WESTMELVILLE
METALS INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012
In Canadian Dollars

Unaudited – Prepared by Management

Notice of Non-review of Condensed Consolidated Interim Financial Statements

The attached condensed consolidated interim financial statements for the three-month period ended March 31, 2012 have been prepared by, and are the responsibility of, the Company's management and have been approved by the Board of Directors of the Company. The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

West Melville Metals Inc.

(An Exploration Stage Company)

Condensed Consolidated Statements of Financial Position

(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

ASSETS	Notes		As at March 31, 2012		As at December 31, 2011
Current Assets					
Cash and cash equivalents		$	**950,076**	$	1,139,714
HST recoverable			**99,819**		41,168
Prepaid expenses			**230,720**		-
			1,280,615		1,180,882
Non-Current Assets					
Equipment	3		**57,116**		54,519
Exploration and evaluation assets	4		**919,029**		880,086
			976,145		934,605
		$	**2,256,760**	$	2,115,487

LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		$	**377,542**	$	271,602
Flow-through share premium liability	5		**22,212**		23,625
			399,754		295,227
SHAREHOLDERS' EQUITY					
Share Capital	5		**3,000,641**		2,270,641
Prepaid share reserve	5		**-**		90,000
Contributed surplus			**86,473**		-
Deficit			**(1,230,108)**		(540,381)
Total Shareholders' Equity			**1,857,006**		1,820,260
		$	**2,256,760**	$	2,115,487

Nature of operations and going concern *(Note 1)*
Commitments *(Notes 4 and 5)*
Subsequent events and initial public offering *(Notes 1, 4 and 8)*

APPROVED ON BEHALF OF THE BOARD:

"Rory Moore", President & CEO, Director *"Bruce Counts"*, Director

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

West Melville Metals Inc.
(An Exploration Stage Company)
Condensed Consolidated Statement of Comprehensive Loss
For the Three Month Period Ended March 31, 2012
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

	Notes		2012
Expenses			
Advertising and promotion		$	18,600
Consulting			23,068
Depreciation			3,216
Office and administration			11,967
Project evaluation	4		308,340
Professional fees			92,590
Rent			7,349
Personnel			96,447
Stock-based compensation	5		86,473
Transfer agent and filing fees			22,854
Travel and conferences			22,583
Loss before the undernoted			(693,487)
Other Income (Expenses)			
Interest income			2,508
Interest expense			(161)
Amortization of flow-through share premium liability	5		1,413
Loss and Comprehensive Loss for the Period		$	(689,727)
Basic and diluted loss per common share		$	(0.03)
Weighted average number of common shares outstanding			21,558,305

West Melville Metals Inc.
(An Exploration Stage Company)
Condensed Consolidated Statement of Changes in Equity
For the Three Month Period Ended March 31, 2012
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

	Share Capital					
	Number of shares	Amount	Prepaid share reserve	Contributed surplus	Deficit	Total shareholders' equity
Value on incorporation on May 3, 2011	-	$ -	$ -	$ -	$ -	$ -
Shares issued						
Incorporator's shares	1	1	-	-	-	1
Incorporator's shares - cancelled	(1)	(1)	-	-	-	(1)
Private placements – non-flow-through	16,383,800	2,117,200	90,000	-	-	2,207,200
Private placements – flow-through	2,800,000	157,500	-	-	-	157,500
Share issuance costs	-	(4,059)	-	-	-	(4,059)
Loss for the period	-	-	-	-	(540,381)	(540,381)
Balance, December 31, 2011	19,183,800	2,270,641	90,000	-	(540,381)	1,820,260
Shares issued						
Private placements – non-flow-through	2,920,000	730,000	(90,000)	-	-	640,000
Stock-based compensation	-	-	-	86,473	-	86,473
Loss for the period	-	-	-	-	(689,727)	(689,727)
Balance, March 31, 2012	**22,103,800**	**$3,000,641**	**$ -**	**$ 86,473**	**$(1,230,108)**	**$ 1,857,006**

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

West Melville Metals Inc.
(An Exploration Stage Company)

Condensed Consolidated Statement of Cash Flows

For the Three Month Period Ended March 31, 2012
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

		2011
Cash Flows used in Operating Activities		
Net loss for the period	$	(689,727)
Adjustments for:		
Depreciation		3,216
Stock-based compensation		86,473
Interest income		(2,508)
Interest expense		161
Amortization of flow-through share premium liability		(1,413)
Changes in non-cash working capital components:		
HST recoverable		(58,651)
Prepaid expenses		(230,720)
Accounts payable and accrued liabilities		110,825
		(782,344)
Interest received		2,508
Interest paid		(161)
		(779,997)
Cash Flows used in Investing Activities		
Equipment		(5,813)
Exploration and evaluation expenditures		(43,828)
		(49,641)
Cash Flows from Financing Activities		
Issuance of share capital, net of issuance costs		640,000
		640,000
Net decrease in cash and cash equivalents		(189,638)
Cash and cash equivalents - beginning of period		1,139,714
Cash and cash equivalents - end of period	$	950,076

Supplemental Schedule of Non-Cash Investing Activities		
Exploration and evaluation expenditures included in accounts payable		
At March 31, 2012	$	27,935
At December 31, 2011	$	32,820

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

1. Nature of Operations and Going Concern

West Melville Metals Inc. ("West Melville" or the "Company") was incorporated on May 3, 2011, pursuant to the Business Corporations Act of British Columbia, Canada. The Company was initially incorporated as 0909493 B.C. Ltd. and changed its name to West Melville Iron Company Ltd. on May 26, 2011. On January 17, 2012 the Company changed its name to West Melville Metals Inc. The Company's head office is located at Suite 1020, 800 West Pender Street, Vancouver BC, Canada, V6C 2V6.

West Melville and its subsidiary companies are an exploration stage enterprise and are currently in the process of acquiring and exploring mineral interests in Nunavut, Canada and in Greenland with the objective of identifying economically recoverable reserves and bringing the properties to the extraction and processing stage.

The Company has not yet determined whether the properties being explored contain economically recoverable mineral reserves. The recoverability of the amounts capitalized as mineral properties is ultimately dependent upon the existence of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to continue to explore and develop the properties, and upon future profitable production or proceeds from disposition of the mineral properties. The amounts shown as mineral property assets represent costs incurred to date, and do not necessarily represent current or future fair values. Values realized from assets may be substantially different from carrying values as recorded in these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements have been prepared on a basis which assumes that the Company will be able to continue its operations as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At March 31, 2012, the Company had not achieved profitable operations, and expects to incur further losses as it develops its business and explores its mineral property interests, all of which raises substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to carry out its planned business objectives and continue as a going concern is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow from its mineral properties. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, exploration and development activities. On January 17, 2012, the Company completed a private placement for gross proceeds of $730,000 and on May 9, 2012, the Company entered into an agency agreement in connection with the issuance of up to 20,000,000 common shares at a price of $0.50 per common share for gross proceeds of up to $10,000,000 in an initial public offering ("IPO") (note 8).

The condensed consolidated interim financial statements do not include any adjustments relating to the recorded amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Significant Accounting Policies

a) Basis of preparation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these condensed consolidated interim financial statements are the same as those applied in the Company's most recent consolidated annual financial statements for the period ended December 31, 2011.

The disclosures contained in these condensed consolidated interim financial statements do not include all of the requirements for annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), and, accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the period from incorporation on May 3, 2011 to December 31, 2011.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 24, 2012.

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries: Isortoq Holdings and Thule Holdings. Results of operations of the subsidiaries are included in these condensed consolidated interim financial statements from the date of their incorporation in the Cayman Islands on December 9, 2011. All intercompany balances and transactions have been eliminated upon consolidation.

b) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. There has been no significant change to the Company's significant accounting estimates from those disclosed in note 2 of the audited consolidated financial statements for the period ended December 31, 2011, except for the addition of estimates associated with the valuation of stock options (note 5).

c) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended March 31, 2012, and have not been applied in preparing these condensed consolidated interim financial statements. None of these is expected to have a significant effect on the condensed consolidated interim financial statements of the Company, except for IFRS 9 Financial Instruments and IFRS 13 Fair Value Measurements, which become mandatory for the Company's 2015 and 2013 condensed consolidated interim financial statements respectively. The Company is in the process of evaluating these new standards and the impact has not yet been determined.

(Amounts are expressed in Canadian Dollars)

3. Equipment

	Furniture & Equipment	Computer Hardware	Field Equipment	Leasehold Improvements	Total
Cost at December 31, 2011	**$ 28,375**	**$ 3,149**	**$ -**	**$ 27,025**	**$ 58,549**
Current period additions	**3,939**	**-**	**1,874**	**-**	**5,813**
Cost at March 31, 2012	**32,314**	**3,149**	**1,874**	**27,025**	**64,362**
Accumulated depreciation at December 31, 2011	**2,005**	**551**	**-**	**1,474**	**4,030**
Current period depreciation/depletion	**1,515**	**195**	**31**	**1,475**	**3,216**
Accumulated depreciation at March 31, 2012	**3,520**	**746**	**31**	**2,949**	**7,246**
Net book value at March 31, 2012	**$ 28,794**	**$ 2,403**	**$ 1,843**	**$ 24,076**	**$ 57,116**
Net book value at December 31, 2011	$ 26,370	$ 2,598	$ -	$ 25,551	$ 54,519

4. Exploration and Evaluation Assets

	March 31, 2012			December 31, 2011		
	Acquisition Costs	**Deferred Exploration**	**Total**	Acquisition Costs	Deferred Exploration	Total
Exploration and Evaluation Assets						
Fraser Bay						
Balance, beginning of the period	**$ 200**	**$ 460,686**	**$ 460,886**	$ -	$ -	$ -
Acquisition costs	**1,806**	**-**	**1,806**	200	-	200
Camp costs	**-**	**-**	**-**	-	54,216	54,216
Community relations	**-**	**19,915**	**19,915**	-	-	-
Consulting	**-**	**9,118**	**9,118**	-	51,874	51,874
Geophysics	**-**	**-**	**-**	-	141,013	141,013
Travel	**-**	**8,104**	**8,104**	-	24,260	24,260
Trenching	**-**	**-**	**-**	-	189,323	189,323
Balance, end of period	**2,006**	**497,823**	**499,829**	200	460,686	460,886
Greenland Property						
Balance, beginning of the period	**419,200**	**-**	**419,200**	-	-	-
Acquisition costs	**-**	**-**	**-**	419,200	-	419,200
Balance, end of period	**419,200**	**-**	**419,200**	419,200	-	419,200
Total	**$ 421,206**	**$ 497,823**	**$ 919,029**	$ 419,400	$ 460,686	$ 880,086

(Amounts are expressed in Canadian Dollars)

4. Exploration and Evaluation Assets – *Continued*

Project Evaluation Expenses - Greenland Property		
Incurred for the period from incorporation on May 3, 2011 to December 31, 2011	$	216,021
Incurred for the three month period ended March 31, 2012		308,340
Cumulative project evaluation expenses as at March 31, 2012	**$**	**524,361**

Fraser Bay Option Agreement

The Fraser Bay Iron Property ("Fraser Bay Property") covers 3,228 acres and consists of a single mineral lease along the central western coast of the Melville Peninsula, located in Nunavut Territory, Canada. The mineral lease is wholly-owned by Roche Bay PLC ("Roche Bay").

Pursuant to the Fraser Bay Option Agreement, Roche Bay granted the Company an option to acquire up to an undivided 70% right, title and interest in the Fraser Bay Iron Property, as follows:

A. In order to acquire an initial undivided 30% interest in and to the Fraser Bay Property (the "First Option"), the Company must, prior to September 30, 2012:

   i) Issue to Roche Bay such number of common shares as is equal to the greater of 2,500,000 common shares and 10% of the issued and outstanding shares of the Company on the date of issuance;

   ii) Incur $2,500,000 in exploration expenditures prior to September 30, 2012, which shall include a minimum of 1,200 metres of drilling; and

   iii) Complete its IPO and have its common shares listed on a recognized stock exchange by June 4, 2012.

All work on the Fraser Bay Property necessary to exercise the First Option must be conducted by Apex Geoscience Ltd. Upon the Company completing the above requirements and earning its initial 30% interest in the Fraser Bay Property, the parties have agreed to negotiate and enter into a joint venture agreement governing the operations on the Fraser Bay Property. In the event the Company has not completed its IPO and its common shares have not been listed on a recognized stock exchange by June 4, 2012, Roche Bay can terminate the Fraser Bay Option Agreement. The Company is currently negotiating an amendment to the Fraser Bay Option Agreement that would extend the required IPO completion date to December 31, 2012.

After exercise of the First Option, the Company, or the operators of the joint venture formed between the parties, shall pay to Roche Bay in perpetuity, on a pro rata basis against its share of production, an overriding royalty on the sale by any party of all ores, minerals, metals or other products extracted, mined, utilized, removed or produced from the Fraser Bay Property (collectively the "Mineral Products"), as follows:

- 0.5% on the gross proceeds from the sale of any Mineral Products; and
- 3.9% on the gross proceeds from the sale of any Mineral Products that are sold for at least US$100 per kilogram refined.

4. Exploration and Evaluation Assets – *Continued*

Fraser Bay Option Agreement - *Continued*

A. Upon due exercise of the First Option, the Company will have the option to acquire an additional undivided 30% interest in and to the Fraser Bay Property (the "Second Option") by completing the following no later than December 31, 2014:

   i) Incurring an additional $8,000,000 in exploration expenditures, or, at the Company's election, completing a minimum of 10,000 metres of drilling on the Fraser Bay Property, in each case with a minimum of $500,000 in exploration expenditures being expended in each calendar year; and

   ii) Completing a preliminary economic assessment, which includes a resource statement on the Fraser Bay Property, in a form compliant with National Instrument ("NI") 43-101.

   Failure by the Company to complete the requirements set out above to earn the additional 30% interest within the required time periods will result in termination of the Fraser Bay Option Agreement, with the Company retaining the initial 30% interest earned.

B. Upon due exercise of the Second Option set out above, the Company will have a third option to acquire an additional undivided 10% interest in and to the Fraser Bay Property by completing a feasibility study (as defined in NI 43-101) on the Fraser Bay Property.

Pursuant to the Fraser Bay Option Agreement, the Company shall act as the operator with respect to all exploration work to be carried out on the Fraser Bay Property, and has the exclusive right to enter onto the Fraser Bay Property and to conduct exploration work thereon. The Company is required to keep the Fraser Bay Property in good standing, and to pay all rentals, taxes or other governmental charges which fall due during the period of the Fraser Bay Option Agreement. The Company must do all work on the Fraser Bay Property in compliance with all applicable laws and regulations and must permit Roche Bay access to the Fraser Bay Property at all reasonable times. The Company has agreed to provide Roche Bay with an annual report within 60 days after the end of each calendar year detailing exploration and/or development work conducted on the Fraser Bay Property. The Company has also agreed to indemnify Roche Bay against any losses, liabilities, claims, demands, damages, expenses, injuries or death arising out of the Company's work or operations on the Fraser Bay Property.

Once the Company has earned a 60% interest in the Fraser Bay Property, if the Company receives an arm's length third party offer to acquire the Fraser Bay Property for not less than $100,000,000 (payable in cash or in shares of a publicly listed company), and such offer includes an offer to acquire Roche Bay's 40% interest on the same terms, then Roche Bay shall be required to sell its interest pursuant to the offer. If the Company receives such an offer after it has acquired an initial 30% interest but prior to acquiring a full 60% interest, the Company shall have the right to acquire the additional 30% interest from Roche Bay for the sum of $8,000,000 less the amount of exploration expenditures actually incurred by the Company during the Second Option period. Thereafter the Company shall also be entitled to require Roche Bay to sell its remaining interest pursuant to the offer.

4. Exploration and Evaluation Assets – *Continued*

Fraser Bay Option Agreement - *Continued*

In the event that Roche Bay wishes to sell its interest in the Fraser Bay Property at any time to an arm's length party, the Company has a right of first refusal for a period of 30 days to acquire such interest.

The Fraser Bay Option Agreement also provides that any claims acquired by either party with an area lying within 5 kilometers from any part of the Fraser Bay Property shall form part of the Fraser Bay Property and will be subject to the Fraser Bay Option Agreement.

Pursuant to the Fraser Bay Option Agreement, if the Company undertakes an equity financing to fund the initial $2,500,000 in exploration expenditure requirements under the Fraser Bay Option Agreement, Roche Bay has the right to purchase up to 20% of such equity financing.

The Fraser Bay Property may be subject to the following possible third party rights:

i) A Royalty Agreement dated January 1, 1969 between Borealis Exploration Limited ("Borealis") and Catawba International, Inc. ("Catawba"), registered at the Mining Recorder's Office of the Territory of Nunavut on November 8, 1993 as G21363, pursuant to which Borealis or any of its successors will pay to Catawba a royalty (the "Borealis Royalty") equal to a 1/48 overriding royalty net of processing costs on any minerals, oil and gas. In addition, a Notice to Third Party dated August 27, 1997 between Mitlock Limited Partnership ("Mitlock") and Borealis, whereby Mitlock holds a royalty on the mining lease equating to US$1,875,000 (the "Mitlock Royalty"), by virtue of an Agreement and Assignment of Agreement between Borealis and Boston Safe Deposit & Trust Company. The Mitlock Royalty was registered at the Mining Recorder's Office of the Territory of Nunavut on October 8 1997 as G21522. The Mitlock Royalty is payable should Borealis lease, sell or engage in any other form of disposition of the mining lease (a "Mining Lease Sale"), and including for greater certainty, all revenues received in connection with production on or from the mining lease. In the case of a Mining Lease Sale, the Mitlock Royalty would be paid out of 25% of the net proceeds earned by Borealis from the Mining Lease Sale.

ii) A crown royalty equal to a 6% profit royalty, after 15% depreciation and all other expenses (the "Crown Royalty"); and

iii) An additional royalty equal to 31.5% of the Crown Royalty in favour of Canada Southern Petroleum Corporation 1979 (the "CSPC Royalty") from 1979.

None of the Crown Royalty or the CSPC Royalty (collectively the "Possible Third Party Royalties") are registered against the Fraser Bay Property at the Mining Recorder Office of Aboriginal Affairs and Northern Development Canada. The Borealis Royalty, together with the Mitlock Royalty are registered against the Fraser Bay Property at the Mining Recorders Office, which may have an effect on the Fraser Bay Property. It is undetermined at this time as to whether the Possible Third Party Royalties, or any of them, will result in an outstanding liability.

4. Exploration and Evaluation Assets – *Continued*

Fraser Bay Option Agreement - *Continued*

In addition to the private royalties described above, under the Northwest Territories and Nunavut Mining Regulations ("NTNMR"), an annual royalty of up to 14% of the net value of mine production is payable to the federal government for any mine production on mining leases or claims held prior to the Nunavut Land Claims Agreement. Under NTNMR, the royalty is based on defined profits multiplied by a royalty rate which is the lesser of 13% of the net value of mine output during a fiscal year and an escalating rate from 0% to 14% on incremental levels of the net value of the mine output. The value of output is generally the profits from both mining and processing operations, with the deduction of a processing allowance, and certain deductions for capital and development.

Greenland Agreement

The Greenland Property is located in south Greenland, approximately 70 kilometers west of the port town of Narsaq, south Greenland, consists of three licenses issued by the Greenland Bureau of Minerals and Petroleum. The Greenland Property contains a mineralized geological feature that is being evaluated for its potential to host an economic deposit of iron, titanium and vanadium.

Pursuant to the Greenland Agreement, Hunter Minerals Pty Ltd. (“Hunter”), an arm’s length foreign entity, has agreed to sell to the Company, and the Company has agreed to purchase the Greenland Property. The Company paid a non-refundable deposit of US$400,000 to Hunter on signing of the Greenland Agreement in November 2011. It is a condition precedent (“Condition”) to the acquisition that the Company complete its IPO and have its common shares trading on the TSX Venture Exchange (the “Exchange”) prior to June 15, 2012, as agreed by the Company and Hunter in an amendment to the Greenland Agreement dated February 21, 2012. The Company is currently negotiating an amendment to the Greenland Agreement that would extend the required IPO completion date to July 15, 2012.

In order to acquire the Greenland Property, the Company must:

A. on the 10th business day after the date on which the Condition is satisfied:

   i) pay to Hunter US$1,500,000;

   ii) issue to Hunter that number of units (the "Units") as is equal to US$500,000 divided by the offering price per common share of the IPO (the “Offering Price”). Each Unit shall consist of one common share and one warrant exercisable to acquire one additional common share for a period of five years at the Offering Price; and

   iii) execute and deliver the Royalty Agreement and the Restriction Agreement (both as defined below).

If the Company has not completed these requirements within five business days of the date they are required to be completed, Hunter may terminate the Greenland Agreement.

4. Exploration and Evaluation Assets – *Continued*

Greenland Agreement - *Continued*

B. on December 31, 2012:

i) pay to Hunter US$1,000,000; and

ii) issue to Hunter that number of share purchase warrants (the "VWAP Warrants") as equal to US$500,000 divided by the price which is equal to 120% of the volume-weighted average trading price of the common shares calculated over the ten trading days up to but excluding December 31, 2012 (the "VWAP Price"). The VWAP Warrants will be exercisable for a period of five years and will be exercisable at a price equal to the VWAP Price.

If the Company does not satisfy these requirements on December 31, 2012, Hunter may terminate the Greenland Agreement.

Upon the Company satisfying its obligations in paragraph A above, Hunter must give to the Company a certified copy of each of the certificates for the licences (the "Licences") comprising the Greenland Property, execute each of the Royalty Agreement and the Restriction Agreement, and grant an exclusive interim licence (the "Interim Licence") to the Company to use the Greenland Property until such time as legal title is transferred to the Company or the Greenland Agreement is terminated. During the term of the Interim License, no license fee or other compensation (other than pursuant to the Royalty Agreement) is required to be paid by the Company to Hunter, the Company may register an interest over the Greenland Property, the Company must comply with the terms of the Licenses and applicable laws governing the Greenland Property, including all work commitments, and the Company must allow Hunter and its representatives access to the Greenland Property for the purpose of ensuring records comply with the requirements of the Bureau of Minerals and Petroleum. Upon the Company satisfying its obligations in paragraph B above, Hunter is required to give to the Company the original certificates for each of the Licences and to do all such other things as are reasonably required to transfer legal and beneficial title to the Greenland Property to the Company.

The Company may waive the Condition at any time, in which event:

1. on or before June 15, 2012 the Company will be required to pay US$1,500,000 to Hunter and execute the Royalty Agreement, and Hunter will give to the Company an executed counterpart of the Royalty Agreement, give to the Company certified copies of each of the Licences, and grant the Interim Licence to the Company; and

2. on or before December 31, 2012 the Company must pay US$1,500,000 to Hunter and Hunter will give the Company the original certificates for the Licences and any other document reasonably required to transfer legal and beneficial title to the Greenland Property to the Company.

If the Company does not satisfy these requirements, within five business days of the respective deadlines, Hunter can terminate the Greenland Agreement.

4. Exploration and Evaluation Assets – *Continued*

Greenland Agreement - *Continued*

The Company and Hunter have agreed to execute a royalty agreement (the "Royalty Agreement") pursuant to which the Company has agreed to grant to Hunter a 2.5% net smelter royalty (the "Royalty") on minerals and mineral-bearing substances (excluding iron ore, titanium and/or vanadium) produced from the Greenland Property. The Company may, within 60 days after commencement of commercial production on the Greenland Property, reduce the Royalty to 1.25% by delivering a notice to Hunter that the Company intends to reduce the Royalty percentage and by paying US$2,000,000 to Hunter.

The Company and Hunter have agreed that any securities issued to Hunter by the Company pursuant to the Greenland Agreement, including the Units and the VWAP Warrants shall be subject to an escrow agreement (the "Restriction Agreement") pursuant to which the securities will be held in escrow and will not be released from escrow until the date which is two years from the IPO date (subject to the discretion of the Board of Directors of the Company), at which time 70% of the securities will be released from escrow with the remaining securities released as to one-half on the date which is 30 months after the IPO date and the remaining securities on the date which is 36 months after the IPO date. In the event that the Board of Directors waives the two year escrow restriction period, the securities placed into escrow will be released as to 10% on the IPO date and 15% each six months thereafter.

5. Share Capital

Authorized Share Capital

At March 31, 2012 and December 31, 2011 the authorized share capital comprised an unlimited number of common shares without par value.

Issued Share Capital

During the three month period ended March 31, 2012, the Company closed a private placement that consisted of 2,920,000 non-flow-through common shares at $0.25 per common share for gross proceeds of $730,000.

During the period from incorporation on May 3, 2011 to December 31, 2011 the Company raised net seed capital of $2,270,641 by way of private placements. The private placements consisted of 16,383,800 non flow-through common shares at various prices between $0.01 and $0.25 per common share for total gross proceeds of $2,117,200 and 2,800,000 flow-through common shares at various prices between $0.01 and $0.10 per flow-through common share for total gross proceeds of $157,500. Share issuance costs totaled $4,059.

Pursuant to the subscription agreements entered into between the purchasers and the Company, the purchasers agreed that all common shares would be subject to a voluntary two year hold period from the date of listing on the Exchange (“Listing Date’), subject to the discretion of the Board of Directors of the Company.

5. Share Capital - *Continued*

Escrowed Securities and Resale Restrictions

In addition to the voluntary hold period described above, under the applicable policies of the Canadian Securities Administrators and the Exchange, the common shares issued are subject to either escrow agreements or resale restrictions.

Pursuant to an escrow agreement dated February 22, 2012, the Company's directors and executive officers and certain other shareholders (collectively the "Principals") agreed to deposit in escrow the 10,353,800 common shares held by them prior to the IPO date. The escrow agreement provides that the escrowed common shares will be released from escrow as to 70% on the date which is two years from the Listing Date and the remaining securities in equal blocks of 15% at six month intervals thereafter. The Board of Directors of the Company has the discretion to alter or waive the initial two year escrow period, in which event 10% of the escrowed securities will be released on the IPO date, with 15% released each six months thereafter.

In addition to the voluntary hold period described above, the 11,750,000 common shares held by non-Principals are subject to resale restrictions in accordance with the policies of the Exchange, as follows: 2,245,000 are subject to a three year restriction with 10% released on the Listing Date and 15% every six months thereafter; 750,000 are subject to a two year restriction with 20% released on the Listing Date and 20% each six months thereafter; and 8,755,000 common shares subject to a four month hold period pursuant to which 20% will be released on the Listing Date and 20% each month thereafter.

Flow-through Share Liability

Pursuant to the flow-through share agreements, the Company must renounce its qualifying flow-through share exploration expenditures to the flow-through shareholders, at which time the Company gives up its rights to the associated income tax benefits associated with the expenditures. During the period ended December 31, 2011, the Company issued 2,800,000 flow-through common shares for gross proceeds of $157,500 and determined the fair value of the flow-through share premium liability to be $23,625.

Qualifying flow-through share exploration expenditures of $9,419 were incurred in the three month period ending March 31, 2012, resulting in a pro-rata reduction of the flow-through share premium liability by $1,413 and an offsetting increase in other income.

Prepaid Share Reserve

At December 31, 2011, the Company had received $90,000 in relation to a private placement of non-flow through common shares that closed on January 17, 2012. The prepayment was for 360,000 common shares at a price of $0.25 per common share and the common shares were issued by the Company on January 17, 2012.

(Amounts are expressed in Canadian Dollars)

5. Share Capital - *Continued*

Stock Options

Under the Company's stock option plan, the board of directors may grant options for the purchase of up to 10% of the total number of issued and outstanding common shares of the Company. Options granted under the plan vest over time at the discretion of the board of directors and expire no later than ten years from the date of issuance. Exercise prices on options granted under the plan cannot be lower than the market price of one share on the last trading day immediately preceding the day on which the option is granted, less the maximum applicable discount permitted by TSX Venture Exchange and the minimum exercise price per common share must be at least $0.10.

During the three months ended March 31, 2012, the Company's Board has approved the grant of options to acquire up to 4,100,000 common shares at an exercise price of $0.50 for a period of ten years from the Listing Date. In the event that the maximum offering under the Company's IPO is not sold, the number of stock options will be reduced to comply with the stock option plan's limitation that the number of options outstanding cannot exceed 10% of the issued and outstanding common shares of the Company. The stock options vest at 33 1/3% six months from the IPO date, a further 33 1/3% 12 months from the IPO date and the final 33 1/3% 18 months from the IPO date. Stock-based compensation expense under the Black-Scholes option pricing model of $86,473 was recorded in relation to options in the three months ended March 31, 2012. The weighted average fair value of the options granted was $0.45 per option.

The fair value of stock options for all options issued was estimated at the grant date based on the Black-Scholes option pricing model with the following weighted average assumptions:

March 31, 2012	
Risk-free interest rate	1.42%
Expected dividend yield	0%
Expected stock price volatility	137%
Expected forfeitures	0%
Average expected option life	5.5 years

(Amounts are expressed in Canadian Dollars)

6. Related Party Transactions

Key management personnel compensation

Key management personnel consists of the Company's directors and officers. In addition to management and consulting fees paid to these individuals, or companies controlled by these individuals, the Company provides non-cash benefits to an executive officer. The aggregate value of compensation with key management personnel for the three month period ending March 31, 2012 was $125,923 and was comprised of the following:

		Three month period ending March 31, 2012
Wages, salaries and consulting fees	$	**62,600**
Non-cash benefits		**2,159**
Share-based compensation		**61,164**
Total remuneration	$	**125,923**

Related party transactions

Related party transactions and balances not disclosed elsewhere in these condensed consolidated interim financial statements are as follows:

During the three month period ending March 31, 2012, the Company reimbursed $23,500 of office expenses and salaries incurred by a company controlled by directors of the Company ($2,539 for the period from incorporation on May 3, 2011 to December 31, 2011).

During the three month period ending March 31, 2012, the Company reimbursed companies with common directors and key management personnel $37,055 for salaries, consulting, rent, utilities, office costs and property and equipment incurred on behalf of the Company ($213,237 for the period from incorporation on May 3, 2011 to December 31, 2011).

During the three month period ending March 31, 2012, the Company incurred expenses on behalf of a company with common directors and key management personnel of $nil for consulting and office expenses ($7,434 for the period from incorporation on May 3, 2011 to December 31, 2011).

No key management personnel participated in private placements during the three month period ending March 31, 2012. During the period from incorporation on May 3, 2011 to December 31, 2011, key management personnel participated in private placements and acquired or exercised control and direction over 7,823,800 common shares and 2,800,000 flow-through common shares for gross proceeds of $706,200.

The balance payable to related parties at March 31, 2012 was $15,057 (December 31, 2011 - $18,298) and such payables are unsecured, non interest bearing and are expected to be repaid under normal trade terms.

(Amounts are expressed in Canadian Dollars)

7. Segmented Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mining sector and the Company's operations are segmented by the location of its mineral properties.

As at March 31, 2012 and for the three month period ending March 31, 2012

	Canada	Greenland	Total
Current assets	**$ 1,280,615**	**$ -**	**$ 1,280,615**
Equipment	**57,116**	**-**	**57,116**
Exploration and evaluation assets	**499,829**	**419,200**	**919,029**
Total Assets	**1,837,560**	**419,200**	**2,256,760**
Total Liabilities	**$ 244,873**	**$ 154,881**	**$ 399,754**
Project evaluation expenses	**$ -**	**$ 308,340**	**$ 308,340**
Other expenses	**381,387**	**-**	**381,387**
Net Loss	**$ 381,387**	**$ 308,340**	**$ 689,727**

As at December 31, 2011

	Canada	Greenland	Total
Current assets	$ 1,180,882	$ -	$ 1,180,882
Equipment	54,519	-	54,519
Exploration and evaluation assets	460,886	419,200	880,086
Total Assets	1,696,287	419,200	2,115,487
Total Liabilities	$ 244,142	$ 51,085	$ 295,227

8. Subsequent Events

Initial Public Offering

On May 9, 2012, the Company entered into an agency agreement with Haywood Securities Inc. and Byron Capital Markets Ltd. (collectively the "Agents") to act as agents in connection with its planned IPO of common shares in British Columbia, Alberta and Ontario. The Company is planning to issue a minimum of 15,000,000 common shares and a maximum of 20,000,000 common shares at a price of $0.50 per common share for gross proceeds of up to $10,000,000 (the "Offering"). The Agents are to collectively receive:

(i) a corporate finance fee of $35,000 (plus taxes) upon closing of the Offering;
(ii) a fee of 6% of the Offering proceeds, payable 50% in cash and 50% in common shares at a price of $0.50 per common share; and
(iii) the equivalent number of warrants equal to 6% of the common shares issued, each entitling the holder to purchase one common share of the Company at a price of $0.50 for two years following closing of the Offering.

The Company has granted the Agents an option (the "Over-Allotment Option"), exercisable in whole or in part for a period of 30 days from the closing date of the offering to solicit subscriptions for and purchase or arrange for purchase of such number of common shares (the "Additional Shares") as is equal to 15% of the number of shares sold pursuant to the Offering and to require the Company to issue and deliver such number of Additional Shares as is required to cover over-allotments, if any, and for market stabilization purposes.

On May 9, 2012, the Company filed a final IPO prospectus with the regulatory authorities in British Columbia, Alberta and Ontario.