



**GREENLAND RESOURCES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE SIX MONTHS ENDED**

**SEPTEMBER 30, 2021**



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### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2021**

This Management Discussion and Analysis ("MD&A") is made as of November 12, 2021 and should be read in conjunction with the condensed consolidated interim financial statements of Greenland Resources Inc. (the "Corporation") for the six months ended September 30, 2021 and 2020 (the "quarter" or "period") and the related notes. The Corporation's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars (\$) or CAD). The Corporation reports its financial position, results of operations and cash-flows in accordance with International Financial Reporting Standards ("IFRS").

For further details, please refer to the Corporation's web site ([www.greenlandresources.ca](http://www.greenlandresources.ca)) as well as its Canadian regulatory filings on SEDAR at [www.sedar.com](http://www.sedar.com).

Except for statements of historical fact relating to the Corporation, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Corporation's properties; the future prices of base and precious metals; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Corporation. Generally, forward-looking information can be identified by the use of forward-looking terminology 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 statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Corporation to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Corporation's expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; future prices of precious metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of the Corporation has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such 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 information. The Corporation does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

#### **QUALIFIED PERSON**

Mr. Jim Steel BSc, MBA, P.Geo., a director of the Corporation and a Qualified Person under National Instrument 43-101, has reviewed and approved the technical disclosure in this MD&A.

## **DESCRIPTION OF THE BUSINESS**

The Corporation is a Canadian junior resource company presently focused on the acquisition, exploration and development of mineral projects. Its main focus is on its Malmbjerg Molybdenum Project in eastern Greenland.

The Corporation is a reporting issuer in the Province of Ontario. The common shares of the Corporation trade on the NEO Exchange under the symbol “MOLY”, and on the Frankfurt Stock Exchange under the symbol “2LF”. As at the date of this MD&A, the Corporation had 97,995,365 common shares issued and outstanding and 21,433,131 shares reserved for issuance pursuant to a non-assignable investors’ and agents’ warrants (13,533,131 shares if exchanged) and stock options (7,900,000 shares if exchanged). See “Capital Stock”.

The Corporation holds a 100% interest in an exploration licence in Greenland issued by the Greenland Mineral License and Safety Agency. License 2018/11 covers an 82 square kilometer area north of Scoresby Sund in eastern Greenland that includes the Malmbjerg molybdenum deposit.

As is standard for a junior mineral exploration company, the success of the Corporation’s exploration efforts cannot be assured. It has no current sources of revenue other than interest earned on cash and short-term money market instruments derived from previous financings. An investment in the securities of the Corporation is highly speculative and involves numerous and significant risks, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described in the section entitled “Risks and Uncertainties” below.

Under its February 8, 2008 agreement with The Hospital for Sick Children (“HSC”) (which was brokered when the Corporation had biomedical research as its primary business) the Corporation is entitled to 10% of net proceeds received by HSC from any future commercialization agreements pertaining to intellectual property derived from experimental work it funded on brain tumour animal models using the best of HSC’s previously identified and potentially effective drugs in order to bring them to clinical trial for human brain tumour patients. The Corporation has no further obligations with respect to the HSC agreement but continues to follow the progress of the Project.

## **PROJECTS**

### Malmbjerg Molybdenum Project

The Malmbjerg Molybdenum Project is a Climax-type porphyry molybdenum deposit located close to tidewater in central-east Greenland. The deposit is located within an 11 square kilometer exploration license issued to Greenland Resources Inc. that was expanded to 82 square kilometers in April 2019. The deposit and surrounding area have been explored and studied extensively since the 1950s by a variety of owners through diamond drilling and underground exploration. In 2007, the Malmbjerg project was acquired by a Canadian public company which carried out development studies and permitting, including feasibility studies and an NI 43-101 Technical Report that included resource estimates.

## **TRENDS**

The Corporation is a natural resource company headquartered in Canada, focused on exploring its current precious and base metal property interests. The Corporation’s future financial success will be dependent on management’s successful development of the Malmbjerg Molybdenum Project or the acquisition and successful development of one or more other projects. The development of the project could take years to complete, and the resulting income, if any, is difficult to predict with certainty. To date, the Corporation has not produced any revenues.

There are significant uncertainties regarding the prices of metals and the availability of equity financing for the purposes of exploration and development. The future performance of the Corporation is largely tied to the outcome of its exploration activities, the development of its property interests and other prospective business opportunities, and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and global growth prospects. Uncertainty in the financial markets has also led to increased difficulties in raising funds for junior exploration companies. Companies worldwide have been affected particularly negatively by these trends. As a result, the Corporation may have difficulties raising equity financing for the purposes of mineral exploration and development without significantly diluting the interests of existing shareholders. These trends may limit the ability of the Corporation to discover and develop its current mineral exploration property and

any other property interests that may be acquired in the future. See “Risks and Uncertainties” and “Cautionary Note Regarding Forward-Looking Information”.

## **OVERALL PERFORMANCE**

The Corporation’s exploration and evaluation activities are generally at an early stage, and it has not yet been determined whether its property contain economically recoverable metals. As a result, the Corporation has no current sources of revenue other than interest earned on cash derived from prior financings. While the Corporation has defined mineral resources at its property, at this time there are no deposits of minerals known to be economically recoverable within the Corporation’s mineral exploration property, and any activities of the Corporation thereon constitute exploratory searches for economically extractable minerals.

### Malmbjerg Molybdenum Project activities

The Project is a Climax-type pure molybdenum mineral deposit located close to tidewater near Mestersvig airport in central-east Greenland. The Malmbjerg molybdenum deposit has pit-constrained Measured and Indicated Resources of 281 million tonnes at 0.18% MoS<sub>2</sub>, for 661 million pounds of contained molybdenum metal (Tetra Tech, 2021). The Malmbjerg project benefits from a 2008 Feasibility Study completed by Wardrop (now Tetra Tech), an Environmental and Social Impact Assessment (SRK, 2007), an engineering optimization Concept Study (DRA, 2019) and had a previous exploitation license granted in 2009.

During 2018 the Company conducted a Phase I Malmbjerg Project Optimization study aimed to improve economics vs the historic Malmbjerg project feasibility study conducted by Wardrop (now Tetra Tech) in 2008. The successful results were incorporated in a Concept Study (DRA, 2018) and an updated Mineral Resource estimate (RPA, 2018). The Concept Study proposed an open-pit operation to exploit a pit-constrained mineral resource and an ore transportation tunnel and road combination to processing infrastructure located on barges positioned in an enclosed bay off King Oscar Fjord so as to minimize capex and environmental effects of project development.

On April 30, 2019, the Greenland Mineral License and Safety Authority granted an enlargement to the Corporation’s 100% owned mineral license MER 2018/11. The size of the Malmbjerg molybdenum project has thus increased from the original 11km<sup>2</sup> (where the Molybdenum deposit open pit is located within this original 11km<sup>2</sup> area) to 82km<sup>2</sup>. The license enlargement covers the lands where the production and access tunnel are planned. The tunnel will allow hydraulic transport of ore from the mine via a surface pipeline to the milling facility located on barges at tidewater.

In August 2, 2019, the Corporation engaged Golder Associates A/S in Denmark in cooperation with Inuplan A/S in Greenland, to update the Environmental Impact Assessment and Social Impact Assessment for its 100% owned Malmbjerg Molybdenum project in Greenland. The Corporation expects that a considerable amount of the extensive previous environmental and social baseline data will be applicable for the submission that aims to obtain a new exploitation permit.

As part of the process to obtain an exploitation license, during October 2 to 4, 2019, the Corporation conducted a series of community meetings in Ittoqqortoormiit, Greenland to provide residents an update on the Malmbjerg Molybdenum project. The presentation was in Danish supported by a local Greenlandic translator and hard copies were distributed in Greenlandic.

On December 9, 2019, the Corporation filed with the Greenland Minerals Authority (“GMA”) the Scoping documents and Terms of Reference (“ToR”) for the Environmental Impact Assessment (“EIA”) and for the Social Impact Assessment (“SIA”), in accordance with guidelines published by GMA. Both the EIA and SIA are key documents required to obtain an exploitation license in Greenland. The ToR was prepared by Golder Associates A/S in Denmark in cooperation with Inuplan A/S in Greenland.

On February 13, 2020, the Greenland Mineral Authority provided comments on the ToR EIA and Social Impact and SIA and the Corporation addressed them.

During May 2021, the Company completed the sale of 100% of the outstanding shares of the Company’s wholly-owned subsidiary, Copenhagen Minerals Inc., which owns the Storø Gold project, to Greenhawk Resources Inc. with the aim to create value to Greenland Resources shareholders and focus on its flagship world class Malmbjerg molybdenum project in east central Greenland.

In May 2021 as part of the exploitation license requirements, the Company incorporated a new wholly-owned Greenlandic subsidiary called Greenland Resources A/S and initiated the transfer to this new subsidiary of the mineral license 2018/11 that holds the Malmbjerg Molybdenum Project.

During the 2021 calendar year the Company has been working with various world-class consultants who were most of them part of the 2008 Feasibility Study and completed a successful summer field program during the month of August. The program consisted of environmental, geophysical, geotechnical, engineering, seismic, bathymetric, navigational, and other studies, as described more fully in our press release of September 15, 2021.

In October 2021 the Company announced that TetraTech Canada Inc prepared an independent Mineral Resource estimate of 281 million tonnes grading 0.18% MoS<sub>2</sub> resulting in 661 million pounds of Mo in the Measured and Indicated Resource categories at the Company's 100% owned, Malmbjerg Molybdenum Project.

Due to COVID-19, the minimum exploration requirements for 2020 and 2021 (years 3 and 4) were waived by the Government of Greenland and both years have been taken out of the licence period, thereby extending the licence period by two years. After Year 5 the Company has the option to extend the license for a further five years from December 31, 2024. By the end of the year ended March 31, 2020, the Company's expenditures on engineering studies of Malmbjerg had exceeded the minimum annual required renewal amounts through the end of Year 5.

Molybdenum is a metal, used mainly in steel and chemicals, that is needed in all technologies in the upcoming green energy transition (World Bank, 2020; IEA, 2021). When added to steel and cast iron, it enhances strength, hardenability, weldability, toughness, temperature strength, and corrosion resistance. Based on data from the International Molybdenum Association and the European Commission Steel Report, the world produced around 546 million pounds of molybdenum in 2020 where the European Union ("EU"), as the second largest steel producer in the world, used approximately 25% of global molybdenum supply and has no domestic molybdenum production. To a greater degree, the EU steel-dependent industries like automotive, construction, and engineering, represent around 18% of the EU's ≈ US\$16 trillion GDP. Greenland Resources' Malmbjerg molybdenum project has the potential to supply in and for the EU for decades to come approximately 25 million pounds per year of environmentally friendly molybdenum from a responsible EU Associate member country.

In May 2020, the World Bank Group published its "Report on Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition", naming molybdenum as a cross-cutting critical mineral that will be used in all green energy transitions. In this Report, the World Bank estimates a 119% demand increase for molybdenum from electricity generation technologies through 2050.

In May 2021, International Energy Agency published its report, "The Role of Critical Minerals in Clean Energy Transition", naming molybdenum as a mineral that will be used in clean energy technologies. The report estimates a 290% demand increase for molybdenum through 2040 under SDS scenario for renewables.

Exploration and evaluation expenses for the Malmbjerg Molybdenum Project in the current quarter were related to the resource estimate and the concept studies described above. These expenses and those from the project's preceding two years are summarized in the following table:

	<b>Six months ended September 30, 2021 \$</b>	<b>Twelve months ended March 31, 2021 \$</b>	<b>Twelve months ended March 31, 2020 \$</b>
License fees, tenure	3,346	6,364	3,240
Consulting, deposit studies	927,097	72,075	373,436
Travel, meals and accommodation	811,659	-	16,556
Communications and data	47,586	-	-
Supplies and services	138,355	320	3,513
	<u>1,928,043</u>	<u>78,759</u>	<u>396,745</u>

Other exploration (project generation)

No outside exploration (project generation) expenses were incurred in the year ended March 31, 2021.

Sale of discontinued operation

On May 28, 2021, the Company completed the sale to Greenhawk Resources Inc. (“Greenhawk”, formerly Cryptologic Corp.) of 100% of the outstanding shares of the Company’s wholly-owned subsidiary, Copenhagen Minerals Inc., which owns the Storø Gold Project and associated exploration and prospecting licences located in southwest Greenland.

**SELECTED FINANCIAL INFORMATION**

The following selected annual financial data for the years ended March 31, 2021, 2020 and 2019 comes from the Statements of Loss and Comprehensive Loss in the audited financial statements for years ended March 31, 2021, 2020, and 2019.

<b>Years ended March 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	-	-	-
Interest income	(29)	(131)	(14)
Operating expenses	(1,194,081)	(1,065,729)	(1,628,410)
Unrealized (loss)/gain on investments	-	(600,000)	(100,000)
Loss from operations	(1,194,052)	(1,665,598)	(1,728,410)
Loss from discontinued operations	(220,537)	(66,424)	-
Net and Comprehensive Loss	(1,414,589)	(1,732,022)	(1,728,410)
Loss per share – basic and diluted	(0.02)	(0.02)	(0.02)

The following selected annual financial data at March 31, 2021 and 2020 comes from the Statements of Financial Position in the audited annual financial statements for the annual periods ended March 31, 2021 and 2020.

	<b>As at March 31,</b>	<b>As at March 31,</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total assets	8,191,759	1,432,294
Total non-current liabilities	-	-
Distributions or cash dividends	-	-

The net loss for the year ended March 31, 2021, predominantly represented management costs, including stock-based compensation, and costs of engineering, mining, metallurgical, economic, logistical and other studies to assess past work and future design possibilities for the Malmbjerg molybdenum project. The prior year’s larger net loss reflected a higher level of project activity. General corporate administration costs were low in both years.

As the Corporation currently has no recurring revenue, its ability to fund its operations is dependent on securing outside financing when required. See “Trends” and “Risks and Uncertainties”.

## RESULTS OF OPERATIONS

The Corporation's net loss during the quarter ended September 30, 2021 was \$5,637,043, comprised of the 2021 summer field program expenditures of \$1,451,738, a fair value loss of \$3,454,000 on the common shares of Greenhawk Resources Inc., and a net loss from operations of \$731,305 arising mainly from the transition to trading on the NEO Exchange.

## SUMMARY OF QUARTERLY RESULTS

The following tables set out selected quarterly results of the Corporation most recent eight financial quarters. The unaudited information presented here is derived from the relevant interim financial statements of the Corporation. The results for fiscal 2021 are influenced by reduced activity due to COVID-19.

Calendar Year	2021	2021	2021	2020
Quarter Ended	September 30 (Q2-2022)	June 30 (Q1-2022)	March 31 (Q4-2021)	December 30 (Q3-2021)
Revenue	-	-	-	-
Working Capital	7,144,500	7,501,541	7,994,565	825,017
Expenses	(2,184,500)	(732,234)	(1,017,364)	(97,264)
Fair value loss	(3,454,000)			
Gain on sale	-	5,530,000	-	-
Interest income	2,211	2,279	29	-
Net income (loss)	(5,637,043)	4,786,976	(1,017,335)	(97,264)
Net Income (Loss) (per share, basic and diluted)	(0.06)	0.06	(0.01)	(0.001)

Calendar Year	2020	2020	2020	2019
Quarter Ended	September 30 (Q2-2021)	June 30 (Q1-2021)	March 31 (Q4-2020)	December 31 (Q3-2020)
Revenue	-	-	-	-
Working Capital	843,962	1,137,907	1,274,871	1,580,308
Expenses	(163,025)	(136,965)	(397,473)	(153,540)
Unrealized gain	-	-	(600,000)	-
Interest income	-	-	-	-
Net income (loss)	(163,025)	(136,965)	(997,340)	(153,540)
Net Loss (per share, basic and diluted)	(0.002)	(0.002)	(0.01)	(0.002)

## LIQUIDITY AND CAPITAL RESOURCES

The activities of the Corporation are financed through the completion of equity transactions such as equity offerings and the exercise of warrants. There is no assurance that equity capital will be available to the Corporation in the amounts or at the times desired or on terms that are acceptable to the Corporation, if at all. See "Risks and Uncertainties".

The Corporation's operations consist of the acquisition, exploration and development of mineral properties. During the quarter ended September 30, 2021, and the year ended March 31, 2021, substantially all of the Corporation's assets and operations related to the acquisition, exploration and development of resource properties were held in Canada. All of its exploration properties were located in Greenland.

The Corporation's cash totaled \$5,102,214 at September 30, 2021 (March 31, 2021 - \$8,095,629). The Corporation had working capital of \$7,144,500 at September 30, 2021 (March 31, 2021 - \$7,994,565).

Current liabilities of the Corporation at September 30, 2021 were \$181,282 (March 31, 2021 - \$197,194).

The Corporation has no exposure to debt and no credit or interest rate risk. Amounts payable and other liabilities are

short-term and non-interest-bearing. The Corporation's liquidity risk with financial instruments is minimal as excess funds are held as cash and money market funds with a Canadian bank.

The Corporation's present plans are to deploy its cash to advancing its Malmbjerg Molybdenum project, to identify additional opportunities and to fund its general and administrative expenditures for its corporate activities. See "Cautionary Note Regarding Forward-Looking Information".

The Corporation presently has no commitments for capital expenditures and has no debt financing. The Corporation intends to fund future mineral exploration through equity financing, and any other financing arrangements that may become available. See "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Information".

## OFF-BALANCE SHEET ARRANGEMENTS

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

## TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, including any directors (executive and non-executive) of the Corporation or entity.

Payments to parties related to the Corporation, or to entities to which they are related over the quarters ended September 30, 2021 and 2020 are presented in the following table.

Principal Position	Fiscal Period (Q1+Q2)	Consulting fees and bonuses (management) (\$)	Stock-based compensation (\$)	Consulting (Other) (\$)	Total compensation (\$)
Officers	2022	540,566	-	-	540,566
	2021	108,128	-	-	108,128
Directors ( <i>not including officers</i> )	2022	-	-	51,000	51,000
	2021	-	-	20,000	20,000
Totals	2022	540,566	-	51,000	591,566
	2021	108,128	-	20,000	128,128

The above transactions were conducted in the normal course of business and were accounted for at the exchange amount which is the amount agreed between the parties.

One officer and director of the Company held an expense advance at September 30, 2021, with a balance of \$19,832 (March 31, 2021 - \$23,947). This amount is unsecured, non-interest bearing and due on demand.

During the three months ended September 30, 2021, the Company recorded rent expense of \$2,250 (2020 - \$nil) paid to a company controlled by a director.

## CRITICAL ACCOUNTING ESTIMATES

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 disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenue and expense during the reporting period. Such estimates and assumptions affect valuation of investments, funds paid as deposits in foreign currencies, warrants, stock options, accrued interest, and income tax accounts. Actual results could differ from those estimates. Management of the Corporation believes that the estimates are reasonable.



## SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

### Changes in accounting standards

During the year ended March 31, 2021, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 1 and IAS 8. These new standards and changes did not have any material impact on the Company's financial statements.

### Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after April 1, 2021. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

## CAPITAL STOCK

As of the date of this MD&A, the Corporation had 97,995,365 common shares issued and outstanding (March 31, 2021 – 97,995,365).

### Stock Options

The Corporation has granted options in the past for the purchase of common shares under its April 28, 2015 Stock Option Plan for employees, officers, directors and consultants. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Corporation at the time of grant, not to be less than the market price of the common shares and subject to all applicable regulatory requirements.

As at September 30, 2021, and March 31, 2021, the following stock options were outstanding:

Outstanding Options #	Exercisable Options #	Exercise Price (\$ per share)	Weighted Average Remaining Contractual Life (years)	Expiry Date
700,000	700,000	0.20	1.61	November 9, 2022
1,900,000	1,900,000	0.20	1.99	March 29, 2023
1,800,000	1,800,000	0.20	2.79	January 15, 2024
3,500,000	1,155,000	0.20	4.76	January 1, 2026
7,900,000	5,555,000	0.20	3.37	

The following table summarizes changes in stock options:

	Options #	Grant Date Fair Value \$	Exercise Price \$
Balance, March 31 and September 30, 2021	7,900,000	722,137	0.20

## Warrants

As of the date of this MD&A, the Corporation's issued and outstanding warrants to purchase common shares were as follows:

	<u>Warrants</u>	<u>Grant Date</u>
	<u>#</u>	<u>Fair Value</u>
		<u>\$</u>
Balance, March 31 and September 30, 2021	13,783,131	1,957,893

- i. 250,000 warrants were issued to an agent pursuant to a prior financing. These non-assignable agent's warrants are exercisable at \$0.10 per share until September 20, 2023.
- ii. 11,871,167 warrants were issued to investors through a brokered private placement in March 2021. These warrants are exercisable at \$0.60 until September 20, 2023.
- iii. 1,661,964 broker warrants were issued in connection with the March 2021 private placement. Each broker warrant is exercisable into one unit at a price of \$0.35 until September 20, 2023. Each Broker warrant unit is comprised of one common share and one half of one warrant entitling the holder to purchase one common share at an exercise price of \$0.60 until September 20, 2023. The fair value of the broker warrants was estimated using a Black-Scholes option-pricing model with the following assumptions: Stock price of \$0.15, expected dividend yield of 0%, expected volatility of 122%, risk free rate of 0.23%, and an expected life of 2 years. Volatility was based on the historical volatility of comparable companies

## **FINANCIAL INSTRUMENTS**

The nature and extent of the Corporation's use of financial instruments and risk exposures that might impact its financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

### **Financial Risk**

#### *Liquidity Risk*

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2021, the Company had a cash balance of \$5,102,214 (March 31, 2021 - \$8,095,629) to settle current liabilities of \$181,282 (March 31, 2021 - \$197,194). All of the Corporation's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### *Interest Rate Risk*

The Corporation has cash balances and no interest-bearing debt. The Corporation's current policy is to invest excess cash in money market funds. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *Credit Risk*

The Corporation's credit risk is primarily attributable to sundry receivables and expense advances. Included in sundry receivables is sales tax due from the Federal Government of Canada. From time to time the Corporation makes advances to certain of its personnel and suppliers to expedite work that requires them lay out funds for significant expenses that are reimbursable. These funds are either accounted for with receipts or returned. Management believes that the credit risk concentration with respect to these financial instruments included in sundry receivables and advances is remote.

#### *Foreign Exchange Risk*

The Corporation's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. The Corporation funds certain operations, exploration and administrative expenses on a cash basis in Danish Krone (DKK) or US Dollars (USD) converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is for the foreseeable future negligible and therefore does not hedge its foreign exchange risk. As at June 30, 2021, the Corporation's cash balances were all held in Canadian dollars. From time to time certain suppliers to the Corporation's exploration program require deposits or advances that are denominated in DKK or

USD. Historically the deposit amounts were all applied against bills, or refunded if unused, over relatively short time frames which made the exchange fluctuation effects immaterial in these stable currencies.

### **Sensitivity Analysis**

Sensitivity to a plus or minus 1 percentage point change in interest rates, based on the balance of cash as at September 30, 2021 would result in a change in interest income of approximately \$51,022 (March 31, 2021 - \$80,956) if held over a twelve-month period.

### **Fair Value**

The carrying values of the Corporation's current financial instruments comprising cash, sundry receivables, accounts payable and accrued liabilities, approximate their fair values due to their short-term nature.

### **RISKS AND UNCERTAINTIES**

Securities of the Corporation should be viewed as speculative due to the nature of the mineral exploration business in which the Corporation is engaged, as well as the early stage of the business. Some of the risks associated with an investment in the securities of the Corporation are described below.

#### *Lack of Reserves*

None of the mineral exploration licences in which the Corporation has an interest contains a known body of commercial ore and any exploration programs thereon are exploratory searches for ore. The Corporation has one project, the Malmbjerg Molybdenum Project. The Corporation has disclosed a resource estimate for its Malmbjerg Project but there are no known reserves within the meaning of National Instrument 43-101. If exploration and evaluation programs on its project are unsuccessful in outlining economically viable reserves, the Corporation will have no undertaking and no basis to continue in the mineral exploration sector.

#### *Exploration, Development and Operating Risks*

Exploration and mining operations generally involve a high degree of risk. Although reasonable precautions to minimize risk will be taken, the Corporation's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of precious and base metals. Uncertainties in exploration operations and expenses can arise from working in remote and physically difficult environments where weather, topography and seasonal factors can be unpredictable and infrastructure taken for granted elsewhere has not yet been installed or made operable. Risks and uncertainties in the mining phase include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations related to mining are also subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas that may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge cannot eliminate entirely. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Corporation will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are historically highly variable; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact impact of these factors cannot be accurately predicted, but the combination of these factors may significantly reduce the investor's returns on invested capital.

There is no certainty that the expenditures made by the Corporation towards the search for and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

#### *Insurance and Uninsured Risks*

The Corporation's business is subject to a number of risks and hazards generally, including adverse environmental

conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Corporation's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Corporation maintains insurance through its subcontractors to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover the extent of all the potential risks associated with a mining company's operations. The Corporation may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Corporation or to other companies in the mining industry on acceptable terms. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

#### *Environmental Risks and Hazards*

All phases of the Corporation's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Based on historical development of such legislation, environmental legislation is expected to develop stricter standards and enforcement terms, 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 Corporation's operations. Environmental hazards may exist on the properties on which the Corporation holds interests which are unknown to the Corporation at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval from indigenous groups, and permits are currently, and may in the future be required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be curtailed or prohibited from continuing its mining operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Corporation's operations, financial condition and results of operations.

#### *Land Title*

Although the title to the licence covering the property in which the Corporation holds an interest were reviewed by or on behalf of the Corporation, no absolute assurances can be given that there are no title defects affecting the property. Title insurance generally may not be available on commercially feasible terms, and the Corporation's ability to ensure

that it has obtained a fully secured claim to individual mineral properties may be severely constrained.

### *Competition*

The mining industry is competitive in all of its phases. The Corporation faces strong competition from other mining companies in connection with the acquisition of properties producing, or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than the Corporation. As a result of this competition, the Corporation may be unable to acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the Corporation's revenues, operations and financial condition could be materially adversely affected.

### *Additional Capital*

The exploration and development of the Corporation's property will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on the Corporation's property 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, the terms of such financing will be favourable to the Corporation.

### *Commodity Prices*

The price of the common shares, the Corporation's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of base metals. Base metal mineral prices fluctuate widely and are affected by numerous factors beyond the Corporation's control, such as the sale or purchase of such commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and other currencies, global and regional supply and demand, and the political and economic conditions of major mineral-producing countries throughout the world. The prices of base metals have fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from the Corporation's property to be impracticable. Depending on the price of base metals, cash flow from mining operations may not be sufficient and the Corporation could be forced to discontinue production and may lose its interest in, or may be forced to sell, its property. Future production from the Corporation's mining property is dependent on base metal mineral prices that are adequate to make the producing property economic.

In addition to adversely affecting the Corporation's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### *Exchange Rate Fluctuations*

Exchange rate fluctuations may affect the costs that the Corporation incurs in its operations. Base metal minerals are generally sold in US dollars and the Corporation's costs will be incurred principally in Canadian dollars, US dollars and Danish Krone (DKK). The appreciation of non-US dollar currencies against the US dollar can increase the cost of base metal mineral exploration and production in US dollar terms.

### *Government Regulation*

The mining, processing, development and mineral exploration activities of the Corporation are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. Although the Corporation's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

### *Key Executives*

The Corporation is dependent on the services of key executives, including the directors of the Corporation and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Corporation,

the loss of these persons or the Corporation's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

#### *Conflicts of Interest*

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Corporation should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Corporation and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

#### *COVID-19*

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and economic impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition in future periods. The Company is closely monitoring the business environment as a result to ensure minimal disruption to business operations.

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Corporation's assets are safeguarded and to facilitate the preparation of relevant and timely information.

**CORPORATE INFORMATION**

Reporting Issuer:	Province of Ontario
Authorized Capital:	Unlimited number of common shares
Shares Outstanding:	97,995,365 common shares
Shares Subject to Issuance:	19,338,131 common shares (warrants and options)
Head Office:	181 University Avenue Suite 1410 Toronto, Ontario M5H 3M7
Transfer Agent:	Capital Transfer Agency Inc. Suite 920 390 Bay Street Toronto, Ontario M5H 2Y2
Auditor:	McGovern Hurley LLP Suite 800 251 Consumers Road Toronto, Ontario M2J 4R3
Officers/Directors:	Dr. Ruben Shiffman, B.B.A./M.B.A., Ph.D., President, Chairman and Director  Leonard Asper, B.A., LL.B., Director  James Steel, MBA, P.Geo., Director  Keith Minty, B.Sc., Mining Engineering, Engineering and Project Management and Director  Eric Grossman, MA, CPA, CGA, Chief Financial Officer