



**HUDSON RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**(FORM 51-102F1)**

**FOR THE YEAR ENDED MARCH 31, 2022**

## Management's Discussion and Analysis – For the year ended March 31, 2022

This management's discussion and analysis ("MD&A") focuses on significant factors that affected Hudson Resources Inc. ("Hudson" or the "Company") during the year ended March 31, 2022 and to the date of this report. The MD&A supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the year ended March 31, 2022. Consequently, the following discussion of performance and financial condition should be read in conjunction with the condensed consolidated interim financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts presented in this MD&A are in Canadian dollars unless otherwise indicated.

Additional information related to Hudson is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.hudsonresourcesinc.com](http://www.hudsonresourcesinc.com).

This MD&A contains information up to and including July 28, 2022.

### FORWARD-LOOKING INFORMATION

Statements in this MD&A that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. For more information on forward-looking information, please refer to page 21 of this MD&A.

### COVID -19 PANDEMIC

The COVID-19 pandemic has made international travel more challenging, but the Company has continued to advance work on the Sarfartoq exploration license in Greenland with a focus on the Nukittoq niobium-tantalum project. The Government of Greenland has recently lifted quarantine programs, while some Covid-19 protocols continue to be implemented at the White Mountain anorthosite mine in Greenland where the Company has a 31.1% interest.

Fluctuations in currencies and volatile financial markets pose significant challenges in planning, budgeting and carrying out meaningful exploration programs. Further uncertainties arise from the inability of the Company to gauge the duration of the pandemic and other world events. The recent invasion of the Ukraine by Russia has introduced supply chain issues and energy challenges in Europe and globally, significantly impacting fuel prices in Greenland. The pandemic has put focus on supply chains which may be beneficial in an increase demand for the rare earth elements (REE's) and niobium-tantalum (Nb-Ta) critical metals that the Company has in its portfolio. The rapid conversion to green applications including electric vehicles and sustainable energy has greatly increase the demand for critical metals and the desire for secure supply chains.

### THE COMPANY

As at December 31, 2022, the Company is a junior exploration company engaged in the acquisition, exploration and development of mineral properties in Greenland. Hudson is listed on the TSX Venture Exchange and has three primary mineral assets in Greenland; the Nukittoq niobium - tantalum ("Nb-Ta") ("Nukittoq Nb-Ta") project and the advanced ST1 rare earth element ("REE") project, both located on the Company's 100% held Sarfartoq Exploration License. In 2021 the Company acquired a 100% interest in an anorthosite project close to the capital city of Nuuk. The Company hopes to commence exploration activities on this project in 2022.

The Company also has a minority interest (31.1%) in Hudson Greenland A/S which owns the pre-commercial production White Mountain anorthosite mine (the "White Mountain" or "Qaqortorsuaq" in Greenlandic) located on its Naajat anorthosite exploitation license. The exploitation license was granted for 30 years with a 20-year extension allowable.

Hudson is focusing on being a leader in the production and development of green mineral products and technologies while protecting the environment and respecting the communities where it operates. The

Company developed and brought into production the White Mountain mine and ensured that no chemicals or even water are used in its operation. The products that will be made from the White Mountain anorthosite will help reduce global CO<sub>2</sub> levels and create more energy efficient products while producing less waste. The rare earth elements and niobium-tantalum deposits located on the Sarfartoq license are critical to the development of the green economy in reducing energy consumption and increasing efficiencies. The dramatic increase in demand for electric vehicles (“EV’s”) and sustainable energy (wind power and energy storage) has significantly increased the demand for REE’s with an emphasis on permanent magnet motors in EV’s and wind turbines.

Hudson has developed excellent relationships and support from the communities where it operates and the Government of Greenland. The Company was instrumental in implementing the Impact Benefit Agreements (“IBA”) for Hudson Greenland with respect to the White Mountain mine. The IBA provides financial support to educational and social programs to the communities surrounding the White Mountain mine in Greenland.

## HIGHLIGHTS

- Independent test work confirms that anorthosite from the White Mountain mine provides very high leach recoveries with short leaching times for aluminum and calcium dissolution, a key first step in the production of a waste-free smelter grade “Green Alumina” product for the aluminum industry.
- The Company is co-funding the production of smelter grade alumina (“SGA”) from anorthosite at KPM in Kingston, Ontario. Approximately 4 kg of SGA will be produced to allow several large aluminum companies to test this as a potential feed as a green, waste free replacement to bauxite.
- The Company completed an initial sampling program on the high-grade Nukittoq Nb-Ta project and on December 14, 2020, the Company reported 112 meters of 19.35% Nb<sub>2</sub>O<sub>5</sub>, which is some of the highest niobium mineralization reported by a public company. The Company completed an extensive metallurgical program on the niobium-tantalum samples collected in 2020. The metallurgical work was carried out by SGS Canada and demonstrated that a 55.3% niobium concentrate could be made at a 66% global recovery (see NR2021-06).
- In the second half of 2021 the Company staked an exploration license (M-306) in Greenland which hosts a large quantity of anorthosite. The Company hopes to commence initial exploration work on this project in the second half of 2022.
- On November 10<sup>th</sup>, 2021, the Greenland government passed legislation which banned the exploration and exploitation of any mineral projects with over 100 ppm uranium content. As a result, the Company put all work on the Nukittoq Nb-Ta project on hold as the uranium content is above this threshold. The Company is reviewing its options for this project under the new legislation (see NR2021-07). Work will recommence on this project if/when legislation allows.
- In October and November 2021, the members of the Company’s board of directors all participated in providing a loan facility to the Company for working capital purposes. Further advances were made in May and July 2022.
- The Company has been in discussions with a number of parties with regard to advancing the REE, Nb/Ta and anorthosite projects.

## CORPORATE

### Green Alumina - Positive Leaching Test Results

The Institute for Energy Technology (“IFE”) in Norway, as part of its AlSiCal project and funded through the European Union’s (“EU”) Horizon 2020 Research and Innovation program under grant No 820911, conducted test work on anorthosite from the White Mountain mine to produce a “Green Alumina”. The AlSiCal project objective is to secure for the EU, a sustainable process for the production of alumina, silica and precipitated calcium carbonate by researching, developing and de-risking ground-breaking technology aiming for zero bauxite residue and zero CO<sub>2</sub> emissions during their co-production.

Hudson provided several samples of anorthosite for the test work including a minus 250 micrometer product and coarse (+100mm) rock samples, crushed and sieved down to 77-760 microns for testing. The IFE determined

that the identified samples submitted by Hudson were “of high quality” in the context of the ALSiCal project. Two leaching tests were performed by IFE, which included the following steps:

- Mixing of anorthosite with 20 wt% Hydrochloric acid (HCl) at 140 degrees C
- Cooling of the final reaction mixture
- Separation of liquid and solid fractions by centrifugation and decanting
- Washing of solid fractions and drying

Key results from the tests were confirmed by ICP-MS and XRF analyses:

- Both the aluminum and calcium are leached simultaneously
- Leaching of between 87-97% wt% (weight percent) in the first two hours
- Leaching of 93-100 wt% in four hours
- Variability within range is attributed to different particle sizes and/or the anorthosites natural heterogeneity

Test work on the two samples demonstrated what IFE considered as “fast leaching” characteristics and a “high total dissolution yield (being 100% the theoretical, calculated maximum dissolution yield based on the available analyses)”.

The IFE work confirms Hudson’s earlier work completed at SGS Lakefield and current testwork being undertaken at KPM in Kingston, Ontario, and represents a key step in the production of a waste-free “Green Alumina” product and offers a direct replacement to bauxite which creates almost four tonnes of waste for every tonne of aluminum produced. The Company’s objective is to demonstrate an economic process to produce a “Green Alumina” product from anorthosite.

Hudson has a 31.1% equity interest in the White Mountain anorthosite mine and rights to acquire 100% under the debt structuring agreement completed in September 2020.

### **Greenland Mineral Legislation**

On April 6<sup>th</sup>, 2021, Greenland held elections in which the Inuit Ataqatigiit party (IA) won 12 of the 31 seats with 37% of the votes. The IA party is led by Múte Egede, who was a former Minister of Mining in Greenland between 2016 and 2018 during which time he visited the White Mountain anorthosite project.

The IA party has stated that it is opposed to the export of uranium for nuclear purposes. Under Greenland mineral legislation all exploration licenses, including those granted to Hudson, do not provide the right to export and sell radioactive elements. On November 10<sup>th</sup> the Greenland legislature narrowly passed a new law which will ban any mineral projects from exploration and development where the uranium content is more than 100 parts per million (ppm), which is an extremely low threshold.

Although Hudson’s Sarfartoq rare earth element (REE) project contains only 10 ppm uranium and is therefore not impacted by this new legislation. The Nukittoq Nb-Ta project, however does have a uranium content above 100 ppm and work has been halted on this project while the Company is investigating all options going forward.

## **OVERVIEW OF MARKETS**

### **SARFARTOQ RARE EARTH ELEMENT PROJECT**

Prices for Rare Earth Elements (“REE’s”) have increased significantly in the past year led by concerns that China is considering REE export controls and stronger than previously anticipated global demand for offshore wind turbines, electric vehicles (“EV’s”) and consumer electronics utilizing permanent magnets. China controls approximately 80% of global REE supply affecting many critical materials. Neodymium and Praseodymium (Nd–

Pr) Rare Earth Oxide prices have increased by over 50% in the past 12-month period with supply/demand fundamentals remaining strong.

Recent international announcements on new stimulus plans for offshore windfarms and the rapid transition to electric vehicles by most of the world's top vehicle manufacturers are driving demand and prices. The election of President Joe Biden in the USA is expected to add stimulus to new offshore wind developments and to promote greater EV production and other renewable energy users and products. Consumer demand for EVs is much greater than expected with stronger sales growth due to new models and factory capacity now expected. Manufacturers are due to roll out significant numbers of new EV models particularly in the luxury sector where innovative new designs will create new demand.

#### **NUKITTOOQ NIOBIUM - TANTALUM PROJECT**

There are no official prices for niobium or tantalum commodities, as these metals are not traded on any metal exchanges (LME or other). The price is determined by negotiation between buyer and seller. The niobium price has averaged US\$42/kg over the past five years with expected demand growth of 8%/annum while tantalum currently trades at around US\$150/kg.

Niobium finds major application in steel and superalloys production and significant research and development is underway for battery applications; electronics and aerospace industries are the main consumers of tantalum. It has superconducting properties and is increasingly being used in green technologies. Niobium is mainly found as pyrochlore in carbonatite deposits; tantalum is mostly extracted as by-product from various ores. The niobium market is dominated by privately held CBMM in Brazil which accounts for over 80% of global supply; 79% of tantalum is sourced from Africa (Rwanda, DR Congo, Mozambique, Nigeria).

Niobium and tantalum are transition elements that are almost always found together in nature. They are vital to a wide range of products in the energy, infrastructure, transportation, medical and defense sectors. Niobium is used primarily as an alloy in high strength steel. By adding just 200 grams of niobium you can reduce a cars weight by 100 kg. Tantalum has an excellent capacity to store and release energy and provide corrosion resistance.

There are only three primary producers in the world:

- CBMM (private) – Brazil: Grade 2.5% Nb<sub>2</sub>O<sub>5</sub>, controls 85% of the market.
- China Molybdenum (CMOC) – Brazil: Grade 1% Nb<sub>2</sub>O<sub>5</sub>.
- Magris, formerly Niobec (private) – Canada: Grade 0.56% Nb<sub>2</sub>O<sub>5</sub>.

#### **WHITE MOUNTAIN ANORTHOSITE MINE**

The Company currently has a 31.1% equity interest in Hudson Greenland A/S, which in turn owns 100% of the White Mountain Project (the "Project") in Greenland. The Project's processing plant produces a finely ground anorthosite mineral concentrate that is being sold under the name "GreenSpar". Anorthosite is an igneous rock dominated by the mineral plagioclase, a calcium aluminum silicate, that formed deep in the earth's crust. Although anorthosite is found in several parts of the world, the White Mountain anorthosite deposit is unique because of its size and purity. Hudson has identified a number of primary markets for GreenSpar including:

- E-Glass fiberglass
- Paints, coatings and polymers
- Feed material for insulation (rock wool) manufacturing
- Lunar simulants

## **E-Glass**

The high aluminum content (30%), low impurities and low melt temperature of anorthosite enables superior performance in production of E-Glass fiberglass. Testing of material from White Mountain has been undertaken by most of the leading E-Glass producers. They found that the use of GreenSpar compared to their currently used source of aluminum, largely kaolin clay, reduced energy consumption and decreased melt times, both being critical factors in lowering production costs while maintaining or increasing the quality of the final product.

E-Glass fiberglass is used in a vast range of products including boats, wind turbine blades, swimming pools, silos and tanks, and a wide range of construction materials. The value of the E-Glass market in the major economies of Asia, Europe, and North America is forecast to reach US\$17.4 billion by 2024.

The Company, on behalf of Hudson Greenland, is in advanced discussions with several major E-Glass producers and is working towards finalizing purchase agreements.

## **Paints and Coatings**

The Company believes that based on the quality of GreenSpar in the White Mountain deposit, Hudson Greenland will be in a competitive position to penetrate the market for fillers (extenders) that are widely used in the production of paints, coatings and polymers. These are markets with higher unit value products than E-Glass and are projected to grow from US\$160 billion in 2017 to US\$209 billion by 2022. (Source: <https://home.kpmg.com/xx/en/home/insights/2018/03/industry-update-2018.html>).

In September 2016, Hudson announced the results of a market prospects study by Industrial Mineral Management Consultants in Ontario which took the GreenSpar product and ran a series of technical tests after grinding it to a very fine minus 45 micron particle size (a micron is a thousandth of a millimeter). The GreenSpar45, as that product is referred to, proved to have excellent technical properties that would make it attractive for these additional markets. In August 2018, the Company announced that it received very favourable test results when using GreenSpar45 in paint and clear coating formulations. The independent test work completed by Marschall Labs Inc, of Clearwater, Florida, indicated that GreenSpar45 performs very well in paint and clear coating applications.

The Company, on behalf of Hudson Greenland and through its distributor in the United States, Terra Firma, has been marketing GreenSpar to a wide range of paint, coatings, and polymer companies in the United States. A number of companies have been actively testing GreenSpar in 2021. In calendar 2020 Q4, a contract was signed with a toll facility in Germany to micronize 24 tonnes of GreenSpar to 45 microns and 15 microns product sizes to be used for industrial scale testing by the paints and coatings industry. This material was shipped to Terra Firma in the United States in late 2020.

## **Rock Wool**

Hudson Greenland has been in discussions with a number of companies with respect to the use of a coarse anorthosite product for use in the manufacturing of rock wool insulation in Europe and North America. This material would not need to go through the White Mountain process plant and would only require one stage of crushing prior to shipping from the mine site in Greenland. A bulk trial has been completed by one group to date. Discussions are ongoing with a number of rock wool manufacturers with regard to long term contracts.

## Research and Development

The Company has independently developed a number of research and development initiatives to further enhance the potential revenue from the product streams from the anorthosite mine in Greenland. These include the development of certain proprietary Intellectual Property in the following:

- CO<sub>2</sub> free cement
- Alumina and aluminum which can be produced with zero waste and valuable by-products

### CO<sub>2</sub> Free Cement

Through initial R&D the Company has demonstrated that a carbon dioxide (CO<sub>2</sub>) free white cement can be manufactured from anorthosite obtained from White Mountain which has good heat resistant and strength characteristics. This has been backed up by research at the University of British Columbia's Ceramics and Refractories Research and Testing Laboratory. The Company has engaged with a number of groups who are testing GreenSpar in their concrete formulations for future production. This product has significant environmental benefits to manufactures and developers.

### Alumina and Aluminum

Through R&D the Company has conducted a significant amount of laboratory test work and released a Preliminary Economic Assessment (PEA) on the production of "waste free green" alumina that would be an environmentally friendly alternative to the current production from alumina using bauxite that generates a by-product waste known as "red mud" that has significant disposal issues. Hudson's alumina product would not only have zero waste but will also have valuable by-products resulting from the production phase. The Company, along with Hudson Greenland, is in the process of producing smelter grade alumina samples at KPM in Kingston, Ontario, which will be used for evaluation purposes by potential end users.

## EXPLORATION AND DEVELOPMENT PROPERTIES

### ***Sarfartoq Mineral Claim (License number 2010/40 and 2020/32), Greenland***

Hudson has a 100% interest in the Nukittoq Nb-Ta Project and the Sarfartoq REE Project located in the Sarfartoq Exploration License in southwest Greenland. The Sarfartoq 2010/40 license was in its 25<sup>th</sup> year and work commitments in excess of \$5 million would have been required in the 2020 calendar year. Consequently, Hudson elected to relinquish the license in December 2019 and reapplied for a new exploration license on Sarfartoq which was granted to Hudson in the last quarter of 2020. The granting of the new Sarfartoq 2020/32 license has reset the minimum work commitment expenditures to approximately \$60,000 per annum. Due to COVID-19, the Government of Greenland has waived all work commitments for the calendar years 2020 and 2021 and extended the expiry of this license to December 31, 2025.

The Sarfartoq exploration license host the Sarfartoq Carbonatite Complex ("SCC") which is one of the larger carbonatite complexes in the world with approximate dimensions of 13 km by 8 km. It is located near tidewater, adjacent to very good potential hydroelectric power sites, and is approximately 60 km from the White Mountain mine. The SCC hosts a very high-grade niobium-tantalum exploration project and a high-grade light rare earth element deposit.

### **The Sarfartoq Rare Earth Element Project**

The Company has outlined a 14.1Mt at 1.5% TREO 43-101 compliant inferred resource containing 35 million kilograms of neodymium and praseodymium oxide in the ST1 Zone of the Sarfartoq REE Project. This represents one of the industry's highest ratios of neodymium and praseodymium to TREO in a light rare earth deposit of this type, totaling 25%, based on the inferred resource. In the past year there has been a significant increase in the interest of this asset due to global REE supply chain issues and concerns around Arctic sovereignty. The

Company has seen significant interest from the United States State Department and Canadian government and others given the need for a secure supply of strategic minerals.

Hudson has drilled over 30,000 meters on the Sarfartoq Carbonatite Complex and conducted extensive metallurgical testwork at Hazen Research and SGS in Canada. The main REE bearing mineral is bastnaesite which is metallurgical less complex and well known for TREO extraction. Previous testwork has demonstrated that recoveries of over 90% are achievable utilizing acid baking and leaching.

The Preliminary Economic Assessment in 2011 outlined a 2,000 tonne per day underground operation producing 6,500 tonnes per annum of rare earth carbonatite concentrate of 42-45% REO. The high-grade rare earth oxides at Sarfartoq are associated with thorium with low to non-existent uranium levels.

The ST1 Zone contains significant amounts of neodymium and praseodymium oxide, which are the two main components in permanent magnets and the fastest growth sector of the rare earths industry. Neodymium is currently trading for approximately US\$100/kg with excellent growth forecasts. The in-situ value of the neodymium and praseodymium alone is approximately US\$3.3B at current metal prices.

Adamas Intelligence (Investor Intel March, 2021) forecasts an annual neodymium praseodymium shortage of 16,000 tonnes expected by 2030 and expect the market for magnet rare earth oxides to increase five-fold by 2030 from US \$2.98B this year to US \$15.65 B at the end of the decade.”

The Sarfartoq REE project has excellent exploration potential to increase the high-grade tonnage with past drill holes including the following high-grade intercepts at the ST1 Zone:

- 24 meters of 3.5% TREO (SAR10-36)
- 14 meters of 4.8% TREO (SAR11-45)
- 6 meters of 6.05% TREO (SAR12-03)
- 6 meters of 4.91% TREO (SAR12-01)
- 8 meters of 6.5% TREO (SAR12-15)

Along the 32 km strike length of the carbonatite Hudson drilled numerous high grade holes on other targets including:

#### ST19 Target

- 60 meters of 2.6% TREO, including 12m of 4.0% (SAR10-22)
- 60 meters of 2.2% TREO, including 14m of 4.9% (SAR10-23)

#### ST40 Target

- 10.22 m of 1.36 % TREO (SAR09-03) which contained 54% neodymium oxide and praseodymium oxide - one of the industry's highest ratios of Nd and Pr

Hudson is planning an exploration and development work program for the Sarfartoq REE project which will include further metallurgical test work to improve recoveries and possibly drilling to expand on numerous high-grade drill intercepts. Further development of the Sarfartoq REE project may be dependent upon the improvement in world market prices for rare earths. The neodymium price has started to improve appreciably in the last few months with a 40% increase in the last month.

### **The Nukittoq Niobium and Tantalum Project**

In 2020 the Company initiated work on the Nukittoq Nb-Ta Project (“Nukittoq”) is an exceptionally high grade Nb-Ta prospect which is located on the southern margin of the large Sarfartoq Carbonatite Complex. The project is called Nukittoq which means “strong man” in Greenlandic to reflect the key characteristic of niobium as a



strengtheners of steel. The US and EU have designated niobium and tantalum as critical to the security and wellbeing of their countries.

The Sarfartoq Carbonatite Complex appears to be unique in terms of hosting high grade niobium and tantalum mineralisation, which show unusually high grades in comparison to any other such deposits throughout the world (<https://hudsonresourcesinc.com/projects/niobium-and-tantalum/>). The mineral of economic interest at Nukittoq is pyrochlore which is a niobium and tantalum oxide mineral.

The Company collected a total of 35 samples from outcrop along the 112 m of exposed pyrochlore mineralization. Three samples were also collected along the strike length for mineralogical analysis. On December 14, 2020, Hudson reported the assays from the sampling program which include:

- 35 grab samples reported an average grade of 19.35% Nb<sub>2</sub>O<sub>5</sub>, 0.27% Ta<sub>2</sub>O<sub>5</sub>
- Including a 30-meter section with 12 grab samples with an average grade of 32.35% Nb<sub>2</sub>O<sub>5</sub>
- The highest-grade grab sample reported a value of 48.50% Nb<sub>2</sub>O<sub>5</sub>, 1.21% Ta<sub>2</sub>O<sub>5</sub>

These 35 samples were used to undertake a significant metallurgical program at SGS in Lakefield, Ontario with a focus on producing a high-grade concentrate in Greenland which can be sent offshore for final processing. Results, which were announced on September 22, 2021, were very positive with a 55.3% concentrate being produced (NR2021-06).

The mineral of economic interest in the project area is pyrochlore (Na, Ca)<sub>2</sub>Nb<sub>2</sub>O<sub>6</sub>(OH,F), a sodium - calcium niobate with common but minor substitution by tantalum, titanium, and uranium. The Nukittoq project hosts several niobium targets within a one square kilometer area that the Company is evaluating. The targets have similar geology supported by historical high-grade niobium assays.

Pyrochlore mineralization at Nukittoq occurs as massive replacement, thin veins and disseminations within dilational zones of shear/breccia structures that cut Precambrian granite gneiss and diabase dikes. The pyrochlore is co-crystalline with aegirine, alkali feldspar, and ferric-biotite formed during metasomatism and mineralization by ultra-alkaline (fenite) solutions and coeval with dolomitic carbonatite stringers and veinlets. Some of the pyrochlore has undergone remobilization during later hydrothermal activity as evidenced by alteration overprinting.

Niobium and tantalum are vital to a wide range of products in the energy, infrastructure, transportation, medical and defense sectors. The EU and the United States have designated niobium and tantalum as critical to their security and wellbeing. There are only three primary producers of niobium in the world with typical mine grades ranging from 0.56% Nb<sub>2</sub>O<sub>5</sub> to 2.5% Nb<sub>2</sub>O<sub>5</sub>.

The niobium price has averaged US\$42/kg over the past five years with expected demand growth of 8%/annum. Tantalum currently trades at US\$150/kg.

The grab samples were analysed by SGS Lakefield, Canada, and the laboratory has commenced mineralogical work, including QEMSCAN and microprobe analysis, which will assist to drive a metallurgical test work program.

**Table 1.** Assay Result for the 35 grab samples

Tag #	Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %	Tag #	Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %	Tag #	Nb <sub>2</sub> O <sub>5</sub> %	Ta <sub>2</sub> O <sub>5</sub> %	U <sub>3</sub> O <sub>8</sub> %
1	0.02	< 0.01	0.0	13	14.50	0.07	0.22	25	0.55	< 0.01	0.01
2	4.76	0.02	0.09	14	47.10	0.77	1.06	26	18.50	0.41	0.52
3	4.87	0.03	0.10	15	36.00	0.53	0.68	27	42.40	0.54	0.81
4	28.50	0.12	0.58	16	4.54	0.03	0.09	28	41.60	0.54	0.83
5	46.70	0.21	0.53	17	7.87	0.05	0.15	29	29.10	0.18	0.28
6	5.11	0.02	0.09	18	26.10	0.40	0.46	30	4.06	0.03	0.09
7	1.48	0.02	0.03	19	43.00	0.80	1.02	31	6.99	0.08	0.15
8	16.20	0.05	0.24	20	36.80	0.67	1.05	32	3.75	0.03	0.07
9	7.63	0.04	0.14	21	48.50	1.21	1.08	33	13.20	0.08	0.18
10	4.33	0.02	0.06	22	40.80	0.92	1.05	34	9.11	0.07	0.20
11	2.69	0.02	0.04	23	32.30	0.38	0.52	35	6.50	0.06	0.14
12	13.20	0.07	0.19	24	28.60	0.38	0.58				

### Additional Licence Acquired

In the second half of 2021 the Company staked an exploration license (M-306) in Greenland. The license hosts a significant volume of anorthosite which the Company tested in 2016 as part of a reconnaissance program in Greenland. No work has been conducted on the license since acquiring it, but the Company hopes to commence exploration in the second half of 2022.

## RESULTS FROM OPERATIONS

### Selected Information

	For the year ended		
	March 31, 2022	March 31, 2021	March 31, 2020
Interest income	\$ -	\$ -	\$ -
Net income (loss)	(5,462,392)	(4,874,119)	(14,222,477)
Basic and diluted loss per share	\$ (0.03)	\$ (0.03)	\$ (0.08)

As at:	March 31, 2022	March 31, 2021	March 31, 2020
<b>Balance Sheet Data</b>			
Cash and cash equivalents	\$ 21,018	\$ 121,544	\$ 1,829,044
Restricted cash	-	-	2,612,711
Inventory	-	-	892,652
Equipment and right of use assets	8,183	52,216	9,404,005
Reclamation bonds	-	-	2,087,690
Resource properties	13,626	6,253	-
Development assets	-	-	50,257,360
Investment in associate	-	4,725,709	-
Total assets	\$ 63,479	\$ 4,956,015	\$ 67,922,459

### Year ended March 31, 2022 ("Q4 YTD 2022") compared with year ended March 31, 2021 ("Q4 YTD 2021")

The Company announced on September 23, 2020 during Q4 YTD 2021 that it had completed a debt restructuring of its then wholly owned subsidiary. Hudson Greenland A/S ("Hudson Greenland" or Lumina Sustainable Materials A/S ("Lumina") as renamed), which resulted in a disposition of controlling interest of 68.9% of the subsidiary. Upon the cease of control, the subsidiary was deconsolidated and a gain on disposition

was recognized on that date and the Company commenced accounting for its interest in Hudson Greenland on an equity basis by recognizing its share of profits and losses of this investment in associate from that date forward. Subsequent to the disposition date, the new management of Lumina determined that it would no longer capitalize the White Mountain project expenditures as development assets given the project's production capability. Accordingly, this change in accounting estimate has resulted in Lumina expensing its project expenditures, and the Company has recognized its share of profits and losses on that basis reflecting this change from the disposition date onward.

The Company recorded a comprehensive loss of \$5,462,392 for Q4 YTD 2022 compared with a comprehensive loss of \$4,853,759 for Q4 YTD 2021.

Depreciation expense was \$44,033 for Q4 YTD 2022 and was comparable to \$44,200 for Q4 YTD 2021.

Director fees decreased to \$96,000 in Q4 YTD 2022 from \$121,667 in Q4 YTD 2021 due to a decrease in number of directors and change in director fee structure. These fees have been accrued and payable to the Company's current directors, who have agreed to defer payment until the Company's financial situation improves.

Exploration evaluation costs were \$36,036 for Q4 YTD 2022 compared to \$35,792 for Q4 YTD 2021. The Company did not incur significant evaluation and exploration costs in these periods in order to conserve cash.

Total foreign exchange gain was \$154 for the current period compared to a foreign exchange gain of \$2,037,591 in Q4 YTD 2021. There were minimal number of foreign exchange transactions after the deconsolidation of Lumina. The gain in the prior period was prior to the deconsolidation and mainly due to the fluctuations in the exchange rates amongst the Canadian dollar, United States dollar, and Danish Krone. The gain was primarily the result of the continued weakness in the USD against the DKK, the functional currency of the Company's subsidiary, where its US\$ denominated debt balance increased.

Interest and financing costs of \$15,294 were recorded in Q4 YTD 2022 compared to \$2,504,087 in Q4 YTD 2021. The current period's amount primarily includes only recognition of interest expense from its right of use assets and the interest accrued on notes payable. The prior year's costs relate to prior to the deconsolidation of Hudson Greenland and reflect the accrued interest and cash transaction costs associated with the short-term loan facility entered into in December 2019. Interest costs incurred in Lumina on the long-term loans were previously capitalized into development assets until commercial production is reached.

Total office expenses totalled \$32,890 for Q4 YTD 2022, compared with \$63,572 in Q4 YTD 2021 as the Company continues to cut costs.

Personnel costs was \$542,539 for Q4 YTD 2022 compared with \$697,003 in Q4 YTD 2021. The amount was lower than the prior period due to a reduction in headcount at the corporate office.

Professional fees were \$73,273 in Q4 YTD 2022. This compared to \$278,266 in Q4 YTD 2021 when the Company incurred increased legal costs associated with the debt restructuring of Hudson Greenland.

Rent expense remained consistent at \$27,993 in Q4 YTD 2022 as compared to \$27,777 in Q4 YTD 2021.

Share-based payment expenses were \$118,673 for Q4 YTD 2022 compared to \$300,605 for Q4 YTD 2021. Such expenses are measured based on calculations using the Black-Scholes model and relate to the vesting of stock options over time. No stock options were issued in the current year.

Shareholder and community engagement costs were insignificant and consistent at \$8,925 in Q4 YTD 2022 as compared to \$12,535 in Q4 YTD 2021.

Transfer agent and filing fees were lower at \$24,406 for Q4 YTD 2022, compared to \$38,105 recorded for Q4 YTD 2021 with lower level of activities.

Travel and accommodation expenses were immaterial at \$109 for the current quarter, compared to \$866 in Q4 YTD 2021, as the Company focussed on conserving cash by minimizing expenditures in the current period.

Share of loss of \$4,725,709 from equity accounting of Hudson Greenland in the current period. Project expenditures are no longer capitalized in Lumina's accounts after the deconsolidation of Lumina from the disposition of its controlling interest as at September 22, 2020 and Lumina's decision to change accounting estimates. The amount of share of loss recognized in the current year was limited to the carrying value of Investment in Associates that remained at the beginning of the period.

Other income of \$283,334 consisted large of fees associated with provision of operational and management support to the White Mountain Project and some income from the sublet of the Company's premises in the last quarter of the current year. Other income of \$342,576 in the prior year relate to the management services related fees charged for the assisting on the White Mountain Project.

The Company recorded a gain on disposition of controlling interest of \$370,781 in the prior year from the disposition of controlling interest in Lumina.

## SUMMARY OF QUARTERLY RESULTS

	Three months ended			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
Interest and other income	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(220,193)	(2,040,362)	(1,737,267)	(1,464,570)
Basic and diluted earnings (loss) per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)

	Three months ended			
	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Interest and other income	\$ -	\$ -	\$ -	\$ -
Net income (loss)	(8,650,624)	744,094	3,383,513	(351,102)
Basic and diluted loss per share	\$ (0.05)	\$ 0.00	\$ (0.02)	\$ 0.00

The Company transitioned to the development stage in fiscal year 2018 where costs associated with its White Mountain project were capitalized. The Company's net results were historically mainly due to share-based payments, and foreign exchange fluctuations amongst the US\$, Canadian dollar, and the DKK which have significant impact on the quarterly results of operations from the earlier quarters.

In the most recent quarters since December 31, 2020, the larger net losses were recorded primarily from the Company's share of loss from its equity accounted investments. For the quarter ended September 30, 2020, a net income was recorded largely due to a recognition of a gain on disposition of controlling interest and unrealized foreign exchange gains due to continued weakness in the US\$ against the DKK.

### Three months end March 31, 2022 ("Q4 2022") compared with three months end March 31, 2021 ("Q4 2021")

The Company announced on September 23, 2020 that it had completed a debt restructuring of Hudson Greenland which resulted in a disposition of controlling interest of 68.9% of the subsidiary. Upon the cease of control, the subsidiary was deconsolidated and a gain on disposition was recognized on that date and the Company commenced accounting for its interest in Hudson Greenland on an equity basis by recognizing its share of profits and losses of this investment in associate from that date forward. Subsequent to the disposition date, the new management of Hudson Greenland determined that it would no longer capitalize the White Mountain project expenditures as development assets given the project's production capability. Accordingly, this change in accounting estimate has resulted in Hudson Greenland expensing its project expenditures, and the Company has recognized its share of profits and losses on that basis and made the necessary cumulative adjustments in 2021Q4 reflecting this change from the disposition date onward.

The Company recorded a comprehensive loss of \$220,193 for Q4 2022 compared with a comprehensive income of \$8,650,624 for Q4 2021.

Depreciation expense was \$11,008 for Q4 2022 and was comparable to \$11,050 for Q4 2021.

There was no change in director fees at \$24,000 in Q4 2022 from Q4 2021. These fees have been accrued and payable to the Company's directors, who have agreed to defer payment until the Company's financial situation improves.

Exploration evaluation costs were \$964 for Q4 2022 compared to \$15,243 for Q4 2021. The Company did not incur significant evaluation and exploration costs in these periods in order to conserve cash.

Total foreign exchange gain was \$nil for the current period compared to a foreign exchange loss of \$371,625 in Q4 2021. There were minimal number of foreign exchange transactions after the deconsolidation of Hudson Greenland.

Interest and financing costs of \$5,406 were recorded in Q4 2022 compared to \$440,954 in Q4 2021. Both periods include recognition of interest expense from its right of use assets and the current quarter included interest accrued on notes payable. The higher amount in Q4 2021 it included a cumulative adjustment made for interest and financing costs incurred prior to the deconsolidation of Hudson Greenland from the disposition of its controlling interest at the end of the second quarter.

Total office expenses totalled \$10,224 for Q4 2022, compared with \$14,832 in Q4 2021 as the Company continues to cut costs.

Personnel costs was \$106,472 for Q4 2022 compared with a recovery of \$33,031 in Q4 2021. The amount in the comparative period included a cumulative adjustment of \$231,295 associated with Canadian Hudson Greenland employee payroll being processed through the Company. Factoring this out, the net personnel cost in Q4 2021 would have been higher at \$198,264, where it reflected a higher head count.

Professional fees of \$43,625 was recorded in Q4 2022, compared to \$116,370 in Q4 2021. The higher costs in the prior period included a cumulative adjustment made for interest and financing costs incurred prior to the deconsolidation of Lumina from the disposition of its controlling interest at the end of the second quarter.

Rent expense remained consistent at \$7,154 in Q4 2022 as compared to \$6,952 in Q4 2021.

Share-based payment expenses were \$14,574 for Q4 2022 compared to a recovery of \$149,924 for Q4 2021. Such expenses are measured based on calculations using the Black-Scholes model and relate to the vesting of stock options over time.

Shareholder and community engagement costs were \$nil in Q4 2022 as compared to \$2,055 in Q4 2021.

Transfer agent and filing fees were \$8,354 for Q4 2022, lower and not significantly different from \$12,158 recorded for Q4 2021.

There were no travel and accommodation expenses for both the current and comparative quarter, as the Company focussed on conserving cash by continuing to minimize expenditures in the current period.

Upon the debt restructuring and the resultant disposition of controlling interest in Lumina completed in the September 2020, the Company recorded an adjustment of \$3,440,348 to its gain on its gain on disposition of controlling interests.

Share of loss of \$nil from equity accounting of Lumina in the current quarter. Project expenditures are no longer capitalized in Lumina's accounts after the deconsolidation of Lumina from the disposition of its controlling

interest as at September 22, 2020. The amount of share of loss recognized in the current three months was limited to the carrying value of Investment in Associates that remained at the beginning of the period. The Company recorded a \$3,500,592 in its share of loss from associates in the prior period.

There was \$11,588 in other income recognized in the current period related to income from sublet of the Company's office premises, compared to \$22,198 of other income received from provision of management related services on the White Mountain Project.

## **GOING CONCERN**

The Company's consolidated financial statements for the year ended March 31, 2022, have been prepared in accordance with IFRS requirements that are applicable to a going concern, which contemplates the realization of assets and settlement of liabilities as they come due in the normal course of business.

As at March 31, 2022, the Company had a working capital deficit of approximately \$834,074. 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 had a deficit of \$92.3 million as at March 31, 2022, with the cumulative losses being attributable to the very long lead times required to identify and secure potential minerals resources of commercial value, to obtain all necessary permits and licenses required for development of a deposit and the complexity of construction of the processing plant and shipping facilities in a remote location, combined with some start-up operating and transportation logistical issues. The Company has also recorded losses related to its share of losses in its investment in associates since the disposition of controlling interest in Lumina.

In addition to above, the Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future cash flow from its operations and/or obtain additional financing.

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

## **LIQUIDITY AND CAPITAL RESOURCES**

As noted previously, the Company continues to be in a working capital deficiency position. The Company has no material income from operations and any improvement in working capital results will primarily be from the issuance of share capital.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) or by obtaining debt financing, in order to bring the project into commercial production, finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising the required financing.

The Company's future financial performance is dependent on many external factors. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and affected by changes in domestic and international, political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

The Company invests its cash balances in interest bearing accounts with Canadian banks.

## OUTSTANDING SHARE DATA

As at March 31, 2022 and as at the date of this MD&A, the Company had 178,409,205 common shares issued and outstanding.

- There were 2,850,000 share purchase warrants outstanding As at March 31, 2022 and as at the date of this MD&A, each of which is exercisable for one common share at \$0.45.
- There were 8,950,000 stock options outstanding as at March 31, 2022 and as of the date of this MD&A. The current outstanding stock options are exercisable at prices ranging from \$0.15 to \$0.47.

## RELATED PARTY TRANSACTIONS

For the year ended March 31, 2022 and 2021 respectively, the Company incurred the following expenses for directors and officers of the Company:

	For the year ended	
	March 31, 2022	March 31, 2021
Short-term employee benefits - personnel costs	\$ 508,333	\$ 572,667
Short-term employee benefits - directors' fees	96,000	121,667
Share-based payments	94,172	248,006
	\$ 698,506	\$ 942,340

The balance due to related parties included in accounts payable and accrued liabilities was \$655,583 and included \$391,000 for directors' fees and \$264,583 in personnel costs as at March 31, 2022 (March 31, 2021 – \$295,000 and \$Nil respectively). In light of the Company's current financial situation, the former and current directors and management of the Company have agreed to defer payment of these fees until the Company's financial situation improves. These amounts are unsecured and non-interest bearing.

From October 26 to November 2, 2021, the Company received unsecured advances totaling \$125,000 from members of its Board of Directors for working capital purposes. The advances are in the form of promissory notes and are for a term of three months and bears interest at 12% per annum. The balance outstanding on these notes, including accrued interest, was \$131,354 as at March 31, 2022. The Company received further advances from the same directors totalling \$70,000 subsequent to March 31, 2022. These advances are also in the form of promissory notes and are for a term of three months and bear interest at 12% per annum. No amount of the advances have been repaid as at the date of this MD&A,

## COMMITMENTS

	Total	2023	2024	2025	2026	2027 and thereafter
Lease from right of use asset	\$ 8,700	\$ 8,700	\$ -	\$ -	\$ -	\$ -
	\$ 8,700	\$ 8,700	\$ -	\$ -	\$ -	\$ -

In December 2019, the Company relinquished the Sarfartoq license due to expected work commitment expenditures of approximately \$5 million in the calendar year 2020. The Company elected to relinquish the license in December 2019 and reapplied in January 2020 for a new license on Sarfartoq that was granted in March 2020. As a first year license, it has minimum annual work commitment expenditures of approximately \$60,000; however, due to the COVID-19 situation, the Greenlandic government has waived all work commitments for 2020 and 2021 and extended the expiry of this license to December 31, 2025.

## **FINANCIAL INSTRUMENTS**

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in note 17 of the Company's condensed consolidated interim financial statements for the year ended March 31, 2022. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the consolidated financial statements for the year ended March 31, 2021.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

As at March 31, 2022 and the date of this report, the Company had no disclosable proposed transaction except as disclosed. It is the Company's policy not to disclose transactions until they are fully executed.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

### **General**

The Company is a junior exploration company with a minority interest in a pre-commercial production stage project in Greenland. The Company is listed on the TSX Venture Exchange and is engaged in the acquisition, exploration, development and mining of mineral properties. The recoverability of the amounts shown for resource assets is dependent upon the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The consolidated financial statements and discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the year ended March 31, 2022 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and pre-development activities that are being conducted, which in turn may depend on the Company's recent experience and prospects, as well as the general market conditions relating to the availability of funding for development-stage resource companies. Consequently, the Company does not acquire properties or conduct work programs on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.



## **Trends**

The Company's financial success is dependent upon successful the discovery of properties which could be economically viable to develop and sales of its mining products. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced. Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

## **Competitive Conditions**

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors and for mining equipment. There is significant and increasing competition for a limited number of rare earth and other resource acquisition opportunities and as a result, the Company may be unable to acquire suitable producing properties or prospects for exploration in the future on terms it considers acceptable. The Company competes with many other companies, the majority of which have substantially greater financial resources than the Company.

## **Environmental Factors and Protection Requirements**

The Company currently conducts exploration and development activities in Greenland. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There are no assurances that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards caused by previous or existing owners or operators of the properties may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploitation with limited environmental impact.

## **Mineral Exploration and Development**

As at March 31, 2022, the Company has minority interest in one production stage project (White Mountain) that is fully permitted and constructed. The Company relinquished and reapplied for a new exploration license at the Sarfartoq Carbonatite Complex which hosts rare earth element and niobium/tantalum prospects. This new exploration license was granted to the Company in March 2020. Development of the Company's exploration properties will only proceed upon obtaining satisfactory exploration results and the subsequent analysis of the technical and financial feasibility of developing such properties. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of a body of commercial rare earths, niobium or industrial minerals on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

## **Operating Hazards and Risks**

Mineral exploration and development involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and

production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

### **Economics of Developing Mineral Properties**

Substantial expenditures are required to establish reserves through drilling, to develop processes to commercially extract the respective ores/ commodities contained therein and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis. The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

### **Commodity Prices**

Hudson Greenland's revenues, if any, are expected to be in large part derived from the mining and sale of anorthosite and industrial minerals or interests related thereto. The price of comparative commodities has fluctuated in recent years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods. The effect of these factors on the price of these commodities, and therefore the economic viability of the Company's operations cannot accurately be predicted and, in almost all cases, are factors which the Company cannot change or influence.

### **Title**

Although the Company believes that it has taken all reasonable legal and other actions to ensure that it has good title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

### **Governmental Regulation**

Operations, development and exploration on the Company's properties are affected to varying degrees by:

- i. government regulations relating to such matters as environmental protection, health, safety and labour;
- ii. mining law reform;
- iii. restrictions on production, price controls, and tax increases;
- iv. maintenance of claims;
- v. tenure; and
- vi. expropriation of property.

There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted. If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess. The Bureau of Mines and Petroleum in Greenland currently restricts the mining of radioactive elements and there is no assurance that the ban will be lifted if the production of REE contains radioactive elements as by products to the primary metals.

### **Management and Directors**

The Company is dependent on a relatively small number of directors and management: Kevin Crawford, Donna Phillips, Antony Harwood, David Frattaroli, and James Cambon. The loss of any of one of those persons could have an adverse effect on the Company. The Company does not maintain key person insurance on any of its management.

### **Conflicts of Interest**

Certain officers, directors and advisors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

### **Limited Operating History: Losses**

As the Company has experienced losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at March 31, 2022, the Company's deficit was \$92,335,816.

### **Price Fluctuations: Share Price Volatility**

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the past 12 months, the Company's share price fluctuated from a high of \$0.14 to a low of \$0.03. There can be no assurance that continual fluctuations in share price will not recur.

### **Additional Capital**

Mining, processing, development and exploration may require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms.

### **Currency Fluctuations**

The Company presently maintains its corporate bank accounts in Canadian dollars. The Company's operations in Greenland and its continued exploration and development expenditures in Greenland are denominated in

DKK, US dollars and Canadian dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially adversely affect the Company's financial position and results.

## **COVID-19**

Since March 2020, several measures have been implemented in Canada, Greenland, and the rest of the world in response to the increased impact from COVID-19. The Company continues to operate its business and move its exploration activity forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position, and cash flows in 2022 and 2023.

## **CRITICAL JUDGEMENTS AND ESTIMATES**

### **JUDGEMENTS**

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

#### **Deferred tax assets**

Management is required to make estimations regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, the measurement of income tax expense, and indirect taxes. A number of these estimates require management to make estimates of future taxable profit and, if actual results are significantly different than estimates, the ability to realize the deferred tax assets recorded on the statement of financial position could be impacted. The Company is subject to assessments by tax authorities who may interpret tax law differently. These factors may affect the final amount or the timing of tax payments.

#### **Determination of functional currency**

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", management determined that the functional currency of Hudson is the Canadian dollar as this is the currency of the primary economic environments in which the entities operate.

#### **Going concern determination**

The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the upcoming year requires significant judgment based on past experience and other assumptions including the probability that future events are considered reasonable according to the circumstances.

### **ESTIMATES**

Since a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include, but are not limited to, the following:

## Share-based payment transactions

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

## CHANGES IN ACCOUNTING POLICIES AND NEW ACCOUNTING DEVELOPMENTS

### *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, 2022. The Company does not anticipate such updates will be applicable or have significant impacts on the Company's results of operations or financial position.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property expenditures is provided in the Company's unaudited condensed consolidated interim financial statements For the year ended March 31, 2022 which are available on the Company's website at [www.hudsonresourcesinc.com](http://www.hudsonresourcesinc.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## APPROVAL

The Company's Board of Directors has approved the disclosure contained in this MD&A.

## FORWARD-LOOKING INFORMATION

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "Risks and Uncertainties" in this MD&A. Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to

differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.