809,376**

The accompanying notes are an integral part of these 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 recently completed the sale of its wholly owned Nukittooq niobium - tantalum ("Nb-Ta") project and its Sarfartoq rare earth element ("REE") project. The Company is currently focused on 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 White Mountain anorthosite mine located on its Naajat anorthosite exploitation license.

Going Concern

The Company has experienced recurring operating losses and as at March 31, 2023, had a working capital deficit of $1,097,967. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

For the current year ended March 31, 2023, the Company recorded a net loss of $500,084 and an accumulated deficit of $92,835,900.

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. With the completion of the sale of the Sarfartoq license to Neo Performance Materials Inc. ("Neo") subsequent to March 31, 2023, the Company has since received all remaining sales proceeds (US$3,250,000) associated with this transaction (note 5) and believes it has the cash to fund its operations over the next 12 months.

These 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.

Sale of Sarfartoq

Subsequent to the year-end, the Company announced the completion of its agreement with Neo for the sale of its Sarfartoq Exploration License for US$3,500,000. The Sarfartoq Exploration License was transferred to a special purpose entity ("SPE"), and the Company also retains a 5% equity interest in the event of a change in control or initial public offering of the SPE.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of preparation

These financial statements of the Company have been prepared in accordance with Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements, including comparatives, have been prepared based on IFRS standards that are published at the time of preparation and that are effective on March 31, 2023.

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 Lumina (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 Lumina and recognized its investment in associate at its fair value.

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

Cash

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

Resource properties

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

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

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

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

Exploration and evaluation costs

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

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

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

Decommissioning and Restoration Costs

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

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

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

Impairment of non-financial assets

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

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

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

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

Taxation

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

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

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

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

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

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

Currency translation

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

Transactions and balances

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

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

Share-based payments

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

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

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

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

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

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

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the loss attributable to common shareholders, and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares, except when the adjustment is anti-dilutive.

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

Financial instruments

Financial assets

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision.

Financial assets (continued)

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

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

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

Share capital

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

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

Critical accounting estimates and judgments

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

Judgments

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

Going concern determination

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances. With the completion of the sale of the Sarfartoq license to Neo in April 2023, the Company has since received all remaining sales proceeds (US$3,250,000) associated with this transaction (note 17) and believes it has sufficient cash to fund its operations over the next 12 months.

Deferred tax assets

The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see Note 16). Management believes that, at March 31, 2023, it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

Estimates

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

(Expressed in Canadian Dollars)

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

Estimates (continued)

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

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, 2022. 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, 2023 will have a significant impact on the Company's results of operations or financial position.

4. 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**
Balance as at March 31, 2022	**$ 23,260**	**$ 138,210**	**$ 161,470**
Depreciation			
As at March 31, 2021	$ (21,964)	$ (87,290)	**$ (109,254)**
Charged for the year	(389)	(43,644)	**(44,033)**
Balance as at March 31, 2022	**$ (22,353)**	**$ (130,934)**	**$ (153,287)**
Net book value			
As at March 31, 2021	$ 1,296	$ 50,920	$ 52,216
As at March 31, 2022	**$ 907**	**$ 7,276**	**$ 8,183**

	Computer equipment	Right of use asset	Total
Cost			
As at March 31, 2022	$ 23,260	$ 138,210	**$ 161,470**
Balance as at March 31, 2023	**$ 23,260**	**$ 138,210**	**$ 161,470**
Depreciation			
As at March 31, 2022	$ (22,353)	$ (130,934)	**$ (153,287)**
Charged for the year	(291)	(7,276)	**(7,567)**
Balance as at March 31, 2023	**$ (22,644)**	**$ (138,210)**	**$ (160,854)**
Net book value			
As at March 31, 2022	$ 907	$ 7,276	$ 8,183
As at March 31, 2023	**$ 616**	**$ -**	**$ 616**

5. 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.

The Company acquired another exploration property, the Gronne Bjerg EL (2021/56) with license M-306 located near Nuuk in West Greenland during the year ended March 31, 2022.

	Sarfartoq Mineral Claim	Gronne Bjerg 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, 2022	**$ 7,246**	**$ 6,380**	**$ 13,626**
Additions	885	-	**885**
Balance as at March 31, 2023	**$ 8,131**	**$ 6,380**	**$ 14,511**

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 2022) 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. An equivalent amount of $4,374,500 in Canadian funds was received subsequent to March 31, 2023 (note 17).
- 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 for which were received.

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

The transaction was completed subsequent to March 31, 2023 (see note 17) and the Company has since received the balance (US$3,250,000) of the sales proceeds.

(Expressed in Canadian Dollars)

6. INVESTMENT IN ASSOCIATE

Debt restructuring in Lumina Sustainable Minerals A/S ("Lumina", previously Hudson Greenland A/S)

Upon completion of the 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") on September 23, 2020, Management assessed 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 was 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.

The Company's appointed member resigned from the Lumina Board of Directors on December 21, 2022, and no new Hudson representative has since been appointed. Management has reassessed the situation where, due to restrictive decision-making abilities and limited access to records, determined that the Company no longer retains any significant influence over Lumina despite its 31.1% voting rights. Accordingly, the Company terminated its application of the equity method of accounting for its investment in Lumina, and has classified this investment in Lumina as FVTPL and recognized a fair value of $nil.

The Company's share of cumulative losses associated with its investment in Lumina was reduced to a carrying value of $nil during the year ended March 31, 2022.

Equity Basis of Accounting

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

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	**$**	**4,725,709**
Share of loss from equity accounted investments		(4,725,709)
Balance as at March 31, 2022 and 2023	**$**	**-**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		March 31, 2023		**March 31, 2022**
Trade payables	$	41,429	$	50,236
Lease obligations - current portion		-		8,573
Accrued liabilities (note 11)		633,865		685,581
	$	**675,294**	**$**	**744,390**

In October 2022, the Company issued an aggregate of 3,233,333 common shares of the Company at a price of $0.05 per share for a total of $161,667 in settlement of outstanding accounts payable and accrued liabilities for personnel costs owed to an officer, and directors' fees owed to former and current directors of the Company. Additionally, $73,333 in past directors' fees owing were forgiven by two previous directors.

(Expressed in Canadian Dollars)

8. 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.

Balance as at March 31, 2022	**$**	**131,354**
Additions		70,000
Interest expense		21,371
Balance as at March 31, 2023	**$**	**222,725**

The notes payable, including accrued interest, were repaid in full subsequent to March 31, 2023.

9. LEASE OBLIGATIONS

The Company's lease obligations are as follow:

		Total
Balance as at March 31, 2021	**$**	**56,568**
Interest		4,205
Principal payments		(52,200)
Balance as at March 31, 2022		8,573
Interest		127
Principal payments		(8,700)
Balance as at March 31, 2023	**$**	**-**

10. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

For the Year Ended March 31, 2023

- 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 $161,667 for salaries owed to an officer, and directors' fees owed to former and current directors of the Company.

For the Year Ended December 31, 2022

- None

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants

The changes in warrants during the years ended March 31, 2023 and 2022 are as follow:

	March 31, 2023		March 31, 2022	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**2,850,000**	**$ 0.45**	23,391,416	$ 0.66
Expired	-	-	(20,541,416)	0.75
Outstanding, end of year	**2,850,000**	**$ 0.45**	2,850,000	$ 0.45

For the year ended March 31, 2023

- None

For the year ended March 31, 2022

- 9,615,805 share purchase warrants and 10,921,611 share purchase warrants, all 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 March 31, 2023:

Expiry date	**Warrants outstanding**	**Exercise price**	**Weighted average remaining contractual life (in years)**
May 23, 2024	2,850,000	$ 0.45	1.15
	2,850,000		**1.15**

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.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

The changes in stock options during years ended March 31, 2023 and 2022 are as follow:

	March 31, 2023			March 31, 2022		
	Number outstanding	**Weighted average exercise**		Number outstanding	Weighted average exercise	
Outstanding, beginning of year	**8,950,000**	**$**	**0.33**	11,470,000	$	0.33
Granted	**3,000,000**	**$**	**0.05**	-	$	-
Expired	**-**	**$**	**-**	(1,860,000)	$	0.38
Cancelled	**-**	**$**	**-**	(660,000)	$	0.32
Outstanding, end of year	**11,950,000**	**$**	**0.26**	8,950,000	$	0.33

For the Year ended March 31, 2023

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

For the Year ended March 31, 2022

- 660,000 stock options with exercise price ranging from $0.15 to $0.65 were cancelled during the current period.
- 1,860,000 options with an exercise price of $0.38 expired in January 2022 without exercise.

The following summarizes information about options outstanding and exercisable at March 31, 2023:

Expiry date	**Options outstanding**	**Options exercisable**		**Exercise price**		**Estimated grant date fair value**	**Weighted average remaining contractual life (in years)**
June 28, 2023 (note 17)	3,580,000	3,580,000	$	0.47	$	775,367	0.24
February 20, 2024	830,000	830,000	$	0.45	$	380,123	0.89
August 10, 2025	3,640,000	3,640,000	$	0.15	$	179,955	2.36
November 10, 2025	900,000	900,000	$	0.40	$	161,171	2.62
October 17, 2027	3,000,000	1,000,004	$	0.05	$	71,171	4.55
	11,950,000	**9,950,004**	**$**	**0.26**	**$**	**1,567,787**	**2.19**

The estimated grant date fair value of the options granted during the year ended March 31, 2023 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended		
	March 31, 2023		**March 31, 2022**
Share price at the grant date	$	0.04	N/A
Risk-free interest rate		3.63%	N/A
Expected annual volatility		75.55%	N/A
Expected life		5.00	N/A
Expected dividend yield		-	N/A
Grant date fair value per option	$	0.02	N/A

During the year ended March 31, 2023, the Company recognized share-based payments expense of $67,842 (2022 – $118,673) from stock options.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (CONTINUED)

e) Reserves

Additional paid-in capital

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

Stock options reserve

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

Warrants reserve

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

11. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The total balance due to related parties included in accounts payable and accrued liabilities was $599,500 for directors' fees and unpaid personnel costs as at March 31, 2023 (2022 – $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 $222,725 (see note 8) as at March 31, 2023 (2022 - $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 year ended	
	March 31, 2023	**March 31, 2022**
Short-term employee benefits - personnel costs	**$ 198,750**	$ 508,333
Short-term employee benefits - directors' fees	**96,000**	96,000
Share-based payments	**66,243**	94,172
	$ 360,993	$ 698,505

(Expressed in Canadian Dollars)

12. COMMITMENTS

The Gronne Bjerg license has certain minimum work commitment expenditures amounting to DKK 200,000 (approximately $39,000) for the 2023 calendar year.

The Company's lease on its office premises expired during the year and was not renewed. The Company has not entered into any other lease arrangements as at March 31, 2023.

13. 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 March 31, 2023			
Equipment and right of use asset	$ 616	$ -	$ 616
Resource properties	-	14,511	14,511
	$ 616	$ 14,511	$ 15,127

14. 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 year ended March 31, 2023.

The Company has no externally imposed capital requirements.

(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS

a) Fair value

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

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

	March 31, 2023		March 31, 2022	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 100,205**	**$ 100,205**	$ 21,018	$ 21,018
Sales tax and other receivables	**10,628**	**10,628**	11,605	11,605
Deposits	**-**	**-**	6,993	6,993
	$ 110,833	**$ 110,833**	$ 39,616	$ 39,616
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 675,294**	**$ 675,294**	$ 744,390	$ 744,390
Deposit received on sale of asset	**313,006**	**313,006**	-	-
Note payable	**222,725**	**222,725**	131,354	131,354
	$ 1,211,025	**$ 1,211,025**	$ 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, 2023, 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 March 31, 2023, the Company had cash of $100,205 in order to meet short-term business requirements and accounts payable and accrued liabilities of $675,294. All accounts payable and accrued liabilities are current liabilities. The Company also has notes payable of $222,725 included in its current liabilities.

With the completion of the sale of the Sarfartoq license to Neo subsequent to March 31, 2023, the Company has received all remaining sales proceeds (US$3,250,000) associated with this transaction (note 5). Liquidity risk has since reduced and the Company believes it has sufficient cash to fund its operations over the next 12 months.

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, 2023.

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.

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

(Expressed in Canadian Dollars)

16. INCOME TAXES

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

	2023	2022
Loss before income taxes	**$ (500,084)**	**$ (5,462,392)**
Expected income tax recovery	(136,000)	(1,476,000)
(Increase) decrease in income tax recovery resulting from:		
Impact of foreign tax rates, changes in unrecognized deferred tax assets and other	(3,000)	(10,000)
Change in unrecognized deferred tax assets	121,000	841,000
Non-deductible differences	18,000	670,000
Adjustment of prior years' provision versus statutory tax returns and expiry of non-capital losses	-	(25,000)
Deferred tax expense (recovery)	$ -	$ -

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

	2023	Expiry Date Range	2022	Expiry Date Range
Temporary Differences				
Resource properties and equipment	$ 13,112,000	No expiry date	$ 13,105,000	No expiry date
Share issuance costs	$ -	-	$ 144,000	2043
Investment in associate	$ 26,488,000	No expiry date	$ 26,488,000	No expiry date
Non-capital losses carried forward	$ 18,981,000	2026 to 2043	$ 18,408,000	2026 to 2042

17. SUBSEQUENT EVENTS

- On April 24, 2023, the Company and Neo jointly announced that approval had been received from the Government of Greenland for the transfer of the Sarfartoq exploration license and Neo has completed the purchase of the License from the Company as described in Note 5. The balance of the remaining sales proceeds of $4,374,500 (US$3,250,000) was received concurrently.

- The notes payable, including accrued interest, have been repaid subsequent to March 31, 2023.

- 3,580,000 stock options with an exercise price of $0.47 expired in June without exercise.