NORTHERNSHIELD
RESOURCES INC.

(A Development Stage Company)

Condensed Consolidated Interim Financial Statements

(unaudited and expressed in Canadian Dollars)

For the three and six-month periods ended June 30, 2015

[Note: an auditor has not reviewed these unaudited interim financial statements.]

NORTHERNSHIELD
RESOURCES INC.

Condensed Consolidated
Interim Financial Statements

For the three and six-month periods ended June 30, 2015

(unaudited and expressed in Canadian Dollars)

NORTHERN SHIELD RESOURCES INC.

(A Development Stage Company)

Condensed Consolidated Interim Statements of Comprehensive Loss

for the three and six-month periods ended June 30, 2015 and 2014

(unaudited and expressed in Canadian Dollars)

	June 30, 2015 (3 months) (Unaudited)	June 30, 2014 (3 months) (Unaudited)	**June 30, 2015 (6 months) (Unaudited)**	June 30, 2014 (6 months) (Unaudited)
Expenses				
Expensed exploration (Note 7)	**$ 22,345**	$ 117,450	**$ 26,538**	$ 135,270
General and administrative (Note 7)	**162,955**	300,789	**401,552**	547,141
Loss before other income (expenses)	**(185,300)**	(418,239)	**(428,090)**	(682,411)
Other income (expenses)				
Loss on sale of mineral property rights (Note 5)	**-**	(628,354)	**-**	(628,354)
Loss on sale of property, plant and equipment (Note 6)	**-**	(135,747)	**-**	(135,747)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	**(185,300)**	(1,182,340)	**(428,090)**	(1,446,512)
Weighted average common shares outstanding	**153,622,093**	153,422,093	**153,622,093**	153,422,093
Basic and diluted loss per share (Note 4)	**$ (0.00)**	$ (0.01)	**$ (0.00)**	$ (0.01)

All results are from continuing operations.
The accompanying notes are an integral part of the condensed consolidated interim financial statements.

APPROVED BY THE BOARD

Ian C. Bliss, Director

Bill Kiff, Director

NORTHERN SHIELD RESOURCES INC.
(A Development Stage Company)
Condensed Consolidated Interim Statements of Financial Position
as at June 30, 2015 and December 31, 2014
(unaudited and expressed in Canadian Dollars)

As at		**June 30, 2015 (unaudited)**		December 31, 2014 (unaudited)
CURRENT ASSETS				
Cash	**$**	**195,134**	$	709,825
Unbilled receivables		**51,110**		89,379
Amounts receivable		**44,784**		36,690
Prepaid expenses		**13,563**		20,396
		304,591		856,290
INVESTMENT IN SHARES		**8,333**		8,333
MINERAL PROPERTIES (Note 5)		**3,149,467**		3,080,737
PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Note 6)		**129,367**		144,241
	$	**3,591,758**	$	4,089,601
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	**$**	**83,423**	$	153,176
Deferred exploration funding		**174,131**		174,131
		257,554		327,307
SHAREHOLDERS' EQUITY				
Share capital (Note 3)		**22,129,020**		22,129,020
Reserves		**2,951,918**		2,951,918
Deficit		**(21,746,734)**		(21,318,644)
		3,334,204		3,762,294
	$	**3,591,758**	$	4,089,601

All results are from continuing operations.
The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NORTHERN SHIELD RESOURCES INC.

(A Development Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

for the three and six-month periods ended June 30, 2015 and 2014

(unaudited and expressed in Canadian Dollars)

	June 30, 2015 (6 months) (Unaudited)	June 30, 2014 (6 months) (Unaudited)
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Net loss	$ **(428,090)**	$ (1,446,512)
Items not affecting cash and cash equivalents		
Amortization - administrative	**6,539**	8,726
Stock-based compensation	**-**	9,500
Changes in non-cash operating working capital items:		
Unbilled receivables	**38,269**	(56,847)
Amounts receivable	**(8,094)**	236,628
Prepaid expenses	**6,833**	(4,779)
Accounts payable and accrued liabilities	**(69,753)**	(174,898)
Deferred exploration funding	**-**	219,157
Long-term portion of deposit	**-**	12,000
Expensed exploration	**26,538**	135,270
Loss on sale of mineral property rights	**-**	628,354
Loss on sale of property, plant and equipment	**-**	135,747
	(427,758)	(297,654)
INVESTING		
Expenditures on mineral properties	**(95,268)**	(386,304)
Mineral property funding	**-**	1,523,537
Proceeds from disposal of property, plant and equipment	**-**	50,000
Amortization charged to exploration	**8,335**	31,984
	(86,933)	1,219,217
FINANCING		
Issuance of share capital, net of issuance costs	**-**	-
	-	-
NET CASH AND CASH EQUIVALENTS INFLOW	**(514,691)**	921,563
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**709,825**	349,719
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ **195,134**	$ 1,271,282

All results are from continuing operations.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NORTHERN SHIELD RESOURCES INC.

(A Development Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

for the six-month periods ended June 30, 2015 and 2014

(unaudited and expressed in Canadian dollars)

	Share Capital		**Reserves**			
	Number of Shares	Amount	Share-based Payments	Warrants	Deficit	**Total**
Balance at December 31, 2013	**152,422,093**	**22,125,020**	**2,371,055**	**571,363**	**(16,823,218)**	**8,244,220**
Amount reclassified upon expiry of warrants	-	-	347,767	(347,767)	-	**-**
Share-based compensation	-	-	9,500	-	-	**9,500**
Loss for the period	-	-	-	-	(1,446,512)	**(1,446,512)**
Balance at June 30, 2014	**152,422,093**	**22,125,020**	**2,728,322**	**223,596**	**(18,269,730)**	**6,807,208**
Shares issued for mineral property	200,000	4,000	-	-	-	**4,000**
Amount reclassified upon expiry of warrants	-	-	53,871	(53,871)	-	**-**
Loss for the period	-	-	-	-	(3,048,914)	**(3,048,914)**
Balance at December 31, 2014	**152,622,093**	**22,129,020**	**2,782,193**	**169,725**	**(21,318,644)**	**3,762,294**
Amount reclassified upon expiry of warrants	-	-	169,725	(169,725)	-	**-**
Loss for the period	-	-	-	-	(428,090)	**(428,090)**
Balance at June 30, 2015	**152,622,093**	**22,129,020**	**2,951,918**	**-**	**(21,746,734)**	**3,334,204**

All results are from continuing operations.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Northern Shield Resources Inc. (the "Company" or "Northern Shield"), a development stage company, incorporated under the *Canada Business Corporations Act*, is a natural resource company engaged in the business of identifying, acquiring and exploring mineral properties located primarily in Ontario and Quebec.

The Company's head office is situated at Suite 440, 55 Metcalfe Street, Ottawa, Ontario. The Company's shares trade on the TSX Venture Exchange under the symbol NRN.

The Company has not yet determined whether any of their properties contain precious mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties is dependent upon the existence of reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development of the properties, and ultimately upon future profitable production or proceeds from disposition of the mineral properties.

As Northern Shield does not have an interest in revenue-producing properties, the Company has no operating income or earnings and, as such, its net loss may not be a meaningful indicator of its performance or potential. Exploration activities and the Company's expenses are financed by the periodic issuance of common shares and other equity securities.

Going concern

These unaudited consolidated interim financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business. For the six-month period ended June 30, 2015, the Company incurred a loss of $428,090 and had negative cash flows from operations of $427,758. At the end of the period it had an accumulated deficit of $21,746,734.

These factors raise doubt about the Company's ability to continue as a going concern. The Company is currently looking to raise additional financing. Should this financing not materialize and profitable operations ultimately not be attained, this may cast doubt as to the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown in the financial statements and the Company's ability to discharge its liabilities in the normal course of business may be in doubt should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These unaudited condensed consolidated interim financial statements ("Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The Board of Directors authorized these Financial Statements for issue on August 25, 2015.

Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”).

Certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2014.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company’s consolidated financial statements for the year ended December 31, 2014, with the exception of certain amendments to accounting standards issued by the IASB, which were applicable from January 1, 2015. These amendments did not have a significant impact on the Company’s unaudited condensed interim consolidated financial statements.

These Interim Financial Statements are expressed in Canadian dollars.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its proportionate share of joint ventures.

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Judgments

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed interim consolidated financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates, as the estimation process is inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in preparation of the Company's unaudited condensed interim consolidated financial statements are consistent with those applied

New Accounting Standards and Interpretations

New standards effective for January 1, 2015:

IFRS 8, "Operating Segments" – This accounting standard was amended to clarify the disclosure regarding management's judgment in applying aggregation criteria. The amendment is effective for annual periods beginning on or after July 1, 2014. The application of this amendment has not had a material impact on the Company's condensed consolidated interim financial statements.

IFRS 13, "Fair Value Measurement" – This accounting standard was amended to clarify the scope of contracts to be included in this and related standards. The amendment is effective for annual periods beginning on or after July 1, 2014. The application of this amendment has not had a material impact on the Company's condensed consolidated interim financial statements.

IAS 24, "Related Party Disclosures" – This accounting standard was amended to clarify the disclosures related to key management personnel. The amendment is effective for annual periods beginning on or after July 1, 2014. The application of this amendment has not had a material impact on the Company's condensed consolidated interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New and revised IFRS in issue but not yet effective:

IFRS 9, *Financial Instruments (“IFRS 9”)*

IFRS 9, “Financial Instruments” – This accounting standard was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. IFRS 9 is effective starting January 1, 2018; the Company will assess the impact of this ongoing project, as remaining phases of the project are complete. The Company is currently evaluating the impact that this new standard will have on its financial statements.

IFRS 7 Financial Instruments: Disclosure (“IFRS 7”)

Amended to require additional disclosures on transition from IAS 39 to IFRS 9. The standard is effective on adoption of IFRS 9, which is effective for annual periods commencing on or after January 1, 2018. The Company is currently evaluating the impact these standards are expected to have on its consolidated financial statements.

IFRS 10 Consolidated Financial Statements (“IFRS 10”)

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. Upon adoption, the amendments may impact the Company in respect of future sale or contribution of assets with any associates or joint ventures of the Company. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016. The Company is currently evaluating the impact these amendments are expected to have on its consolidated financial statements.

(unaudited and expressed in Canadian Dollars)

3. SHARE CAPITAL

Authorized and Issued

An unlimited number of voting common shares are authorized for issue and, subject to priority rights of other share classes, are entitled to receive dividends when and if declared by the Board of Directors. There were 152,622,093 voting common shares issued and outstanding at June 30, 2015 (152,622,093 at December 31, 2014).

An unlimited number of preferred shares are authorized for issue in series. There were no preferred shares issued at June 30, 2015 (none at December 31, 2014).

During the six-month period ended June 30, 2015, no shares were issued (2014 – none).

Warrants

The following continuity summarizes the Company's outstanding warrant obligations over the period covered by these financial statements:

	Quantity	Weighted Average Exercise Price	Weighted Average Expiry Date
Balance, December 31, 2014	**1,818,182**	**$ 0.11**	**May 9, 2015**
Expired during the period	(1,818,182)	$ 0.11	May 9, 2015
Balance, June 30, 2015	**-**	**-**	**-**

Detail of warrants outstanding at:

December 31, 2014		
Quantity	Exercise Price	Expiry Date
1,818,182	$ 0.11	May 9, 2015
1,818,182		

Stock options

The Company has established a Stock Option Plan (the "Plan") to develop the interest and incentive of eligible employees, directors and consultants in the Company's growth and development. The aggregate number of share options which may be issued and outstanding at any time under this plan shall not exceed 10% of the total number of issued and outstanding shares of the Company unless the Company receives the permission of the TSX Venture Exchange and its shareholders. As at June 30, 2015, 15,262,209 common share options were authorized to be issued and outstanding under the Plan (December 31, 2014 - 15,262,209). Stock options are granted with an exercise price equal to the underlying common stock's fair market value at the time of grant.

(unaudited and expressed in Canadian Dollars)

3. SHARE CAPITAL (continued)

Once vested, options may be exercised during a period not exceeding five years from the date of grant, subject to earlier termination if the option holder ceases to be a director, officer, employee or consultant of the Company.

The following summarizes the Company's outstanding option obligations over the period covered by these financial statements:

	Quantity	Weighted Average Exercise Price
Balance, December 31, 2014	**6,730,000**	**$ 0.22**
-no activity-	-	-
Balance, June 30, 2015	**6,730,000**	**$ 0.22**

At June 30, 2015, the remaining pool of options available for grant was 8,532,209 (December 31, 2014 – 8,532,209).

Detail of options outstanding at June 30, 2015 and December 31, 2014:

Issue Date	Exercise Price	Quantity	Expiry Date	Exercisable
As at June 30, 2015:				
October 29, 2010	$ 0.18	2,055,000	October 29, 2015	2,055,000
October 5, 2011	$ 0.25	2,450,000	October 5, 2016	2,450,000
March 26, 2012	$ 0.25	1,850,000	March 26, 2017	1,850,000
July 3, 2012	$ 0.20	375,000	July 3, 2017	375,000
		6,730,000		**6,730,000**
As at December 31, 2014:				
October 29, 2010	$ 0.18	2,055,000	October 29, 2015	2,055,000
October 5, 2011	$ 0.25	2,450,000	October 5, 2016	2,450,000
March 26, 2012	$ 0.25	1,850,000	March 26, 2017	1,850,000
July 3, 2012	$ 0.20	375,000	July 3, 2017	375,000
		6,730,000		**6,730,000**

Share-based compensation

During the six-month period ended June 30, 2015 the Company incurred no expense relating to options granted during previous periods with periodic vesting dates (2014 - $9,500, all of the which was attributable to the General and Administration function).

No share options expired or were granted or exercised during the six-month period ended June 30, 2015 (2014 – none).

(unaudited and expressed in Canadian Dollars)

3. SHARE CAPITAL (continued)

The Black-Scholes option pricing model, used by the Company to calculate option values, as well as other currently accepted valuation models, is used to estimate the fair value of freely tradable, fully transferable options without vesting restrictions, which significantly differ from the Company's option awards. The model require subjective assumptions, including future stock price volatility and expected time until exercise, which affect calculated values. Accordingly, management believes that this model does not necessarily provide a reliable single measure of the fair value of the Company's stock option awards.

4. LOSS PER SHARE

The treasury stock method is used for the calculation of diluted loss per share. Basic loss per common share is calculated using the weighted average number of common shares outstanding during the year. As the Company has recorded a loss in each of the periods presented, the following table presents the anti-dilutive effect of securities excluded from the loss per share computation for the six-month periods ended June 30, 2015 and 2014:

	2015	2014
Stock options	**6,730,000**	8,317,376
Stock purchase warrants	**1,295,831**	9,592,566
	8,025,831	17,909,942

(unaudited and expressed in Canadian Dollars)

5. MINERAL PROPERTIES

The following table summarizes the exploration expenditures incurred on each of the Company's mineral properties:

	Storm	Idefix	Ikertoq	Huckleberry	Highbank Lake	Wabassi	Max	Other Properties	Total
Percent Ownership	*100%*	*100%*	*0%*	*100%*	*60%*	*0%*	*0%*	*100%*	
At December 31, 2013	**$ 3,496,410**	**$ 13,565**	**$ 1,835,306**	**$ -**	**$ 500,000**	**$ 1,696,893**	**$ 250,000**	**$ 144,670**	**$ 7,936,844**
Expenditures									
Acquisition	765	12,510	-	4,181	-	765	-	47,849	**66,070**
Exploration	17,428	25,485	169,889	74,645	-	148,446	846	265,883	**702,622**
Total Expenditures	18,193	37,995	169,889	78,826	-	149,211	846	313,732	**768,692**
External Funding	(25,000)	(37,995)	-	-	-	(1,368,460)	(100,000)	-	**(1,531,455)**
Write-Down	(872,400)	-	(1,755,195)	-	(500,000)	-	(136)	(337,259)	**(3,464,990)**
Loss on Disposal	-	-	-	-	-	(477,644)	(150,710)	-	
At December 31, 2014	**$ 2,617,203**	**$ 13,565**	**$ 250,000**	**$ 78,826**	**$ -**	**$ -**	**$ -**	**$ 121,143**	**$ 3,080,737**
Expenditures									
Acquisition	-	798	-	2,280	-	-	-	1,026	**4,104**
Exploration	20,885	11,706	2,128	29,906	-	-	-	26,539	**91,164**
Total Expenditures	20,885	12,504	2,128	32,186	-	-	-	27,565	**95,268**
External Funding	-	-	-	-	-	-	-	-	**-**
Write-Down	-	-	-	-	-	-	-	(26,538)	**(26,538)**
At June 30, 2015	**$ 2,638,088**	**$ 26,069**	**$ 252,128**	**$ 111,012**	**$ -**	**$ -**	**$ -**	**$ 122,170**	**$ 3,149,467**

The Company holds less than a 100% stake in four of its properties. The nature of the shared ownership of each is as follows:

Highbank Lake: Impala Platinum Holdings Limited of South Africa ("Impala") holds a 40% stake in the property under a now-expired option agreement. Each $230,000 that the Company now spends on the property increases the Company's stake by 5%.

Wabassi & Max: In 2014, the Company sold its remaining interest in the Wabassi and Max properties (along with a first right of refusal on its Storm Property to Great Lakes Resources LLC ("Great Lakes"), a private US based company, for $1,400,000 cash and royalties. Under the terms of the sale agreement, the Company transferred its 49% interest in Wabassi and its 59% interest in Max to Great Lakes. The Company maintains a 0.5% net smelter return ("NSR") royalty on the Wabassi property and a 0.6% NSR royalty on the Max property. Half of each NSR royalty is subject to a buy-back. The Company also granted Great Lakes a First Right of Refusal on the Storm Property in which Northern Shield still maintains a 100% interest. Of the $1,400,000, $1,225,000 was allocated to the sale of Wabassi and $100,000 was allocated to the sale of Max and recorded as External Funding. The NSR royalty was not allocated any value in the transaction.

5. MINERAL PROPERTIES (continued)

Storm: Although still holding a 100% stake in its Storm property two agreements are in place, which may affect the Company's future ownership share:

1) Callinan Royalties Corporation ("Callinan") has paid the Company $300,000 to acquire a royalty option on one of the six Storm properties of its choosing. The royalty option allows Callinan to acquire a 1% NSR royalty by paying the Company $2,000,000 at any time up to the later of five years from the date of the option agreement (November 14, 2012) or the beginning of the mine development stage. The Company will also grant to Callinan a Right of First Refusal on the sale of any other royalties on the Storm property group owned by the Company.

2) Pursuant to the sale transaction mentioned above of the Wabassi and Max properties, the Company granted Great Lakes a First Right of Refusal on the Storm property. Of the $1,400,000 consideration paid to the Company under the agreement, $25,000 was allocated to the First Right of Refusal and recorded as External Funding.

The Company considered the impairment indicators under IFRS 6 for each property.

(unaudited and expressed in Canadian Dollars)

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Field Equipment	Furniture and Fixtures	Office Equipment	Software	Total
Cost					
December 31, 2013	504,342	29,980	113,370	33,207	**680,899**
Additions	-	-	-	-	**-**
Disposals	(303,160)	-	(300)	-	**(303,460)**
December 31, 2014	201,182	29,980	113,070	33,207	**377,439**
Additions	-	-	-	-	**-**
June 30, 2015	201,182	29,980	113,070	33,207	**377,439**
Accumulated Amortization					
December 31, 2013	(191,886)	(18,897)	(59,254)	(23,098)	**(293,135)**
Amortization	(41,220)	(2,056)	(10,016)	(4,183)	**(57,475)**
Disposal Reversals	117,412				**117,412**
December 31, 2014	(115,694)	(20,953)	(69,270)	(27,281)	**(233,198)**
Amortization	(8,335)	(880)	(4,270)	(1,389)	**(14,874)**
June 30, 2015	(124,029)	(21,833)	(73,540)	(28,670)	**(248,072)**
Carrying Values					
December 31, 2013	312,456	11,083	54,116	10,109	**387,764**
December 31, 2014	85,488	9,027	43,800	5,926	**144,241**
June 30, 2015	77,153	8,147	39,530	4,537	**129,367**

As part of the divestiture of the Wabassi and Max mineral exploration properties, the Company sold its 49% stake in the Mink Lake Camp, used as a base of operations for exploration in Northern Ontario. The Company allocated $50,000 of the total sale price of $1,400,000 to the camp, which had a carrying value of $185,748 ($303,160 of cost and $117,412 of accumulated depreciation). The result was a loss on disposal of $135,748.

Exploration-related asset amortization of $8,335 was allocated to mineral properties during the six-month period ended June 30, 2015 (2014 - $31,984).

(unaudited and expressed in Canadian Dollars)

7. NATURE OF EXPENSES

Expensed exploration during six-month periods ended March 31:

	2015	2014
Expensed prospecting activities	**26,538**	135,270
Write-down of mineral properties	**-**	-
	26,538	135,270

General and administrative expenses during six-month periods ended March 31:

	2015	2014
Remuneration and consulting fees	**206,495**	262,508
Share-based compensation	**-**	9,500
Office expenses	**113,589**	109,818
Travel expenses	**39,596**	50,662
Marketing expenses	**11,548**	24,177
Professional fees	**4,890**	54,107
Public company expenses	**15,871**	22,700
Insurance expenses	**9,563**	13,669
	401,552	547,141

8. RELATED PARTY TRANSACTIONS

The Company incurred legal fees with a law firm at which one of the Company's directors is a partner and the Company's corporate secretary is an associate. All transactions were made on terms equivalent to those that prevail in arm's length transactions.

During the six-month period ended June 30, 2015 the Company incurred $4,098 in fees from the related party (2014 - $53,340)

At June 30, 2015, the Company did not owe the related party any amounts (December 31, 2014 - $8,141).

9. KEY MANAGEMENT COMPENSATION

Benefits earned by key management during six-month periods ended June 30:

	2015	2014
Salaries	**$ 126,377**	$ 165,827
Benefits	**4,482**	4,974
Share-based payments	**-**	3,679
	$ 130,859	$ 174,480

(unaudited and expressed in Canadian Dollars)

10. COMMITMENTS

The Company is committed to operating leases as follows:

	2015	2016	Total
Premises lease	$ 97,600	$ 187,200	**$ 284,800**

11. EMPLOYEE BENEFITS EXPENSE

Benefits earned by employees during six-month periods ended June 30:

	2015	2014
Salaries	**$ 219,551**	$ 312,287
Benefits	**20,465**	25,872
Share-based payments	**-**	6,154
	240,016	$ 344,313

All of the expenses in the above table were classified as General and Administration and partially capitalized to Mineral Properties.

12. SEGMENT INFORMATION

The Company has one operating segment involved in the exploration of resource properties. All of the Company's exploration activities are located in Canada with the exception of those associated with the Ikertoq property in Greenland.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk is the risk that changes in market prices, such as equity prices; interest rates and foreign exchange rates will affect the Company's income (loss) or the value of its financial instruments.

It is in management's opinion that the Company is not exposed to significant equity price, currency or interest rate risks arising from its financial instruments.

Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

Foreign exchange risk

The Company is not exposed to significant foreign exchange risk due to the low volume of foreign currency transactions.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, and arises principally from the Company's unbilled receivables.

a) Concentration of credit risk

Counterparties expose the Company to credit-related losses in the event of non-performance. By dealing with only creditworthy counterparties, the Company's credit exposure is minimized. At June 30, 2015, one business partner represented 100% of the Company's $51,110 of unbilled receivables (December 31, 2014 – two partners represented 100% of the Company's $89,379 of unbilled receivables).

b) Credit risk exposure

The carrying amounts of the cash, unbilled receivables and amounts receivable represent the maximum exposure to credit risk. The maximum exposure to credit risk at June 30, 2015 was $291,028 (December 31, 2014 - $835,894). The Company's banks, two of the large Canadian chartered banks, hold the cash.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. As at June 30, 2015, the Company had a cash balance of $195,134 (December 31, 2014 - $709,825). To date, the Company has incurred significant operating losses. The Company's ability to continue as a going concern is dependent on its ability to generate sufficient capital through either revenues or through further financings.

The Company accrues expenses when incurred. Accounts are deemed payable once an event occurs that requires payment by a specific date. As at June 30, 2014, 100% of accounts payable are under sixty days.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values

a) The fair value of cash, unbilled receivables, amounts receivable, long-term deposit, accounts payable and accrued liabilities is approximately equal to their carrying value due to their short-terms to maturity.

b) Fair value hierarchy

Financial instruments recorded at fair value on the Statement of Financial Position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

b) Fair value hierarchy (continued)

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The fair value of the investment in private company is determined based on recent market transactions for similar instruments issued by that company.

14. CAPITAL MANAGEMENT

The Company aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to fund future exploration and maintain the ability to continue as a going concern. Capital is defined as the Company's shareholders' equity. The Company does not have any long-term debt and the Company does not intend to assume any until any given development project warrants it. The Board of Directors does not establish quantitative capital criteria for management; but rather promotes the use of periodic equity financing events as the primary method of funding administrative operations and exploration and development. Other methods open to management to fund exploration include extending joint venture or earn-in opportunities to other parties relating to specific properties.

There were no changes in the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.