

WESTMELVILLE
METALS INC.

(An Exploration Stage Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 and 2014

In Canadian Dollars

Unaudited – Prepared by Management

Notice of Non-review of Condensed Consolidated Interim Financial Statements

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

West Melville Metals Inc.
(An Exploration Stage Company)
Condensed Consolidated Statements of Financial Position

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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets		
Current Assets		
Cash	\$ 18,570	\$ 59,604
Other receivables (Note 7)	-	11,038
GST recoverable	253	2,921
Prepaid expenses	2,681	2,374
Marketable securities (Note 7)	17,661	-
	39,165	75,937
Equipment (Note 3)	-	25,920
Exploration and evaluation assets (Note 4)	2,736,070	2,686,317
TOTAL ASSETS	\$ 2,775,235	\$ 2,788,174
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	\$ 47,319	\$ 26,238
Convertible loans (Note 6)	52,598	-
	99,917	26,238
Shareholders' Equity		
Share capital (Note 5)	9,832,270	9,832,270
Reserves (Notes 5 and 6)	2,031,558	2,022,411
Accumulated other comprehensive income	6,623	
Deficit	(9,195,133)	(9,092,745)
	2,675,318	2,761,936
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,775,235	\$ 2,788,174

Nature of operations and going concern (Note 1)
 Subsequent event (Note 11)

APPROVED ON BEHALF OF THE BOARD:

"Rory Moore" _____, President, CEO and Director

"Jim Paterson" _____, Director

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

West Melville Metals Inc.

(An Exploration Stage Company)

Condensed Consolidated Statements of Comprehensive Loss

(Amounts are expressed in Canadian Dollars)

Unaudited – Prepared by Management

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Expenses				
Accretion expense (Note 6)	\$ 1,085	\$ -	\$ 1,085	\$ -
Advertising and promotion	897	2,330	3,245	9,283
Consulting	-	-	400	-
Corporate listing and filing fees	3,440	9,706	23,912	21,194
Depreciation (Note 3)	-	2,724	4,977	8,171
Interest expense (Note 6)	821	-	964	280
Office and administration	1,264	3,322	5,124	9,592
Personnel	1,500	20,367	10,828	65,146
Project evaluation (Note 4)	-	-	9,710	63,778
Professional fees	-	1,250	21,690	38,397
Rent	-	1,938	(2,742)	5,997
Travel and conferences	-	1,212	2,309	7,586
Loss before the undernoted	(9,007)	(42,849)	(81,502)	(229,424)
Other Income (Expenses)				
Interest income	-	185	57	669
Write-off of equipment	-	-	(20,943)	-
Loss for the Period	\$ (9,007)	\$ (42,664)	\$ (102,388)	\$ (228,755)
Unrealized gain on marketable securities (Note 7)	6,623	-	6,623	-
Comprehensive Loss for the Period	\$ (2,384)	\$ (42,664)	\$ (95,765)	\$ (228,755)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.05)
Weighted average number of common shares outstanding	5,260,545	5,030,965	5,260,545	4,773,818

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

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					Total \$
	Shares	Amount \$	Reserves \$	Accumulated Other Comprehensive Income \$	Deficit \$	
Balance, December 31, 2013	4,628,085	9,514,182	1,996,738	-	(5,811,827)	5,699,093
Share issuance – property acquisition	20,000	22,000	-	-	-	22,000
Private placement – non flow-through	600,000	300,000	-	-	-	300,000
Share issuance costs - shares	12,460	-	-	-	-	-
Share issuance costs -warrants	-	(3,912)	3,912	-	-	-
Loss for the period	-	-	-	-	(228,755)	(228,755)
Balance, September 30, 2014	5,260,545	9,832,270	2,000,650	-	(6,040,582)	5,792,338
Share-based compensation	-	-	21,761	-	-	21,761
Loss for the period	-	-	-	-	(3,052,163)	(3,052,163)
Balance, December 31, 2014	5,260,545	9,832,270	2,022,411	-	(9,092,745)	2,761,936
Equity component of convertible loans	-	-	9,147	-	-	9,147
Unrealized gain on marketable securities	-	-	-	6,623	-	6,623
Loss for the period	-	-	-	-	(102,388)	(102,388)
Balance, September 30, 2015	5,260,545	9,832,270	2,031,558	6,623	(9,195,133)	2,675,318

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

West Melville Metals Inc.
(An Exploration Stage Company)
Condensed Consolidated Statements of Cash Flows

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

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Cash Provided By (Used In):		
Operations:		
Loss for the period	\$ (102,388)	\$ (228,755)
Items not affecting cash:		
Depreciation	4,977	8,171
Accretion expense	1,085	-
Interest income	(57)	(669)
Interest expense	964	280
Write-off of equipment	20,943	-
Change in non-cash working capital:		
GST recoverable	2,668	545
Prepaid expenses	(307)	(1,604)
Accounts payable and accrued liabilities	21,081	(6,654)
	<u>(51,034)</u>	<u>(228,686)</u>
Interest received	57	669
Interest paid	(304)	(280)
	<u>(51,281)</u>	<u>(228,297)</u>
Investing:		
Exploration and evaluation expenditures	<u>(49,753)</u>	<u>(113,757)</u>
Financing:		
Issuance of share capital, net of share issuance costs	-	300,000
Proceeds from convertible loans	60,000	-
	<u>60,000</u>	<u>300,000</u>
Net decrease in cash	(41,034)	(42,054)
Cash - beginning of period	59,604	185,733
Cash - end of period	\$ 18,570	\$ 143,679

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

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

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 800 – 789 West Pender St., Vancouver, BC V6C 1H2. The Company’s common shares are publicly listed on the Toronto Stock Exchange’s Venture Exchange (the “Exchange”) under the symbol “WMM”.

West Melville is an exploration stage company involved in the acquisition and exploration of resource properties. The Company is evaluating the economic potential of a deposit of iron, titanium and vanadium in Greenland.

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

These condensed consolidated 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 September 30, 2015, the Company had not achieved profitable operations, had an accumulated deficit of \$9,195,133 (December 31, 2014 - \$9,092,745) since inception, expects to incur further losses as it develops its business and explores its mineral property interest, and will be required to raise additional financing to maintain its operations, all of which indicate the existence of a material uncertainty that may cast 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 interest. There can be no assurances that the Company will be able 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 and exploration and development activities which may impact the Company’s ability to maintain its mineral property interest.

The condensed consolidated 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.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

2. Significant Accounting Policies, Basis of Presentation and Principles of Consolidation

These condensed financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) 34, Interim Financial Reporting (“IAS 34”) 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 interim financial statements is the same as those applied in the Company’s most recent annual financial statements for the year ended December 31, 2014. The condensed interim financial statements do not include all of the information required for full annual financial statements.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of November 27, 2015, the date the Board of Directors approved the statements.

During the nine months ended September 30, 2015, the Company wound up its two wholly owned inactive subsidiaries Isortoq Holdings and Thule Holdings. These financial statements include the accounts of the Company’s wholly owned subsidiaries until March 31, 2015. All intercompany balances and transactions have been eliminated upon consolidation.

3. Equipment

	Furniture and Fixtures	Computer Hardware	Field Equipment	Leasehold Improvement s	Total
Cost					
Balance, December 31, 2013	\$ 32,314	\$ 3,149	\$ 1,874	\$ 29,256	\$ 66,593
Additions	-	-	-	-	-
Balance, December 31, 2014	32,314	3,149	1,874	29,256	66,593
Current period disposals	(32,314)	(3,149)	(1,874)	(29,256)	(66,593)
Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated depreciation					
Balance, December 31, 2013	\$ 12,916	\$ 1,876	\$ 624	\$ 14,362	\$ 29,778
Depreciation	3,880	382	250	6,383	10,895
Balance, December 31, 2014	16,796	2,258	874	20,745	40,673
Current period retirements	(18,348)	(2,391)	(974)	(23,937)	(45,650)
Depreciation	1,552	133	100	3,192	4,977
Balance, September 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -
Carrying Value					
At December 31, 2014	\$ 15,518	\$ 891	\$ 1,000	\$ 8,511	\$ 25,920
At September 30, 2015	\$ -	\$ -	\$ -	\$ -	\$ -

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

4. Exploration and Evaluation Assets

	September 30, 2015			December 31, 2014		
	Acquisition Costs \$	Deferred Exploration \$	Total \$	Acquisition Costs \$	Deferred Exploration \$	Total \$
Exploration and Evaluation Assets						
Greenland Property						
Balance, beginning of period	2,339,778	346,539	2,686,317	2,339,778	187,594	2,527,372
Claims and staking	-	39,153	39,153	-	45,613	45,613
Analytical and sampling	-	-	-	-	30,518	30,518
Consulting	-	-	-	-	78,000	78,000
Field work	-	10,600	10,600	-	-	-
Travel and accommodations	-	-	-	-	4,814	4,814
Balance, end of period	2,339,778	379,911	2,736,070	2,339,778	346,539	2,686,317
Fraser Bay						
Balance, beginning of period	-	-	-	774,420	2,184,971	2,959,391
Acquisition costs	-	-	-	22,000	-	22,000
Camp costs	-	-	-	-	10,874	10,874
Consulting	-	-	-	-	8,400	8,400
Write-offs	-	-	-	(796,420)	(2,204,245)	(3,000,665)
Balance, end of period	-	-	-	-	-	-

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, as subsequently amended by the parties to the 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. During the year ended December 31, 2011 the Company paid a non-refundable deposit of US \$400,000 to HMP on signing of the Greenland Agreement. In accordance with the amendments to the Greenland Agreement, during the year ended December 31, 2012 the Company paid \$832,875 (being 15% of the gross proceeds raised by the Company's initial public offering ("IPO")), issued 1,007,800 units, with each unit comprising one common share and one common share purchase warrant, and made a payment of US \$250,000. Each common share purchase warrant issued to HMP is exercisable into one common share for a period of five years at \$0.50 per common share.

On November 15, 2013 the Company and HMP executed an amending deed to the Greenland Agreement whereupon signing, HMP agreed to transfer the Isortoq Project licenses to the Company in exchange for a future payment of US \$1.4 million. On June 20, 2014, the Company and HMP executed a final amending deed to the Greenland Agreement whereupon signing, the US \$1.4 million final payment as well as a previously agreed Royalty Agreement were cancelled.

The project area was reduced by 109 square kilometers by dropping license EL#2012-35 in 2013. No field work was conducted on the Isortoq Property during the nine months ended September 30, 2015.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

4. Exploration and Evaluation Assets – Continued

Greenland Agreement – Continued

On February 6, 2015 the Mineral License and Safety Authority of Greenland approved the legal transfer of Exploration Licenses 2009/15 and 2009/35 from HMP to West Melville. The Company owns 100% of the Isortoq Property clear of any third party royalties.

Project Evaluation

During the nine months ended September 30, 2015, the Company incurred project evaluation expenses of \$9,710. As the Company has not acquired the legal rights to explore potential new projects or has decided not to pursue the potential projects, project evaluation costs have been expensed as incurred.

5. Share Capital

Authorized Share Capital

At September 30, 2015, the authorized share capital comprised an unlimited number of common shares without par value.

On May 25, 2015, the Company consolidated the Company's issued and outstanding common shares at a ratio of one new share for ten old shares. The Company previously had 52,605,451 common shares outstanding and after the consolidation of its share capital had 5,260,545 outstanding. The Company undertook this consolidation of its capital to facilitate future financings.

Issued Share Capital

Private Placement - 2014

On August 28, 2014, the Company closed the second tranche of a non-brokered private placement consisting of 112,000 units at a price of \$0.50 per unit for gross proceeds of \$56,000.

On July 31, 2014, the Company closed the first tranche of a non-brokered private placement consisting of 488,000 units at a price of \$0.50 per unit for gross proceeds of \$244,000.

Each unit consisted of one common share and one common share purchase warrant. Each common share purchase warrant may be exercisable into one common share for a period of three years from closing at a price of \$1.50 per share. The securities were subject to a four month hold period.

Share issuance costs included 12,460 shares and 12,460 finder's warrants with the same terms as the warrants issued under the private placement. The finder's warrants have a fair value of \$3,912. The Company is using the proceeds of this private placement to conduct metallurgical test work on the Isortoq Property and for general working capital purposes.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

5. Share Capital – Continued

Other Share Issuance – 2014

On February 14, 2014, the Company issued 20,000 common shares with a fair value of \$22,000 in relation to an extension of the Fraser Bay Option Agreement.

Escrowed Securities and 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 1,035,380 common shares held by them prior to the IPO. 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 initial Listing Date of July 23, 2012 and the remaining securities in equal blocks of 15% at six month intervals thereafter. In addition to the common shares deposited in escrow prior to the IPO, 100,780 Units issued subsequent to the IPO as part of the acquisition of the Isortoq Property in Greenland are subject to the same escrow terms. As of September 30, 2015, nil common shares (December 31, 2014 – 340,848 common shares) remained in escrow in accordance with the escrow agreement.

In addition to the two year hold period described above, 1,175,000 common shares held by non-Principals are subject to resale restrictions in accordance with the policies of the Exchange, as follows: 224,500 are subject to a three year restriction with 10% released on the Listing Date and 15% every six months thereafter; 75,000 are subject to a two year restriction with 20% released on the Listing Date and 20% each six months thereafter; and 875,500 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 September 30, 2015, nil common shares (December 31, 2014 – 67,350 common shares) remained subject to the resale restrictions.

Warrants

Details of outstanding warrants are as follows:	Number of Warrants	Weighted Average Exercise Price
Outstanding warrants, December 31, 2013	1,245,216	\$ 2.40
Issued	612,460	1.50
Expired	(64,936)	5.00
Outstanding warrants, December 31, 2014	1,792,740	\$ 2.00
Expired	(1,079,500)	2.00
Outstanding warrants, September 30, 2015	713,240	\$ 2.00

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

5. Share Capital – Continued

Warrants – Continued

At September 30, 2015, 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 29, 2017	\$1.50	500,460	1.83
August 3, 2017	\$5.00	100,780	1.84
August 28, 2017	\$1.50	112,000	1.91
Weighted average exercise price and remaining contractual life	\$2.00	713,240	1.84

The fair value of finders warrants issued during the 2014 year was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Estimated risk-free rate	1.25%
Expected volatility	139%
Estimated dividend yield	0.0%
Expected life of warrants	3 years
Share price	\$0.40-\$0.50

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 the Exchange.

The changes in stock options issued are as follows:

	Number	Weighted Average Exercise Price
Outstanding December 31, 2013	294,000	\$5.00
Issued	267,500	0.50
Expired / cancelled without exercise	(37,500)	5.00
Outstanding September 30, 2015 and December 31, 2014	524,000*	\$2.70

*Cancelled subsequent to September 30, 2015 (see Note 10)

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

5. Share Capital – Continued

Stock Options – Continued

At September 30, 2015, 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	\$5.00	256,500	256,500	6.41
December 3, 2019	\$0.50	267,500	267,500	4.18
Weighted average exercise price and remaining contractual life	\$2.70	524,000*	524,000	5.27

*Cancelled subsequent to September 30, 2015 (see Note 10)

The fair value of stock options issued during the 2014 year was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Estimated risk-free rate	1.60%
Expected volatility	150.1%
Estimated dividend yield	0.0%
Expected life of options	5 years
Share price	\$0.10

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 expected average option life and expected forfeitures are based on management's best estimate of the Company's options. No stock options were granted during the nine months ended September 30, 2015 (2014 – nil) and no share-based compensation expense was incurred (2014 – nil).

6. Convertible Loans

	Total
Balance, December 31, 2014	\$ -
Funds received	60,000
Equity portion of convertible loans	(9,147)
Liability portion of convertible loans	50,853
Accrued interest on convertible loans	660
Accretion of convertible loans	1,085
Balance, October 31, 2014	\$ 52,598

During the nine months ended September 30, 2015, the Company received a total of \$60,000 through investments into convertible loans from various subscribers including a related party (see Note 9). The loans bears simple interest at a rate of 8% per annum, payable two years from the date the loan was received.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

6. Convertible Loans – Continued

Upon initial recognition, the convertible loans were bifurcated into its liability and equity components. The liability component represents the estimated fair value of similar debt without a conversion option and was calculated as \$50,853 and the equity component of \$9,147 represents the residual amount after removal of the liability component. The Company used an estimated market rate of 17% to estimate the fair value of the debt based on rates used by peer companies.

The liability component of the loan has been designated as an “other liability” and is carried at the amortized cost with the discount being accreted over the expected life of the loans, using the effective interest method. The equity portion has been recorded as reserves.

7. Marketable Securities

On June 17, 2015, the Company entered into a debt settlement agreement with Bluestone Resources Inc. (“Bluestone”) will issue 220,765 of its shares to settle the debt of \$11,038 owing to the Company. The shares were issued on July 20, 2015.

Management has determined it appropriate to record the common shares of Bluestone as available-for-sale financial assets. The initial investment was recorded at cost. The Company will revalue the investments at each reporting period. Any changes in the fair value of the investments will be recorded in other comprehensive income (“OCI”) until the investments are sold or otherwise disposed, at which point any gains and losses recorded to date will be recognized through profit or loss.

The fair value of these common shares as at July 20, 2015, the date of the receipt of Bluestone shares, was \$11,038. The fair value increased to \$17,661 as at September 30, 2015, therefore \$6,623 was recorded as an unrealized gain on marketable securities during the nine months ended September 30, 2015.

8. Financial Instruments

a) Fair values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash, other receivable, GST recoverable, and accounts payables and accrued liabilities approximates their carrying value due to their short-term maturity. Cash and marketable securities are measured using level one of the fair value hierarchy.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

8. Financial Risk Management – Continued

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and GST recoverable. Cash is held with a major Canadian financial institution and GST recoverable are from Government entities. Management is of the view that all amounts are fully collectible.

c) 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. 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 also note 1).

d) 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 significant interest bearing financial instruments nor does it hold any investments in equities of another entity.

e) 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 associated with its financial instruments at September 30, 2015.

f) 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.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

8. Financial Risk Management – Continued

f) Capital Management – Continued

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 and contributed surplus, 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 nine months ended September 30, 2015.

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

9. 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 nine months ended September 30, 2015 was \$31,138 (2014 - \$149,957) and was comprised of the following:

	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Exploration expense – field work	\$ 10,600	\$ 144,954
Personnel	10,828	5,003
Project evaluation	9,710	-
	\$ 31,138	\$ 149,957

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

The balance receivable from related parties at September 30, 2015 was \$Nil (December 31, 2014 - \$11,038). See note 8.

The balance payable to related parties at September 30, 2015 was \$14,333 (December 31, 2014 - \$2,137) 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.

During the nine months ended September 30, 2015, the Company received a total of \$20,000 in convertible loans from a company controlled by an officer of the Company.

West Melville Metals Inc.
(An Exploration Stage Company)
Notes to the Condensed Consolidated Financial Statements
For the nine months ended September 30, 2015 and 2014
(Amounts are expressed in Canadian Dollars)
Unaudited – Prepared by Management

9. Related Party Transactions – Continued

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.

10. 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 September 30, 2015	Canada	Greenland	Total
Current assets	\$ 39,165	\$ -	\$ 39,165
Exploration and evaluation assets	-	2,736,070	2,736,070
Total Assets	\$ 39,165	\$ 2,736,070	\$ 2,775,235

As at December 31, 2014			
Current assets	\$ 75,937	\$ -	\$ 75,937
Equipment	25,920	-	25,920
Exploration and evaluation assets	-	2,686,317	2,686,317
Total Assets	\$ 101,857	\$ 2,686,317	\$ 2,788,174

11. Subsequent Event

On November 18, 2015, the Company cancelled 524,000 of its outstanding stock options.