



HUDSON RESOURCES INC.
FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(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 interim financial statements of Hudson Resources Inc. for the six months ended September 30, 2023, 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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

<i>As at</i>	September 30, 2023	March 31, 2023
ASSETS		
Current assets		
Cash	\$ 3,262,907	\$ 100,205
Sales tax and other receivables	13,720	10,628
Prepaid expenses	36,376	2,225
	3,313,003	113,058
Non-current assets		
Equipment and right of use asset (note 3)	6,857	616
Resource properties (note 4)	6,380	14,511
	13,237	15,127
TOTAL ASSETS	\$ 3,326,240	\$ 128,185
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 27,277	\$ 675,294
Deposit received on sale of asset (note 4)	-	313,006
Notes payable (note 7)	-	222,725
TOTAL LIABILITIES	27,277	1,211,025
DEFICIENCY		
Share capital (note 9(b))	\$ 78,370,502	\$ 78,370,502
Reserves	13,400,391	13,382,558
Deficit	(88,471,930)	(92,835,900)
TOTAL DEFICIENCY	3,298,963	(1,082,840)
TOTAL DEFICIENCY AND LIABILITIES	\$ 3,326,240	\$ 128,185

Corporate information and continuance of operations (note 1)

Commitments (note 11)

Segmented information (note 12)

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

/s/ Kevin Crawford Director

/s/ Donna Phillips Director

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

	For the three months ended		For the six months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	(unaudited)	(unaudited)		
EXPENSES				
Depreciation (note 3)	440	97	\$ 635	\$ 7,470
Directors' fees (note 10)	24,000	24,000	48,000	48,000
Exploration and evaluation costs	110,303	35,032	111,512	36,100
Foreign exchange	2,523	(72)	216	(72)
Interest	439	6,009	2,718	11,113
Office	6,416	9,843	13,235	19,540
Personnel costs (note 10)	96,236	1,239	269,137	41,870
Professional fees	48,305	25,737	69,046	42,988
Rent	752	-	1,128	11,125
Share-based payments (note 9(d), 10)	8,965	10,387	17,833	25,123
Shareholder and community engagement	1,539	2,044	3,890	2,044
Transfer agent and filing fees	8,919	9,706	10,658	11,204
Travel and accommodation	5,445	7,351	5,466	7,375
TOTAL EXPENSES	314,282	131,373	553,474	263,880
OTHER ITEMS				
Other income	(51,920)	-	(173,435)	(10,465)
Interest income	(44,563)	-	(64,633)	-
Gain on sale of mineral property (note 4)	-	-	(4,679,376)	-
TOTAL LOSS (INCOME) AND COMPREHENSIVE				
LOSS (INCOME) FOR THE PERIOD	\$ 217,799	\$ 131,373	\$ (4,363,970)	\$ 253,415
Basic and diluted loss per share for the period	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 0.00
Weighted average number of common shares outstanding - basic and diluted	181,642,538	178,409,205	181,642,538	178,409,205

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

Hudson Resources Inc.
Statement of Changes in Deficiency (Unaudited)
(Expressed in Canadian Dollars)

	Note	Share capital		Reserves			Deficit	Total
		Number of shares	Amount	Additional paid-in capital	Stock options reserve	Warrants reserve		
Balance at March 31, 2022		178,409,205	\$ 78,208,835	\$ 11,166,545	\$ 1,683,367	\$ 464,804	\$ (92,335,816)	\$ (812,265)
Share-based payments	9(d)	-	-	-	25,123	-	-	25,123
Loss and comprehensive loss		-	-	-	-	-	(253,415)	(253,415)
Balance at September 30, 2022		178,409,205	\$ 78,208,835	\$ 11,166,545	\$ 1,708,490	\$ 464,804	\$ (92,589,231)	\$ (1,040,557)
Balance at March 31, 2023		181,642,538	\$ 78,370,502	\$ 11,166,545	\$ 1,751,209	\$ 464,804	\$ (92,835,900)	\$ (1,082,840)
Expiry of stock options		-	-	775,370	(775,370)	-	-	-
Share-based payments	9(d)	-	-	-	17,833	-	-	17,833
Loss and comprehensive loss		-	-	-	-	-	4,363,970	4,363,970
Balance at September 30, 2023		181,642,538	\$ 78,370,502	\$ 11,941,915	\$ 993,672	\$ 464,804	\$ (88,471,930)	\$ 3,298,963

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

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

	For the six months ended	
	September 30, 2023	September 30, 2022
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net income (loss) for the period	\$ 4,363,970	\$ (253,415)
Adjustments for items not affecting cash:		
Depreciation	635	7,470
Share-based payments	17,833	25,123
Interest and financing costs	1,795	9,831
Gain on sale of mineral property	(4,679,376)	-
	(295,143)	(210,991)
Net changes in non-cash working capital items:		
Sales tax and other receivables	(3,092)	8,471
Prepaid expenses	(34,151)	(14,631)
Deposits	-	6,993
Accounts payable and accrued liabilities	(648,018)	32,061
Net cash flows used in operating activities	(980,404)	(178,097)
FINANCING ACTIVITIES		
Proceeds from notes payable	-	70,000
Repayment of note payable	(224,520)	-
Lease payments	-	(8,700)
Net cash flows from financing activities	(224,520)	61,300
INVESTING ACTIVITIES		
Equipment purchases	(6,875)	-
Resource property acquisition costs	(3,295)	(885)
Deposit received from sale of asset	-	313,006
Proceeds from sale of mineral properties	4,377,796	-
Net cash flows from (used in) investing activities	4,367,626	312,121
Net increase (decrease) in cash	3,162,702	195,324
Cash, beginning of period	100,205	21,018
Cash, end of period	\$ 3,262,907	\$ 216,342
Cash paid during the period for interest on note payable	\$ 29,520	\$ -
Supplementary cash flow information		
Reclassification of the fair value of options expired	\$ 775,370	\$ -

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

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Hudson Resources Inc. (“Hudson” or the “Company”) is a publicly listed company and its shares are listed on the TSX Venture Exchange under the symbol “HUD”. The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia. The Company’s head office and the registered records office are located at Suite 1500 - 701 West Georgia St, Vancouver, BC V7Y 1C6.

The Company is in the business of prospecting for, developing, and mining mineral resources located in Greenland and recently completed the sale of its wholly owned Nukittoq niobium - tantalum (“Nb-Ta”) project and its Sarfartoq rare earth element (“REE”) project. The Company is currently focused on the exploration of its wholly owned Gronne Bjerg exploration license for anorthosite. The Company is also involved in research and testwork of the uses of anorthosite. Hudson may also acquire, explore and evaluate other resource properties, and either joint venture or develop these properties further or dispose of them when the evaluation is completed. The Company has a minority 31.1% interest in Lumina Sustainable Materials A/S (“Lumina”), previously Hudson Greenland A/S which owns the White Mountain anorthosite mine located on its Naajat anorthosite exploitation license.

The Company has not generated revenue from operations and has experienced recurring operating losses. For the current six months ended September 30, 2023, the Company recorded a net income of \$4,363,970 from the completion of the sale of the Sarfartoq license to Neo Performance materials Inc. (“Neo”) and has an accumulated deficit of \$88,471,930.

As at September 30, 2023, the Company had working capital of \$3,285,726. 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 believes it has the necessary cash to fund its operations over the next 12 months. The Company will, however, periodically need to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

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

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance and basis of preparation

These unaudited condensed 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 interim financial statements comply with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These condensed interim 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 April 1, 2023.

Basis of consolidation and equity accounting

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated from the date that control ceases. All intercompany balances, transactions, income and expenses, and profits or losses are eliminated on consolidation.

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Company’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the Company’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The carrying amount of equity-accounted investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

The Transaction as announced by the Company on September 23, 2020 (see note 6) resulted in a loss of de-facto control of Lumina (the “Subsidiary”) as the facts and circumstances indicate. Accordingly, the Subsidiary has been deconsolidated as at the Transaction date when control ceased, and the Company commenced application of equity method of accounting for Lumina and recognized its investment in associate at its fair value.

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

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

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information and disclosures required in full annual financial statements and should be read in conjunction with the Company's annual financial statements as at March 31, 2023 which have been prepared in accordance with IFRS. These condensed interim financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information and follow the same accounting policies and methods of application as the annual audited financial statements for the year ended March 31, 2023.

These condensed interim financial statements were approved and authorized for issue by the Company's Board of Directors on November 27, 2023.

Functional and presentation currency

These condensed interim financial statements are presented in Canadian dollars ("CAD") which is the functional currency of the Company.

3. EQUIPMENT AND RIGHT OF USE ASSET

	Computer equipment	Right of use asset	Total
Cost			
As at March 31, 2023	\$ 23,260	\$ 138,210	\$ 161,470
Additions	6,875	-	6,875
Balance as at September 30, 2023	\$ 30,135	\$ 138,210	\$ 168,345
Depreciation			
As at March 31, 2023	\$ (22,644)	\$ (138,210)	\$ (160,854)
Charged for the year	(634)	-	(634)
Balance as at September 30, 2023	\$ (23,278)	\$ (138,210)	\$ (161,488)
Net book value			
As at March 31, 2023	\$ 616	\$ -	\$ 616
As at September 30, 2023	\$ 6,857	\$ -	\$ 6,857

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

4. RESOURCE PROPERTIES

The Company currently has one Exploration Licenses (“EL”) in Greenland. The Gronne Bjerg EL (2021/56) with license M-306 is located near Nuuk in West Greenland during the six months ended September 30, 2022.

	Sarfartoq Mineral Claim	Gronne Bjerg Mineral Claim	Total
<i>Acquisition costs / license fees</i>			
Balance as at March 31, 2022	\$ 7,246	\$ 6,380	\$ 13,626
Additions	885	-	885
Balance as at March 31, 2023	\$ 8,131	\$ 6,380	\$ 14,511
Disposition	(8,131)	-	(8,131)
Balance as at September 30, 2023	\$ -	\$ 6,380	\$ 6,380

The Company previously held the Sarfartoq EL (2020/32), an exploration stage property in Greenland for which was reacquired by the Company, under a new EL at the end of the fiscal 2020 year.

On August 22, 2022, the Company announced a binding agreement with Neo for the sale of its Sarfartoq Exploration License (“Agreement”). This transaction was completed in April 2023. The key terms of the Agreement provided for the following:

- Initial cash payment of \$313,006 (US\$250,000 received in August 2022) upon signing of the Agreement for which the Company recorded as a deposit received on sale of mineral properties.
- Upon receipt of approval from the Greenland government, the Company transferred the License to Neo or a special purpose entity (“SPE”) (the “Closing”).
- The Company received an additional US\$3,250,000 upon closing of the transaction. An equivalent amount of \$4,374,500 in Canadian funds was received during the six months ended September 30, 2023.
- If within five years from the date of closing of the transaction (1) the SPE transfers the License, or there is a change in control of the SPE pursuant to an acquisition or merger, the Company will receive 5% of the total consideration received by the SPE in connection with such transfer, or (2) the SPE conducts an initial public offering on a stock exchange (“IPO”), then Hudson will receive 5% of the fully diluted equity interests in the SPE immediately prior to the IPO.

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

5. INVESTMENT IN ASSOCIATE

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

Upon completion of the debt restructuring transaction (the “Transaction”) with its existing lenders, Cordiant Capital Inc. and its affiliates, and Romeo Fund – Flexi and its affiliates (together, the “Lenders”) on September 23, 2020, Management assessed its involvement in Lumina in accordance with IFRS 10’s control definition and guidance and concluded that it no longer has outright control but has retained significant influence. In making this judgement, management considered the Company’s relative size of voting rights and the Lenders’ decision-making ability on the Board of Directors. Accordingly, Lumina was deconsolidated as at the Transaction date when control ceased, and the Company commenced application of the equity method of accounting for Lumina and recognized its investment in associate at its fair value as of the date of the Transaction.

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

The Company’s share of cumulative losses associated with its investment in Lumina was reduced to a carrying value of \$nil during the six months ended September 30, 2022.

Equity Basis of Accounting

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

As at March 31, 2020	\$	-
Recognition of fair value of investment in associate upon disposition of controlling interest		8,226,301
Share of loss from equity accounted investments		(3,500,592)
Balance as at March 31, 2021	\$	4,725,709
Share of loss from equity accounted investments		(4,725,709)
Balance as at March 31, 2022, March 31, and September 30, 2023	\$	-

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	September 30, 2023		March 31, 2023	
Trade payables	\$	2,135	\$	41,429
Accrued liabilities		25,142	\$	633,865
	\$	27,277	\$	675,294

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

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

7. NOTES PAYABLE

The Company received advances totaling \$125,000, \$30,000, and \$40,000 from the members of its Board of Directors in October 2021, May 2022, and July 2022 respectively. The proceeds of these advances were used for working capital purposes (Note 10). These advances were unsecured and were for a term of three months bearing interest at 12% per annum.

Balance as at March 31, 2023	\$	222,725
Interest expense		1,795
Payment		(224,520)
Balance as at September 30, 2023	\$	-

The notes payable, including accrued interest, were repaid in full during the six months ended September 30, 2023.

8. LEASE OBLIGATIONS

The Company's lease obligations are as follow:

	Total
Balance as at March 31, 2022	8,573
Interest	127
Principal payments	(8,700)
Balance, March 31 and September 30, 2023	\$ -

9. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

The Company had 181,642,538 common shares issued and outstanding as at September 30, 2023 and March 31, 2023. There were no changes in share capital during the six month periods ended September 30, 2023 and 2022.

For the six months ended September 30, 2023

- none

For the six months ended September 30, 2022

- None

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

c) Share purchase warrants

There were no changes in warrants during the six months ended September 30, 2023 and 2022.

	Number outstanding	Weighted average exercise price
Balance, March 31, 2023	2,850,000	\$ 0.45
Balance, September 30, 2023	2,850,000	\$ 0.45

For the six months ended September 30, 2023

- None

For the six months ended September 30, 2022

- None

The following summarizes information about the share purchase warrants outstanding as at September 30, 2023:

Expiry date	Warrants outstanding	Exercise price	Weighted average remaining contractual life (in years)
May 23, 2024	2,850,000	\$ 0.45	0.65
	2,850,000		0.65

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.

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

9. SHARE CAPITAL (CONTINUED)

d) Stock options (continued)

The changes in stock options during six months ended September 30, 2023 and 2022 are as follow:

	Number outstanding	Weighted average exercise price
Balance, March 31, 2023	11,950,000	\$ 0.26
Expired	(3,580,000)	0.47
Balance, September 30, 2023	8,370,000	\$ 0.17

For the Six months ended September 30, 2023

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

For the Six months ended September 30, 2022

None

The following summarizes information about Options outstanding and exercisable at September 30, 2023:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
February 20, 2024	830,000	830,000	\$ 0.45	\$ 380,123	0.39
August 10, 2025	3,640,000	3,640,000	\$ 0.15	\$ 179,955	1.86
November 10, 2025	900,000	900,000	\$ 0.40	\$ 161,171	2.12
October 17, 2027	3,000,000	1,000,004	\$ 0.05	\$ 71,171	4.05
	8,370,000	6,370,004	\$ 0.17	\$ 792,420	2.53

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

9. 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.

10. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The total balance due to related parties included in accounts payable and accrued liabilities was \$8,000 for directors' fees as at September 30, 2023 (March 31, 2023 – \$599,500 for directors' fees and unpaid personnel costs). These amounts are unsecured and non-interest bearing. The notes payable balance due to the members of the Company's board of directors was \$nil (see note 7) as at September 30, 2023 (March 31, 2023 - \$222,725) as the notes were fully repaid with interest.

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, 2023	September 30, 2022
Short-term employee benefits - personnel costs	\$ 285,022	\$ 85,000
Short-term employee benefits - directors' fees	48,000	48,000
Share-based payments	17,833	23,524
	\$ 350,856	\$ 156,524

The Company entered into a consulting agreement with the SPE from the completion of the sale of Sarfartoq to provide technical and consulting services by its President through the Company with the agreement dating back to September 2022. Personnel costs include retroactive compensation to September 2022 for the additional time spent by the Company's President on this arrangement.

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

11. COMMITMENTS

The Gronne Bjerg license has certain minimum work commitment expenditures amounting to approximately DKK 450,000 (approximately \$90,000) for the 2023 calendar year which has been met.

The Company's lease on its office premises expired during the year and was not renewed. The Company has not entered into any other lease arrangements as at September 30, 2023.

12. SEGMENTED INFORMATION

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

	Canada	Greenland	Total
<i>As at March 31, 2023</i>			
Equipment and right of use asset	\$ 8,183	\$ -	\$ 8,183
Resource properties	-	13,626	13,626
	\$ 8,183	\$ 13,626	\$ 21,809
<i>As at September 30, 2023</i>			
Equipment	\$ 6,856	\$ -	\$ 6,856
Resource properties	-	6,380	6,380
	\$ 6,856	\$ 6,380	\$ 13,236

13. CAPITAL MANAGEMENT

The Company manages and adjusts its capital structure 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, 2023.

The Company has no externally imposed capital requirements.

Hudson Resources Inc.
Notes to the Financial Statements (Unaudited)
For the Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars)

14. 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, 2023		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
<i>Amortized cost</i>				
Cash	\$ 3,262,907	\$ 3,262,907	\$ 100,205	\$ 100,205
Sales tax and other receivables	13,720	13,720	10,628	10,628
	\$ 3,276,627	\$ 3,276,627	\$ 110,833	\$ 110,833
Financial liabilities:				
<i>Amortized cost</i>				
Accounts payable and accrued liabilities	\$ 27,277	\$ 27,277	\$ 675,294	\$ 675,294
Deposit received on sale of asset	-	-	313,006	313,006
Note payable	-	-	222,725	222,725
	\$ 27,277	\$ 27,277	\$ 1,211,025	\$ 1,211,025

The carrying values of the Company's financial assets and liabilities are considered to be a reasonable approximation of fair value due to the short-term nature of these instruments. There are no financial instruments recorded at fair value through profit or loss (FVTPL) on the statements of financial position.

b) Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and sales tax and other receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness. As at September 30, 2023, the Company's maximum exposure to credit risk is the carrying value of its financial assets.

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14. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Liquidity risk

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

As at September 30, 2023, the Company had cash of \$3,262,907 in order to meet short-term business requirements and accounts payable and accrued liabilities of \$27,277. All accounts payable and accrued liabilities are current liabilities.

With the completion of the sale of the Sarfartoq license to Neo in April, 2023, the Company has received all remaining sales proceeds (US\$3,250,000) associated with this transaction (note 4). Liquidity risk has since reduced and the Company believes it has sufficient cash to fund its operations over the next 12 months.

Market Risk

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash are held mainly in high yield saving accounts and term deposits and therefore there is currently minimal interest rate risk. Because of the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as at September 30, 2023.

Other price risk

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

Currency risk

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

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