HUDSON RESOURCES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2020 AND 2019

(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Hudson Resources Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hudson Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company has events and conditions that indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

1200 - 609 Granville Street, P.O. Box 10372, Pacific Centre, Vancouver, B.C., Canada V7Y 1G6
Telephone (604) 687-0947 Davidson-co.com

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

July 29, 2020

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

As at		March 31, 2020		March 31, 2019
ASSETS				
Current assets				
Cash	$	**1,829,044**	$	1,469,162
Restricted cash (note 4)		**2,612,711**		-
Sales tax receivable		**58,212**		82,903
Deposits		**7,928**		7,892
Prepaid expenses		**772,857**		24,447
Inventory (note 5)		**892,652**		-
		6,173,404		**1,584,404**
Non-current assets				
Equipment and right of use asset (note 6)		**9,404,005**		12,478,520
Reclamation bonds (note 13)		**2,087,690**		2,006,360
Resource properties (note 7)		**-**		769,682
Development assets (note 8)		**50,257,360**		38,925,498
		61,749,055		54,180,060
TOTAL ASSETS	**$**	**67,922,459**	**$**	**55,764,464**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (note 9 and note 16)	$	**10,428,463**	$	2,433,986
Short term loan payable (note 11)		**14,250,372**		-
Note payable (note 10)		**-**		502,959
		24,678,835		**2,936,945**
Non-current liabilities				
Lease obligations (note 14)		**494,761**		583,494
Loan payable (note 12)		**31,567,552**		28,984,604
Reclamation obligation (note 13)		**2,087,690**		1,627,599
		34,150,003		**31,195,697**
TOTAL LIABILITIES		**58,828,838**		**34,132,642**
EQUITY				
Share capital (note 15(b))	$	**78,206,360**	$	78,070,360
Reserves		**12,898,054**		11,349,778
Deficit		**(82,010,793)**		(67,788,316)
TOTAL EQUITY		**9,093,621**		**21,631,822**
TOTAL EQUITY AND LIABILITIES	**$**	**67,922,459**	**$**	**55,764,464**

Corporate information and continuance of operations (note 1)
Commitments (note 17)
Segmented information (note 18)
Subsequent events (note 22)

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

These consoliated financial statements were approved for issue by the Board of Directors of the Company on July 27, 2020 and signed on its behalf by:

/s/ Flemming Knudsen Director   */s/ Herbert Wilson Director*

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

	For the year ended March 31, 2020	March 31, 2019
EXPENSES		
Accretion of interest (note 13)	**$ 373,758**	$ 12,309
Depreciation (note 6)	**48,149**	5,226
Directors' fees (note 16)	**140,000**	123,333
Exploration and evaluation costs	**37,340**	57,428
Foreign exchange	**164,451**	505,781
Foreign exchange - unrealized	**898,727**	2,697,902
Gain on debt refinancing (note 12)	**(1,488,481)**	-
Impairment of resource properties (note 7)	**769,682**	-
Interest and financing costs (note 10 and 11)	**1,812,993**	42,340
Interest and other income	**(4,417)**	(62,856)
Inventory adjustment (note 5)	**9,501,054**	-
Office	**83,539**	121,012
Personnel costs (note 16)	**964,657**	1,444,360
Professional fees (note 16)	**281,988**	317,054
Rent	**28,057**	79,643
Share-based payments (note 15(d) and 16)	**441,903**	940,649
Shareholder and community engagement	**81,147**	58,090
Transfer agent and filing fees	**51,196**	42,517
Travel and accommodation	**36,734**	181,676
LOSS FOR THE YEAR	**14,222,477**	6,566,464
OTHER COMPREHENSIVE (INCOME) LOSS		
Foreign currency translation on foreign operations	**(110,221)**	810,976
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**$ 14,112,256**	$ 7,377,440
Basic and diluted loss per share for the year	**$ 0.08**	$ 0.04
Weighted average number of common shares outstanding - basic and diluted	**178,367,614**	167,533,232

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, 2018		**136,779,873**	**$ 62,065,956**	**$ 3,685,583**	**$ 1,921,369**	**$ 3,100,406**	**$ 703,371**	**$ (61,221,852)**	**$ 10,254,833**
Shares issued for cash - private placement		41,082,832	16,677,898	-	-	1,809,376	-	-	**18,487,274**
Share issue costs		-	(720,894)	-	-	-	-	-	**(720,894)**
Shares issued for cash - exercise of stock options		130,000	47,400	30,548	(30,548)	-	-	-	**47,400**
Expiry of options		-	-	69,475	(69,475)	-	-	-	**-**
Expiry of warrants		-	-	573,567	-	(573,567)	-	-	**-**
Share-based payments	15(d)	-	-	-	940,649	-	-	-	**940,649**
Loss and comprehensive loss		-	-	-	-	-	(810,976)	(6,566,464)	**(7,377,440)**
Balance at March 31, 2019		**177,992,705**	**$ 78,070,360**	**$ 4,359,173**	**$ 2,761,995**	**$ 4,336,215**	**$ (107,605)**	**$ (67,788,316)**	**$ 21,631,822**
Balance at March 31, 2019		**177,992,705**	**$ 78,070,360**	**$ 4,359,173**	**$ 2,761,995**	**$ 4,336,215**	**$ (107,605)**	**$ (67,788,316)**	**$ 21,631,822**
Shares issued for cash - exercise of stock options		400,000	136,000	108,068	(108,068)	-	-	-	**136,000**
Expiry of stock options		-	-	565,795	(565,795)	-	-	-	**-**
Expiry of warrants		-	-	2,422,339	-	(2,422,339)	-	-	**-**
Fair value of warrants issued for short term loan		-	-	-	-	531,346	-	-	**531,346**
Fair value of warrants issued for loan payable		-	-	-	-	464,806	-	-	**464,806**
Fair value of warrants cancelled from loan payable		-	-	104,501	-	(104,501)	-	-	**-**
Share-based payments	15(d)	-	-	-	441,903	-	-	-	**441,903**
Loss and comprehensive loss		-	-	-	-	-	110,221	(14,222,477)	**(14,112,256)**
Balance at March 31, 2020		**178,392,705**	**$ 78,206,360**	**$ 7,559,876**	**$ 2,530,035**	**$ 2,805,527**	**$ 2,616**	**$ (82,010,793)**	**$ 9,093,621**

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, 2020	For the year ended March 31, 2019
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the period	**$ (14,222,477)**	**$ (6,566,464)**
Adjustments for items not affecting cash:		
Depreciation	48,149	6,590
Share-based payments	441,903	940,649
Accretion of interest	373,758	12,309
Inteerst and finacing costs	888,478	-
Foreign exchange	164,451	505,781
Foreign exchange - unrealized	898,727	2,697,902
Impairment on or resource properties	769,682	-
Inventory adjustment	9,501,054	-
Gain on debt refinancing	(1,488,481)	-
	(2,624,756)	**(2,403,233)**
Net changes in non-cash working capital items:		
Sales tax receivable	24,691	37,534
Prepaid expenses	(748,410)	1,109,367
Deposits	(36)	3,259
Inventory	(8,333,149)	-
Accounts payable and accrued liabilities	(954,229)	(956,229)
Net cash flows used in operating activities	**(12,635,889)**	**(2,209,302)**
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issue costs	-	17,766,380
Proceeds from exercise of stock options	136,000	47,400
Proceeds from loan payable, net of cash transaction costs	9,424,716	-
Repayment of interest on loan payable	(4,426,371)	(3,122,593)
Proceeds from short term loan, net of cash transaction costs	12,879,967	-
Proceeds from note payable	-	500,000
Repayment of note payable	(526,137)	(1,302,645)
Lease payments	(255,298)	(265,373)
Net cash flows from financing activities	**17,232,877**	**13,623,169**
INVESTING ACTIVITIES		
Equipment purchases	(23,477)	(3,811,169)
Restricted cash	(2,612,711)	5,108,138
Expenditures on development assets	(2,835,435)	(13,261,796)
Net cash flows used in investing activities	**(5,471,623)**	**(11,964,827)**
Effect of exchange rate changes on cash	**1,234,517**	**(276,181)**
Net increase (decrease) in cash and cash equivalents	**359,882**	**(827,141)**
Cash, beginning of period	**1,469,162**	**2,296,303**
Cash, end of period	**$ 1,829,044**	**$ 1,469,162**
Cash received during the period for interest	**$ 4,417**	**$ 62,856**
Cash paid during the year for interest on note payable	**$ 26,137**	**$ 174,372**
Cash paid during the year for interest on loan payable	**$ 4,426,371**	**$ 3,122,593**
Cash paid on transaction costs - short term loan payable	**$ 896,734**	**$ -**
Cash paid on transaction costs - loans payable	**$ 1,207,718**	**$ -**
Cash paid during the year for income taxes	**$ -**	**$ -**
Supplementary cash flow information		
Reclassification of the fair value of options expired	**$ 565,795**	**$ 69,475**
Reclassification of grant date fair value on exercise of stock options	**$ 108,068**	**$ 30,548**
Reclassification of the fair value of warrants issued	**$ -**	**$ 1,809,376**
Reclassification of the fair value of warrants cancelled	**$ 104,501**	**$ -**
Reclassification of the fair value of warrants expired	**$ 2,422,339**	**$ 573,567**
Fair value of warrants issued for short term loan	**$ 531,346**	**$ -**
Fair value of warrants issued for loan payable	**$ 464,806**	**$ -**
Equipment included in lease obligations	**$ -**	**$ 1,099,053**
Expenditures on development assets included in accounts payable and accrued liabilities	**$ 834,260**	**$ 1,153,740**

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 and its shares are listed on the TSX Venture Exchange under the symbol "HUD". The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia. The Company's head office and the registered records office are located at Suite 420 - 1639 West 2nd Ave, Vancouver, BC V6J 1H3.

The Company is in the business of prospecting for, developing, and mining mineral resources located in Greenland and is now focused on production from the White Mountain Project (the "Project" or "Qaqortorsuaq" in Greenlandic) located on its Naajat anorthosite mineral holding. The Company announced that it had completed construction at the White Mountain Project site in the prior fiscal year and commenced production of its anorthosite product. 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 an exploitation license for the Naajat resource. The Company entered the development phase of the White Mountain Project on July 17, 2017.

Going concern

The Company has experienced recurring operating losses and as at March 31, 2020, the Company had working capital deficit of $18,505,431 and an accumulated deficit of $82,010,793 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. 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 currently holds a minimal amount of cash and is in discussions with its lender to restructure and increase its debt facility. There is no guarantee that these discussions will be successful or that it will be offered on terms acceptable to the Company.

These steps are subject to material uncertainties and 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.

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (CONTINUED)

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 declines 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 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.

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, 2020.

Basis of consolidation

These consolidated financial statements comprise the accounts of the Company and its wholly-owned subsidiary, Hudson Greenland A/S, a company incorporated under the laws of Greenland with a March 31 reporting date.

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 subsidiary after eliminating inter-entity balances and transactions.

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

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.

Resource properties (continued)

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

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

Exploration and evaluation costs

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

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

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

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. 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.

Inventory

Anorthosite inventory is stated at the lower of cost and net realizable value. Cost for anorthosite inventory is determined on an average cost basis. Such costs include direct labour, fuel, freight, depreciation, depletion, repair parts, supplies, raw materials, and production overhead. Consumable supplies are stated at the lower of cost and net realizable value. Costs for consumable supplies are determined on a first-in, first-out basis.

When inventories have been written down to net realizable value ("NRV"), the Company makes a new assessment of NRV in each subsequent period. If the circumstances that caused the write-down no longer exist, the remaining amount of the write-down is reversed.

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.

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%
- Right of use asset Straight-line over life of asset

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.

Impairment of non-financial assets

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

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

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

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

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, 2020 and 2019.

Taxation

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

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

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

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

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

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

Taxation (continued)

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.

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.

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

Share-based payments (continued)

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

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

Financial instruments

Financial assets

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

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

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

Financial instruments (continued)

Financial assets (continued)

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

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

Financial liabilities

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

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

Leases

The Company adopted IFRS 16 as of April 1, 2019 in accordance with the transitional provisions outlined in the standard, using the modified retrospective approach, where leases have been recorded on April 1, 2019. Right-of-use assets were recorded in an amount equal to lease liabilities, adjusted for prepaid and accrued lease liabilities, if applicable, and without regard to initial direct costs incurred on the inception of leases. Comparative information has not been restated and continues to be reported under IAS 17, Leases, and IFRIC 4, Determining Whether an Arrangement Contains a Lease.

Prior to April 1, 2019, leases are classified as either finance or operating in nature. Finance leases are those which substantially transfer the benefits and risks of ownership to the Company. Assets acquired under finance leases are depreciated at the same rates as those described under Equipment in Note 2. Obligations recorded under finance leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to finance costs. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

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

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.

Revenue from Contracts with Customers

Effective April 1, 2018, the Company has adopted IFRS 15 – Revenue from Contracts with Customers. This standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The adoption of this standard did not have an impact on these consolidated financial statements.

Critical accounting estimates and judgments

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

Judgments

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

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.

Development stage

Management has determined that the construction of the White Mountain project was completed in the third quarter of the 2019 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.

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

Critical accounting estimates and judgments (continued)

Judgments (continued)

Commencement of commercial production

As at March 31, 2020, management has determined that the White Mountain project was 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 equipment 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.

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 21). Management believes that, at March 31, 2020, it is not probable that taxable profit will be available against which deductible temporary differences can be utilized.

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 13.

Impairment

If information becomes available suggesting that the carrying amount of equipment, development assets, 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.

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.

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

Critical accounting estimates and judgments (continued)

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. As at March 31, 2020, a reclamation obligation of $2,087,690 (March 31, 2019 – $1,627,599) 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 15.

3. NEW ACCOUNTING STANDARDS

Adoption of new and amended accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on April 1, 2019.

IFRS 16 - Leases

Effective April 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the prior year comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on April 1, 2019 for any differences identified (Note 14). The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening balance of accumulated deficit.

Lease definition

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An identified asset may be implicitly or explicitly specified in a contract, but must be physically distinct, and must not have the ability for substitution by a lessor. The Company has the right to control an identified asset if it obtains substantially all of its economic benefits and either pre-determines or directs how and for what purpose the asset is used.

Measure of right-of-use ("ROU") assets and lease obligations

At lease commencement, the Company recognizes a ROU asset and a lease obligation. The ROU asset is initially measured at cost, which comprises the initial amount of the lease obligation adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is subsequently amortized on a straight-line basis over the shorter of the term of the lease, or the useful life of the asset determined on the same basis as the Company's property and equipment. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation.

The lease obligation is initially measured at the present value of lease payments remaining at the lease commencement date, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease obligation, when applicable, may comprise fixed payments, variable payments that depend on an index or rate, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase, extension or termination option that the Company is reasonably certain to exercise.

The lease obligation is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset.

(Expressed in Canadian Dollars)

3. NEW ACCOUNTING STANDARDS (CONTINUED)

Recognition exemptions

The Company has elected not to recognize ROU assets and lease obligations for short-term leases that have a lease term of twelve months or less or for leases of low-value assets. Payments associated with these leases are recognized as an operating expense on a straight-line basis over the lease term within costs and expenses on the consolidated statement of comprehensive loss.

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.

4. RESTRICTED CASH

On July 17, 2017, the Company completed a debt funding arrangement with Cordiant for debt financing of 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 12). 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. On March 29, 2019, the Company announced that it had reached agreement with Cordiant to provide an increase to its existing loan facility. As part of this arrangement, the Company was able to drawdown on the restricted cash and replenish the balance upon closing and funding of the new loan facility increase in May 2019 (Note 12) and remain in compliance with the restricted cash requirements pursuant to the Loan Agreements.

As at March 31, 2020, restricted cash was $2,612,711 (US$1,840,054) (March 31, 2019 - $Nil).

5. INVENTORY

		March 31, 2020		March 31, 2019
Supplies inventory	$	521,511	$	-
Work in process		1,624		-
Finished product		369,517		-
	$	**892,652**	**$**	**-**

The Company's inventory on hand are located at both the warehouse facilities in the United States and Mexico, as well as at the White Mountain project site in Greenland. In accordance with the Company's accounting policy as described in Note 2, the Company recorded an inventory adjustment of $9,501,054 during the year ended March 31, 2020 (March 31, 2019 - $Nil) to state inventory at the lower of cost and net realizable value.

(Expressed in Canadian Dollars)

6. EQUIPMENT AND RIGHT OF USE ASSET

	Office equipment	Computer equipment	Field equipment	Vehicle	Right of use asset	Total
Cost						
As at March 31, 2018	$ 22,363	$ 23,260	$ 15,543,259	$ 238,064	$ -	**$ 15,826,946**
Additions	-	-	3,004,742	1,905,478	-	**4,910,220**
Effect of movements in exchange rates	(1,296)	-	(948,199)	(43,603)	-	**(993,098)**
Balance as at March 31, 2019	**$ 21,067**	**$ 23,260**	**$ 17,599,802**	**$ 2,099,939**	**$ -**	**$ 19,744,068**
Depreciation						
As at March 31, 2018	$ (3,355)	$ (19,484)	$ (3,579,078)	$ (23,806)	$ -	**$ (3,625,723)**
Charged for the year	(5,458)	(1,133)	(3,743,456)	(159,999)	-	**(3,910,046)**
Effect of movements in exchange rates	277	-	266,062	3,882	-	**270,221**
Balance as at March 31, 2019	**$ (8,536)**	**$ (20,617)**	**$ (7,056,472)**	**$ (179,923)**	**$ -**	**$ (7,265,548)**
Net book value						
As at March 31, 2018	$ 19,008	$ 3,776	$ 11,964,181	$ 214,258	$ -	$ 12,201,223
As at March 31, 2019	**$ 12,531**	**$ 2,643**	**$ 10,543,330**	**$ 1,920,016**	**$ -**	**$ 12,478,520**
Cost						
As at March 31, 2019	$ 21,067	$ 23,260	$ 17,599,802	$ 2,099,939	$ -	**$ 19,744,068**
Additions	-	-	23,477	-	138,210	**161,687**
Effect of movements in exchange rates	854	-	714,702	85,122	-	**800,678**
Balance as at March 31, 2020	**$ 21,921**	**$ 23,260**	**$ 18,337,981**	**$ 2,185,061**	**$ 138,210**	**$ 20,706,433**
Depreciation						
As at March 31, 2019	$ (8,536)	$ (20,617)	$ (7,056,472)	$ (179,923)	$ -	**$ (7,265,548)**
Charged for the period	(3,711)	(792)	(3,125,074)	(378,930)	(43,645)	**(3,552,152)**
Effect of movements in exchange rates	(544)	-	(456,252)	(27,932)	-	**(484,728)**
Balance as at March 31, 2020	**$ (12,791)**	**$ (21,409)**	**$(10,637,798)**	**$ (586,785)**	**$ (43,645)**	**$(11,302,428)**
Net book value						
As at March 31, 2019	$ 12,531	$ 2,643	$ 10,543,330	$ 1,920,016	$ -	$ 12,478,520
As at March 31, 2020	**$ 9,130**	**$ 1,851**	**$ 7,700,183**	**$ 1,598,276**	**$ 94,565**	**$ 9,404,005**

During the year ended March 31, 2020, the Company charged $3,552,152 (2019 – $3,910,046) in depreciation expense of which $48,149 (2019 – $5,226) was charged to statement of loss and comprehensive loss and $1,443,447 was capitalized as development assets and $2,060,556 capitalized as inventory (2019 – $3,904,820 capitalized as development assets).

On adoption of IFRS 16 (Note 3), the Company recognized ROU assets in relation to a lease for office space at its head office which had previously been classified as operating leases under the principles of IAS 17. The ROU assets were recognized based on the amount equal to the lease liability. Upon transition to IFRS 16, the Company recognized ROU assets and lease obligations of $138,210 (Note 14).

Asset restrictions and contractual commitments

The Company's assets are subject to certain restrictions on title, all assets except for ROU assets, have been pledged as security for credit facility arrangements (Note 12).

(Expressed in Canadian Dollars)

7. RESOURCE PROPERTIES

The Company currently has one exploitation license, the Naajat EL (2015/39). The Sarfartoq Mineral Claim is an exploration stage property.

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.

	Sarfartoq Mineral Claim	Naajat (White Mountain) Mineral Claim	Total
Balance as at March 31, 2019 and 2018	$ **769,682**	$ -	$ **769,682**
Write down of resource properties	(769,682)	-	**(769,682)**
Balance as at March 31, 2020	$ -	$ -	$ -

Sarfartoq Mineral Claim (2010/40), Greenland

Prior to December 31, 2019, the Company held an Exploration License ("EL") in Greenland, the Sarfartoq EL (2010/40), which is an exploration stage property. 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 which permitted the Company to carry accrued work commitments until December 31, 2020. In December 2017, Hudson renewed the license for an additional 3-year period expiring December 31, 2020, however, this extension triggered a requirement for further work commitment expenditures in 2020 expected to be in excess of $5 million, consequently the Company relinquished the Sarfartoq mineral claim in December 2019. Accordingly, the previous capitalized costs associated with this property have been written down to nil.

The Company applied to reacquire the EL under a new license which was granted in the last quarter of the 2020 fiscal year. The granting of the new license has reset the minimum work commitment expenditures to approximately $60,000 per annum. Due to COVID-19, the Greenland government has also waived all work commitments for calendar 2020.

Pingasut Mineral Claim (2013/01), Greenland

Prior to March 31, 2019, the Company held an exploration license on the Pingasut mineral claim which was granted during the year ended March 31, 2014, with $nil capitalized as resource properties. The Company had to submit an annual report by April 1, of each year detailing its activities and expenditures for approval in order to maintain the license which was due to expire December 31, 2018. Management of the Company had determined that the resource within the license area had no strategic value to the development of the White Mountain Project and accordingly the license was allowed to expire on December 31, 2018.

(Expressed in Canadian Dollars)

8. DEVELOPMENT ASSETS

Balance as at March 31, 2018	**$**	**19,241,194**
Additions		13,360,703
Capitalized borrowing costs (Note 12)		3,864,379
Capitalized depreciation charges (Note 6)		3,904,820
Effect of movements in exchange rates		(1,445,598)
Balance as at March 31, 2019	**$**	**38,925,498**
Additions		2,614,864
Capitalized borrowing costs (Note 12)		5,191,652
Capitalized depreciation charges (Note 6)		1,443,447
Effect of movements in exchange rates		2,081,899
Balance as at March 31, 2020	**$**	**50,257,360**

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, 2020		**March 31, 2019**
Trade payables	$	870,524	$	1,166,691
Loan payable - current portion (see Note 12)		9,065,793		937,432
Lease obligations - current portion (see Note 14)		237,597		205,946
Accrued liabilities		254,549		123,917
	$	**10,428,463**	**$**	**2,433,986**

(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. The Company entered into an agreement with the lender to extend the maturity date of the unsecured bridge loan, and the loan, together with accrued interest, was fully repaid in July 2018.

On March 13, 2019, the Company received an unsecured advance for $500,000 from a related party (Note 16). Total proceeds of the advance were used for working capital purposes. The unsecured advance was for a term of three months bearing interest at 12% per annum and was fully repaid in August 2019.

The Company's note payable balance as of March 31, 2020 and 2019 is as follows:

Balance as at March 31, 2018	**$**	**1,305,604**
Additions		500,000
Interest expense		37,400
Payment		(1,340,045)
Balance as at March 31, 2019	**$**	**502,959**
Interest expense		23,178
Payment		(526,137)
Balance as at March 31, 2020	**$**	**-**

11. SHORT TERM LOAN PAYABLE

On December 18, 2019, the Company announced it had entered into definitive agreements with its existing lenders, Cordiant Capital Inc. and its affiliates ("Cordiant"), and Romeo Fund – Flexi and its affiliates ("Romeo"), with respect to an additional US$10 million six month bridge loan facility (the "Short Term Loan") designed to facilitate completion of deliveries to lead customers and completion of its strategic process announced earlier in 2019. The additional loan facility was provided by Cordiant and Romeo on a 50:50 basis.

The Short Term Loan provided for an immediate $13,776,701 (US$10 million) loan facility increase, of which the Company drew down fully as at March 31, 2020. The additional funds bear interest at 20% per annum and mature on June 16, 2020. In connection with this loan facility increase, the Company issued a total of 29,400,000 share purchase warrants with a fair value of $531,346 to the lenders, each warrant entitling the holder to purchase one additional share in the capital of the Company until December 16, 2020 at an exercise price of $0.325 per share. The securities issued, including any shares issued upon exercise of the warrants, were subject to a 4 month hold period. The Company incurred cash transaction costs of $896,734, non-cash transaction costs of $531,346. Interest expense of $654,021 and $827,566 of accretion expense associated with this loan facility were recognized in the Statement of Loss and Comprehensive Loss.

Prior to the completion of the Short Term Loan facility, the Company entered into additional short-term loan agreements for US$109,197 and US$350,000 with Cordiant and Romeo respectively which were used to make direct payment of certain invoices to its vendors. The loans bore interest at a rate of LIBOR plus 9.5% and were fully repaid with the proceeds from the Short Term Loan facility.

(Expressed in Canadian Dollars)

12. LOAN PAYABLE

The Company's loan payable balance as at March 31, 2020 and 2019 is as follows:

		in USD		in CAD
Balance as at March 31, 2018				
Long term portion	$	21,334,795	$	27,505,456
Short term portion in accrued liabilities		514,280		663,026
Total loan amount		21,849,075		28,168,482
Add: interest expense and accretion of transaction costs (Note 8)		2,945,013		3,864,379
Less: payment of interests		(2,379,703)		(3,122,593)
Less: current portion of interest and principal payable (Note 9)		(702,224)		(937,432)
Add: effect of movements in exchange rates		-		1,011,768
Balance as at March 31, 2019	**$**	**21,712,161**	**$**	**28,984,604**

Balance as at March 31, 2019				
Long term portion	$	21,712,161	$	28,984,604
Short term portion in accrued liabilities		702,223		937,432
Total loan amount		22,414,384		29,922,036
Add: interest expense and accretion of transaction costs (Note 8)		3,902,190		5,191,652
Add: advances		8,000,000		10,635,357
Less: transaction costs (cash and non-cash)		(1,260,285)		(1,675,447)
Less: difference recognized as gain on refinancing		(1,112,410)		(1,488,481)
Less: payment of interests		(3,326,983)		(4,426,371)
Less: current portion of interest and principal payable (Note 9)		(6,384,777)		(9,065,793)
Add: effect of movements in exchange rates		-		2,474,599
Balance as at March 31, 2020	**$**	**22,232,119**	**$**	**31,567,552**

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. As at March 31, 2020, included in development assets to date is $10,661,125 of capitalized borrowing costs based on a capitalization rate of 100%.

The Subordinated Loan and the Senior Loan each initially have a term of seven years, maturing on July 15, 2024. Semi-annual principal repayments start on January 15, 2020 with only interest payments are required prior to that date. The Senior Loan carries an interest rate of $US six-month LIBOR plus 6.5% until July 15, 2018 and increased to LIBOR plus 9.5% after 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%.

12. LOAN PAYABLE (CONTINUED)

In May 2019, the Company entered into definitive agreements with its lender, Cordiant, with respect to a loan facility increase and extension originally announced on March 29, 2019. The agreements provided for an immediate $6,647,098 (US$5 million) loan facility increase, which was received by the Company in May 2019. The additional funds were provided based on the same terms as the existing facility and the definitive agreements extend the maturity of the total loan facility from July 15, 2024 to July 15, 2025, with the first principal repayment also being deferred by one year accordingly from January 15, 2020 to January 15, 2021.

In connection with this loan facility increase, the Company issued 1,950,000 share purchase warrants with a fair value of $309,096, each warrant entitling Cordiant to purchase one additional share in the capital of the Company until May 23, 2024, at an exercise price of $0.45 per share, and cancelled the 450,000 share purchase warrants issued to Cordiant in 2017 in connection with the existing facility. The securities issued, including any shares issued upon exercise of the warrants, were subject to a 4 month hold period. The definitive agreements also provided for a further US$3 million loan facility increase to be disbursed upon the fulfillment of certain conditions.

In August 2019, the Company entered into definitive agreements with Cordiant and its new lender, Romeo Fund – Flexi and its affiliates ("Romeo") with respect to the $3,988,259 (US$3 million) loan facility increase originally announced on May 24, 2019. Pursuant to the agreements, which provide for the assignment by Cordiant to Romeo of Cordiant's commitments in respect of the third tranche, Romeo funded the US$3 million loan facility increase. The additional funds are provided based on the same terms as the existing facility and the definitive agreements. In connection with this loan facility increase, the Company has issued 900,000 share purchase warrants with a fair value of $155,710, each warrant entitling Romeo to purchase one additional share in the capital of the Company until May 23, 2024. The securities issued, including any shares issued upon exercise of the warrants, are subject to a 4 month hold period.

Under IFRS 9, a gain or loss on the modification of debt would result in a gain or loss. Modifications to debt can occur when the borrower and lender negotiate changes to the terms of the debt such as changing the interest rate or extending the maturity date. In such cases, the modification gain or loss is equal to the difference between the present value of the cash flows under the original and modified terms discounted by the original effective interest rate. In addition, any costs or fees incurred to change the terms would need to be adjusted to the carrying amount of the modified debt and amortized over the remaining term of the modified debt. The facility increase in May 2019 resulted in modifications of the loan payable including the extension of the maturity date and the commencement of the principal repayment of the original loan. Accordingly, the Company recognized a gain of $1,488,481 on the modification of the original debt.

13. 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, 2020, the carrying value of the Company's reclamation bonds is $2,087,690 (March 31, 2019 - $2,006,360) after given effect to movements in foreign exchange ($2,024,572 (DKK 10,000,000)) was paid during the year ended March 31, 2018).

(Expressed in Canadian Dollars)

13. RECLAMATION BONDS AND RECLAMATION OBLIGATION (CONTINUED)

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, 2018	**8,051,808**	**$**	**1,714,914**
Accretion of interest	45,249		12,309
Effect of movements in exchange rates	-		**(99,624)**
Balance as at March 31, 2019	**8,097,057**	**$**	**1,627,599**
Accretion of interest	1,902,943		373,758
Effect of movements in exchange rates	-		86,333
Balance as at March 31, 2020	**10,000,000**	**$**	**2,087,690**

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).

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, 2020	**March 31, 2019**
Pre-tax risk-free discount rate	**0.000%**	**1.750%**
Inflation rate	**0.750%**	**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.

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.

14. LEASE OBLIGATIONS

In the prior year, the Company entered into two leases for heavy equipment to be used on the White Mountain project. These leases have four-year terms and the Company has obligations to purchase the equipment at the end of the term.

		DKK denominated In DKK	DKK denominated in CAD	CAD Denominated	Total CAD
Balance as at March 31, 2018	(1)	-	$ -	$ -	$ -
Additions		4,155,186	833,680	-	833,680
Interest		36,122	7,306	-	7,306
Principal payments		(256,617)	(51,900)	-	(51,900)
Effect of movements in exchange rates		-	354	-	354
Total lease obligations		3,934,691	789,440	-	789,440
Less: current portion in accrued liabilities (Note 9)		(901,682)	(205,946)	-	(205,946)
Balance as at March 31, 2019		**3,033,009**	**$ 583,494**	**$ -**	**$ 583,494**

		DKK denominated In DKK	DKK denominated in CAD	CAD Denominated	Total CAD
Balance as at March 31, 2019	(1)	**3,934,691**	**$ 789,440**	**$ -**	**$ 789,440**
Adoption of IFRS 16		-	-	138,210	138,210
Interest		124,786	24,704	13,030	37,734
Principal payments		(1,026,468)	(203,218)	(52,080)	(255,298)
Effect of movements in exchange rates		-	22,272	-	22,272
Total lease obligations		3,033,009	633,198	99,160	732,358
Less: current portion in accrued liabilities (Note 9)		(934,067)	(195,004)	(42,593)	(237,597)
Balance as at March 31, 2020		**2,098,942**	**$ 438,194**	**$ 56,567**	**$ 494,761**

(1) Obligations under capital lease for vehicles with interest at a rate of 3.87%, maturing on December 31, 2022

Minimum lease payments in respect of lease obligations for the ROU assets and the effect of discounting are as follow:

Minimum lease payments under operating leases as at March 31, 2019	$ 165,180
Effect from discounting at the incremental borrowing rate as at April 1, 2019	(26,970)
Lease liabilities recognized as at April 1, 2019	**138,210**
Right of use asset recognized as at April 1, 2019	**$ 138,210**

The lease liabilities were discounted at a rate of 12% as at April 1, 2019

Future minimum lease payments, including principal and interest, under the capital leases for subsequent years are as follows:

	DKK Payments In DKK	DKK Payments in CAD	CAD Payments	Total CAD
2021	1,026,468	214,295	52,200	266,495
2022	1,026,468	214,295	52,200	266,495
2023	1,152,677	240,643	8,700	249,343
	3,205,613	**669,233**	**113,100**	**782,333**

The obligations under capital leases are secured by the underlying lease assets.

15. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

As at March 31, 2020, the Company had 178,392,705 common shares issued and outstanding (March 31, 2019 – 177,992,705).

During year ended March 31, 2020

- 400,000 stock options with an exercise price of $0.34 were exercised for gross proceeds of $136,000 in April 2019.

During year ended March 31, 2019

- 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.

  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 1.80%, an expected life of 3 years, an expected volatility of 54% and an expected dividend yield of 0%, which totaled $1,809,376, 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 $16,677,898 was recorded as common shares.

  In connection with the private placements, the Company paid $720,894 in share issue costs.

- 130,000 stock options with exercise prices ranging from $0.34 to $0.38 were exercised for gross proceeds of $47,400 in July 2018.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants

The changes in warrants during the year ended March 31, 2020 and 2019, are as follow:

	March 31, 2020			March 31, 2019		
	Number outstanding		**Weighted average exercise price**	Number outstanding		Weighted average exercise price
Outstanding, beginning of year	**43,149,669**	**$**	**0.64**	27,009,053	$	0.58
Issued	**32,250,000**		**0.34**	20,541,416		0.75
Expired	**(22,158,253)**		**0.55**	(4,400,800)		0.75
Cancelled	**(450,000)**		**0.55**	-		-
Outstanding, end of year	**52,791,416**	**$**	**0.50**	43,149,669	$	0.64

In August 2019, 2,025,000 warrants with an exercise price of $0.60 expired without exercise. In February 2020 and March 2020, 16,133,253 and 4,000,000 warrants with exercise prices of $0.50 and $0,70 expired respectively without exercise,

In connection with the loan facility increases, the Company issued 1,950,000 and 900,000 share purchase warrants on May 23, 2019 and August 15, 2019 respectively, each warrant entitling the debt holders to purchase one additional share in the capital of the Company until May 23, 2024, at an exercise price of $0.45 per share, and has cancelled the 450,000 share purchase warrants issued to Cordiant in 2017 in connection with the existing facility. 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 1.55% and 1.20% respectively, an expected life of 5 years for both, an expected volatility of 55% for both and an expected dividend yield of 0% for both, which totaled $309,096 and $155,710 respectively, and recorded this value in warrant reserve with a corresponding decrease in the carrying value of the liability.

In connection with the short term loan received in December 2019, the Company issued to the lenders a total of 29,400,000 share purchase warrants, each warrant entitling the debt holders to purchase one additional share in the capital of the Company until December 16, 2020, at an exercise price of $0.325 per share. 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 1.72%, an expected life of 1 year, an expected volatility of 51% and an expected dividend yield of 0%, which totaled $531,346.

Expiry date	**Warrants outstanding**	**Exercise price**	**Weighted average remaining contractual life (in years)**
December 16, 2020	29,400,000	0.325	0.71
May 29, 2021	9,619,805	0.750	1.16
June 20, 2021	10,921,611	0.750	1.22
May 23, 2024	2,850,000	0.450	4.15
	52,791,416		**1.09**

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

d) Stock options

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

The changes in stock options during the year ended March 31, 2020 and 2019 are as follow:

	March 31, 2020		March 31, 2019	
	Number outstanding	**Weighted average exercise price**	Number outstanding	Weighted average exercise price
Outstanding, beginning of year	**13,500,000**	**$ 0.44**	7,140,000	$ 0.41
Granted	-	-	6,840,000	0.47
Exercised	**(400,000)**	**0.34**	(130,000)	0.36
Expired	**(1,650,000)**	**0.34**	-	-
Cancelled	**(660,000)**	**0.45**	(350,000)	0.48
Outstanding, end of year	**10,790,000**	**$ 0.46**	13,500,000	$ 0.44

During year ended March 31, 2020

- 400,000 stock options with an exercise price of $0.34 were exercised for gross proceeds of $136,000 in April 2019.
- 1,650,000 options with an exercise price of $0.34 expired in April 2019 without exercise.
- 500,000 options with an exercise price of $0.45 were cancelled in December 2019 without exercise.
- 160,000 options with an exercise price of $0.45 were cancelled in March 2020 without exercise.

During year ended March 31, 2019

- On June 26, 2018, the Company granted 5,230,000 options with an exercise price of $0.47 to its officers, directors, employees and consultants. The options are exercisable for a period of five years. One-third vested on the date of grant and one-third will vest on each of the first and second anniversary of the date of grant.
- There were 130,000 options exercised with exercise price ranging from $0.34 to $0.38, and 350,000 options were cancelled.

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

The following summarizes information about Options outstanding and exercisable at March 31, 2020:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
September 8, 2020	2,600,000	2,600,000	$ 0.50	$ 838,417	0.44
January 18, 2022	2,180,000	2,180,000	$ 0.38	$ 481,346	1.80
March 30, 2022	80,000	80,000	$ 0.65	$ 36,638	2.00
June 28, 2023	4,980,000	3,320,003	$ 0.47	$ 1,132,729	3.24
February 20, 2024	950,000	633,336	$ 0.45	$ 343,836	3.89
	10,790,000	**8,813,339**		**$ 2,832,966**	**2.33**

The weighted average exercise price of the exercisable Options was $0.46.

The estimated grant date fair value of the options granted during the year ended March 31, 2020 and 2019, was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Share price at the grant date	N/A	$ 0.44
Risk-free interest rate	N/A	1.94%
Expected annual volatility	N/A	57.55%
Expected life	N/A	5.00
Expected dividend yield	N/A	-
Grant date fair value per option	N/A	$ 0.22

During the year ended March 31, 2020, the Company recognized share-based payments expense of $441,903 from stock options.

e) Reserves

Additional paid-in capital

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

Stock options reserve

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

(Expressed in Canadian Dollars)

15. SHARE CAPITAL (CONTINUED)

e) Reserves (continued)

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.

16. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balance due to related parties included in accounts payable and accrued liabilities was $173,333 for directors' fees as at March 31, 2020 (March 31, 2019 – $33,333). These amounts are unsecured and non-interest bearing.

On March 13, 2019, the Company received an unsecured advance for $500,000 from a related party (Note 10). Total proceeds of the advance were used for working capital purposes and the balance was repaid in August 2019 including accrued interest. The unsecured advance was for an initial term of three months bearing interest at 12% per annum.

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, 2020	**March 31, 2019**
Short-term employee benefits - personnel costs	(1)	**$ 757,201**	$ 825,833
Retiring allowance - personnel costs		**-**	650,000
Short-term employee benefits - professional fees	(2)	**-**	76,843
Short-term employee benefits - directors' fees		**140,000**	123,333
Share-based payments		**299,363**	833,179
		$ 1,196,564	$ 2,509,188

(1) During the year ended March 31, 2020, the Company recognized $694,250 of salaries and wages of which $610,951 and $146,250 were recognized as personnel costs and inventory, respectively.

During the year ended March 31, 2019, the Company incurred $1,475,833 of salaries and wages of which $1,164,167 (including a $650,000 retiring allowance) and $311,667 were recognized as personnel costs and development assets, respectively.

(2) The Company incurred $nil during the year ended March 31, 2020 (2019 – $76,843) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner was the Company's former Chief Financial Officer.

(Expressed in Canadian Dollars)

17. COMMITMENTS

		Total	2021	2022	2023	2024	2025 and thereafter
Lease from right of use asset		$ 113,100	$ 52,200	$ 52,200	$ 8,700	$ -	$ -
Capital leases		669,233	214,295	214,295	240,643	-	-
Short term loan payable		14,890,308	14,890,308	-	-	-	-
Loans payable	(1)	58,964,874	9,177,612	12,745,775	11,784,282	10,822,789	14,434,416
		$ 74,637,515	**$ 24,334,415**	**$ 13,012,270**	**$ 12,033,625**	**$ 10,822,789**	**$ 14,434,416**

(1) Represents the undiscounted cash flow.

18. 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, 2019			
Equipment	**$ 2,643**	**$ 12,475,877**	**$ 12,478,520**
Resource properties	-	769,682	**769,682**
Development asset	-	38,925,498	**38,925,498**
	$ 2,643	**$ 52,171,057**	**$ 52,173,700**
As at March 31, 2020			
Inventory	$ -	**$ 892,652**	**$ 892,652**
Equipment	96,419	9,307,586	**9,404,005**
Development assets	-	50,257,360	**50,257,360**
	$ 96,419	**$ 60,457,598**	**$ 60,554,017**

19. CAPITAL MANAGEMENT

The Company manages its capital structure, being its shareholders' equity, short term loan payable, loan payable, and note 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, 2020. The Company is subject to externally imposed capital requirements in connection with its loan payable, as detailed in Note 12. The Company is in compliance with these capital requirements.

(Expressed in Canadian Dollars)

20. 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, 2020		March 31, 2019	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 1,829,044**	**$ 1,829,044**	$ 1,469,162	$ 1,469,162
Restricted cash	**2,612,711**	**2,612,711**	-	-
Sales tax receivable	**58,212**	**58,212**	82,903	82,903
Deposits	**7,928**	**7,928**	7,892	7,892
Reclamation bonds	**2,087,690**	**2,087,690**	2,006,360	2,006,360
	$ 6,595,585	**$ 6,595,585**	$ 3,566,317	$ 3,566,317
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 10,428,463**	**$ 10,428,463**	$ 2,433,986	$ 2,433,986
Short term loan payable	**14,250,372**	**14,250,372**	-	-
Note payable	-	-	502,959	502,959
Loan payable	**31,567,552**	**31,567,552**	28,984,604	28,984,604
Lease obligations	**494,761**	**494,761**	583,494	583,494
	$ 56,741,148	**$ 56,741,148**	$ 32,505,043	$ 32,505,043

The carrying values of the Company’s financial assets and liabilities are considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. 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.

20. 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, 2020, 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, 2020, the Company had cash of $1,829,044 in order to meet short-term business requirements. The Company's also had restricted cash of $2,612,711 to cover for the interest payments due in July 2020. As at March 31, 2020, the Company had accounts payable and accrued liabilities (inclusive of principal accrued interest payments due from loans payable) of $10,428,463. All accounts payable and accrued liabilities are current liabilities.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash 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 at March 31, 2020 and 2019.

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 $400,000 impact on the Company's profit or loss for the year ended March 31, 2020.

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

20. 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, and DKK; therefore, the USD, 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, 2020:

	in CAD	in USD	in DKK
Cash	$ 206,705	$ 1,033,849	$ 739,415
Restricted cash	-	1,840,054	-
Sales tax receivable	58,212	-	-
Deposits	6,993	-	4,480
Reclamation bonds	-	-	10,000,000
Accounts payable and accrued liabilities	(338,140)	(6,557,322)	(3,733,873)
Short term loan payable	-	(10,486,797)	-
Note payable	-	-	-
Reclamation obligations	-	-	(10,000,000)
Loan payable	-	(22,232,080)	-
Lease obligations	(56,567)	-	(2,098,943)
	(122,797)	**(36,402,296)**	**(5,088,921)**
Rate to convert to $1.00 CAD	1.000	0.7043	4.7900
Equivalent to Canadian dollars	**(122,797)**	**(51,687,984)**	**(1,062,409)**

Based on the above net exposures as at March 31, 2020, and assuming that all other variables remain constant, a 10% change of the CAD against the USD and DKK would impact comprehensive loss by approximately $4,800,000 during the year ended March 31, 2020.

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)

21. INCOME TAXES

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

	2020	2019
Loss before income taxes	**$(14,222,477)**	**$(6,566,464)**
Expected income tax recovery	(3,840,000)	(1,773,000)
(Increase) decrease in income tax recovery resulting from:		
Impact of foreign tax rates, changes in unrecognized deferred tax assets and other	1,432,000	(6,158,000)
Non-deductible differences	84,000	94,000
Adjustment of prior years' provision versus statutory tax returns and expiry of non-capital losses	2,324,000	7,837,000
Deferred tax expense (recovery)	$ -	$ -

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

	2020	Expiry Date Range	2019	Expiry Date Range
Temporary Differences				
Resource properties and equipment	$ -	No expiry date	$ -	No expiry date
Share issuance costs	$ 553,000	No expiry date	$ 1,185,000	No expiry date
Non-capital losses carried forward	$42,784,000	2026 to 2040	$34,277,000	2026 to 2039

22. SUBSEQUENT EVENTS

On June 11, 2020, the Company announced that it has reached an agreement in principle with its Lenders to restructure the outstanding debt on the White Mountain Anorthosite mine and to provide an injection of working capital into Hudson Greenland A/S to ensure the stability of the mine going forward. The details of a definitive agreement are currently being finalized and the terms will include the extension of the maturity of the Company's debt with the Lenders. The details of the final agreement are being negotiated with the Lenders and will be subject to approval of the TSX Venture Exchange.

On July 15, 2020, the Company entered into amendment agreements its Lenders to extend the maturity date of its US$10 million six month bridge loan facility (the "Loan") and the interest payments on its senior loan and subordinated loan ("Interest") to July 31, 2020 in order to allow the Company and Lenders additional time to finalize the details and terms of a definitive agreement which will be subject to applicable regulatory approvals.

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 December 31, 2020. Additionally, subsequent to March 31, 2020, the Company was granted temporary permission 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 withdrawal. The Company has also applied for and received compensation for wage costs for some of its Greenlandic employees it has retained during the pandemic.