



**HUDSON RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(FORM 51-102F1)**

**FOR THE YEAR ENDED MARCH 31, 2021**

## **Management’s Discussion and Analysis – For the year ended March 31, 2021**

This management’s discussion and analysis (“MD&A”) focuses on significant factors that affected Hudson Resources Inc. (“Hudson” or the “Company”) during the year ended March 31, 2021 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the year ended March 31, 2021. Consequently, the following discussion of performance and financial condition should be read in conjunction with the condensed consolidated interim financial statements, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to Hudson is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.hudsonresourcesinc.com](http://www.hudsonresourcesinc.com).

This MD&A contains information up to and including July 28, 2021.

### **FORWARD-LOOKING INFORMATION**

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 26 of this MD&A.

### **COVID -19 PANDEMIC**

The COVID-19 pandemic has made international travel more challenging, but the Company has continued to advance work on the Sarfartoq exploration license in Greenland with a focus on metallurgical testwork on the Nukittoq niobium-tantalum project. The Company is also co-funding, along with Hudson Greenland, the production of a green, waste-free smelter grade alumina (SGA) product produced from anorthosite from the White Mountain mine. The SGA will be sent to several major aluminum players for testing as a potential feed for aluminum production instead of traditional bauxite.

Covid-19 protocols have been implemented the White Mountain anorthosite mine in Greenland where the Company has an interest..

The Government of Greenland has imposed quarantine programs, fluctuations in currencies and volatile financial markets pose significant challenges in planning, budgeting and carrying out meaningful exploration programs. Further uncertainties arise from the inability of the Company to gauge the duration of the pandemic. Hudson anticipates that the pandemic may lead to a global slowdown in demand for some of the commodities and metals that it has in its portfolio but is optimistic these will rebound in the near term. Of note is the significant increase in demand for paints and coatings due to the pandemic which is a key market for anorthosite. The pandemic has also put focus on supply chains which may be beneficial in an increase demand for the rare earth elements (REE’s) and niobium-tantalum (Nb-Ta) critical metals that the Company has in its portfolio. The rapid conversion to green applications including electric vehicles and sustainable energy has greatly increase the demand for critical metals and the desire for secure supply chains.

### **THE COMPANY**

As at March 31, 2021, the Company is a junior exploration company engaged in the acquisition, exploration and development of mineral properties in Greenland. Hudson is listed on the TSX Venture Exchange and is currently focused on its wholly owned Nukittoq niobium - tantalum project and also advancing its Sarfartoq rare earth element (REE) project. The Company also has a minority interest in Hudson Greenland A/S which owns the pre-commercial production White Mountain anorthosite mine (the “White Mountain” or “Qaqortorsuaq” in Greenlandic) located on its Naajat anorthosite 30 year exploitation license.

Hudson is focusing on being a leader in the production and development of green mineral products and technologies while protecting the environment and respecting the communities where it operates. The Company developed and brought into production the White Mountain mine and ensured that no chemicals or even water are used in its operation. The products that will be made from the White Mountain anorthosite will help reduce global CO<sub>2</sub> levels and create more energy efficient products while producing less waste. The rare earth elements and niobium-tantalum on the Sarfartoq license are critical to the development of the green economy in reducing energy consumption and increasing efficiencies. The dramatic increase in demand for electric vehicles (EV's) and sustainable energy (wind power and energy storage) has significantly increased the demand for REE's with an emphasis on permanent magnet motors in EV's and wind turbines.

Hudson has developed excellent relationships and support from the communities where it operates and the Government of Greenland. The Company was instrumental in implementing the Impact Benefit Agreements (IBA) for Hudson Greenland with respect to the White Mountain mine. The IBA provides financial support to educational and social programs to the communities surrounding the White Mountain mine in Greenland.

## HIGHLIGHTS

- In 2020 the Company reacquired the Sarfartoq Exploration License which hosts the Nukittoq niobium and tantalum (Nb-Ta) project and the Sarfartoq rare earth element (REE) project. The primary term of the license is five years with minimal annual work commitments in the first year. The Government of Greenland has waived all exploration work commitments on the license for 2020 and 2021 due to the COVID-19 pandemic and extended the expiry of the license to December 31, 2025.
- The Company completed an initial sampling program on the high-grade Nukittoq niobium and tantalum project in the Fall, and on December 14, 2020, the Company reported 112 meters of 19.35% Nb<sub>2</sub>O<sub>5</sub>, which is some of the highest niobium mineralization reported by a public company. The Company has initiated an extensive metallurgical program on the niobium-tantalum samples collected in 2020. The metallurgical work is being carried out by SGS Canada, with results expected in the coming months.
- The Company is undertaking the production of smelter grade alumina from anorthosite at KPM in Kingston, Ontario. Approximately 4 kg of SGA will be produced to allow several large aluminum companies to test this as a potential feed as a green, waste free replacement to bauxite.
- On November 2, 2020, the Company announced that Kevin Crawford, Donna Phillips, and Antony Harwood have been elected to the Board of Directors. Flemming Knudsen, Herb Wilson, Robert Shields, John McConnell and John McDonald had previously stepped down from the board.
- The Company announced that it had closed its debt restructuring transaction with the Lenders on September 23, 2020, after receiving approval from the shareholders and the government of Greenland. Hudson Greenland also issued a convertible debenture in the amount of US\$10 million to the Lenders to ensure working capital requirements to get the White Mountain anorthosite mine back into operation.
- Hudson Greenland has managed the re-commencement of mining operations at the White Mountain mine during the current quarter. Hudson Resources continues to provide operational, sales, marketing and logistical support to Hudson Greenland for the White Mountain operation.

## CORPORATE

### **Debt Restructuring and Convertible Debt Financing in Hudson Greenland**

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 approval from Hudson's shareholders and the Government of Greenland.

Pursuant to the Transaction, the Company, cancelled the inter-company debt owed by the Company's subsidiary, Hudson Greenland A/S ("Hudson Greenland" or the "Subsidiary"), to the Company and converted approximately US\$13.7 million, of the existing debt of US\$43 million, owed to the Lenders pursuant to existing loan facilities, into preferred shares of Hudson Greenland, thereby reducing interest payments substantially. The conversion of the debt into preferred shares of Hudson Greenland pursuant to the Transaction resulted in the Lenders

holding approximately 68.9% interest of Hudson Greenland and the Company retaining a 31.1% interest. In addition, the Lenders were granted the right to each nominate one director to the Hudson Greenland board, which comprises two of the four board members (one of which being appointed to Chairman of the board), with Hudson retaining one member, and the fourth member being the incumbent from Greenland Venture A/S, an investment company owned by the Greenland Government and holds 8 million shares in Hudson Resources Inc.

Hudson Greenland also issued a convertible debenture in the amount of US\$10 million (the “Debenture”) to the Lenders to provide funding directly into Hudson Greenland to ensure sufficient working capital to allow the White Mountain anorthosite mine to get back into commercial operation. The Debenture has a maturity date of five years from the date of issuance and will be convertible into preferred shares in the capital of Hudson Greenland. The Debenture does not bear interest and will not confer voting rights on the Lenders until conversion of the Debenture, in accordance with its terms. The Debenture may be repaid based on 200% of its face value at any time to the date of maturity.

The proceeds of the Debenture are being used for working capital to put the White Mountain mine back into production and general corporate purposes, as approved by Hudson Greenland’s board of directors. Hudson retains the right to redeem the preferred shares and repay the Debenture from the above transactions to regain 100% interest of the White Mountain mine over the next five years.

Through a separate services arrangement, Hudson’s management and operating costs are paid by providing operational, logistical, sales and marketing support to Hudson Greenland related to all White Mountain anorthosite operations.

### **New Directors**

On November 2, 2020, the Company announced that Kevin Crawford, Donna Phillips, and Antony Harwood (the “New Directors’) have been elected to the Board of Directors at the Company’s annual general meeting. The Company’s Board of Directors now comprises five directors including Dave Frattaroli and Jim Cambon.

Mr. Kevin Crawford is a retired executive who was the Chairman of the board at SCR-Sibelco, a global (3.2 billion Euro) industrial minerals company based in Belgium (and parent company of U.S.-based Unimin Corporation) until 2016. Prior to becoming the Chairman, Mr. Crawford held several executive positions with Sibelco, including Group CEO. Mr. Crawford currently sits on the board of Connor Investor Services, Inc, a private investment advisory firm in Wyomissing, PA, with close to US\$1 billion under management.

Ms. Donna Phillips has over thirty years of professional experience in business with particular focus in the areas of finance, corporate planning, land negotiations, business development, government relations, stakeholder/community relations and Indigenous negotiations in the energy industry. Ms. Phillips is the Executive Vice President, Corporate Development of Pacific Canbriam Energy Limited, a company with an organic growth story now producing > 40,000 barrels of oil equivalent per day.

Dr. Antony (Tony) Harwood is an economic geologist with 35 years of international exploration and mining experience focused on “green” and “battery” metals (REE’s & lithium), gold and base metals. Dr. Harwood was a founder and appointed President and Chief Executive Officer (CEO) of Montero Mining & Exploration Ltd. in 2009 and took the company to IPO on the TSX-V in 2011 exploring for REE and lithium. Previous to this, Dr. Harwood was the President and CEO of Africo Resources Ltd., which he listed on the TSX to develop a major copper-cobalt project in the DRC. Dr. Harwood served as Vice President of Placer Dome Inc. for 8 years, a major Canadian mining company before its acquisition by Barrick Gold Corp.

## **OVERVIEW OF MARKETS**

### **NUKITTOOQ NIOBIUM - TANTALUM PROJECT**

There are no official prices for niobium or tantalum commodities, as these metals are not traded on any metal exchanges (LME or other). The price is determined by negotiation between buyer and seller. The niobium price

has averaged US\$42/kg over the past five years with expected demand growth of 8%/annum while tantalum currently trades at around US\$150/kg.

Niobium finds major application in steel and superalloys production and significant research and development is underway for battery applications; electronics and aerospace industries are the main consumers of tantalum. It has superconducting properties and is increasingly being used in green technologies. Niobium is mainly found as pyrochlore in carbonatite deposits; tantalum is mostly extracted as by-product from various ores. The niobium market is dominated by privately held CBMM in Brazil which accounts for over 80% of global supply; 79% of tantalum is sourced from Africa (Rwanda, DR Congo, Mozambique, Nigeria).

Niobium and tantalum are transition elements that are almost always found together in nature. They are vital to a wide range of products in the energy, infrastructure, transportation, medical and defense sectors. Niobium is used primarily as an alloy in high strength steel. By adding just 200 grams of niobium you can reduce a cars weight by 100 kg. Tantalum has an excellent capacity to store and release energy and provide corrosion resistance.

There are only three primary producers in the world:

- CBMM (private) – Brazil: Grade 2.5% Nb<sub>2</sub>O<sub>5</sub>, controls 85% of the market.
- China Molybdenum (CMOC) – Brazil: Grade 1% Nb<sub>2</sub>O<sub>5</sub>.
- Magris, formerly Niobec (private) – Canada: Grade 0.56% Nb<sub>2</sub>O<sub>5</sub>.

#### **SARFARTOQ RARE EARTH ELEMENT PROJECT**

Prices for Rare Earth Elements (REEs) have increased significantly in the past year led by concerns that China is considering REE export controls and stronger than previously anticipated global demand for offshore wind turbines, electric vehicles (EV's) and consumer electronics utilizing permanent magnets. China controls approximately 80% of global REE supply affecting many critical materials. Neodymium and Praseodymium (Nd–Pr) Rare Earth Oxide prices have increased by over 50% in the past 12-month period with supply/demand fundamentals remaining strong.

Recent international announcements on new stimulus plans for offshore windfarms and the rapid transition to electric vehicles by most of the world's top vehicle manufacturers are driving demand and prices. The election of President Joe Biden in the USA is expected to add stimulus to new offshore wind developments and to promote greater EV production and other renewable energy users and products. Consumer demand for EVs is much greater than expected with stronger sales growth due to new models and factory capacity now expected. Manufacturers are due to roll out significant numbers of new EV models particularly in the luxury sector where innovative new designs will create new demand.

#### **WHITE MOUNTAIN ANORTHOSITE MINE**

The Company currently has a 31.1% equity interest in Hudson Greenland A/S, which in turn owns 100% of the White Mountain Project (the "Project") in Greenland. The Project's processing plant produces a finely ground anorthosite mineral concentrate that is being sold under the name "GreenSpar". Anorthosite is an igneous rock dominated by the mineral plagioclase, a calcium aluminum silicate, that formed deep in the earth's crust. Although anorthosite is found in several parts of the world, the White Mountain anorthosite deposit is unique because of its size and purity. Hudson has identified a number of primary markets for GreenSpar including:

- E-Glass fiberglass
- Paints, coatings and polymers
- Feed material for insulation (rock wool) manufacturing
- Lunar simulants

## **E-Glass**

The high aluminum content (30%), low impurities and low melt temperature of anorthosite enables superior performance in production of E-Glass fiberglass. Testing of material from White Mountain has been undertaken by most of the leading E-Glass producers. They found that the use of GreenSpar compared to their currently used source of aluminum, largely kaolin clay, reduced energy consumption and decreased melt times, both being critical factors in lowering production costs while maintaining or increasing the quality of the final product.

E-Glass fiberglass is used in a vast range of products including boats, wind turbine blades, swimming pools, silos and tanks, and a wide range of construction materials. The value of the E-Glass market in the major economies of Asia, Europe, and North America is forecast to reach US\$17.4 billion by 2024.

The Company, on behalf of Hudson Greenland, is in advanced discussions with several major E-Glass producers and is working towards finalizing purchase agreements.

## **Paints and Coatings**

The Company believes that based on the quality of GreenSpar in the White Mountain deposit, Hudson Greenland will be in a competitive position to penetrate the market for fillers (extenders) that are widely used in the production of paints, coatings and polymers. These are markets with higher unit value products than E-Glass and are projected to grow from US\$160 billion in 2017 to US\$209 billion by 2022. (Source: <https://home.kpmg.com/xx/en/home/insights/2018/03/industry-update-2018.html>).

In September 2016, Hudson announced the results of a market prospects study by Industrial Mineral Management Consultants in Ontario which took the GreenSpar product and ran a series of technical tests after grinding it to a very fine minus 45 micron particle size (a micron is a thousandth of a millimeter). The GreenSpar45, as that product is referred to, proved to have excellent technical properties that would make it attractive for these additional markets. In August 2018, the Company announced that it received very favourable test results when using GreenSpar45 in paint and clear coating formulations. The independent test work completed by Marschall Labs Inc, of Clearwater, Florida, indicated that GreenSpar45 performs very well in paint and clear coating applications.

The Company, on behalf of Hudson Greenland and through its distributor in the United States, Terra Firma, has been marketing GreenSpar to a wide range of paint, coatings, and polymer companies in the United States. A number of companies have been actively testing GreenSpar in 2021. In calendar 2020 Q4, a contract was signed with a toll facility in Germany to micronize 24 tonnes of GreenSpar to 45 microns and 15 microns product sizes to be used for industrial scale testing by the paints and coatings industry. This material was shipped to Terra Firma in the United States in late 2020.

## **Rock Wool**

Hudson Greenland has been in discussions with a number of companies with respect to the use of a coarse anorthosite product for use in the manufacturing of rock wool insulation in Europe and North America. This material would not need to go through the White Mountain process plant and would only require one stage of crushing prior to shipping from the mine site in Greenland. A bulk trial has been completed by one group to date. Discussions are ongoing with a number of rock wool manufacturers with regard to long term contracts.

## **Research and Development**

The Company has independently developed a number of research and development initiatives to further enhance the potential revenue from the product streams from the anorthosite mine in Greenland. These include the development of certain proprietary Intellectual Property in the following:

- CO<sub>2</sub> free cement
- Alumina and aluminum which can be produced with zero waste and valuable by-products

## **CO<sub>2</sub> Free Cement**

Through initial R&D the Company has demonstrated that a carbon dioxide (CO<sub>2</sub>) free white cement can be manufactured from anorthosite obtained from White Mountain which has good heat resistant and strength characteristics. This has been backed up by research at the University of British Columbia's Ceramics and Refractories Research and Testing Laboratory. The Company has engaged with a number of groups who are testing GreenSpar in their concrete formulations for future production. This product has significant environmental benefits to manufactures and developers.

## **Alumina and Aluminum**

Through R&D the Company has conducted a significant amount of laboratory test work and released a Preliminary Economic Assessment (PEA) on the production of "waste free green" alumina that would be an environmentally friendly alternative to the current production from alumina using bauxite that generates a by-product waste known as "red mud" that has significant disposal issues. Hudson's alumina product would not only have zero waste but will also have valuable by-products resulting from the production phase. The Company is in the process of producing smelter grade alumina samples at KPM in Kingston, Ontario, which will be used for evaluation purposes by potential partners.

## **EXPLORATION AND DEVELOPMENT PROPERTIES**

### ***Sarfartoq Mineral Claim (License number 2010/40 and 2020/32), Greenland***

Hudson has a 100% interest in a Niobium-Tantalum Project and a Rare Earth Element (REE) Project through the Sarfartoq Exploration License in southwest Greenland. The Sarfartoq 2010/40 license was in its 25<sup>th</sup> year and work commitments in excess of \$5 million would have been required in the 2020 calendar year. Consequently, Hudson elected to relinquish the license in December 2019 and reapplied for a new exploration license on Sarfartoq which was granted to Hudson in the last quarter of 2020. The granting of the new Sarfartoq 2020/32 license has reset the minimum work commitment expenditures to approximately \$60,000 per annum. Due to COVID-19, the Government of Greenland has waived all work commitments for the calendar years 2020 and 2021 and extended the expiry of this license to December 31, 2025.

The Sarfartoq exploration license host the Sarfartoq Carbonatite Complex (SCC) which is one of the larger carbonatite complexes in the world with approximate dimensions of 13 km by 8 km. It is located near tidewater, adjacent to very good potential hydroelectric power sites, and is approximately 60 km from the White Mountain mine. The SCC hosts a very high-grade niobium-tantalum exploration project and a high-grade light rare earth element deposit.

### **The Nukittoq Niobium and Tantalum Project**

The Company has initiated work on the Nukittoq niobium-tantalum (Nb-Ta) project ("Nukittoq") which is an exceptionally high grade prospect which sits on the southern margin of the large Sarfartoq Carbonatite Complex. The project is called Nukittoq which means "strong man" in Greenlandic to reflect the key characteristic of niobium as a strengthener of steel. The US and EU have designated niobium and tantalum as critical to the security and wellbeing of their countries.

The Sarfartoq Carbonatite Complex appears to be unique in terms of hosting high grade niobium and tantalum mineralisation, which show unusually high grades in comparison to any other such deposits throughout the world (<https://hudsonresourcesinc.com/projects/niobium-and-tantalum/>). The mineral of economic interest at Nukittoq is pyrochlore which is a niobium and tantalum oxide mineral.

The Company collected a total of 35 samples from outcrop along the 112 m of exposed pyrochlore mineralization. Three samples were also collected along the strike length for mineralogical analysis. On December 14, 2020, Hudson reported the assays from the sampling program which include:

- 35 grab samples reported an average grade of 19.35% Nb<sub>2</sub>O<sub>5</sub>, 0.27% Ta<sub>2</sub>O<sub>5</sub>
- Including a 30-meter section with 12 grab samples with an average grade of 32.35% Nb<sub>2</sub>O<sub>5</sub>
- The highest-grade grab sample reported a value of 48.50% Nb<sub>2</sub>O<sub>5</sub>, 1.21% Ta<sub>2</sub>O<sub>5</sub>

These 35 samples have been used to undertake a significant metallurgical program at SGS in Lakefield, Ontario with a focus on producing a high-grade concentrate in Greenland which can be sent offshore for final processing.

The mineral of economic interest in the project area is pyrochlore (Na, Ca)<sub>2</sub>Nb<sub>2</sub>O<sub>6</sub>(OH,F), a sodium - calcium niobate with common but minor substitution by tantalum, titanium, and uranium. The Nukittoq project hosts several niobium targets within a one square kilometer area that the Company is evaluating. The targets have similar geology supported by historical high-grade niobium assays.

Pyrochlore mineralization at Nukittoq occurs as massive replacement, thin veins and disseminations within dilational zones of shear/breccia structures that cut Precambrian granite gneiss and diabase dikes. The pyrochlore is co-crystalline with aegirine, alkali feldspar, and ferric-biotite formed during metasomatism and mineralization by ultra-alkaline (fenite) solutions and coeval with dolomitic carbonatite stringers and veinlets. Some of the pyrochlore has undergone remobilization during later hydrothermal activity as evidenced by alteration overprinting.

Niobium and tantalum are vital to a wide range of products in the energy, infrastructure, transportation, medical and defense sectors. The EU and the United States have designated niobium and tantalum as critical to their security and wellbeing. There are only three primary producers of niobium in the world with typical mine grades ranging from 0.56% Nb<sub>2</sub>O<sub>5</sub> to 2.5% Nb<sub>2</sub>O<sub>5</sub>.

The niobium price has averaged US\$42/kg over the past five years with expected demand growth of 8%/annum. Tantalum currently trades at US\$150/kg.

The grab samples were analysed by SGS Lakefield, Canada, and the laboratory has commenced mineralogical work, including QEMSCAN and microprobe analysis, which will assist to drive a metallurgical test work program.

**Table 1.** Assay Result for the 35 grab samples

Tag #	Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %	Tag #	Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %	Tag #	Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %
1	0.02	< 0.01	0.0	13	14.50	0.07	0.22	25	0.55	< 0.01	0.01
2	4.76	0.02	0.09	14	47.10	0.77	1.06	26	18.50	0.41	0.52
3	4.87	0.03	0.10	15	36.00	0.53	0.68	27	42.40	0.54	0.81
4	28.50	0.12	0.58	16	4.54	0.03	0.09	28	41.60	0.54	0.83
5	46.70	0.21	0.53	17	7.87	0.05	0.15	29	29.10	0.18	0.28
6	5.11	0.02	0.09	18	26.10	0.40	0.46	30	4.06	0.03	0.09
7	1.48	0.02	0.03	19	43.00	0.80	1.02	31	6.99	0.08	0.15
8	16.20	0.05	0.24	20	36.80	0.67	1.05	32	3.75	0.03	0.07
9	7.63	0.04	0.14	21	48.50	1.21	1.08	33	13.20	0.08	0.18
10	4.33	0.02	0.06	22	40.80	0.92	1.05	34	9.11	0.07	0.20
11	2.69	0.02	0.04	23	32.30	0.38	0.52	35	6.50	0.06	0.14
12	13.20	0.07	0.19	24	28.60	0.38	0.58				

### The Sarfartoq Rare Earth Element Project

The Company has outlined a 14.1Mt at 1.5% TREO 43-101 compliant inferred resource containing 35 million kilograms of neodymium and praseodymium oxide in the ST1 Zone of the Sarfartoq REE Project. This represents one of the industry's highest ratios of neodymium and praseodymium to TREO in a light rare earth deposit of this type, totaling 25%, based on the inferred resource. In the past year there has been a significant increase in



the interest of this asset due to global REE supply chain issues and concerns around Arctic sovereignty. The Company has seen significant interest from the United States State Department and Canadian government and others given the need for a secure supply of strategic minerals.

Hudson has drilled over 30,000 meters on the Sarfartoq Carbonatite Complex and conducted extensive metallurgical testwork at Hazen Research and SGS in Canada. The main REE bearing mineral is bastnaesite which is metallurgical less complex and well known for TREO extraction. Previous testwork has demonstrated that recoveries of over 90% are achievable utilizing acid baking and leaching.

The Preliminary Economic Assessment in 2011 outlined a 2,000 tonne per day underground operation producing 6,500 tonnes per annum of rare earth carbonatite concentrate of 42-45% REO. The high-grade rare earth oxides at Sarfartoq are associated with thorium with low to non-existent uranium levels.

The ST1 Zone contains significant amounts of neodymium and praseodymium oxide, which are the two main components in permanent magnets and the fastest growth sector of the rare earths industry. Neodymium is currently trading for approximately US\$100/kg with excellent growth forecasts. The in-situ value of the neodymium and praseodymium alone is approximately US\$3.3B at current metal prices.

Adamas Intelligence (Investor Intel March, 2021) forecasts an annual neodymium praseodymium shortage of 16,000 tonnes expected by 2030 and expect the market for magnet rare earth oxides to increase five-fold by 2030 from US \$2.98B this year to US \$15.65 B at the end of the decade.”

The Sarfartoq REE project has excellent exploration potential to increase the high-grade tonnage with past drill holes including the following high-grade intercepts at the ST1 Zone:

- 24 meters of 3.5% TREO (SAR10-36)
- 14 meters of 4.8% TREO (SAR11-45)
- 6 meters of 6.05% TREO (SAR12-03)
- 6 meters of 4.91% TREO (SAR12-01)
- 8 meters of 6.5% TREO (SAR12-15)

Along the 32 km strike length of the carbonatite Hudson drilled numerous high grade holes on other targets including:

#### ST19 Target

- 60 meters of 2.6% TREO, including 12m of 4.0% (SAR10-22)
- 60 meters of 2.2% TREO, including 14m of 4.9% (SAR10-23)

#### ST40 Target

- 10.22 m of 1.36 % TREO (SAR09-03) which contained 54% neodymium oxide and praseodymium oxide - one of the industry's highest ratios of Nd and Pr

Hudson is planning an exploration and development work program for the Sarfartoq REE project which will include further metallurgical test work to improve recoveries and possibly drilling to expand on numerous high-grade drill intercepts. Further development of the Sarfartoq REE project may be dependent upon the improvement in world market prices for rare earths. The neodymium price has started to improve appreciably in the last few months with a 40% increase in the last month.

## WHITE MOUNTAIN PROJECT

### ***Naajat (White Mountain) Mineral Claim (2015/39), Greenland***

In September 2015, Naajat (White Mountain) mineral exploration license 2015/39 was converted to an exploitation license, and a fee of 100,000 DDK was paid. Previously, the Company was required to maintain certain work commitments to retain the exploration license. Hudson Greenland now has certain non-monetary commitments, including but not limited to employing Greenlandic personnel, based on establishing a mining operation as per the exploitation agreement in order to maintain the license. The exploitation license is valid for 30 years with the option for a 20 year extension.

Hudson announced on November 26, 2018 that it had completed the construction of the Project and had initiated commissioning activities. On February 4, 2019, the Company announced that it had completed the testing of all major equipment components under load and the production of GreenSpar had commenced. All equipment had been performing as expected with the exception of the secondary High-Pressure Grinding Rolls (HPGR) crusher, which was operating at 55% capacity due to mechanical issues. The issues with this crusher have continued despite numerous efforts to get it to design capacity at the manufacturer's expense, and Hudson continues to work with Weir to get the secondary HPGR to perform as warranted. The performance of this crusher contributed to an overall delay of approximately four months for the first GreenSpar shipment. This caused Hudson to seek additional working capital to support the first commercial shipments. Commissioning the plant during the winter also revealed the need for a rotary drum dryer which has now been commissioned and completed.

Mining at the White Mountain site consists of a simple drill and blast operation in an open pit where there is no overburden that needs to be removed prior to extraction. Mining is done with 10 m benches. After blasting, the 'shot rock' is loaded into 35 and 40 tonne articulated haul trucks that carry the ore 11 km down to the waterside processing plant where it is fed into a crushing circuit (jaw crusher followed by cone crusher) before being fed into the processing plant. The haul trucks are operating downhill when loaded, which represents a considerable fuel saving that, together with the absence of overburden on the mineral resource, means a very cost-effective low-cost open pit mining operation.

Hudson announced on August 20, 2019 that that the bulk carrier, MV Happy Dragon, had been loaded with a GreenSpar shipment and departed the Project site on August 20<sup>th</sup>, 2019 for a port facility in Charleston, South Carolina, USA. The ship carried approximately 14,400 tonnes of GreenSpar, 250 tonnes of anorthosite product and 56 tonnes of GreenSpar 90 (98% finer than 90 microns) which is a high-quality air separated product from the low iron process plant dust collection system. The GreenSpar 90 material will be used in further development of the paints and coatings markets and CO<sub>2</sub> free cement applications. The ship also transported two Terex all terrain cranes (80 tonnes and 55 tonnes) and three manlifts which were no longer required after the construction period and were subsequently sold in North America.

On August 30, 2019, Hudson reported that the unloading of its first shipment in Charleston was terminated before completion for reasons outside the Company's control. The receiver, Carver Maritime, was not properly set up to deal with the dust associated with the dry product despite being well aware of the requirements in advance. The impending arrival of Hurricane Dorian caused the emergency closure of the port forcing the MV Happy Dragon to put to sea for safety.

Hudson identified a suitable temporary facility in Savannah and the MV Happy Dragon proceeded there to discharge its cargo once weather permitted. The disruption caused by hurricane Dorian further impacted the logistical arrangements with significant additional costs being incurred. Hudson retained experienced legal counsel in the USA and filed a claim against Carver Maritime seeking to recover all additional costs that were incurred from the failure to perform under the contract resulting in the change in port and storage facilities. This claim was settled in June 2021. Details of the settlement amount and terms are confidential.

The Company completed bagging the GreenSpar at the Savannah facility into 1,300 kg super sacs to allow for transshipment or temporary storage until the product is shipped to customers in the Americas. On November 20, 2019, the Company received a purchase order for 5,000 tonnes of GreenSpar, and delivered this amount to a

storage warehouse in Tlaxcala, Mexico. The Company since discovered some contamination of its product occurred from trucks moving the product from the ship to the warehouse several kilometers from the port. A claim has been filed with the Company's insurer to recover costs if the product cannot be sold, or if added costs are incurred to remove the contamination through screening. There can be no assurances that the insurance claim for the product contamination, will be successful, or that either will be concluded in a timely manner.

### Mineral Resource

The Company filed an Amended and Restated Technical Report dated December 15, 2015 that disclosed the White Mountain project area on the Najaat mineral claim contains an Indicated Resource of 27.4 million tonnes and an Inferred Resource of 32.7 million tonnes. At the Company's anticipated rate of extraction, which includes a second phase expansion of the White Mountain processing plant, these resources are considerably more than sufficient for the 50 years provided under the Najaat Exploitation License. The Company has not published a feasibility study for this development that might have enabled a reclassification to a reserve through demonstrated economic viability. The markets in which the GreenSpar product is being sold are highly competitive and a full feasibility study would have required the disclosure of sales and cost data that would have been prejudicial to the Company's competitive position and its ability to negotiate purchase agreements. The Amended and Restated Technical Report is available on the SEDAR website.

### Project costs

As of July 17, 2017, Hudson had transitioned to the development stage for the Naajat mineral claim comprising the White Mountain deposit; as a result of the transition, all expenditures going forward were capitalized as development assets. On November 26, 2018, the Company announced that it had completed construction of its White Mountain Project and commenced commissioning at the site. The Company announced in February 2019 that it has commenced production at the site.

## RESULTS FROM OPERATIONS

### Selected Information

	For the year ended		
	March 31, 2021	March 31, 2020	March 31, 2019
Interest income	\$ -	\$ -	\$ 62,856
Net income (loss)	(4,874,119)	(14,222,477)	(6,566,464)
Basic and diluted loss per share	\$ (0.03)	\$ (0.08)	\$ (0.04)

As at:	March 31, 2021	March 31, 2020	March 31, 2019
<b>Balance Sheet Data</b>			
Cash and cash equivalents	\$ 121,544	\$ 1,829,044	\$ 1,469,162
Restricted cash	-	2,612,711	-
Inventory	-	892,652	-
Equipment and right of use assets	52,216	9,404,005	12,478,520
Reclamation bonds	-	2,087,690	2,006,360
Resource properties	6,253	-	769,682
Development assets	-	50,257,360	38,925,498
Investment in associate	4,725,709	-	-
Total assets	\$ 4,956,015	\$ 67,922,459	\$ 55,764,464

### Year ended March 31, 2021 ("Q4YTD 2021") compared with year ended March 31, 2020 ("Q4YTD 2020")

The Company announced on September 23, 2020 that it had completed a debt restructuring of Hudson Greenland which resulted in a disposition of controlling interest of 68.9% of the subsidiary. Upon the cease of control, the subsidiary was deconsolidated and a gain on disposition was recognized on that date and the

Company commenced accounting for its interest in Hudson Greenland on an equity basis by recognizing its share of profits and losses of this investment in associate from that date forward. Subsequent to the disposition date, the new management of Hudson Greenland determined that it would no longer capitalize the White Mountain project expenditures as development assets given the project's production capability. Accordingly, this change has resulted in Hudson Greenland expensing its project expenditures, and the Company has recognized its share of profits and losses on that basis from the disposition date onward.

The Company recorded a comprehensive loss of \$4,853,759 for Q4YTD 2021 compared with a comprehensive loss of \$14,112,256 for Q4YTD 2020.

There was no accretion of interest in Q4YTD 2021 compared to \$373,758 in Q4YTD 2020 and is related to the estimate of the present value of the future required site restoration costs. With interest rates in Greenland and Denmark, being at 0% or negative since last year, the Company accelerated the accretion of its reclamation obligation to its nominal estimated amount at the end of the 2020 fiscal year.

Depreciation expense was \$44,200 for Q4YTD 2021 and was comparable to \$48,149 for Q4YTD 2020. The depreciation charged for equipment used for the Project has been capitalized as development assets in the current year.

Director fees were at \$121,667 for Q4YTD 2021 and \$140,000 for Q4YTD 2020. These fees have been accrued and payable to the Company's former and current directors who have agreed to defer payment until the Company's financial situation improves.

Evaluation and exploration costs were \$35,792 for Q4YTD 2021 compared to \$37,340 for Q4YTD 2020. The Company did not incur significant evaluation and exploration costs in these periods in order to conserve cash.

Total foreign exchange gain recorded was \$2,037,591 for the current period compared to a loss of \$1,063,178 in Q4YTD 2020 mainly due to the fluctuations in the exchange rates amongst the Canadian dollar (\$), United States dollar (US\$), and Danish Krone (DKK). Virtually all of the foreign exchange gain in the current period was recorded prior to the deconsolidation of Hudson Greenland upon disposition of its controlling interest. While the Canadian dollar has remained relatively consistent against the DKK, there has been significant weakness in the US\$ against the DKK, the functional currency of Hudson Greenland and where its US\$ denominated debt balance has increased, that has resulted in the foreign exchange gain.

The Company recorded a \$769,682 impairment of resource properties in Q4YTD 2020 upon the relinquishment of its Sarfartoq property EL, which it reacquired in the current fiscal year. There was no impairment of resource properties in the current year.

Interest and financing costs of \$2,504,087 were recorded in Q4YTD 2021 compared to \$1,812,993 in Q4YTD 2020. The financing costs relate to the recognition on the statement of loss and comprehensive loss the accrued interest and cash transaction costs associated with the short term loan facility entered into in December 2019. Interest costs incurred on the long term loans were capitalized into development assets until commercial production is reached.

An inventory adjustment of \$9,501,054 was recorded in Q4YTD 2020 and \$nil in the current year in order to adjust the carrying value of the Company's finished product inventory to its net realizable value in the prior year. The adjustment was made largely as a result of operating at below full capacity in Q4YTD 2020 and additional costs attributed to the various logistical challenges. Due to COVID-19 and the White Mountain Project being in care and maintenance mode in the first 2 fiscal years of the year, there was only minimal production in the current year up to the date of the Transaction.

The Company recorded miscellaneous income of \$4,417 from the sale of rock samples in Q4YTD 2020. There were no such sales recorded in the current year.

Total office expenses totalled \$63,572 for Q4YTD 2021 and was 19,967 lower than \$83,539 in Q4YTD 2020 as the Company continued to cut costs.

Personnel costs decreased by \$267,654 to \$697,003 for Q4YTD 2021 from \$964,657 in the prior year largely due to reduced head count in the Company.

Professional fees of \$278,266 in Q4YTD 2021 was comparable to \$281,988 in Q4YTD 2020.

Rent expense of \$27,777 in Q4YTD 2021 remained consistent with \$28,057 in Q4YTD 2020.

Share-based payments were \$300,605 for Q4YTD 2021 and was \$141,298 lower than \$441,903 recorded for Q4YTD 2020. Stock options were granted to directors, employees, and consultants in both periods, but the prior year's amount included share purchase warrants issued to the lenders for the increase in the term loan facility and the establishment of the short-term loan facility.

Shareholder and community engagement costs were insignificant in Q4YTD 2021 at \$12,535 as compared to \$81,147 in Q4YTD 2020. The prior year's amount included required expenditures incurred for community development projects in Greenland.

Transfer agent and filing fees of \$38,105 for Q4YTD 2021 were \$13,091 lower as compared to \$51,196 recorded for Q4YTD 2020 where there were additional filing costs incurred related to the short-term loan facility.

Travel and accommodation expenses were minimal for the quarter at \$866, down from \$36,734 in Q4YTD 2020, as the Company focussed on conserving cash by minimizing expenditures in the current year, as well as reduced travel due to COVID-19 travel restrictions.

A gain of \$1,488,481 on debt refinancing was recorded in the prior year and \$nil in the current period as a result of modifying the terms of the original loans payable to Cordiant in the prior year which included the extension of the maturity date and the deferral of the first principal payment. Under IFRS 9, the original debt was derecognized and replaced with the present value of the modified debt, and consequently, a gain was recorded from the calculation.

Upon the debt restructuring and the resultant disposition of controlling interest in Hudson Greenland completed in the current year, the Company recorded the following:

- Net gain of \$370,191 on the disposition in the current year upon deconsolidation of the Subsidiary.
- Share of loss of \$3,500,592 from equity accounting of Hudson Greenland from the date control ceased on the Subsidiary.
- Management services income of \$342,576 for provision of operational and management support to the White Mountain Project
- Reclassified \$11,488 of foreign currency differences from the Company's foreign currency translation reserve.

## SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Interest and other income	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(8,650,624)	744,094	3,383,513	(351,102)
Basic and diluted earnings (loss) per share	\$ (0.05)	\$ (0.00)	\$ 0.02	\$ (0.00)

	Three months ended			
	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Interest and other income	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(5,789,655)	(2,869,951)	(5,672,549)	109,679
Basic and diluted loss per share	\$ (0.03)	\$ (0.02)	\$ (0.03)	\$ 0.00

The Company transitioned to the development stage in fiscal year 2018 where costs associated with its White Mountain project were capitalized. The Company's net results were historically mainly due to share-based payments, and foreign exchange fluctuations amongst the US\$, Canadian dollar, and the DKK which have significant impact on the results of operations from quarter to quarter.

In the most recent quarter ended March 31, 2021, a large net loss was recorded primarily from the Company's share of loss from its equity accounted investments. For the quarter ended September 30, 2020, a net income was recorded largely due to a recognition of a gain on disposition of controlling interest and unrealized foreign exchange gains due to continued weakness in the US\$ against the DKK.

### Three months ended March 31, 2021 ("Q4 2021") compared with three months ended March 31, 2020 ("Q4 2020")

The Company announced on September 23, 2020 that it had completed a debt restructuring of Hudson Greenland which resulted in a disposition of controlling interest of 68.9% of the subsidiary. Upon the cease of control, the subsidiary was deconsolidated and a gain on disposition was recognized on that date and the Company commenced accounting for its interest in Hudson Greenland on an equity basis by recognizing its share of profits and losses of this investment in associate from that date forward. Subsequent to the disposition date, the new management of Hudson Greenland determined that it would no longer capitalize the White Mountain project expenditures as development assets given the project's production capability. Accordingly, this change in accounting estimate has resulted in Hudson Greenland expensing its project expenditures, and the Company has recognized its share of profits and losses on that basis and made the necessary cumulative adjustments in 2021Q4 reflecting this change from the disposition date onward.

The Company recorded a comprehensive loss of \$8,650,624 for Q4 2021 compared with a comprehensive loss of \$3,954,810 for Q4 2020.

There was no accretion of interest in Q4 2021 compared to \$364,735 in Q4 2020 and is related to the estimate of the present value of the future required site restoration costs. With interest rates in Greenland and Denmark, being at 0% or negative since last year, the Company accelerated the accretion of its reclamation obligation to its nominal estimated amount at the end of the 2020 fiscal year.

Depreciation expense was \$11,050 for Q4 2021 and was comparable to \$10,845 for Q4 2020. The depreciation charged for equipment used for the Project has been capitalized as development in the current period.

Director fees decreased to \$24,000 in Q4 2021 from \$35,000 in Q4 2020 due to a decrease in number of directors and change in director fee structure. These fees have been accrued and payable to the Company's former and current directors, who have agreed to defer payment until the Company's financial situation improves.

Evaluation and exploration costs were \$15,253 for Q4 2021 compared to \$3,537 for Q4 2020. The Company did not incur significant evaluation and exploration costs in these periods in order to conserve cash.

Total foreign exchange loss was \$371,625 for the current period compared to a foreign exchange gain of \$2,324,589 in Q4 2020 mainly due to the fluctuations in the exchange rates amongst the Canadian dollar, United States dollar, and Danish Krone. The loss in the current quarter was from a cumulative adjustment made for foreign exchange loss incurred prior to the deconsolidation of Hudson Greenland. The Company has deconsolidated Hudson Greenland after the disposition of its controlling interest at the end of the second quarter. The gain in the prior period was primarily the result of the continued weakness in the USD against the DKK, the functional currency of the Company's subsidiary, where its US\$ denominated debt balance increased.

The Company recorded a \$769,682 impairment of resource properties in Q4 2020 upon the relinquishment of its Sarfartoq property EL, which it reacquired subsequently. There was no impairment of resource properties in the current period.

Interest and financing costs of \$440,954 were recorded in Q4 2021 compared to \$800,057 in Q4 2020. Although the current period's amount primarily includes only recognition of interest expense from its right of use assets, it included a cumulative adjustment made for interest and financing costs incurred prior to the deconsolidation of Hudson Greenland from the disposition of its controlling interest at the end of the second quarter. The prior year's amount reflects on the statement of loss and comprehensive loss the accrued interest and cash transaction costs associated with the short-term loan facility entered into in December 2019. Interest costs incurred on the long-term loans were capitalized into development assets until commercial production is reached.

Total office expenses totalled \$14,832 for Q4 2021, compared with 25,167 in Q4 2020 as the Company continues to cut costs.

Personnel costs was a recovery of \$33,031 for Q4 2021 compared with \$199,357 in Q4 2020. The amount includes a cumulative adjustment of \$231,295 associated with Canadian Hudson Greenland employee payrolls being processed through the Company. Factoring this out, the net personnel costs would have been \$198,264, consistent with the prior period.

Professional fees increased by \$65,451 to \$116,370 in the current period from \$50,919 in Q4 2020. The higher costs in the current period included a cumulative adjustment made for interest and financing costs incurred prior to the deconsolidation of Hudson Greenland from the disposition of its controlling interest at the end of the second quarter.

Rent expense remained consistent at \$6,952 in both Q4 2021 and Q4 2020.

Share-based payment recoveries were \$149,924 for Q4 2021 compared to \$447,474 for Q4 2020. The current period's amount was related to adjustments made to the share-based payment calculation while the adjustment in the prior period relate to an adjustment to non-cash transaction costs associated with the establishment of the short-term loan facility in December 2019.

Shareholder and community engagement costs were insignificant at \$2,055 in Q4 2021 as compared to \$805 in Q4 2020.

Transfer agent and filing fees of \$12,158 for Q4 2021, compared to \$38,105 recorded for Q4 2020 where there were additional filing costs incurred related to the short-term loan facility established in December 2019.

Travel and accommodation expenses were \$Nil for the quarter, down from \$8,023 in Q4 2020, as the Company focussed on conserving cash by minimizing expenditures in the current period, as well as reduced travel due to COVID-19 travel restrictions.

Upon the debt restructuring and the resultant disposition of controlling interest in Hudson Greenland completed in the last quarter, the Company recorded the following:

- Share of loss of \$4,400,190 from equity accounting of Hudson Greenland in the current quarter. The loss includes cumulative adjustments made for expenditure no longer capitalized in Hudson Greenland's accounts after the deconsolidation of Hudson Greenland from the disposition of its controlling interest as at September 22, 2020.
- Net management services income of \$22,198 for provision of operational and management support to the White Mountain Project. The amount is inclusive of a cumulative adjustment in the current quarter.

## **GOING CONCERN**

The Company's condensed consolidated interim financial statements for the year ended March 31, 2021, have been prepared in accordance with IFRS requirements that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business.

As at March 31, 2021, the Company had a working capital deficit of approximately \$244,151. Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year.

The Company had a deficit of \$86.9 million as at March 31, 2021, with the cumulative losses being attributable to the very long 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, combined with some start-up operating and transportation logistical issues.

In addition to above, the Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future cash flow from its operations and/or obtain additional financing.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realizable values may be substantially different from carrying values as shown.

### **Impact of COVID-19**

On March 11, 2020, the World Health Organization declared a global pandemic related to the virus known as COVID-19. The expected impacts on global commerce are anticipated to be far reaching. To date there have been significant widespread stock market fluctuations and the movement of people and goods has become restricted, affecting supply, demand, and pricing for many products.

The mineral exploration sector is expected to be impacted significantly as various levels of governments have issued public health orders in response to COVID-19, including restricting the movement of people, which could impact the Company's ability to access its properties and complete exploration, development or production programs in the current year. Certain industrial mineral prices have declined in the wake of the COVID-19 pandemic. A continuing period of lower prices could significantly affect the economic potential or intentions with respect to the White Mountain Project.

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. As a result, impairment indicators for our mineral properties could arise in 2021 if current conditions persist.



In response to the COVID-19 pandemic, the Greenlandic Government announced certain emergency relief measures for mining companies, with the first initiative being the waiver of minimum mineral exploration license obligations and expenditures through to March 31, 2021. Hudson Greenland was granted temporary permission in the current fiscal year and has withdrawn DKK 5 million from its reclamation funds on deposit for working capital purposes, with such funds to be repaid within two years from the date of the withdrawal. Hudson Greenland has also applied for and received compensation for wage costs for some of its Greenlandic employees it has retained during the pandemic.

## LIQUIDITY AND CAPITAL RESOURCES

As noted previously, the Company continues to be in a working capital deficiency position. The Company has no material income from operations and any improvement in working capital results will primarily be from the issuance of share capital

The Company announced on August 4, 2020 that it entered into Definitive Agreements with its existing Lenders to restructure the outstanding debt on the White Mountain Anorthosite mine, held by Hudson Greenland, and to provide an injection of working capital to ensure the stability of the mine going forward as summarized below:

### *Debt Restructuring*

Pursuant to the terms of the Definitive Agreements, the Company, Hudson Greenland and the Lenders amended the existing loan facilities (the "Loan Facilities") between the parties to, among other things:

- Convert approximately US\$13.7 million, of the then existing debt of US\$42 million owed to the Lenders pursuant to the Loan Facilities, into preferred shares of Hudson Greenland, thereby reducing the Company's interest payments substantially.
- Extend the maturity of the Loan Facilities from July 15, 2025 to January 15, 2028 and push out the first principal payment payable under the Loan Facilities from January 15, 2021 to January 15, 2023;
- Cancel all inter-company debt owed by Hudson Greenland to the Company;
- Reduce the interest rate of the US\$10 million backstop facility from 20% to 9.5% over LIBOR;
- Amend the interest payments terms of the Loan Facilities to enable the Company to pay interest to the Lenders on the consolidated and reduced principal amount every six months in arrears; and
- Give Hudson Resources the option to reacquire its interest from the Lenders for 200% of the subscription price.

The conversion of existing debt into preferred shares of Hudson Greenland pursuant to the Definitive Agreements will result in the Lenders holding approximately 68.9% of Hudson Greenland.

### *Convertible Debenture Financing*

In connection with the debt restructuring, Hudson Greenland has agreed to issue a convertible debenture in the amount of US\$10 million (the "Debenture") to the Lenders, to provide funding directly into Hudson Greenland. The Debenture has a maturity date of five years from the date of issuance and will be convertible into preferred shares in the capital of Hudson Greenland. The Debenture will not bear interest and will not confer voting rights on the Lenders until conversion of the Debenture, in accordance with its terms. The Debenture may be repaid based on 200% of its face value at any time to the date of maturity.

The Debenture ranks pari passu with Hudson Greenland's other unsecured and unsubordinated debt. In the event the Debenture is converted in full, the Lenders' ownership interest in Hudson Greenland would increase to approximately 79%.

This debt restructuring and new capital injection were subject to (i) approval of the TSX Venture Exchange and the satisfaction of any conditions to final approval that may be imposed by the TSX Venture Exchange,

(ii) receipt of the consent of the Minister of Mineral Resources of Greenland in respect of the change of control of Hudson Greenland, and (iii) other conditions which are customary for transactions of this type.

The Company announced on September 23, 2020 the completion of the above debt restructuring and convertible debenture financing transactions after receiving shareholder approval and approval from the Government of Greenland.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) or by obtaining debt financing, in order to bring the project into commercial production, finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising the required financing.

The Company's future financial performance is dependent on many external factors. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and affected by changes in domestic and international, political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

The Company invests its cash balances in interest bearing accounts with Canadian banks.

#### OUTSTANDING SHARE DATA

As at March 31, 2021 and as at the date of this MD&A, the Company had 178,409,205 common shares issued and outstanding.

- There were 23,391,416 share purchase warrants outstanding as at March 31, 2021 and 2,850,000 as at the date of this MD&A, each of which is exercisable for one common share at \$0.45.
- 29,400,000 share purchase warrants a \$0.325 exercise price expired without exercise in the current year.
- There were 11,470,000 stock options outstanding as at March 31, 2021 and 10,810,000 as of the date of this MD&A. The current outstanding stock options are exercisable at prices ranging from \$0.15 to \$0.65.
- 1,883,500 stock options with an exercise price ranging from \$0.15 to \$0.47 were cancelled in the current year.
- 2,600,000 stock options with an exercise price of \$0.50 expired without exercise in the current period.
- 4,280,000 stock options with a \$0.15 exercise price and a 5 year term were granted on August 10, 2020.
- 900,000 stock options with \$0.40 exercise price and a 5 year term were granted on November 10, 2020.
- 16,500 stock options with an exercise price of \$0.15 were exercised for gross proceeds of \$2,475 in December 2020.
- 660,000 stock options with exercise price ranging from \$0.15 to \$0.47 were cancelled after March 31, 2021

#### RELATED PARTY TRANSACTIONS

For the year ended March 31, 2021 and 2020 respectively, the Company incurred the following expenses for directors and officers of the Company:

	For the year ended	
	March 31, 2021	March 31, 2020
Short-term employee benefits - personnel costs <sup>(1)</sup>	\$ 572,667	\$ 757,201
Short-term employee benefits - directors' fees	121,667	140,000
Share-based payments	248,006	299,363
	<b>\$ 942,340</b>	<b>\$ 1,196,564</b>

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

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

These transactions were measured by the exchange amount, which is the amount agreed upon by the transacting parties. The balance due to related parties included in accounts payable and accrued liabilities was \$295,000 for director fees as at March 31, 2021 (March 31, 2020 – \$173,333) due to the directors of the Company. In light of the Company’s current financial situation, the former and current directors of the Company have agreed to defer payment of these fees until the Company’s financial situation improves. These amounts are unsecured and non-interest bearing.

## COMMITMENTS

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

(1) Upon disposition of controlling interest in Hudson Greenland, the Company has deconsolidated the Subsidiary’s assets and liabilities from the date on which the control ceased.

In December 2019, the Company relinquished the Sarfartoq license due to expected work commitment expenditures of approximately \$5 million in the calendar year 2020. The Company elected to relinquish the license in December 2019 and reapplied in January 2020 for a new license on Sarfartoq that was granted in March 2020. As a first year license, it has minimum annual work commitment expenditures of approximately \$60,000; however, due to the COVID-19 situation, the Greenlandic government has waived all work commitments for calendar 2020 and extended the expiry of this license to December 31, 2025.

## FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management’s assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company’s operations. These financial risks and the Company’s exposure to these risks are provided in note 20 of the Company’s condensed consolidated interim financial statements for the year ended March 31, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended March 31, 2021.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## PROPOSED TRANSACTIONS

As at March 31, 2021 and the date of this report, the Company had no disclosable proposed transaction except as disclosed. It is the Company’s policy not to disclose transactions until they are fully executed.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

### **General**

The Company is a junior exploration company with a minority interest in a pre-commercial production stage project in Greenland. The Company is listed on the TSX Venture Exchange and is engaged in the acquisition, exploration, development and mining of mineral properties. The recoverability of the amounts shown for resource assets is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The consolidated financial statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the year ended March 31, 2021 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and pre-development activities that are being conducted, which in turn may depend on the Company's recent experience and prospects, as well as the general market conditions relating to the availability of funding for development-stage resource companies. Consequently, the Company does not acquire properties or conduct work programs on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

### **Trends**

The Company's financial success is dependent upon successful the discovery of properties which could be economically viable to develop and sales of its mining products. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

### **Competitive Conditions**

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors and for mining equipment. There is significant and increasing competition for a limited number of rare earth and other resource acquisition opportunities and as a result, the Company may be unable to acquire suitable producing properties or prospects for exploration in the future on terms it considers acceptable. The Company competes with many other companies, the majority of which have substantially greater financial resources than the Company.

### **Environmental Factors and Protection Requirements**

The Company currently conducts exploration and development activities in Greenland. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased

finances and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There are no assurances that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards caused by previous or existing owners or operators of the properties may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploitation with limited environmental impact.

### **Mineral Exploration and Development**

As at March 31, 2021, the Company has minority interest in one production stage project (White Mountain) that is fully permitted and constructed. The Company relinquished and reapplied for a new exploration license at the Sarfartoq Carbonatite Complex which hosts rare earth element and niobium/tantalum prospects. This new exploration license was granted to the Company in March 2020. Development of the Company's exploration properties will only proceed upon obtaining satisfactory exploration results and the subsequent analysis of the technical and financial feasibility of developing such properties. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of a body of commercial rare earths, niobium or industrial minerals on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

### **Operating Hazards and Risks**

Mineral exploration and development involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

### **Shipping and Port Terminal**

Distribution of Hudson Greenland's products from Greenland will be by ocean-going bulk carriers that will be secured through a spot-market charter. There can be no guarantee that appropriately sized and equipped vessels will be available to meet the Company's timing requirements or that such vessels can be chartered at a cost in line with the Company's original shipping market assessment. The use of such vessels requires appropriate receiving port terminals capable of handling the GreenSpar product and transloading it into another modal form of delivery, that is road or rail. The Company does not own such facilities and there can be no guarantee that they will be available when required or at an economic rate to secure.

### **Economics of Developing Mineral Properties**

Substantial expenditures are required to establish reserves through drilling, to develop processes to commercially extract the respective ores/ commodities contained therein and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be

discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

### **Commodity Prices**

Hudson Greenland's revenues, if any, are expected to be in large part derived from the mining and sale of anorthosite and industrial minerals or interests related thereto. The price of comparative commodities has fluctuated in recent years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of these commodities, and therefore the economic viability of the Company's operations cannot accurately be predicted and, in almost all cases, are factors which the Company cannot change or influence.

### **Title**

Although the Company believes that it has taken all reasonable legal and other actions to ensure that it has good title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

### **Governmental Regulation**

Operations, development and exploration on the Company's properties are affected to varying degrees by:

- i. government regulations relating to such matters as environmental protection, health, safety and labour;
- ii. mining law reform;
- iii. restrictions on production, price controls, and tax increases;
- iv. maintenance of claims;
- v. tenure; and
- vi. expropriation of property.

There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess. The Bureau of Mines and Petroleum in Greenland currently restricts the mining of radioactive elements and there is no assurance that the ban will be lifted if the production of REE contains radioactive elements as by products to the primary metals.

## **Management and Directors**

The Company is dependent on a relatively small number of directors: Kevin Crawford, Donna Phillips, Antony Harwood, David Frattaroli, and James Cambon; and officers: James Cambon and Samuel Yik. The loss of any of one of those persons could have an adverse effect on the Company. The Company does not maintain key person insurance on any of its management.

## **Conflicts of Interest**

Certain officers, directors and advisors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

## **Limited Operating History: Losses**

As the Company has experienced losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2021, the Company's deficit was \$86,636,886.

## **Price Fluctuations: Share Price Volatility**

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the past 12 months, the Company's share price fluctuated from a high of \$0.38 to a low of \$0.09. There can be no assurance that continual fluctuations in share price will not recur.

## **Additional Capital**

Mining, processing, development and exploration may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms.

## **Currency Fluctuations**

The Company presently maintains its corporate bank accounts in Canadian dollars. Hudson Greenland's senior and subordinated loans are denominated in US dollars. Due to the nature of its operations, Hudson Greenland maintains its accounts in Canadian and US dollars, and in Danish Krone in Greenland. The Company's operations in Greenland and its continued exploration and development expenditures in Greenland are denominated in DKK, US dollars and Canadian dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially adversely affect the Company's financial position and results.

## **CRITICAL JUDGEMENTS AND ESTIMATES**

### **JUDGEMENTS**

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.

## **Development stage**

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

## **Commencement of commercial production**

As at September 22, 2020, the date of the disposition of controlling interest in Hudson Greenland, management has determined that the White Mountain project remained in pre-commercial production stage. Costs associated with the commissioning of new assets, in the pre-commercial period before they are operating in the way intended by management, are capitalized, net of any pre-production revenues. Commercial production is deemed to have occurred when management determines that, amongst other items, the completion of operational commissioning of major well components has been reached, operating results are being achieved consistently for a period of time, and there are indicators that these operating results will continue, all of which involve management judgments.

## **Cash generating units (“CGU”)**

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

## **Deferred tax assets**

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit and, if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statement of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

## **Impairment**

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

## **Reclamation Obligations**

In evaluating whether a reclamation obligation exists, management applies judgment to evaluate whether they have a constructive, or legal obligation.



### **Determination of functional currency**

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

### **ESTIMATES**

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

#### **Carrying value and recoverability of non-current assets**

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

#### **Reclamation Obligations**

A provision is made for environmental remediation costs when the related environmental disturbance occurs, based on the net present value of estimated future costs. The ultimate cost of environmental disturbance is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine sites. The expected timing of expenditure can also change, for example, in response to changes in ore reserves or production rates or economic conditions. As a result, there could be significant adjustments to the provision for decommissioning and site restoration, which would affect future financial results.

#### **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.

### **CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS**

#### ***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, 2020. The Company does not anticipate such updates will be applicable or have significant impacts on the Company’s results of operations or financial position.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's unaudited condensed consolidated interim financial statements for the year ended March 31, 2021 which are available on the Company's website at [www.hudsonresourcesinc.com](http://www.hudsonresourcesinc.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **APPROVAL**

The Company's Board of Directors has approved the disclosure contained in this MD&A.

## **FORWARD-LOOKING INFORMATION**

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.