HUDSON RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2017

(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 three months ended June 30, 2017 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		June 30, 2017		March 31, 2017
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	$	**2,063,474**	$	6,382,573
Sales tax receivable		**93,974**		47,660
Deposits		**17,759**		4,117
Share subscriptions receivable (note 11(b))		**-**		4,000,000
Prepaid expenses		**3,805,957**		2,099,797
		5,981,164		**12,534,147**
Non-current assets				
Equipment (note 5)		**9,025,758**		4,276,396
Reclamation bonds (note 10)		**1,329,400**		-
Resource properties (note 6)		**988,351**		988,351
		11,343,509		5,264,747
TOTAL ASSETS	**$**	**17,324,673**	**$**	**17,798,894**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 8 & 13(a))	$	**3,594,895**	$	685,423
Note payable (note 9)		**1,200,594**		1,394,518
		4,795,489		**2,079,941**
Non-current liabilities				
Reclamation obligation (note 10)		**1,596,638**		1,529,732
TOTAL LIABILITIES		**6,392,127**		**3,609,673**
EQUITY				
Share capital (note 11(b))	$	**60,606,306**	$	60,606,306
Additional paid-in capital (note 11(e))		**3,634,693**		3,634,693
Stock options reserve (note 11(e))		**2,635,113**		2,623,991
Warrants reserve (note 11(e))		**2,995,905**		2,995,905
Foreign currency translation reserve		**121,707**		(24,686)
Deficit		**(59,061,178)**		(55,646,988)
TOTAL EQUITY		**10,932,546**		**14,189,221**
TOTAL EQUITY AND LIABILITIES	**$**	**17,324,673**	**$**	**17,798,894**

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

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

These condensed consolidated interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:

They are signed on the Company's behalf by:
APPROVED BY THE BOARD on August 29, 2017:

/s/ James Tuer Director *   /s/ John Hick Director*

Hudson Resources Inc.

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

(Expressed in Canadian Dollars)

	For the three months ended June 30, 2017	June 30, 2016
EXPENSES		
Bank charges and interest (note 9)	$ **36,233**	$ 39,184
Depreciation (note 5)	**272,833**	89,057
Exploration and evaluation costs (note 7)	**2,866,286**	172,123
Foreign exchange	**(285,912)**	1,793
Interest income	**(15,734)**	(3,278)
Management fees (note 13)	**340,000**	110,000
Office	**22,641**	15,351
Professional fees (note 13)	**91,923**	184,686
Rent	**11,484**	11,251
Share-based payments (note 11(d))	**11,122**	90,171
Shareholder and corporate communications	**29,567**	1,123
Transfer agent and filing fees	**1,637**	6,251
Travel and accommodation	**4,139**	1,075
	3,411,219	743,787
OTHER EXPENSES		
Accretion of interest	**2,971**	-
NET LOSS FOR THE PERIOD	**3,414,190**	743,787
OTHER COMPREHENSIVE INCOME		
Foreign currency translation differences for foreign operations	**(146,393)**	(4,995)
TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ **3,267,797**	$ 738,792
Basic and diluted loss per share for the period attributable to common shareholders (note 12)	$ **0.03**	$ 0.01
Weighted average number of common shares outstanding - basic and diluted	**134,604,873**	90,288,366

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

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

	Share capital		Reserves					
	Number of shares	Amount	Additional paid-in capital	Stock options reserve	Warrants reserve	Foreign currency translation reserve	Deficit	Total
Balance at March 31, 2016	**90,288,366**	**$ 46,718,882**	**$ 3,098,225**	**$ 2,474,777**	**$ 573,567**	**$ 1,914**	**$ (50,001,477)**	**$ 2,865,888**
Share-based payments	-	-	-	90,171	-	-	-	**90,171**
Total loss and comprehensive loss	-	-	-	-	-	4,995	(743,787)	**(738,792)**
Balance at June 30, 2016	**90,288,366**	**$ 46,718,882**	**$ 3,098,225**	**$ 2,564,948**	**$ 573,567**	**$ 6,909**	**$ (50,745,264)**	**$ 2,217,267**
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**
Share-based payments	-	-	-	11,122	-	-	-	**11,122**
Total loss and comprehensive loss	-	-	-	-	-	146,393	(3,414,190)	**(3,267,797)**
Balance at June 30, 2017	**134,604,873**	**$ 60,606,306**	**$ 3,634,693**	**$ 2,635,113**	**$ 2,995,905**	**$ 121,707**	**$ (59,061,178)**	**$ 10,932,546**

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

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

	For the three months ended June 30, 2017	For the three months ended June 30, 2016
Cash flows from (used in):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (3,414,190)**	**$ (743,787)**
Adjustments for items not affecting cash:		
Depreciation	272,833	89,057
Share-based payments	11,122	90,171
Accretion of interest	2,971	-
Net changes in non-cash working capital items:		
Amounts receivable	-	8,612
Sales tax receivable	(46,314)	23,196
Prepaid expenses	(1,615,602)	(17,266)
Deposits	(13,642)	20
Accounts payable and accrued liabilities	2,898,034	(4,091)
Note payable	(193,924)	34,826
Net cash flows used in operating activities	**(2,098,712)**	**(519,262)**
FINANCING ACTIVITIES		
Share subscription receivable	4,000,000	-
Net cash flows from financing activities	**4,000,000**	**-**
INVESTING ACTIVITIES		
Equipment purchases	(4,905,559)	(54,727)
Resource property acquisition costs	-	(3,643)
Reclamation deposits	(1,325,275)	-
Net cash flows used in investing activities	**(6,230,834)**	**(58,370)**
Effect of exchange rate changes on cash and cash equivalents	**10,447**	**(1,539)**
Net increase in cash and cash equivalents	**(4,319,099)**	**(579,171)**
Cash and cash equivalents, beginning of period	**6,382,573**	**1,476,790**
Cash and cash equivalents, end of period (note 4)	**$ 2,063,474**	**$ 897,619**
Cash received during the period for interest	**$ 15,734**	**$ 3,278**

The accompanying notes are an integral part of these condensed consolidated interim 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 acquiring, exploring and evaluating resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At June 30, 2017, the Company was in the exploration stage and had interests in properties located in Greenland. Subsequent to June 30, 2017, the Company entered the development phase of its Naajat (White Mountain) Mineral Claim.

As at June 30, 2017, the Company had not yet achieved profitable operations, had a deficit of $59,061,178, 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 generate future profitable operations and / or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. On July 17, 2017, the Company completed the debt funding arrangement from the Management Committee of the European Investment Bank for debt financing of up to US$13 million and Cordiant Capital Inc. for debt financing of up to US$9.5m ("Subordinated Loan") for Hudson's White Mountain Anorthosite Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S. On August 1, 2017, the Company drew down the Subordinated Loan for US$9.5 million. These financial statements do not give the 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. Realization 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

This condensed consolidated interim financial report does 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 this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2017. However, this condensed consolidated interim financial report provides selected significant disclosures that are required in the annual 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, 2017.

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

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2017. 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 and are being evaluated to determine their impact.

- IFRS 9: New standard that replaced IAS 39 for classification and measurement, effective for annual periods beginning on or after January 1, 2018.

- 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.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are broken down as follows:

	June 30, 2017	March 31, 2017
Cash	$ 1,560,134	$ 6,382,573
Cash equivalents	503,340	-
	$ 2,063,474	**$ 6,382,573**

(Expressed in Canadian Dollars)

5. EQUIPMENT

	Computer equipment	Field equipment	Vehicles	Buildings	Land improvements	Total
Cost						
As at March 31, 2017	$ 23,260	$ 3,937,429	$ -	$ -	$ 1,431,742	**$ 5,392,431**
Additions	-	2,007,066	31,807	2,866,686	-	**4,905,559**
Effect of movements in exchange rates	-	103,545	99	8,922	19,117	**131,683**
Balance as at June 30, 2017	**$ 23,260**	**$ 6,048,040**	**$ 31,906**	**$ 2,875,608**	**$ 1,450,859**	**$ 10,429,673**
Depreciation						
As at March 31, 2017	$ (17,865)	$ (1,098,170)	$ -	$ -	$ -	**$ (1,116,035)**
Charged for the period	(404)	(271,851)	(578)	-	-	**(272,833)**
Effect of movements in exchange rates	-	(15,045)	(2)	-	-	**(15,047)**
Balance as at June 30, 2017	**$ (18,269)**	**$ (1,385,066)**	**$ (580)**	**$ -**	**$ -**	**$ (1,403,915)**
Net book value						
As at March 31, 2017	$ 5,395	$ 2,839,259	$ -	$ -	$ 1,431,742	$ 4,276,396
As at June 30, 2017	**$ 4,991**	**$ 4,662,974**	**$ 31,326**	**$ 2,875,608**	**$ 1,450,859**	**$ 9,025,758**

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). In 2014, Hudson was granted license renewals on the Naajat and Sarfartoq EL's.

As of June 30, 2017 and March 31, 2017, the carrying value of the Sarfartoq mineral claim and Naajat mineral claim were $768,673 and $219,678, respectively.

6. RESOURCE PROPERTIES (CONTINUED)

Current Resource Properties

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

In 2014, the Company began the process of converting the Naajat exploration license into an exploitation license. The exploitation license was granted in September 2015. In addition, the Company applied for and was granted a non-exclusive prospecting license for the west coast of Greenland. The license allows the Company to prospect ground outside of its existing 3 licenses. In the event that Hudson wishes to apply for a future exploration license on additional areas, funds expended from the prospecting can be carried over to the new license area.

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 must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. The Greenland government has granted the Company an exploration commitment holiday until December 31, 2019, as the Company has accrued sufficient credits from previous expenditures on their annual work commitments. The Company now has certain non-monetary commitments, including but not limited to employing Greenlandic personnel, based on establishing a mining operation as per the exploitation agreement in order to maintain the license.

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. As a result, the Company will be able to carry accrued work commitments beyond the current December 2017 license renewal date with credits available until December 31, 2019.

Pingasut Mineral Claim (2013/01), Greenland

The Company must submit an annual report by April 1, of each year detailing its activities and expenditures for approval. This license was granted on August 9, 2013. The Company's license expires December 31, 2018. The Greenland government has granted the Company an exploration commitment holiday until December 31, 2018, as the Company has accrued sufficient credits from previous expenditures on their annual work commitments.

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION COSTS

The exploration and evaluation costs expensed by the Company during the three months ended June 30, 2017 and 2016 are broken down as follows:

	For the three months ended June 30, 2017	For the three months ended June 30, 2016	Cumulative exploration and evaluation costs, June 30, 2017
Exploration and evaluation costs:			
Sarfartoq			
Assay and analysis	$ 784	$ 696	$ 1,374,576
Camp and portable shelters	-	992	1,178,756
Consulting	-	-	2,906,252
Data processing	-	-	56,737
Diamond recovery plant and operations	-	-	1,672,479
Drilling	-	-	6,717,631
Equipment	-	-	671,305
Explosives	-	-	50,026
Fuel	-	-	324,255
Geophysical data	-	-	611,754
Helicopter	-	1,157	7,483,533
Insurance	-	-	47,166
Legal	-	-	14,940
Recoveries	-	-	(208,588)
Sample extraction and processing	-	-	1,599,963
Shipping	-	-	1,073,325
Supplies	-	-	202,351
Travel	-	1,402	1,724,111
Wages and benefits	-	-	224,435
Total	$ 784	$ 4,247	$ 27,725,007

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION COSTS (CONTINUED)

	For the three months ended		Cumulative exploration and evaluation costs,
	June 30, 2017	June 30, 2016	June 30, 2017
Naajat / White Mountain			
Adminstrative	$ 209,845	$ -	$ 209,845
Assay and analysis	4,772	5,055	1,110,005
Camp and portable shelters	-	11,678	344,839
Consulting	142,101	49,752	2,362,663
Drilling	111,477	-	694,089
Equipment	31,868	41,592	556,798
Engineering	459,961	-	459,961
Explosives	68,583	-	68,583
Fuel	162,784	-	203,166
Geophysical data	-	-	53,272
Helicopter	-	9,254	1,689,703
Legal	-	1,956	71,291
Project management	948,150	-	948,150
Reclamation	-	-	1,541,533
Shipping	317,790	4,018	952,775
Supplies	168,708	6,187	617,779
Travel	239,463	34,833	746,134
Wages and benefits	-	-	95,374
Total	$ 2,865,502	$ 164,325	$ 12,725,960
Pingasut Mineral Claim			
Assay and analysis	$ -	$ -	$ 254
Camp and portable shelters	-	992	7,376
Consulting	-	-	33,110
Equipment	-	-	15,164
Fuel	-	-	1,667
Helicopter	-	1,157	62,527
Legal	-	-	592
Shipping	-	-	9,461
Supplies	-	-	1,419
Travel	-	1,402	15,400
Wages and benefits	-	-	559
Total	$ -	$ 3,551	$ 147,529
Total exploration and evaluation costs:	$ 2,866,286	$ 172,123	$ 40,598,496

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

		June 30, 2017		March 31, 2017
Trade payables	$	3,238,108	$	626,077
Accrued liabilities		356,787		59,346
	$	**3,594,895**	**$**	**685,423**

9. NOTE PAYABLE

On August 12, 2015, the Company obtained an unsecured bridge loan for $1,165,673. Total proceeds of the loan are committed to the purchase of heavy equipment required for ongoing pre-construction activities at the Company's White Mountain anorthosite 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.

During the three months ended June 30, 2017, interest expense of $34,876 (June 30, 2016 – $34,826) was charged to the statement of loss and comprehensive loss and increased the carrying value of the note payable.

During the three months ended June 30, 2017, the Company made an interest payment of $228,800 (June 30, 2016 – $nil).

As at June 30, 2017, the balance of the note payable including interest is $1,200,594 (March 31, 2017 – $1,394,518).

10. RECLAMATION OBLIGATION

The following table presents the aggregate carrying amount of the obligation associated with clean-up and abandonment of the Company's resource properties:

	in DKK	in CAD
Balance as at March 31, 2017	**9,241,869**	**1,529,732**
Accretion of interest	14,943	2,971
Effect of movements in exchange rates	-	63,935
Balance as at June 30, 2017	**9,256,812**	**1,596,638**

During the three months ended June 30, 2017, the Company determined the amount of the reclamation obligation to be DKK 10,000,000 with the Government of Greenland. The counter-guarantee agreement with the Bank of Greenland was released upon funds being remitted for the reclamation obligation. $1,329,400 (DKK 6,666,667) was paid during the three months ended June 30, 2017, and is held in a restricted escrow account. The amount is expensed within exploration and evaluation costs.

(Expressed in Canadian Dollars)

11. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At June 30, 2017 and March 31, 2017, the Company had 134,604,873 common shares issued and outstanding.

On March 20, 2017, the Company issued 8,000,000 units for gross proceeds $4,000,000 to Greenland Venture A/S, recorded as share subscriptions receivable. On April 6, 2017, the Company received $4,000,000 from Greenland Venture A/S.

c) Share purchase warrants

No share purchase warrants were issued, exercised or expired during the three months ended June 30, 2017 and 2016.

The following summarizes information about share purchase warrants outstanding at June 30, 2017:

Expiry date	Warrants outstanding		Exercise price	Weighted average remaining contractual life (in years)
September 1, 2018	4,023,500	$	0.75	1.17
September 17, 2018	377,300		0.75	1.22
August 10, 2019	2,025,000		0.60	2.11
February 1, 2020	13,323,853		0.50	2.59
February 16, 2020	2,809,400		0.50	2.63
March 30, 2020	4,000,000		0.70	2.75
	26,559,053			**2.35**

(Expressed in Canadian Dollars)

11. 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. 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, management has the option of determining vesting periods.

No options were granted, exercised, expired or forfeited during the three months ended June 30, 2017 and 2016.

The following summarizes information about stock options outstanding and exercisable at June 30, 2017:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
October 12, 2017	2,225,000	2,225,000	$ 0.36	$ 692,198	0.28
November 5, 2017	125,000	125,000	$ 0.36	$ 35,334	0.35
April 24, 2019	2,100,000	2,100,000	$ 0.34	$ 567,378	1.82
September 8, 2020	2,700,000	2,700,000	$ 0.50	$ 838,417	3.19
January 18, 2022	2,260,000	2,260,000	$ 0.38	$ 481,346	4.56
March 30, 2022	80,000	30,000	$ 0.65	$ 36,638	4.75
	9,490,000	**9,440,000**		**$ 2,651,311**	**2.51**

The weighted average exercise price of the exercisable options was $0.40.

During the three months ended June 30, 2017 and 2016, the Company recognized share-based payments expense of $11,122 and $90,171, respectively.

11. 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.

12. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended June 30, 2017 is based on the net loss attributable to common shareholders of $3,414,190 (June 30, 2016 – $743,787) and a weighted average number of common shares outstanding during the year of 134,604,873 (June 30, 2016 – 90,288,366).

In computing the diluted loss per share, warrants and options are not included as the impact would be anti-dilutive.

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances

The balances due to related parties included in accounts payable and accrued liabilities were $682,485 as at June 30, 2017 (March 31, 2017 – $49,128). These amounts are unsecured and non-interest bearing.

b) Key management personnel compensation

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

	For the three months ended			
		June 30, 2017		**June 30, 2016**
Short-term employee benefits - management fees (1)	**$**	**677,500**	$	110,000
Short-term employee benefits - professional fees (2)		**54,080**		34,320
Short-term employee benefits - directors' fees		**25,000**		25,000
Share-based payments		**-**		86,830
	$	**756,580**	$	256,150

(1) During the three months ended June 30, 2017, the Company incurred $677,500 management fees of which $340,000 and $337,500 were recognized as management fees and project management in exploration and evaluation costs, respectively. During the three months ended June 30, 2016, no management fees were recognized as project management in exploration and evaluation costs.

(2) The Company paid $54,080 (June 30, 2016 – $34,320) for accounting and corporate secretarial services to Quantum Advisory Partners LLP whose incorporated partner is the Company's Chief Financial Officer.

14. COMMITMENT

On June 30, 2017, the Company terminated the office lease agreement and entered into a new office lease for a term of five years ending June 30, 2022. Total minimum lease payments are as follows:

For the year ended		
March 31, 2018	$	30,692
March 31, 2019		48,360
March 31, 2020		48,360
March 31, 2021		48,360
March 31, 2022		48,360
March 31, 2023		12,090
	$	**236,222**

(Expressed in Canadian Dollars)

15. SEGMENTED INFORMATION

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

	Canada	Greenland	Total
As at June 30, 2017			
Resource properties		$ 988,351	**$ 988,351**
Equipment	4,991	9,020,767	**9,025,758**
	$ 4,991	**$ 10,009,118**	**$ 10,014,109**
As at March 31, 2017			
Resource properties	$ -	$ 988,351	**$ 988,351**
Equipment	5,395	4,271,001	**4,276,396**
	$ 5,395	**$ 5,259,352**	**$ 5,264,747**

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents. In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company is not subject to any externally imposed capital requirements.

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on its exploration activities, preparing cash flow analyses to ensure an adequate amount of liquidity and monthly review of financial results.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2017.

17. FINANCIAL INSTRUMENTS

a) Fair value

The carrying values of cash and cash equivalents, sales tax receivable, deposits, accounts payable and accrued liabilities, and note payable approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Inputs that are not based on observable market data.

There are no financial instruments recorded at 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 cash equivalent and sales tax receivable are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at June 30, 2017, 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 June 30, 2017, the Company had cash and cash equivalents of $2,063,474 in order to meet short-term business requirements. On July 17, 2017, the Company completed the debt funding arrangement from the Management Committee of the European Investment Bank for debt financing of up to US$13 million and Cordiant Capital Inc. for debt financing of up to US$9.5m for Hudson's White Mountain Anorthosite Project in Greenland through its 100% owned Greenland subsidiary, Hudson Greenland A/S. On August 1, 2017, the Company drew down the Subordinated Loan for US$9.5 million. At June 30, 2017, the Company had accounts payable and accrued liabilities and note payable of $3,594,895 and $1,200,594, respectively. All accounts payable and accrued liabilities, and note payable are current.

17. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

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 June 30, 2017.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and cash equivalents. A 1% change in interest rates on cash and cash equivalents outstanding at June 30, 2017 would result in an approximately $21,000 change to the Company's net loss for the three months ended June 30, 2017.

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

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 and cash equivalents, amounts receivable, deposits, accounts payable and accrued liabilities, 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 June 30, 2017:

	in CAD	in USD	in DKK	in EURO
Cash and cash equivalents	$ 1,574,907	$ -	$ 2,450,064	$ -
Amounts receivable	-	-	-	-
Deposits	16,866	-	4,480	-
Accounts payable and accrued liabilities	(1,799,617)	(251,700)	(3,147,460)	(567,201)
Note payable	(1,200,594)	-	-	-
	(1,408,438)	**(251,700)**	**(692,916)**	**(567,201)**
Rate to convert to $1.00 CAD	1.000	0.7704	5.0148	0.6744
Equivalent to Canadian dollars	**(1,408,438)**	**(326,711)**	**(138,173)**	**(841,042)**

Based on the above net exposures as at June 30, 2017, and assuming that all other variables remain constant, a 10% change of the CAD against the USD, EURO and DKK by 10% would impact comprehensive loss by approximately by $131,000.

17. FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial risk management (continued)

Market Risk (continued)

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.