HUDSON
RESOURCES INC

HUDSON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

(unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed consolidated interim financial statements of Hudson Resources Inc. for the six months ended September 30, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

As at		September 30, 2018		March 31, 2018
ASSETS				
Current assets				
Cash	$	**7,264,709**	$	2,296,303
Restricted cash (note 4)		**3,874,040**		5,337,736
Sales tax receivable		**52,643**		120,437
Deposits		**7,893**		11,206
Prepaid expenses		**62,661**		1,182,553
		11,272,207		**8,948,235**
Non-current assets				
Equipment (note 5)		**13,162,570**		12,201,223
Reclamation bonds (note 11)		**2,009,940**		2,129,850
Resource properties (note 6)		**769,682**		769,682
Development assets (note 7)		**29,283,865**		19,241,194
		45,226,057		34,341,949
TOTAL ASSETS	**$**	**56,498,264**	**$**	**43,290,184**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 8 & 13(a))	$	**1,835,020**	$	2,509,377
Note payable (note 9)		-		1,305,604
		1,835,020		**3,814,981**
Non-current liabilities				
Loan payable (note 10)		**27,948,135**		27,505,456
Reclamation obligation (note 11)		**1,624,423**		1,714,914
		29,572,558		**29,220,370**
TOTAL LIABILITIES		**31,407,578**		**33,035,351**
EQUITY				
Share capital (note 12(b))	$	**78,070,360**	$	62,065,956
Reserves		**11,260,463**		9,410,729
Deficit		**(64,240,137)**		(61,221,852)
TOTAL EQUITY		**25,090,686**		**10,254,833**
TOTAL EQUITY AND LIABILITIES	**$**	**56,498,264**	**$**	**43,290,184**

Corporate information and continuance of operations (note 1)
Commitments (note 14)
Segmented information (note 15)

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

These consolidated financial statements were approved for issue by the Board of Directors on November 27, 2018 and signed on its behalf by:

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

Hudson Resources Inc.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	For the three months ended		For the six months ended	
	September 30, 2018	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
EXPENSES				
Accretion of interest (note 11)	**$ 3,074**	$ 2,963	**$ 6,191**	$ 5,934
Bank charges and interest (note 9)	**1,203**	38,209	**36,478**	74,442
Depreciation (note 5)	**1,647**	123,750	**3,316**	396,583
Directors' fees (note 13)	**35,000**	25,000	**60,000**	50,000
Exploration and evaluation costs	**21,406**	1,894,018	**22,294**	4,760,304
Foreign exchange	**135,762**	14,234	**1,315,160**	(271,678)
Interest income	**(42,377)**	(1,411)	**(42,377)**	(17,145)
Office	**16,518**	20,679	**35,724**	43,320
Personnel costs (note 13)	**272,744**	81,250	**417,530**	421,250
Professional fees (note 13)	**105,035**	147,807	**182,983**	239,730
Rent	**20,512**	22,895	**40,021**	34,379
Share-based payments (note 12(d))	**72,412**	6,667	**807,588**	17,789
Shareholder and corporate communications	**38,624**	916	**45,212**	30,483
Transfer agent and filing fees	**14,414**	9,788	**17,253**	11,425
Travel and accommodation	**32,893**	(19)	**70,912**	4,120
LOSS FOR THE PERIOD	**728,867**	2,386,746	**3,018,285**	5,800,936
OTHER COMPREHENSIVE (INCOME) LOSS				
Foreign currency translation on foreign operations	**374,415**	45,942	**767,230**	(100,451)
LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**$ 1,103,282**	$ 2,432,688	**$ 3,785,515**	$ 5,700,485
Basic and diluted loss per share for the period attributable	**$ 0.00**	$ 0.02	**$ 0.02**	$ 0.04
Weighted average number of common shares outstanding - basic and diluted	**177,979,988**	134,604,873	**162,274,917**	134,604,873

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

Hudson Resources Inc.
Condensed Consolidated Interim Statements of Changes in Equity (unaudited)
(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, 2017		**134,604,873**	**$ 60,606,306**	**$ 3,634,693**	**$ 2,623,991**	**$ 2,995,905**	**$ (24,686)**	**$ (55,646,988)**	**$ 14,189,221**
Fair value of warrants issued for loan payable						104,501			**104,501**
Share-based payments		-	-	-	17,789	-	-	-	**17,789**
Loss and comprehensive loss		-	-	-	-	-	100,451	(5,800,936)	**(5,700,485)**
Balance at September 30, 2017		**134,604,873**	**$ 60,606,306**	**$ 3,634,693**	**$ 2,641,780**	**$ 3,100,406**	**$ 75,765**	**$ (61,447,924)**	**$ 8,611,026**
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 - stock option exercise		130,000	47,400	30,548	(30,548)	-		-	**47,400**
Expiry of options		-	-	31,052	(31,052)	-	-	-	**-**
Expiry of warrants		-	-	573,567	-	(573,567)	-	-	**-**
Share-based payments	12(d)	-	-	-	807,588	-	-	-	**807,588**
Loss and comprehensive loss		-	-	-	-	-	(767,230)	(3,018,285)	**(3,785,515)**
Balance at September 30, 2018		**177,992,705**	**$ 78,070,360**	**$ 4,320,750**	**$ 2,667,357**	**$ 4,336,215**	**$ (63,859)**	**$ (64,240,137)**	**$ 25,090,686**

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

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

	For the six months ended September 30, 2018	September 30, 2017
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	$ **(3,018,285)**	$ **(3,414,190)**
Adjustments for items not affecting cash:		
Depreciation	3,316	272,833
Share-based payments	807,588	11,122
Accretion of interest	-	2,971
Reclamation obligations	6,191	-
Net changes in non-cash working capital items:		
Amounts receivable	(10,261)	-
Sales tax receivable	67,794	(46,314)
Prepaid expenses	1,078,890	(1,615,602)
Deposits	3,259	(13,642)
Inter-company balances	292,569	-
Accounts payable and accrued liabilities	(785,400)	2,898,034
Note payable	(1,305,604)	(193,924)
Net cash flows used in operating activities	**(2,859,943)**	**(2,098,712)**
FINANCING ACTIVITIES		
Proceeds from share issuance, net of share issue costs	17,813,780	-
Share subscriptions received	-	4,000,000
Repayment of loan interest	(1,329,931)	-
Net cash flows from financing activities	**16,483,849**	**4,000,000**
INVESTING ACTIVITIES		
Equipment purchases	-	(4,905,559)
Reclamation bonds	-	(1,325,275)
Expenditures on development assets	(7,724,333)	-
Net cash flows used in investing activities	**(7,724,333)**	**(6,230,834)**
Effect of exchange rate changes on cash	**(931,167)**	**10,447**
Net increase (decrease) in cash and cash equivalents	**4,968,406**	**(4,319,099)**
Cash and cash equivalents, beginning of period	**2,296,303**	**6,382,573**
Cash and cash equivalents, end of period	$ **7,264,709**	$ **2,063,474**
Cash and cash equivalents consist of :		
Cash	**7,264,709**	**1,560,134**
Term deposits	**-**	**503,340**
	$ **7,264,709**	$ **2,063,474**
Cash received during the period for interest	$ **42,377**	$ **15,734**
Supplementary cash flow information		
Reclassification of the fair value of warrants issued	$ **1,809,376**	$ **-**
Expenditures on development assets included in accounts payable and accrued liabilities	$ **836,351**	$ **-**

During the six months ended September 30, 2018, the Company paid $1,364,672 (2018 - $nil) for interest and $nil for income taxes (2018 - $nil) .

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

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

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

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

As at September 30, 2018, the Company had not yet achieved profitable operations, had a deficit of $64,240,137, and expects to incur further losses in the development of its business, all of which indicates material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future cash flow from its operations and / or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Realizable values may be substantially different from carrying values as shown.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries. Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the condensed interim consolidated financial statements.

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

Basis of presentation

These condensed consolidated interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these financial statements be read in conjunction with the annual audited financial statements of the Company for the year ended March 31, 2018; however, These condensed consolidated interim financial statements provide selected significant disclosures that are required in the annual audited financial statements under IFRS.

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended March 31, 2018 except for the new accounting policies adopted as of April 1, 2018 (Note 3).

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Company. The functional currency of Hudson Greenland A/S is determined as the Danish Krone ("DKK").

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, 2018.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements. This pronouncement did not affect the Company's financial results nor did it result in adjustments to previously-reported figures.

IFRS 9 Financial Instruments

Effective April 1, 2018, the Company has adopted IFRS 9 retrospectively. Prior periods were not restated and no material changes resulted from adopting this new standard. IFRS 9 introduced a revised model for classification and measurement. The Company completed an assessment of its financial instruments as at April 1, 2018 and determined that neither the classification nor the measurement of the financial instruments were impacted from adopting this standard.

3. NEW ACCOUNTING STANDARDS (CONTINUED)

IFRS 9 Financial Instruments (continued)

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

	Original classification IAS 39	New classification IFRS 9
Financial assets:		
Cash	Loans and receivables, measured at amortized cost	Amortized cost
Restricted cash	Loans and receivables, measured at amortized cost	Amortized cost
Sales tax receivable	Loans and receivables, measured at amortized cost	Amortized cost
Deposits	Loans and receivables, measured at amortized cost	Amortized cost
Share subscription receivable	Loans and receivables, measured at amortized cost	Amortized cost
Reclamation bonds	Loans and receivables, measured at amortized cost	Amortized cost
Financial liabilities:		
Accounts payable and accrued liabilities	Financial liabilities, measured at amortized cost	Amortized cost
Note payable	Financial liabilities, measured at amortized cost	Amortized cost
Loan payable	Financial liabilities, measured at amortized cost	Amortized cost

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company's accounting policies for financial liabilities.

3. NEW ACCOUNTING STANDARDS (CONTINUED)

IFRS 9 Financial Instruments (continued)

As a result of the adoption of IFRS 9, the Company's accounting policy for financial assets has been updated as follows:

Financial instruments

Financial assets

Classification and measurement

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest. If the business model is not to hold the debt instrument, it is classified as FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

3. NEW ACCOUNTING STANDARDS (CONTINUED)

IFRS 9 Financial Instruments (continued)

Impairment of financial assets at amortized cost

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.

Derecognition of financial assets

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.

IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2018, the Company has adopted IFRS 15. 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 the unaudited condensed interim financial statements.

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, 2018. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The following have not yet been adopted by the Company:

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

(Expressed in Canadian Dollars)

4. RESTRICTED CASH

On July 17, 2017, the Company completed a debt funding arrangement with Cordiant (Note 1) for debt financing of up to US$13 million on a Senior Loan and US$9.5 million on a Subordinated Loan (the "Loan Agreements") for the White Mountain Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S (Note 10). 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.

	September 30, 2018		March 31, 2018	
	in USD	in CAD	in USD	in CAD
Debt service ratio cover	$ 1,371,331	$ 1,759,245	$ 1,074,431	$ 1,385,189
Working capital reserve	1,648,482	2,114,795	3,065,820	3,952,547
	$ 3,019,813	**$ 3,874,040**	**$ 4,140,251**	**$ 5,337,736**

The debt service ratio cover represents approximately six months of interest payment next due on January 15, 2019, and the remainder represents amounts set aside by the Company for use in development of the White Mountain Project, subject to consent from Cordiant. The Company is in compliance with the restricted cash requirements pursuant to the Loan Agreements.

5. EQUIPMENT

	Office equipment	Computer equipment	Field equipment	Vehicle	Total
Cost					
As at March 31, 2018	$ 22,363	$ 23,260	$ 15,543,259	$ 238,064	**$ 15,826,946**
Additions	-	-	3,017,794	388,768	**3,406,562**
Disposals	-	-	-	-	**-**
Effect of movements in exchange rates	(1,259)	-	(929,850)	(20,459)	**(951,568)**
Balance as at September 30, 2018	**$ 21,104**	**$ 23,260**	**$ 17,631,203**	**$ 606,373**	**$ 18,281,940**
Depreciation					
As at March 31, 2018	$ (3,355)	$ (19,484)	$ (3,579,079)	$ (23,806)	**$ (3,625,724)**
Charged for the year	(2,741)	(566)	(1,704,129)	(20,593)	**(1,728,029)**
Eliminated on disposal	-	-	-	-	**-**
Effect of movements in exchange rates	238	-	232,430	1,715	**234,383**
Balance as at September 30, 2018	**$ (5,858)**	**$ (20,050)**	**$ (5,050,778)**	**$ (42,684)**	**$ (5,119,370)**
Net book value					
As at March 31, 2018	$ 19,009	$ 3,776	$ 11,964,180	$ 214,257	$ 12,201,222
As at September 30, 2018	**$ 15,247**	**$ 3,210**	**$ 12,580,425**	**$ 563,688**	**$ 13,162,570**

During the six months ended September 30, 2018, the Company charged $1,728,038 (September 30, 2017 – $783,919) in depreciation expense of which $3,316 (September 30, 2017 – $396,583) was charged to statement of loss and comprehensive loss and $1,724,722 (September 30, 2017 – $387,336) was capitalized as development assets (Note 7).

5. EQUIPMENT (CONTINUED)

Asset restrictions and contractual commitments

The Company's assets are subject to certain restrictions on title, all assets have been pledged as security for credit facility arrangements (Note 10).

6. RESOURCE PROPERTIES

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

Current Resource Properties

Sarfartoq Mineral Claim (2010/40), Greenland

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

Pingasut Mineral Claim (2013/01), Greenland

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

(Expressed in Canadian Dollars)

7. DEVELOPMENT ASSETS

Balance as at March 31, 2018			**$**	**19,241,194**
Additions:				
Buildings	$	4,110,224		
Drilling, camp, field and other		3,191,400		
Shipping		422,709		7,724,333
Capitalized borrowing costs (Note 10)				1,914,382
Capitalized depreciation charges (Note 5)				1,724,722
Effect of movements in exchange rates				(1,320,766)
Balance as at September 30, 2018			**$**	**29,283,865**

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.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		September 30, 2018		March 31, 2018
Trade payables	$	896,807	$	1,706,351
Interest accrued - loan payable		856,196		663,026
Accrued liabilities		82,017		140,000
	$	**1,835,020**	**$**	**2,509,377**

(Expressed in Canadian Dollars)

9. NOTE PAYABLE

Balance as at March 31, 2018	**$**	**1,305,604**
Interest expense		34,441
Payment		(1,340,045)
Balance as at September 30, 2018	**$**	**-**

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

On June 29, 2018, the Company repaid the note payable in amount of $1,340,045 which included interest payments of $34,441.

As at September 30, 2018, the balance of the note payable including interest is $nil (March 31, 2018 – $1,305,604).

10. LOAN PAYABLE

		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		663,027
Total loan amount		21,849,075		28,168,483
Add: interest expense and accretion of transaction costs (Note 7)		1,473,372		1,914,382
Less: payments of interest		(1,023,790)		(1,330,231)
Less: current portion of interest payable (note 8)		(662,818)		(856,196)
Add: effect of movements in exchange rates		-		51,697
Balance as at September 30, 2018	**$**	**21,635,839**	**$**	**27,948,135**

On July 17, 2017, the Company completed the debt funding arrangement with Cordiant for a Senior Loan of US$13 million and a Subordinated Loan of US$9.5 million, for a total of US$22.5M (fully drawn as at March 31, 2018), for the Project through its 100% owned Greenland subsidiary, Hudson Greenland A/S. Included in development assets is $1,914,382 of capitalized borrowing costs based on a capitalization rate of 100%.

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

(Expressed in Canadian Dollars)

11. 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 September 30, 2018, the carrying value of the Company's reclamation bonds is $2,009,940 (DKK 10,000,000) (March 31, 2018 – $2,129,850 (DKK 10,000,000)).

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	30,138	6,191
Effect of movements in exchange rates	-	(96,682)
Balance as at September 30, 2018	**8,081,946**	**1,624,423**

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.

12. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At September 30, 2018, the Company had 177,992,705 common shares issued and outstanding (March 31, 2018 – 136,779,873).

During the six months ended September 30, 2018

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

  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.

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(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants

The changes in warrants during September 30, 2018 are as follows:

	Number outstanding		Weighted average exercise price
Balance, March 31, 2018	**27,009,053**	**$**	**0.58**
Issued	20,541,416		0.75
Expired	(4,400,800)		0.75
Balance, September 30, 2018	**43,149,669**	**$**	**0.64**

The following summarizes information about share purchase warrants outstanding at September 30, 2018:

Expiry date	Warrants outstanding		Exercise price	Weighted average remaining contractual life (in years)
August 10, 2019	2,025,000	$	0.60	0.86
February 1, 2020	13,323,853		0.50	1.34
February 16, 2020	2,809,400		0.50	1.38
March 30, 2020	4,000,000		0.70	1.50
July 26, 2020	450,000		0.55	1.82
May 29, 2021	9,619,805		0.75	2.66
June 20, 2021	10,921,611		0.75	2.72
	43,149,669			**1.80**

d) Stock options

The changes in stock options during the six months ended September 30, 2018 are as follows:

	Number outstanding		Weighted average exercise price
Balance, March 31, 2018	**7,140,000**	**$**	**0.41**
Granted	5,230,000		0.47
Exercised	(130,000)		0.36
Cancelled	(100,000)		0.50
Balance, September 30, 2018	**12,140,000**	**$**	**0.44**

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

During the six months ended September 30, 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 100,000 options were cancelled.

The following summarizes information about Options outstanding and exercisable at September 30, 2018:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
April 24, 2019	2,050,000	2,050,000	$ 0.34	$ 553,862	0.56
September 8, 2020	2,600,000	2,600,000	$ 0.50	$ 838,417	1.94
January 18, 2022	2,180,000	2,180,000	$ 0.38	$ 464,308	3.30
March 30, 2022	80,000	80,000	$ 0.65	$ 36,638	3.50
June 28, 2023	5,230,000	1,743,334	$ 0.47	$ 1,132,729	4.75
	12,140,000	**8,653,334**		**$ 3,025,954**	**3.17**

The weighted average exercise price of the exercisable Options was $0.43.

The estimated grant date fair value of the options granted during the six months ended September 30, 2018 and 2018 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the six months ended	
	September 30, 2018	**September 30, 2017**
Share price at the grant date	$ 0.44	N/A
Risk-free interest rate	1.98%	N/A
Expected annual volatility	58.07%	N/A
Expected life	5.00	N/A
Expected dividend yield	0.00%	N/A
Grant date fair value per option	$ 0.22	N/A

During the six months ended September 30, 2018 and 2017, the Company recognized share-based payments expense of $807,588 and $17,789, respectively.

(Expressed in Canadian Dollars)

13. SHARE CAPITAL (CONTINUED)

e) Reserves

Additional paid-in capital

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

Stock options reserve

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

Warrants reserve

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

13. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payable and accrued liabilities were $nil as at September 30, 2018 (March 31, 2018 – $139,207). These amounts are unsecured and non-interest bearing.

b) Key management personnel compensation

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

		For the six months ended	
		September 30, 2018	**September 30, 2017**
Short-term employee benefits - personnel costs	(1)	**$ 398,500**	$ 838,750
Short-term employee benefits - professional fees	(2)	**76,843**	130,000
Short-term employee benefits - directors' fees		**60,000**	50,000
Share-based payments		**807,588**	-
		$ 1,342,931	$ 1,018,750

(1) During the six months ended September 30, 2018, the Company incurred $398,500 of salaries and wages of which $238,500 and $160,000 were recognized as personnel costs and development assets, respectively.

During the six months ended September 30, 2017, the Company incurred $838,750 of salaries and wages of which $421,250, $364,167 and $53,333 were recognized as personnel costs, project management in exploration and evaluation costs and development assets, respectively.

(2) The Company incurred $76,843 during the six months ended September 30, 2018 (September 30, 2017 – $130,000) 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)

14. COMMITMENTS

	Total	2019	2020	2021	2022	2023 and thereafter
Operating leases	$ 181,350	$ 24,180	$ 48,360	$ 48,360	$ 48,360	$ 12,090
Loans [(1)]	42,958,599	1,759,245	6,541,321	8,964,445	8,237,856	17,455,732
	$ 43,139,949	**$ 1,783,425**	**$ 6,589,681**	**$ 9,012,805**	**$ 8,286,216**	**$ 17,467,822**

(1) Represents the undiscounted cash flow.

15. SEGMENTED INFORMATION

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

	Canada	Greenland	Total
As at March 31, 2018			
Equipment	$ 3,776	$ 12,197,447	**$ 12,201,223**
Resource properties	-	769,682	**769,682**
Development asset	-	19,241,194	**19,241,194**
	$ 3,776	**$ 32,208,323**	**$ 32,212,099**
As at September 30, 2018			
Equipment	$ 3,210	$ 13,159,360	**$ 13,162,570**
Resource properties	-	769,682	**769,682**
Development assets	-	29,283,865	**29,283,865**
	$ 3,210	**$ 43,212,907**	**$ 43,216,117**

16. CAPITAL MANAGEMENT

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

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

There were no changes in the Company's approach to capital management during the six months ended September 30, 2018. The Company is subject to externally imposed capital requirements in connection with its loans payable, as detailed in Note 4. The Company is in compliance with these capital requirements.

(Expressed in Canadian Dollars)

17. 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).

	September 30, 2018		March 31, 2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets:				
Amortized cost				
Cash	**$ 7,264,709**	**$ 7,264,709**	$ 2,296,303	$ 2,296,303
Restricted cash	**3,874,040**	**3,874,040**	5,337,736	5,337,736
Sales tax receivable	**52,643**	**52,643**	120,437	120,437
Deposits	**7,893**	**7,893**	11,206	11,206
Reclamation bonds	**2,009,940**	**2,009,940**	2,129,850	2,129,850
	$ 13,209,225	**$ 13,209,225**	$ 9,895,532	$ 9,895,532
Financial liabilities:				
Amortized cost				
Accounts payable and accrued liabilities	**$ 1,835,020**	**$ 1,835,020**	$ 2,509,377	$ 2,509,377
Note payable	-	-	1,305,604	1,305,604
Loan payable	**27,948,135**	**27,948,135**	27,505,456	27,505,456
	$ 29,783,155	**$ 29,783,155**	$ 31,320,437	$ 31,320,437

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

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

17. 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 September 30, 2018, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

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

As at September 30, 2018, the Company had cash of $7,264,709 in order to meet short-term business requirements. At September 30, 2018, the Company had accounts payable and accrued liabilities of $1,835,020. All accounts payable and accrued liabilities are current.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of September 30, 2018

The Company's interest rate risk principally arises from fluctuations in the LIBOR rate as it relates to the Company's loan payable. The Company is also subject to interest rate risk on its cash balances as they are held in interest bearing accounts. A 1% change in interest rates on cash would have an insignificant impact on the Company's profit or loss. A 1% change in the LIBOR rate would result in approximately a $280,000 impact on the Company's profit or loss for the six months ended September 30, 2018.

17. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Currency risk

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

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

The Company had the following balances in Canadian and foreign currencies as at September 30, 2018:

	in CAD	in USD	in DKK	in EURO
Cash	$ 6,725,084	$ 50,202	$ 2,362,143	$ -
Restricted cash	-	3,019,813	-	-
Amounts receivable	52,643	-	-	-
Deposits	6,993	-	4,480	-
Reclamation bonds	-	-	10,000,000	-
Accounts payable and accrued liabilities	(316,563)	(696,817)	(2,108,089)	(122,539)
Note payable	-	-	-	-
Reclamation obligations	-	-	(8,081,946)	-
Loan payable	-	(21,635,840)	-	-
	6,468,157	**(19,262,642)**	**2,176,588**	**(122,539)**
Rate to convert to $1.00 CAD	1.000	0.7741	4.9753	0.6296
Equivalent to Canadian dollars	**6,468,157**	**(24,882,518)**	**437,481**	**(194,630)**

Based on the above net exposures as at September 30, 2018, and assuming that all other variables remain constant, a 10% change of the CAD against the USD, EURO and DKK would impact comprehensive loss by approximately $1,800,000 during the six months ended September 30, 2018.

Other price risk

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