HUDSON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Hudson Resources Inc.

We have audited the accompanying consolidated financial statements of Hudson Resources Inc., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Hudson Resources Inc. as at March 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Hudson Resources Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

July 24, 2018

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

As at	March 31, 2018	March 31, 2017
ASSETS		
Current assets		
Cash	$ **2,296,303**	$ 6,382,573
Restricted cash (note 4)	**5,337,736**	-
Sales tax receivable	**120,437**	47,660
Deposits	**11,206**	4,117
Share subscriptions receivable (note 13(b))	**-**	4,000,000
Prepaid expenses	**1,182,553**	2,099,797
	8,948,235	**12,534,147**
Non-current assets		
Equipment (note 5)	**12,201,223**	4,276,396
Reclamation bonds (note 12)	**2,129,850**	-
Resource properties (note 6)	**769,682**	988,351
Development assets (note 8)	**19,241,194**	-
	34,341,949	5,264,747
TOTAL ASSETS	**$ 43,290,184**	**$ 17,798,894**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (notes 9 & 14(a))	$ **2,509,377**	$ 685,423
Note payable (note 10)	**1,305,604**	1,394,518
	3,814,981	**2,079,941**
Non-current liabilities		
Loan payable (note 11)	**27,505,456**	-
Reclamation obligation (note 12)	**1,714,914**	1,529,732
	29,220,370	**1,529,732**
TOTAL LIABILITIES	**33,035,351**	**3,609,673**
EQUITY		
Share capital (note 13(b))	$ **62,065,956**	$ 60,606,306
Reserves	**9,410,729**	9,229,903
Deficit	**(61,221,852)**	(55,646,988)
TOTAL EQUITY	**10,254,833**	**14,189,221**
TOTAL EQUITY AND LIABILITIES	**$ 43,290,184**	**$ 17,798,894**

Corporate information and continuance of operations (note 1)
Commitments (note 15)
Segmented information (note 16)
Subsequent events (notes 10 and 20)

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

These consolidated financial statements were approved for issue by the Board of Directors on July 24, 2018 and signed on its behalf by:

/s/ James Tuer Director */s/ Flemming Knudsen Director*

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

	For the year ended March 31, 2018	March 31, 2017
EXPENSES		
Accretion of interest (note 12)	$ **12,080**	$ -
Bank charges and interest (note 10)	**146,972**	150,198
Depreciation (note 5)	**397,393**	709,235
Directors' fees (note 14)	**100,000**	100,000
Exploration and evaluation costs (note 7)	**4,763,130**	2,958,806
Foreign exchange	**(1,235,589)**	20,006
Interest income	**(17,407)**	(11,209)
Management fees (note 14)	**583,750**	440,000
Office	**125,040**	83,818
Professional fees (note 14)	**494,979**	356,291
Rent	**73,627**	45,187
Share-based payments (note 13(d))	**24,918**	685,682
Shareholder and corporate communications	**42,548**	38,716
Transfer agent and filing fees	**32,617**	47,424
Travel and accommodation	**30,806**	21,357
LOSS FOR THE YEAR	**5,574,864**	5,645,511
OTHER COMPREHENSIVE (INCOME) LOSS		
Foreign currency translation on foreign operations	**(728,057)**	26,600
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	$ **4,846,807**	$ 5,672,111
Basic and diluted loss per share for the year attributable to common shareholders	$ **0.04**	$ 0.06
Weighted average number of common shares outstanding - basic and diluted	**135,628,434**	98,095,005

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

Hudson Resources Inc.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital		Reserves					
	Note	Number of shares	Amount	Additional paid-in capital	Stock options reserve	Warrants reserve	Foreign currency translation reserve	Deficit	Total
Balance at March 31, 2016		**90,288,366**	**$ 46,718,882**	**$ 3,098,225**	**$ 2,474,777**	**$ 573,567**	**$ 1,914**	**$ (50,001,477)**	**$ 2,865,888**
Shares issued for cash - private placement		44,316,507	14,490,939	-	-	2,422,338	-	-	**16,913,277**
Share issue costs		-	(603,515)	-	-	-	-	-	**(603,515)**
Reclassification of grant date fair value on expired options		-	-	536,468	(536,468)	-	-	-	**-**
Share-based payments	13(d)	-	-	-	685,682	-	-	-	**685,682**
Loss and comprehensive loss		-	-	-	-	-	(26,600)	(5,645,511)	**(5,672,111)**
Balance at March 31, 2017		**134,604,873**	**$ 60,606,306**	**$ 3,634,693**	**$ 2,623,991**	**$ 2,995,905**	**$ (24,686)**	**$ (55,646,988)**	**$ 14,189,221**
Shares issued for cash - stock option exercise		2,175,000	783,000	-	-	-	-	-	**783,000**
Reclassification of grant date fair value on exercise of stock options		-	676,650	-	(676,650)	-	-	-	**-**
Reclassification of grant date fair value on expired options		-	-	50,890	(50,890)	-	-	-	**-**
Fair value of warrants issued for loan payable		-	-	-	-	104,501	-	-	**104,501**
Share-based payments	13(d)	-	-	-	24,918	-	-	-	**24,918**
Loss and comprehensive loss		-	-	-	-	-	728,057	(5,574,864)	**(4,846,807)**
Balance at March 31, 2018		**136,779,873**	**$ 62,065,956**	**$ 3,685,583**	**$ 1,921,369**	**$ 3,100,406**	**$ 703,371**	**$ (61,221,852)**	**$ 10,254,833**

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

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net loss for the year	**$ (5,574,864)**	**$ (5,645,511)**
Adjustments for items not affecting cash:		
Depreciation	397,393	709,235
Share-based payments	24,918	685,682
Accretion of interest	12,080	-
Reclamation obligations	-	1,302,770
Net changes in non-cash working capital items:		
Amounts receivable	-	9,898
Sales tax receivable	(72,777)	(19,062)
Prepaid expenses	1,086,058	(2,099,616)
Deposits	(7,037)	27
Accounts payable and accrued liabilities	116,797	405,324
Note payable	(88,914)	139,886
Net cash flows used in operating activities	**(4,106,346)**	**(4,511,367)**
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issue costs	783,000	12,309,762
Share subscriptions received	4,000,000	-
Proceeds from loan payable, net of cash transaction costs	26,861,921	-
Repayment of loan interest	(862,684)	-
Net cash flows from financing activities	**30,782,237**	**12,309,762**
INVESTING ACTIVITIES		
Equipment purchases	(13,862,140)	(2,847,230)
Resource property acquisition costs	(1,009)	(41,061)
Reclamation bonds	(2,024,572)	-
Restricted cash	(5,050,943)	-
Expenditures on development assets	(8,938,913)	-
Net cash flows used in investing activities	**(29,877,577)**	**(2,888,291)**
Effect of exchange rate changes on cash	**(884,584)**	**(4,321)**
Net decrease in cash	**(4,086,270)**	**4,905,783**
Cash, beginning of year	**6,382,573**	**1,476,790**
Cash, end of year	**$ 2,296,303**	**$ 6,382,573**
Cash received during the year for interest	**$ 17,407**	**$ 11,209**
Supplementary cash flow information		
Reclassification of grant date fair value on exercise of stock	**$ 676,650**	**$ -**
Reclassification of the fair value of warrants issued	**$ -**	**$ 2,422,338**
Fair value of warrants issued for loan payable	**$ 104,501**	**$ -**
Share subscriptions receivable	**$ -**	**$ 4,000,000**
Transaction costs - loan payable	**$ 104,501**	**$ -**
Expenditures on development assets included in accounts payable and accrued liabilities	**$ 955,925**	**$ -**

During the years ended March 31, 2018, the Company paid $1,091,484 (March 31, 2017 - $nil) for interest and $nil for income taxes (March 31, 2017 - $nil) .

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Hudson Resources Inc. (the "Company") is a publicly listed company incorporated in British Columbia on March 7, 2000. The Company's shares are listed on the TSX Venture Exchange under the symbol "HUD". The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia.

The Company's head office and the registered records office are located at Suite 420 - 1639 West 2nd Ave, Vancouver, BC V6J 1H3.

The Company is in the business of developing the Qaqortorsuaq (White Mountain or Naajat) anorthosite project in Greenland. It may also acquire, explore and evaluate other resource properties, and either joint venture or develop these properties further or dispose of them when the evaluation is completed. The Company currently holds two exploration licenses (Sarfartoq Mineral Claim and Pingasut Mineral Claim) and one exploitation license (Naajat (White Mountain or Qaqortorsuaq) Mineral Claim) in Greenland. As of July 17, 2017, the Company entered the development phase of its Naajat (Qaqortorsuaq) Mineral Claim. On July 17, 2017, the Company completed a debt funding arrangement (loan payable) with Cordiant Capital Inc. ("Cordiant") for debt financing of up to US$13 million ("Senior Loan") and US$9.5m ("Subordinated Loan") for the Company's White Mountain Anorthosite Project in Greenland (the "Project") through its 100% owned Greenland subsidiary, Hudson Greenland A/S.

As at March 31, 2018, the Company had not yet achieved profitable operations, had a deficit of $61,221,852, and expects to incur further losses in the development of its business, all of which indicates material uncertainties 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 the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of preparation

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

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These consolidated financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation and that are effective on March 31, 2018.

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

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and the following wholly-owned subsidiary of the Company:

- Hudson Greenland A/S, a company incorporated under the laws of Greenland.

All subsidiaries have a reporting date of March 31.

i. Subsidiaries

A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. These consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Resource properties

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

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

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

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

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

Exploration and evaluation costs

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

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

Development assets

Development expenditures incurred by the Company are accumulated separately as development assets for each area of interest in which technical feasibility and commercial viability has been demonstrated. Such expenditures comprise costs directly attributable to the construction of a mine and the related infrastructure (including buildings and land improvements). Development assets are carried net of the proceeds of incidental sales of metals from mineralized stockpiles extracted during the development stage.

On initial recognition, development assets are valued at cost, less accumulated impairment losses. Cost is comprised of the fair value of consideration given to acquire or construct an asset, and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset (reclamation obligation). The corresponding liability is recognized within reclamation obligation.

Expenditures on major maintenance or repairs includes the cost of replacement parts of assets and overhaul costs. Where an asset or part of an asset is replaced and it is probable that further future economic benefit will flow to the Company, the expenditure is capitalized. Similarly, overhaul costs associated with major maintenance are capitalized when it is probable that future economic benefit will flow to the Company and any remaining costs of previous overhauls relating to the same asset are derecognized. All other expenditures are expensed as incurred.

In accordance with IAS 36, *"Impairment of Assets"*, upon transition to the development stage the Company is required to assess the recoverable amount of development assets against its carrying amount.

Borrowing costs

Interest on borrowings directly related to the financing of qualifying capital projects under construction is added to the capitalized cost of those projects during the construction phase (development stage), until such time as the assets are substantially ready for their intended use or sale which, in the case of development assets, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalized represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the period. All other borrowing costs are recognized in profit or loss during the period in which they are incurred.

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

Equipment

Equipment is initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognized within reclamation obligation. All items of equipment are subsequently carried at cost less accumulation depreciation except for exploration and evaluation costs that are considered tangible in nature (see "Exploration and evaluation costs" above), and impairment losses, if any.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within profit or loss.

Depreciation is provided for at the following rates:

- Office equipment 30%
- Computer equipment 30%
- Vehicles 20%
- Field equipment 30%

Additions during the year are depreciated at one-half rates. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment. Material residual value estimates and estimates of useful life are reviewed at each financial year end, and adjusted if appropriate.

Land improvements

Once the legal right to explore a property has been acquired, costs directly related to land improvements are recognized and capitalized as resource properties and/or development asset. These direct expenditures include such costs as materials used, equipment rental, payments made to contractors, and road construction.

Land improvements are stated at cost less any impairment losses.

Land improvements are not depreciated until commercial production is reached. If a property is sold or abandoned, the acquisition costs and deferred exploration expenditures would be derecognized.

Impairment of non-financial assets

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

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

Impairment of non-financial assets (continued)

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

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

Reclamation Obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement or reclamation of resource properties or development assets. The net present value of future reclamation cost estimates is expensed as exploration and evaluation costs in connection with exploration and evaluation activities (resource properties) in accordance with the Company's policy on exploration and evaluation costs. For reclamation obligations arising from development activities the net present value of future reclamation costs is capitalized to the related asset (development assets) along with a corresponding increase in the reclamation obligation in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The Company's estimates of reclamation costs underlying its reclamation obligation could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded as an expense to the extent they relate to exploration activities and resource properties, or are recorded directly to the related assets to the extent they relate to development assets, with a corresponding entry to the reclamation obligation. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of its reclamation obligation, are charged to profit or loss in the year the estimates change. The Company has a reclamation obligation as at March 31, 2018 and 2017.

Taxation

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

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

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

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

Taxation (continued)

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

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Company has a legally enforceable right to set off current tax assets and liabilities and the deferred income taxes related to the same taxable entity and the same taxation authority.

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

Currency translation

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

Transactions and balances

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

Foreign operations

The results of foreign operations are translated to Canadian dollars at appropriate rates of exchange during the year and are included in foreign currency translation reserve. The assets and liabilities of foreign operations are translated to Canadian dollars at rates of exchange in effect at the end of the period. Gains or losses arising on translation of foreign operation's assets and liabilities to Canadian dollars at period end are recognized in foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognized in the statement of comprehensive income (loss) as part of the gain or loss on sale.

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

Share-based payments

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

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

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

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

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

All equity-settled share-based payments are reflected in stock options reserve, until exercised or upon expiration. Upon exercise, shares are issued from treasury and the amount reflected in stock options reserve is credited to share capital, adjusted for any consideration paid. The fair value of the expired options will be transferred to additional paid-in capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

Cash and cash equivalents

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

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

Financial instruments

Financial assets

Financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as loans and receivables are measured at amortized cost less impairment. The Company has classified its cash, restricted cash, share subscriptions receivable, sales tax receivable, reclamation bonds, and deposits as loans and receivables.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as held-to-maturity are measured at amortized cost. Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

The Company has no financial assets classified as available-for-sale, FVTPL or held-to-maturity.

Impairment of financial assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities

Financial liabilities are initially recorded at fair value and designated upon inception as either FVTPL or classified as other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and accrued liabilities, note payable and loan payable as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized through the other comprehensive income (loss).

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

Financial instruments (continued)

De-recognition of financial assets and liabilities

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

See Note 18 Financial Instruments for additional disclosures.

Share capital

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

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting estimates and judgments

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

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

Critical accounting estimates and judgments (continued)

Judgments

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

Development stage

Management has determined that the White Mountain project is in the development stage and related costs incurred which have been capitalized as development assets are economically recoverable. Management users 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

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. The Company has not yet reached commercial production.

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

The assessment of the probability of future taxable income against which deferred tax assets can be utilized is based on the Company's estimates of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances (see note 19). Management believes that, at March 31, 2018, it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

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

Critical accounting estimates and judgments (continued)

Impairment

If information becomes available suggesting that the carrying amount of 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. See "Estimates" below and, Note 12.

Determination of functional currency

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

Estimates

Because 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.

In accordance with IAS 36, Impairment of Assets, as of July 17, 2017, upon the Company's transition to the development stage with respect to its White Mountain project, the Company was required to assess the recoverable amount of the White Mountain project, which consists of the capitalized resource property costs classified as a single cash-generating unit ("CGU") against its carrying amount. The Company determined that the present value of future cash flows expected to be derived from the White Mountain project exceeded the carrying value, and therefore no impairment loss was recorded upon transition as of March 31, 2018.

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

Critical accounting estimates and judgments (continued)

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. As at March 31, 2018, a reclamation obligation of $1,714,914 (March 31, 2017 – $1,529,732) is recognized.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 13.

3. NEW ACCOUNTING STANDARDS

New standards and interpretations 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, 2018. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted in these consolidated financial statements:

- IFRS 9 – New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018. The Company has performed a preliminary analysis and expects no material impact from adopting this standard. The impact will be limited to disclosures.

- IFRS 15 - New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018. The Company has performed a preliminary analysis and expects no material impact from adopting this standard, as it is not yet revenue generating.

- IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of this standard.

(Expressed in Canadian Dollars)

4. RESTRICTED CASH

On July 17, 2017, the Company completed a debt funding arrangement with Cordiant (Note 1) for debt financing of up to US$13 million on a Senior Loan and US$9.5 million on a Subordinated Loan (the "Loan Agreements") for the White Mountain Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S (Note 11). Pursuant to the Loan Agreements, the Company is required to maintain a restricted cash balance of an amount at least equal to the next upcoming interest payment.

As of March 31, 2018, restricted cash included $5,337,736 (US$4,140,251). $1,385,189 (US$1,074,431) of this amount represents approximately six months of interest payment next due on July 15, 2018, (paid subsequent to March 31, 2018), and the remainder represents amounts set aside by the Company for use in development of the White Mountain Project, subject to consent from Cordiant. The Company is in compliance with the restricted cash requirements pursuant to the Loan Agreements.

5. EQUIPMENT

	Office equipment	Computer equipment	Field equipment	Vehicle	Buildings	Land improvements	Total
Cost							
As at March 31, 2016	$ -	$ 21,264	$ 1,576,223	$ -	$ -	$ 974,269	**$ 2,571,756**
Additions	-	1,996	2,383,401	-	-	461,833	**2,847,230**
Effect of movements in exchange rates	-	-	(22,195)	-	-	(4,360)	**(26,555)**
Balance as at March 31, 2017	**$ -**	**$ 23,260**	**$ 3,937,429**	**$ -**	**$ -**	**$ 1,431,742**	**$ 5,392,431**
Depreciation							
As at March 31, 2016	$ -	$ (15,982)	$ (394,102)	$ -	$ -	$ -	**$ (410,084)**
Charged for the year	-	(1,883)	(707,352)	-	-	-	**(709,235)**
Effect of movements in exchange rates	-	-	3,284	-	-	-	**3,284**
Balance as at March 31, 2017	**$ -**	**$ (17,865)**	**$ (1,098,170)**	**$ -**	**$ -**	**$ -**	**$ (1,116,035)**
Net book value							
As at March 31, 2016	$ -	$ 5,282	$ 1,182,121	$ -	$ -	$ 974,269	$ 2,161,672
As at March 31, 2017	**$ -**	**$ 5,395**	**$ 2,839,259**	**$ -**	**$ -**	**$ 1,431,742**	**$ 4,276,396**
Cost							
As at March 31, 2017	$ -	$ 23,260	$ 3,937,429	$ -	$ -	$ 1,431,742	**$ 5,392,431**
Additions	21,072	-	10,540,349	222,629	3,078,090	-	**13,862,140**
Transfer to development asset	-	-	-	-	(3,045,606)	(1,439,535)	**(4,485,141)**
Effect of movements in exchange rates	1,291	-	1,065,481	15,435	(32,484)	7,793	**1,057,516**
Balance as at March 31, 2018	**$ 22,363**	**$ 23,260**	**$ 15,543,259**	**$ 238,064**	**$ -**	**$ -**	**$ 15,826,946**
Depreciation							
As at March 31, 2017	$ -	$ (17,865)	$ (1,098,170)	$ -	$ -	$ -	**$ (1,116,035)**
Charged for the year	(3,201)	(1,619)	(2,262,449)	(22,714)	-	-	**(2,289,983)**
Effect of movements in exchange rates	(154)	-	(218,459)	(1,092)	-	-	**(219,705)**
Balance as at March 31, 2018	**$ (3,355)**	**$ (19,484)**	**$ (3,579,078)**	**$ (23,806)**	**$ -**	**$ -**	**$ (3,625,723)**
Net book value							
As at March 31, 2017	$ -	$ 5,395	$ 2,839,259	$ -	$ -	$ 1,431,742	$ 4,276,396
As at March 31, 2018	**$ 19,008**	**$ 3,776**	**$ 11,964,181**	**$ 214,258**	**$ -**	**$ -**	**$ 12,201,223**

(Expressed in Canadian Dollars)

5. EQUIPMENT (CONTINUED)

During the year ended March 31, 2018, the Company charged $2,289,983 (March 31, 2017 – $709,235) in depreciation expense of which $397,393 (March 31, 2017 – $709,235) was charged to statement of loss and comprehensive loss and $1,892,590 (March 31, 2017 – $nil) was capitalized as development assets (Note 8).

Upon transition to the development stage of the White Mountain project on July 17, 2017, buildings and land improvements which represented tangible exploration and evaluation costs have been transferred to development assets (Note 8).

Asset restrictions and contractual commitments

The Company's assets are subject to certain restrictions on title, all assets have been pledged as security for credit facility arrangements (Note 11).

6. RESOURCE PROPERTIES

The Company currently has two Exploration Licenses ("EL") in Greenland, the Sarfartoq EL (2010/40) and the Pingasut EL (2013/01) and one exploitation license, the Naajat EL (2015/39).

As of July 17, 2017, the Company has transitioned to the development stage for the White Mountain mineral claim. As a result of the transition, the Company transferred the $224,843 carrying value of the White Mountain mineral claim from resource properties to development assets.

The Company's properties are either in the exploration stage (Sarfartoq mineral claim and Pingasut mineral claim), or the development stage (White Mountain mineral claim – see Note 8).

		Sarfartoq Mineral Claim		Naajat (White Mountain) Mineral Claim		Total
Acquisition costs / license fees						
Balance as at March 31, 2016	$	**768,673**	$	**179,005**	$	**947,678**
Additions		-		41,061		**41,061**
Effect of movements in exchange rates		-		(388)		**(388)**
Balance as at March 31, 2017	$	**768,673**	$	**219,678**	$	**988,351**
Additions		1,009		-		**1,009**
Transfer to development assets		-		(224,843)		**(224,843)**
Effect of movements in exchange rates		-		5,165		**5,165**
Balance as at March 31, 2018	$	**769,682**	$	**-**	$	**769,682**

6. RESOURCE PROPERTIES

Current Resource Properties

Sarfartoq Mineral Claim (2010/40), Greenland

The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. In 2015, the Company's license was renewed to December 31, 2017. Subsequently, in December 2015, the Greenland government granted the Company a 2-year exploration commitment holiday. In December 2017, the Greenland government extended the exploration commitment holiday for an additional year. As a result, the Company will be able to carry accrued work commitments until December 31, 2020. In December 2017, Hudson applied for, and obtained a license renewal for an additional 3-year period expiring December 31, 2020.

Pingasut Mineral Claim (2013/01), Greenland

The Pingasut mineral claim license was granted during the year ended March 31, 2014, with $nil capitalized as resource properties. The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. The Company's license expires December 31, 2018. Total work commitment for calendar 2017 was 1,512,180 DKK (approximately $300,000). Hudson has accrued sufficient credits (2,475,727 DKK) from previous expenditures to carry the license beyond December 31, 2017, with credits available until December 31, 2018.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION COSTS

The exploration and evaluation costs expensed by the Company during the years ended March 31, 2018 and 2017, are broken down as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017	Cumulative exploration and evaluation costs, March 31, 2018
Sarfartoq			
Assay and analysis	$ 4,450	$ 2,924	$ 1,378,242
Camp and portable shelters	-	992	1,178,756
Consulting	-	-	2,906,252
Data processing	-	-	56,737
Diamond recovery plant and operations	-	-	1,672,479
Drilling	-	-	6,717,631
Parts and spares	-	-	671,305
Explosives	-	-	50,026
Fuel	-	-	324,255
Geophysical data	-	-	611,754
Helicopter	-	1,157	7,483,533
Insurance	-	-	47,166
Legal	-	-	14,940
Recoveries	-	-	(208,588)
Sample extraction and processing	-	-	1,599,963
Shipping	-	-	1,073,325
Supplies	-	-	202,351
Travel	-	1,402	1,724,111
Wages and benefits	-	-	224,435
Total	$ 4,450	$ 6,475	$ 27,728,673

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION COSTS (CONTINUED)

	For the year ended March 31, 2018	For the year ended March 31, 2017	Cumulative exploration and evaluation costs, March 31, 2018
Naajat / White Mountain			
Adminstrative	$ -	$ -	$ -
Assay and analysis	5,484	61,114	1,110,717
Camp and portable shelters	-	66,945	344,839
Consulting	164,339	848,998	2,384,901
Drilling	111,204	-	693,816
Parts and spares	526,868	174,204	1,051,798
Engineering	608,719	-	608,719
Explosives	68,415	-	68,415
Fuel	162,385	-	202,767
Geophysical data	-	-	53,272
Helicopter	42,738	41,218	1,732,441
Legal	-	1,950	71,291
Project management	1,028,173	-	1,028,173
Reclamation	-	1,302,770	1,541,533
Shipping	623,066	93,612	1,258,051
Supplies	769,277	206,939	1,218,348
Travel	300,040	127,920	806,711
Wages and benefits	-	23,110	95,374
Total	$ 4,410,708	$ 2,948,780	$ 14,271,166
Pingasut Mineral Claim			
Assay and analysis	$ -	$ -	$ 254
Camp and portable shelters	-	992	7,376
Consulting	-	-	33,110
Parts and spares	-	-	15,164
Fuel	-	-	1,667
Helicopter	-	1,157	62,527
Legal	-	-	592
Shipping	-	-	9,461
Supplies	-	-	1,419
Travel	-	1,402	15,400
Wages and benefits	-	-	559
Total	$ -	$ 3,551	$ 147,529
Total exploration and evaluation costs:	$ 4,415,158	$ 2,958,806	$ 42,147,368

Note that as of July 17, 2017, the Company has transitioned to the development stage for the Naajat mineral claim; as a result of the transition, all expenditures on the Naajat mineral claim going forward will be capitalized as development assets (Note 8).

(Expressed in Canadian Dollars)

8. DEVELOPMENT ASSETS

Balance as at March 31, 2017 and 2016			**$**	**-**
Transfer from equipment (Note 5)				4,485,141
Transfer from resource properties (Note 6)				224,843
Additions:				
Buildings	$	2,446,369		
Drilling, camp, field and other		4,963,116		
Shipping		2,485,353		9,894,838
Capitalized borrowing costs (Note 11)				1,605,094
Capitalized depreciation charges (Note 5)				1,892,590
Disposals				
Effect of movements in exchange rates				1,138,688
Balance as at March 31, 2018			**$**	**19,241,194**

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

In September 2015, the license was converted to an exploitation license. A fee of 100,000 DKK was paid. Previously, the Company was required to maintain certain work commitments to retain the exploration license. The Company now has certain non-monetary commitments, including but not limited to employing Greenlandic personnel in respect of establishing a mining operation as per the exploitation agreement in order to maintain the license.

Upon transition to the development stage of the Naajat (White Mountain) Mineral Claim, the Company calculated the present value of future cash flows expected from the Naajat (White Mountain) Mineral Claim and determined that there was no impairment loss to recognize as at July 17, 2017.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		March 31, 2018		**March 31, 2017**
Trade payables	$	1,706,351	$	626,077
Interest accrued - loan payable		663,026		-
Accrued liabilities		140,000		59,346
	$	**2,509,377**	**$**	**685,423**

(Expressed in Canadian Dollars)

10. NOTE PAYABLE

On August 12, 2015, the Company obtained an unsecured bridge loan for $1,165,673. Total proceeds of the loan were committed to the purchase of heavy equipment required for ongoing pre-construction activities at the Project. The unsecured loan was originally for a term of up to three months bearing interest at 12% per annum. On March 12, 2017, the Company entered into an agreement with the lender to extend the maturity date of the unsecured bridge loan to March 31, 2018. The loan, together with accrued interest, was fully repaid subsequent to year-end.

The Company's note payable balance as of March 31, 2018 and 2017, is as follows:

Balance as at March 31, 2016	**$**	**1,254,631**
Interest expense		139,887
Balance as at March 31, 2017	**$**	**1,394,518**
Interest expense		139,886
Payment		(228,800)
Balance as at March 31, 2018	**$**	**1,305,604**

During the year ended March 31, 2018, the Company made an interest payment of $228,800 (March 31, 2017 – $nil).

As at March 31, 2018, the balance of the note payable including interest is $1,305,604 (March 31, 2017 – $1,394,518).

11. LOAN PAYABLE

The Company's loan payable balance as of March 31, 2018, is as follows:

		in USD		in CAD
Initial recognition				
Gross amount	$	22,500,000	$	28,304,498
Less: Transaction costs (cash and non-cash)		(1,234,916)		(1,547,078)
		21,265,084		26,757,420
Add: interest expense and accretion of transaction costs (Note 8)		1,270,613		1,605,094
Less: current portion of interest payable (note 9)		(514,280)		(663,026)
Less: payments of interest		(686,622)		(862,684)
Add: effect of movements in exchange rates		-		668,652
Balance as at March 31, 2018	**$**	**21,334,795**	**$**	**27,505,456**

On July 17, 2017, the Company completed the debt funding arrangement with Cordiant for a Senior Loan of US$13 million and a Subordinated Loan of US$9.5 million, for a total of US$22.5M (fully drawn as at March 31, 2018), for the Project through its 100% owned Greenland subsidiary, Hudson Greenland A/S. Included in development assets is $1,605,094 of capitalized borrowing costs based on a capitalization rate of 100%.

(Expressed in Canadian Dollars)

11. LOAN PAYABLE (CONTINUED)

The Subordinated Loan and the Senior Loan each have a term of seven years, maturing on July 15, 2024. Semi-annual principal repayments start on January 15, 2020. Prior to that only interest payments are required. The Senior Loan carries an interest rate of $US six-month LIBOR plus 6.5% and increases to LIBOR plus 9.5% after July 15, 2018 in the event that Cordiant remains the holder of the loan. Cordiant may syndicate the loan prior to then, in which case the rate will remain LIBOR plus 6.5%. Cordiant did not ultimately syndicate the loan before July 15, 2018, and the interest rate on the loan increases to LIBOR plus 9.5% as of that date. The Subordinated Loan's rate is $US six-month LIBOR plus 9.5%. The Subordinated Loan and the Senior Loan are secured by all the assets of the Company.

Both the Subordinated Loan and the Senior Loan contain identical financial covenants stating that at the end of December 31 and June 30 of each year upon the commencement of principal repayments, the Company's historic debt service cover ratio and its forecast debt service cover ratio, as defined in the respective loan agreements, shall not be less than 110%.

In connection with the debt funding arrangement, the Company incurred transaction costs of $1,547,078, ($1,442,577 cash, and $104,501 non-cash). These transaction costs were recorded as a reduction of the carrying value of the loan payable. The non-cash transaction costs of $104,501, represents the fair value of 450,000 non-transferrable common share purchase warrants granted to Cordiant, exercisable at a price of $0.55 per share for a period of 36 months from date of issuance. The Company calculated the fair value of these warrants using the Black-Scholes option pricing model (Note 13(c)). The fair value of these warrants was recorded as a reduction of the carrying value of the loan payable.

12. RECLAMATION BONDS AND RECLAMATION OBLIGATION

Reclamation bonds

The Company maintains cash deposits that are restricted, and held in a restricted escrow account, to the funding of estimated reclamation costs. As at March 31, 2018, the carrying value of the Company's reclamation bonds is $2,129,850 after given effect to movements in foreign exchange ($2,024,572 (DKK 10,000,000) was paid during the year ended March 31, 2018) (March 31, 2017 – $nil).

Reclamation obligation

The following table presents the aggregate discounted carrying amount of the obligation associated with clean-up and abandonment of the Company's White Mountain project:

	in DKK	in CAD
Balance as at March 31, 2016	**1,250,000**	**247,000**
Additions	6,741,869	1,302,770
Effect of movements in exchange rates	-	(20,038)
Balance as at March 31, 2017	**7,991,869**	**1,529,732**
Accretion of interest	59,939	12,080
Effect of movements in exchange rates	-	173,102
Balance as at March 31, 2018	**8,051,808**	**1,714,914**

(Expressed in Canadian Dollars)

12. RECLAMATION BONDS AND RECLAMATION OBLIGATION (CONTINUED)

Reclamation obligation (continued)

During the year ended March 31, 2016, the Company entered into a counter-guarantee agreement with the Bank of Greenland for the Company's reclamation obligation on its White Mountain project. Under the agreement, the Bank of Greenland guaranteed to the Government of Greenland that the Company's reclamation obligation of DKK 1,250,000 on the White mountain project was in place. There was no reclamation bond posted for this amount. The Company pledged its field equipment as security against the counter-guarantee. The counter-guarantee agreement was released during the year ended March 31, 2018, upon funds being remitted to the Government of Greenland (see reclamation bonds above).

During the year ended March 31, 2018, the Company determined the amount of the reclamation obligation to be DKK 10,000,000, coinciding with the reclamation bond it posted with the Government of Greenland.

The following table shows the assumptions used in the calculation of the Company's reclamation obligation:

	For the years ended	
	March 31, 2018	March 31, 2017
Pre-tax risk-free discount rate	**1.750%**	**1.750%**
Inflation rate	**1.000%**	**1.000%**
Estimated settlement date	**2047**	**2047**

The reclamation obligation at the date of the statement of financial position represents management's best estimate of the present value of the future site restoration costs required. Changes to estimated future costs are recognized in the statement of financial position by adjusting the reclamation obligation and associated asset (development assets). To the extent that reclamation obligation is created due to exploration activities which do not yet qualify for capitalization, the amount is expensed to exploration and evaluation costs, otherwise capitalized to development assets to the extent the reclamation obligation relates to such activity.

Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditures differing from the amount currently provided.

13. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At March 31, 2018 and 2017, respectively, the Company had 136,779,873 and 134,604,873 common shares issued and outstanding.

13. SHARE CAPITAL (CONTINUED)

b) Issued share capital (continued)

During the year ended March 31, 2018

- On April 6, 2017, the Company received $4,000,000 from Greenland Venture A/S relating to 8,000,000 units issued by the Company to Greenland Venture A/S for gross proceeds $4,000,000 during the year ended March 31, 2017.

- During the year ended March 31, 2018, 2,175,000 options were exercised for proceeds of $783,000. In addition, the Company reclassified the grant date fair value of the exercised options of $676,650 from stock options reserve to share capital.

During year ended March 31, 2017

- On August 12, 2016, the Company completed a private placement of 4,050,000 units for gross proceeds of $1,620,000. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.60 per share until August 10, 2019.

  For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.51%, an expected life of 3 years, an expected volatility of 60% and an expected dividend yield of 0%, which totaled $185,170, and recorded this value in warrants reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $1,434,830 was recorded as common shares.

- On February 1, 2017, The Company completed a private placement of 26,647,706 units for gross proceeds $9,326,697. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.50 per share until February 1, 2020.

  For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.72%, an expected life of 3 years, an expected volatility of 60% and an expected dividend yield of 0%, which totaled $1,221,629, and recorded this value in warrants reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $8,105,068 was recorded as common shares.

- On February 17, 2017, The Company completed a private placement of 5,618,801 units for gross proceeds $1,966,580. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.50 per share until February 16, 2020.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (CONTINUED)

b) Issued share capital (continued)

During year ended March 31, 2017 (continued)

For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.74%, an expected life of 3 years, an expected volatility of 60% and an expected dividend yield of 0%, which totaled $289,539, and recorded this value in warrants reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $1,677,041 was recorded as common shares.

- On March 20, 2017, The Company issued 8,000,000 units for gross proceeds $4,000,000 to Greenland Venture A/S, recorded as share subscriptions receivable. Each unit consisted of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of $0.70 per share until March 30, 2020.

  For accounting purposes, the Company estimated the grant date fair value of warrants issued with the private placement, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 0.74%, an expected life of 3 years, an expected volatility of 63% and an expected dividend yield of 0%, which totaled $726,000, and recorded this value in warrants reserve. The value attributed to the warrants was based on their relative fair value as compared to the fair value of the common shares. The remaining balance of $3,274,000 was recorded as common shares.

  On April 6, 2017, the Company received $4,000,000 from Greenland Venture A/S.

In connection with the private placements completed during the March 31, 2017, the Company paid $603,515 in share issue costs.

c) Share purchase warrants

The changes in warrants during March 31, 2018 and 2017, are as follows:

	March 31, 2018			March 31, 2017		
	Number outstanding		**Weighted average exercise price**	Number outstanding		Weighted average exercise price
Outstanding, beginning of year	**26,559,053**	**$**	**0.58**	4,400,800	$	0.75
Issued	**450,000**		**0.55**	22,158,253		0.55
Outstanding, end of year	**27,009,053**	**$**	**0.58**	26,559,053	$	0.58

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants (continued)

During March 31, 2018, the Company issued 450,000 share purchase warrants of the Company at an exercise price of $0.55 per common share for a period of 3 years to Cordiant as part of the transaction cost associated with the completion of the debt funding agreement (Note 11). The Company estimated the grant date fair value of the warrants, using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.27%, an expected life of 3 years, an expected volatility of 64% and an expected dividend yield of 0%, which totaled $104,501, and recorded this value in warrant reserve with a corresponding decrease in the carrying value of the liability.

The following summarizes information about share purchase warrants outstanding at March 31, 2018:

Expiry date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (in years)
September 1, 2018	4,023,500	$ 0.75	0.42
September 17, 2018	377,300	0.75	0.47
August 10, 2019	2,025,000	0.60	1.36
February 1, 2020	13,323,853	0.50	1.84
February 16, 2020	2,809,400	0.50	1.88
March 30, 2020	4,000,000	0.70	2.00
July 26, 2020	450,000	0.55	2.32
	27,009,053		**1.61**

d) Stock options

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the issued and outstanding common shares of the Company as at the date of the grant. The maximum number of common shares reserved for issue to any one optionee under the plan cannot exceed 5% of the total issued and outstanding number of common shares on a non-diluted basis. The maximum number of common shares reserved for issue to any insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to all eligible persons who undertake investor relation activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on a non-diluted basis. The Company has granted directors, officers and consultants common share purchase options (“Options”). These Options are granted with an exercise price equal to no less than the closing market price of the Company’s shares prevailing on the day that the Option is granted. Options may have a maximum term of ten years. Under the stock option plan, the Board of Directors can determine vesting periods for Options granted.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

The changes in stock options during years ended March 31, 2018 and 2017 are as follows:

	March 31, 2018			March 31, 2017		
	Number outstanding		**Weighted average exercise price**	Number outstanding		Weighted average exercise price
Outstanding, beginning of year	**9,490,000**	**$**	**0.40**	8,300,000	$	0.44
Granted	-		-	2,340,000		0.39
Exercised	**(2,175,000)**		**0.36**	-		-
Expired	**(175,000)**		**0.36**	(1,150,000)		0.65
Outstanding, end of year	**7,140,000**	**$**	**0.41**	9,490,000	$	0.40

During year ended March 31, 2018

- 175,000 options with an exercise price of $0.36 expired unexercised.

During the year ended March 31, 2017

- The Company granted 2,260,000 options with an exercise price of $0.38 to its officers, directors and employees. The options are exercisable for a period of five years. All of the options granted vested immediately at the date of grant.

- The Company granted 80,000 options with an exercise price of $0.65 to an advisor of the Company. The options are exercisable for a period of five years. 25% of the options granted vested immediately at the date of grant and 12.5% will vest every three months thereafter.

- 1,150,000 options with an expiry date of September 18, 2016 expired unexercised.

The following summarizes information about Options outstanding and exercisable at March 31, 2018:

Expiry date	**Options outstanding**	**Options exercisable**		**Exercise price**		**Estimated grant date fair value**	**Weighted average remaining contractual life (in years)**
April 24, 2019	2,100,000	2,100,000	$	0.34	$	567,378	1.07
September 8, 2020	2,700,000	2,700,000	$	0.50	$	838,417	2.44
January 18, 2022	2,260,000	2,260,000	$	0.38	$	481,346	3.81
March 30, 2022	80,000	60,000	$	0.65	$	36,638	4.00
	7,140,000	**7,120,000**			**$**	**1,923,779**	**2.49**

The weighted average exercise price of the exercisable Options was $0.42.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

The estimated grant date fair value of the options granted during March 31, 2018 and 2017, was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the years ended	
	March 31, 2018	**March 31, 2017**
Share price at the grant date	N/A	$ 0.39
Risk-free interest rate	N/A	1.01%
Expected annual volatility	N/A	67.49%
Expected life	N/A	5.00
Expected dividend yield	N/A	-
Grant date fair value per option	N/A	$ 0.22

During March 31, 2018 and 2017, the Company recognized share-based payments expense of $24,918 and $685,682, respectively.

e) Reserves

Additional paid-in capital

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

Stock options reserve

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

Warrants reserve

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

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payable and accrued liabilities were $139,207 as at March 31, 2018 (March 31, 2017 – $49,128). These amounts are unsecured and non-interest bearing.

b) Key management personnel compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation is comprised of:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Short-term employee benefits - management fees [1]	**$ 1,161,250**	$ 440,000
Short-term employee benefits - professional fees [2]	**228,800**	162,760
Short-term employee benefits - exploration and evaluation costs	**-**	90,000
Short-term employee benefits - directors' fees	**100,000**	100,000
Share-based payments	**-**	652,134
	$ 1,490,050	$ 1,444,894

(1) During year ended March 31, 2018, the Company incurred $1,161,250 of management fees of which $583,750, $364,167 and $213,333 were recognized as management fees, project management in exploration and evaluation costs and development assets, respectively. During the year ended March 31, 2017, no management fees were recognized as project management in exploration and evaluation costs.

(2) The Company paid $228,800 during the year ended March 31, 2018 (March 31, 2017 – $162,760) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner was the Company's Chief Financial Officer, until resignation subsequent to March 31, 2018.

15. COMMITMENTS

	Total	2019	2020	2021	2022	2023 and thereafter
Operating leases	$ 205,530	$ 48,360	$ 48,360	$ 48,360	$ 48,360	$ 12,090
Loans [1]	41,593,103	2,832,610	5,900,989	8,358,023	7,750,418	16,751,063
	$ 41,798,633	**$ 2,880,970**	**$ 5,949,349**	**$ 8,406,383**	**$ 7,798,778**	**$ 16,763,153**

(1) Represents the undiscounted cash flow.

(Expressed in Canadian Dollars)

16. SEGMENTED INFORMATION

The Company has one operating segment: the exploration and evaluation, and development of resource properties in Greenland. The Company's non-current assets are located in the following geographic areas:

	Canada	Greenland	Total
As at March 31, 2018			
Equipment	$ 3,776	$ 12,197,447	**$ 12,201,223**
Resource properties	-	769,682	**769,682**
Development assets	-	19,241,194	**19,241,194**
	$ 3,776	**$ 32,208,323**	**$ 32,212,099**
As at March 31, 2017			
Equipment	$ 5,395	$ 4,271,001	**$ 4,276,396**
Resource properties	-	988,351	**988,351**
	$ 5,395	**$ 5,259,352**	**$ 5,264,747**

17. CAPITAL MANAGEMENT

The Company manages its capital structure, being its shareholders' equity and loan payable, and makes adjustments to it based on the funds available to the Company in order to support future development activities. The Board of Directors does not establish quantitative returns on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In order to further exploration and development activities, the Company will spend its existing working capital and raise additional funds, if required. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2018. The Company is subject to externally imposed capital requirements in connection with its loans payable, as detailed in Note 4. The Company is in compliance with these capital requirements.

(Expressed in Canadian Dollars)

18. FINANCIAL INSTRUMENTS

a) Fair value

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

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

	March 31, 2018		March 31, 2017	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Loans and receivables				
Cash	**$ 2,296,303**	**$ 2,296,303**	$ 6,382,573	$ 6,382,573
Restricted cash	**5,337,736**	**5,337,736**	-	-
Sales tax receivable	**120,437**	**120,437**	47,660	47,660
Deposits	**11,206**	**11,206**	4,117	4,117
Share subscription receivable	**-**	**-**	4,000,000	4,000,000
Reclamation bonds	**2,129,850**	**2,129,850**	-	-
	$ 9,895,532	**$ 9,895,532**	$ 10,434,350	$ 10,434,350
Financial liabilities:				
Other financial liabilities				
Accounts payable and accrued liabilities	**$ 2,509,377**	**$ 2,509,377**	$ 685,423	$ 685,423
Note payable	**1,305,604**	**1,305,604**	1,394,518	1,394,518
Loan payable	**27,505,456**	**27,505,456**	-	-
	$ 31,320,437	**$ 31,320,437**	$ 2,079,941	$ 2,079,941

The carrying value of the Company's financial assets and liabilities are considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. The Company's loan payable also approximates fair value as it bears market rates of interest.

There are no financial instruments recorded at fair value through profit or loss (FVTPL) on the statements of financial position.

18. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash, restricted cash and sales tax receivable are exposed to credit risk. The Company reduces its credit risk on cash and restricted cash by placing these instruments with institutions of high credit worthiness. As at March 31, 2018, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash and cash equivalent balances to meet liabilities as they become due.

As at March 31, 2018, the Company had cash of $2,296,303 in order to meet short-term business requirements. At March 31, 2018, the Company had accounts payable and accrued liabilities and note payable of $2,509,377 and $1,305,604, respectively. All accounts payable and accrued liabilities, and the note payable are current.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2018 and 2017

The Company's interest rate risk principally arises from fluctuations in the LIBOR rate as it relates to the Company's loan payable. The Company is also subject to interest rate risk on its cash balances as they are held in interest bearing accounts. A 1% change in interest rates on cash would have an insignificant impact on the Company's profit or loss. A 1% change in the LIBOR rate would result in approximately a $280,000 impact on the Company's profit or loss for the year ended March 31, 2018.

The Company's note payable is not subject to interest rate risk as it is not subject to a variable interest rate.

The Company is exposed to interest rate risk through its outstanding loans, which bear interest at variable rates. Based on the outstanding amount of loans payable as of March 31, 2018, a 1% change in US LIBOR would result in approximately $280,000 change to the Company's net loss for the year ended March 31, 2018.

18. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Currency risk

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, restricted cash, deposits, accounts payable and accrued liabilities, loan payable, and note payable are held in CAD, USD, EURO and DKK; therefore, the USD, EURO and DKK accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in Canadian and foreign currencies as at March 31, 2018:

	in CAD	in USD	in DKK	in EURO
Cash	$ 1,087,743	$ 754,994	$ 1,104,296	$ -
Restricted cash	-	4,140,251	-	-
Amounts receivable	120,437	-	-	-
Deposits	10,251	-	4,480	-
Reclamation bonds	-	-	10,000,000	-
Accounts payable and accrued liabilities	(945,720)	(563,910)	(3,473,828)	(60,924)
Note payable	(1,305,603)	-	-	-
Reclamation obligations	-	-	(8,051,808)	-
Loan payable	-	(21,334,795)	-	-
	(1,032,892)	**(17,003,460)**	**(416,860)**	**(60,924)**
Rate to convert to $1.00 CAD	1.000	0.7757	4.6952	0.6296
Equivalent to Canadian dollars	**(1,032,892)**	**(21,920,150)**	**(88,784)**	**(96,766)**

Based on the above net exposures as at March 31, 2018, and assuming that all other variables remain constant, a 10% change of the CAD against the USD, EURO and DKK would impact comprehensive loss by approximately $2,100,000 during the year ended March 31, 2018.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

(Expressed in Canadian Dollars)

19. INCOME TAXES

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

	2018	2017
Loss before income taxes	**$(5,574,864)**	**$(5,645,511)**
Expected income tax recovery	(1,505,000)	(1,468,000)
(Increase) decrease in income tax recovery resulting from:		
Impact of foreign tax rates, changes in unrecognized deferred tax assets and other	1,505,000	1,366,000
Non-deductible differences	-	102,000
Expiry of non-capital losses	-	-
Deferred tax expense (recovery)	$ -	$ -

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

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary Differences				
Resource properties and equipment	$22,305,000	No expiry date	$35,433,827	No expiry date
Share issuance costs	$ 464,000	No expiry date	$635,000	No expiry date
Non-capital losses carried forward	$33,635,000	2026 to 2038	$28,302,460	2026 to 2037

20. SUBSUEQUENT EVENTS

Subsequent to March 31, 2018:

- The Company completed a non-brokered private placement of 41,082,832 units at a price of $0.45 for gross proceeds of $18,487,274. Each Unit consists of one common share of the Company and one-half of one warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.75 for a period of three years following the date of issuance, subject to acceleration in the event that the common shares of the Company trade above a weighted average of $1.50 for twenty consecutive days.

- The Company repaid its note payable in full together with accrued interest.

- On June 26, 2018, the Company granted 5,230,000 incentive stock options to directors, officers and employees of the Company, as per the terms of the stock option plan. The options are exercisable at $0.47 per share for a period of five years and are subject to the policies of the TSX Venture Exchange.

- Stock options totaling 130,000 with exercise prices ranging from $0.34 to $0.38 were exercised.