WESTMELVILLE METALS INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2014 and 2013

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 periods ended March 31, 2014 and 2013 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, 2014**		**As at December 31, 2013**
Current					
Cash and cash equivalents		**$**	**107,759**	$	185,733
Other receivables			**11,038**		11,038
GST recoverable			**4,878**		3,973
Prepaid expenses			**388**		2,568
			124,063		203,312
Equipment	3		**34,091**		36,815
Exploration and Evaluation Assets	4		**5,523,268**		5,486,763
			5,557,359		5,523,578
		$	**5,681,422**	$	5,726,890

LIABILITIES					
Current					
Accounts payable and accrued liabilities		**$**	**60,594**	$	27,797
SHAREHOLDERS' EQUITY					
Share Capital	5		**9,536,182**		9,514,182
Contributed surplus			**1,996,738**		1,996,738
Deficit			**(5,912,092)**		(5,811,827)
Total Shareholders' Equity			**5,620,828**		5,699,093
		$	**5,681,422**	$	5,726,890

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

APPROVED ON May 22, 2014 ON BEHALF OF THE BOARD:

"Rory Moore" ______________, President, CEO and Director

"Jim Paterson" ______________, Director

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

	Notes		2014		2013
Expenses					
Advertising and promotion		$	**3,976**	$	14,232
Consulting			**-**		25,900
Corporate listing and filing fees			**7,815**		2,090
Depreciation			**2,724**		3,022
Office and administration			**3,557**		16,874
Personnel			**24,800**		97,271
Project evaluation	4		**23,739**		-
Professional fees			**26,550**		37,867
Rent			**1,938**		16,910
Stock-based compensation	5		**-**		274,868
Travel and conferences			**4,886**		18,739
Loss before the undernoted			**(99,985)**		(507,773)
Other Income (Expenses)					
Interest income			**-**		248
Interest expense			**(280)**		-
Part 12.6 tax expense			**-**		(612)
Loss and Comprehensive Loss for the Period		$	**(100,265)**	$	(508,137)
Basic and diluted loss per common share		$	**(0.00)**	$	(0.01)
Weighted average number of common shares outstanding			**46,380,851**		35,830,851

West Melville Metals Inc.

(An Exploration Stage Company)

Condensed Consolidated Statement of Changes in Equity

(Amounts are expressed in Canadian Dollars)

Unaudited – Prepared by Management

	Share Capital				
	Number of shares	Amount	Contributed surplus	Deficit	Total shareholders' equity
Balance, December 31, 2012	35,830,851	$ 9,028,720	$ 1,482,864	$ (4,832,040)	$ 5,679,544
Stock-based compensation	-	-	274,868	-	274,868
Loss for the period	-	-	-	(508,137)	(508,137)
Balance, March 31, 2013	35,830,851	9,028,720	1,757,732	(5,340,177)	5,446,275
Private placements – non-flow-through	10,450,000	522,500	-	-	522,500
Share issuance costs - cash	-	(23,250)	-	-	(23,250)
Share issuance costs - warrants	-	(13,788)	13,788	-	-
Stock-based compensation	-	-	225,218	-	225,218
Loss for the period	-	-	-	(471,650)	(471,650)
Balance, December 31, 2013	46,280,851	9,514,182	1,996,738	(5,811,827)	5,699,093
Share issuance - property acquisition	200,000	22,000	-	-	22,000
Loss for the period	-	-	-	(100,265)	(100,265)
Balance, March 31, 2014	**46,480,851**	**$ 9,536,182**	**$ 1,996,738**	**$ (5,912,092)**	**$ 5,620,828**

West Melville Metals Inc.
(An Exploration Stage Company)
Condensed Consolidated Statements of Cash Flows
For the Three Month Periods Ended March 31
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

		2014		2013
Cash Flows used in Operating Activities				
Net loss for the period	$	**(100,265)**	$	(508,137)
Adjustments for:				
Depreciation		**2,724**		3,022
Stock-based compensation		**-**		274,868
Interest income		**-**		(248)
Interest expense		**280**		-
Changes in non-cash working capital components:				
Other receivables		**-**		(7,035)
GST recoverable		**(905)**		154,902
Prepaid expenses		**2,180**		43,586
Accounts payable and accrued liabilities		**32,646**		16,370
		(63,340)		(22,672)
Interest received		**-**		248
Interest paid		**(280)**		-
		(63,620)		(22,424)
Cash Flows used in Investing Activities				
Exploration and evaluation expenditures		**(14,354)**		(53,434)
Net decrease in cash and cash equivalents		**(77,974)**		(75,858)
Cash and cash equivalents - beginning of period		**185,733**		89,668
Cash and cash equivalents - end of period	$	**107,759**	$	13,810

Supplemental Schedule of Non-Cash Investing Activities	**March 31, 2014**	**March 31, 2013**
Change in accounts payable related to exploration and evaluation assets	**151**	**17,492**

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. The Company's common shares are publicly listed on the Toronto Stock Exchange's Venture Exchange (the "TSXV") under the symbol "WMM".

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 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 operation 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, 2014, the Company had not achieved profitable operations, had an accumulated deficit of $5,912,092 (December 31, 2013 - $5,811,827) since inception, and expects to incur further losses as it develops its business and explores its mineral property interests, all of which raises significant 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 property interests. As disclosed in note 4, the Company has commitments under its Fraser Bay option agreement and Greenland property acquisition agreement which will need to be financed by funds raised by the Company. These commitments did include cumulative minimum exploration expenditures on the Fraser Bay property and a US$1.4 million acquisition payment related to the Isortoq property in Greenland that will need to be met in 2014 (see Note 4). 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 which may impact the acquisition of its mineral property interests.

(Amounts are expressed in Canadian Dollars)

1. Nature of Operations and Going Concern - *Continued*

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, Basis of Presentation and Principles of Consolidation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies followed in these condensed consolidated interim financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended December 31, 2013. The condensed interim consolidated financial statements do not include all of the information required for full annual financial statements. Certain amounts in the prior period have been reclassified to conform with the presentation in the current period.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of May 22, 2014, the date the Board of Directors approved the statements.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries: Isortoq Holdings and Thule Holdings. All intercompany balances and transactions have been eliminated upon consolidation.

3. Equipment

	Furniture & Equipment	Computer Hardware	Field Equipment	Leasehold Improvements	Total
Cost at December 31, 2013	$ 32,314	$ 3,149	$ 1,874	$ 29,256	$ 66,593
Additions	-	-	-	-	-
Cost at March 31, 2014	32,314	3,149	1,874	29,256	66,593
Accumulated depreciation at December 31, 2013	12,916	1,876	624	14,362	29,778
Depreciation	970	95	63	1,596	2,724
Accumulated depreciation at March 31, 2014	13,886	1,971	687	15,958	32,502
Net book value at March 31, 2014	$ 18,428	$ 1,178	$ 1,187	$ 13,298	$ 34,091

(Amounts are expressed in Canadian Dollars)

3. Equipment – *Continued*

	Furniture & Equipment	Computer Hardware	Field Equipment	Leasehold Improvements	Total
Cost at December 31, 2012	$ 32,314	$ 3,149	$ 1,874	$ 29,256	$ 66,593
Additions	-	-	-	-	-
Cost at December 31, 2013	32,314	3,149	1,874	29,256	66,593
Accumulated depreciation at December 31, 2012	8,067	1,330	312	7,979	17,688
Depreciation	4,849	546	312	6,383	12,090
Accumulated depreciation at December 31, 2013	12,916	1,876	624	14,362	29,778
Net book value at December 31, 2013	$ 19,398	$ 1,273	$ 1,250	$ 14,894	$ 36,815

4. Exploration and Evaluation Assets

	March 31, 2014			December 31, 2013		
	Acquisition Costs	**Deferred Exploration**	**Total**	Acquisition Costs	Deferred Exploration	Total
Exploration and Evaluation Assets						
Fraser Bay						
Balance, beginning of the period	**$ 774,420**	**$ 2,184,971**	**$ 2,959,391**	$ 774,420	$ 2,147,745	$ 2,922,165
Acquisition costs	**22,000**	**-**	**22,000**	-	70	70
Camp costs	**-**	**2,105**	**2,105**	-	4,685	4,685
Consulting	**-**	**2,400**	**2,400**	-	28,331	28,331
Travel and accomodations	**-**	**-**	**-**	-	1,380	1,380
Trenching	**-**	**-**	**-**	-	2,760	2,760
Balance, end of period	**796,420**	**2,189,476**	**2,985,896**	774,420	2,184,971	2,959,391
Greenland Property						
Balance, beginning of the period	**2,339,778**	**187,594**	**2,527,372**	2,339,778	111,444	2,451,222
Camp costs	**-**	**-**	**-**		8,833	8,833
Diamond Drilling	**-**	**-**	**-**	-	9,669	9,669
Analytical and sampling	**-**	**-**	**-**	-	23,425	23,425
Field work	**-**	**10,000**	**10,000**	-	34,223	34,223
Balance, end of period	**2,339,778**	**197,594**	**2,537,372**	2,339,778	187,594	2,527,372
Total	**$ 3,136,198**	**$ 2,387,070**	**$ 5,523,268**	$ 3,114,198	$ 2,372,565	$ 5,486,763

4. Exploration and Evaluation Assets – *Continued*

Fraser Bay Option Agreement

The Fraser Bay Iron Property ("Fraser Bay Project") 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 as amended by the parties to the agreement, Roche Bay granted the Company an option to acquire up to an undivided 70% right, title and interest in the Fraser Bay Project.

A. In order to acquire an initial undivided 30% interest in and to the Fraser Bay Project (the "First Option"), the Company completed certain requirements. The remaining requirements to complete the First Option include:

   i) Issue to Roche Bay common shares of the Company, with the number of common shares not to exceed an aggregate of 7 million common shares, on or before December 1, 2014, such number of common shares as is equal to 5% of the issued and outstanding common shares of the Company on the date of issuance.

   ii) Incur an aggregate of $2,500,000 in exploration expenditures no later than December 1, 2014, which exploration expenditures shall include a minimum of 1,200 metres of drilling.

B. 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 Project (the "Second Option") by completing the following no later than April 15, 2017:

   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 Project, 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 Project, in a form compliant with National Instrument ("NI") 43-101 standards.

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.

In consideration for granting extensions for the completion of the First and Second Options, the Company issued 200,000 common shares to Roche Bay on February 14, 2014.

C. Upon 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 Project by completing a feasibility study (as defined in NI 43-101) on the Fraser Bay Project.

No substantive work was conducted during the three month period ended March 31, 2014.

4. Exploration and Evaluation Assets – *Continued*

Greenland Agreement

The Isortoq Property is located in south Greenland, approximately 100 kilometres west of the Narsarsuaq International Airport, and consists of four licenses issued by the Greenland Bureau of Minerals and Petroleum (the "Licenses"). The Isortoq 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. ("HMP"), an arm's length foreign entity, agreed to sell to the Company, and the Company agreed to purchase the Isortoq Property.

On November 15, 2013, in satisfaction of the terms in paragraph "C" above, the Company and HMP executed an amending deed to the Greenland Agreement whereupon signing, HMP agreed to transfer the Isortoq Project Licenses to West Melville. HMP is now proceeding with an application to the Bureau of Minerals and Petroleum of Greenland to transfer title for the exploration licenses that comprise the Isortoq Project over to West Melville. It was also agreed under the amending deed that the Company will pay to HMP US$1.4 million if either of the following conditions are met:

i) If on or before December 31, 2014, the Company sells some or all of the Greenland Assets, in which case the payment (US$ 1.4 million) will be made on the date the interest in the Greenland Assets are sold, or

ii) If on December 31, 2014, the Company retains ownership and continues business operations with respect to the Licenses, in which case the payment will be made on December 31, 2014.

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 HMP, the Company may register an interest over the Isortoq Property, the Company must comply with the terms of the Licenses and applicable laws governing the Isortoq Property, and the Company must allow HMP and its representatives access to the Isortoq Property for the purpose of ensuring records comply with the requirements of the Bureau of Minerals and Petroleum ("BMP"). The Company is responsible for all work commitments relating to the Licenses from January 1, 2012 until the earlier of the last day of the calendar year in which the Greenland Agreement is terminated, or the BMP registers the transfer of the Licenses.

Prior to receiving the Interim License in August 2012, all costs incurred with respect to exploration and evaluation work were expensed as incurred, resulting in a project evaluation expense during the year ended December 31, 2013 of $nil (2012 - $2,346,554). Since receiving the Interim License all exploration and evaluation work has been capitalized.

The project area was reduced by 109 square kilometers by dropping license EL#2012-35 in 2013. No field work was conducted at Isortoq during the period ended March 31, 2014.

4. Exploration and Evaluation Assets – *Continued*

Project Evaluation

During the period ended March 31, 2014, the Company incurred project evaluation expenses of $23,739 to assess potential new projects. As the Company has not yet acquired the legal rights to explore any of these potential new projects, project evaluation costs have been expensed as incurred.

The Alex Copper Property

On December 18, 2013, the Company signed an option agreement with Quirina Vasquez Vargas (the "Vendor") that secures an exclusive option for the Company to acquire 100% ownership of the Alex Copper Property in Sonora, Mexico. Under the terms of the agreement, the Company has until May 31, 2014 to conduct due diligence following which it can secure a 100% interest in the property by paying US$25,000 and issuing 250,000 common shares to the Vendor. The Vendor will retain a 2% Gross Royalty on the Property, subject to the Company's right to purchase 1% of the Royalty at any time for US$1 million.

5. Share Capital

Authorized Share Capital

At March 31, 2014, the authorized share capital comprised an unlimited number of common shares without par value.

Issued Share Capital

Private Placement

On May 28, 2013, the Company closed a non-brokered private placement consisting of 10,450,000 units at a price of $0.05 per unit for gross proceeds of $522,500. Each unit consisted of one common share and one common share purchase warrant.

Each common share purchase warrant is exercisable into one common share for a period of two years from closing at a price of $0.20 per share subject to the Company's right to accelerate the exercise of the warrants if the daily volume weighted average trading price of the common shares of the Company on the TSX Venture Exchange is equal to or exceeds $0.30 for a period of 10 consecutive trading days during the term of the warrant, commencing four months after the date the warrants are issued. The securities are subject to a four month hold period.

Share issuance costs included $23,250 cash commission and 345,000 finder's warrants with a fair value of $13,788. Each finder's warrant is exercisable at a price of $0.20 per share for a period of two years from closing, May 28, 2013.

The Company is using the proceeds of the private placement for general working capital purposes.

(Amounts are expressed in Canadian Dollars)

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 common shares deposited in escrow prior to the IPO, 1,007,800 Units issued subsequent to the IPO as part of the acquisition of the Isortoq property in Greenland are subject to the escrow terms. As of March 31, 2014, 11,361,600 common shares remained in escrow in accordance with the escrow agreement. To date the Board of Directors has not waived the two year escrow restriction period.

In addition to the hold period described above, 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. As of March 31, 2014, 1,160,250 common shares remain subject to the resale restrictions.

Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, December 31, 2012	1,657,163	0.50
Issued	10,795,000	0.20
Outstanding warrants, December 31, 2013 and March 31, 2014	**12,452,163**	**$ 0.24**

(Amounts are expressed in Canadian Dollars)

5. Share Capital – *Continued*

***Warrants** – Continued*

At March 31, 2014, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Expiry Date	Weighted Average Exercise Price	Number of Warrants	Weighted Average Remaining Contractual Life in Years
July 19, 2014	$0.50	649,363	0.30
May 28, 2015	$0.20	10,795,000	1.16
August 3, 2017	$0.50	1,007,800	3.35
Weighted average exercise price and remaining contractual life	**$0.24**	**12,452,163**	**1.29**

The fair value of warrants issued during the 2013 year was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Estimated risk-free rate	1.02%
Expected volatility	135.5%
Estimated dividend yield	0.0%
Expected life of warrants	2 years
Share price	$0.08

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 common 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.

The changes in stock options issued are as follows:

	Number	Weighted Average Exercise Price
Outstanding December 31, 2012	3,265,000	0.50
Expired / cancelled without exercise	(325,000)	0.50
Outstanding December 31, 2013 and March 31, 2014	**2,940,000**	**$0.50**

(Amounts are expressed in Canadian Dollars)

5. Share Capital – *Continued*

Stock Options *– Continued*

At March 31, 2014, the following stock options were outstanding:

Expiry Date	Weighted Average Exercise Price	Number of Options	Vested and Exercisable Number of Options	Weighted Average Remaining Life in Years
February 23, 2022	**$0.50**	**2,940,000**	**2,940,000**	**7.91**

Subsequent to March 31, 2014, 125,000 options were expired/cancelled without exercise.

The fair value of stock options for all options issued was estimated at the grant date based on the Black-Scholes option pricing model. For all valuation models, the risk-free rate of return is the yield on a zero-coupon Canadian Treasury Bill of a term consistent with the assumed option life. The expected volatility is based on the Company's historical prices. The Company did not have a history of common stock prices at the grant date so the average volatility of five comparable companies was used for the options granted in 2012. The expected average option life and expected forfeitures are based on management's best estimate of the Company's options.

6. Financial Risk Management

Fair value of financial assets and liabilities

The fair value of the Company's cash and cash equivalents, other receivables, GST recoverable and accounts payable and accrued liabilities approximate their carrying value which is the amount recorded on the consolidated statement of financial position due to their short term to maturity.

Overview

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

6. Financial Risk Management - *Continued*

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, other receivables and GST recoverable. Management believes that the credit risk concentration with respect to financial instruments included in cash and cash equivalents, other receivables and GST recoverable is remote as they relate to deposits and interest from a major financial institution and GST recoverable from the Government of Canada. The maximum credit risk as at March 31, 2014 was $123,675 (December 31, 2013 - $200,744).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations and commitments as they become due. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management believes that the Company has sufficient funds to meet its obligations as they become due or will be able to obtain financing as required to meet its obligations and commitments (see Note 1).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company does not currently have any significant interest or equity price risk as it has no interest bearing debt nor does it hold any investments in equities of another entity.

Foreign currency risk

In the normal course of business, the Company enters into transactions for the purchase of supplies and services and acquisition of mineral properties, denominated in a currency other than the functional currency of the Company. As a result, the Company is subject to foreign exchange risk from fluctuations in foreign exchange rates. The Company has not entered into any derivative or other financial instruments to mitigate this foreign exchange risk. The Company does not have any significant currency risks at March 31, 2014; however, future payments associated with the acquisition of the Isortoq Property will be denominated in U.S. dollars.

(Amounts are expressed in Canadian Dollars)

6. Financial Risk Management - *Continued*

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can provide returns and benefits for shareholders and advance the exploration of its mineral properties.

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit. The Company depends on external financing to fund its activities and may issue new equity instruments to maintain its capital structure. The Company manages its capital structure through the preparation of operating budgets, which are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during the three month period ended March 31, 2014.

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

7. Related Party Transactions

Key management personnel compensation

Key management personnel consist 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 ended March 31, 2014 was $54,400 (2013 - $854,995) and was comprised of the following:

	Three month period ended March 31, 2014	Three month period ended March 31, 2013
Wages, salaries and consulting fees	**$ 52,760**	$ 70,123
Share-based compensation	**-**	782,618
Non-cash benefits	**1,640**	2,254
	$ 54,400	$ 854,995

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

During the three month period ended March 31, 2014, the Company reimbursed $1,111 of office expenses incurred by a company controlled by directors of the Company (2013 - $71,758).

During the three month period ended March 31, 2014, the Company reimbursed companies with common directors and key management $3,380 for travel, consulting and office costs incurred on behalf of the Company (2013 - $18,958).

(Amounts are expressed in Canadian Dollars)

7. Related Party Transactions - *Continued*

The balance receivable from related parties at March 31, 2014 was $11,038 (December 31, 2013 - $11,038)

The balance payable to related parties at March 31, 2014 was $24,394 (December 31, 2013 - $12,188) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

8. 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 mineral exploration sector and the Company's operations are segmented by the location of its mineral properties.

As at March 31, 2014 and for the three month period ended March 31, 2014

		Canada		Greenland		Total
Current assets	**$**	**124,063**	**$**	**-**	**$**	**124,063**
Equipment		**34,091**		**-**		**34,091**
Exploration and evaluation assets		**2,985,896**		**2,537,372**		**5,523,268**
Total Assets	**$**	**3,144,050**	**$**	**2,537,372**	**$**	**5,681,422**
Total Liabilities	**$**	**59,614**	**$**	**980**	**$**	**60,594**
Project evaluation expenses		**23,739**		**-**		**23,739**
Other expenses		**76,526**		**-**		**76,526**
Net Loss	**$**	**100,265**	**$**	**-**	**$**	**100,265**

As at December 31, 2013

		Canada		Greenland		Total
Current assets	$	203,312	$	-	$	203,312
Equipment		36,815		-		36,815
Exploration and evaluation assets		2,959,391		2,527,372		5,486,763
Total Assets	$	3,199,518	$	2,527,372	$	5,726,890
Total Liabilities	$	26,817	$	980	$	27,797