HUDSON RESOURCES INC

HUDSON RESOURCES INC.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2013

(unaudited)

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

The accompanying unaudited condensed interim financial statements of Hudson Resources Inc. for the nine months ended December 31, 2013 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

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

Hudson Resources Inc.
Condensed Interim Statements of Financial Position (unaudited)
(Expressed in Canadian Dollars)

As at		December 31, 2013		March 31, 2013
ASSETS				
Current assets				
Cash and cash equivalents (note 4)	$	**2,992,311**	$	6,476,099
Harmonized sales tax receivable		**44,674**		181,607
Deposits		**4,144**		49,265
Prepaid expenses		**66,270**		45,889
		3,107,399		**6,752,860**
Non-current assets				
Equipment (note 5)		**618,323**		62,948
Resource properties (note 6)		**763,500**		743,780
		1,381,823		806,728
TOTAL ASSETS	**$**	**4,489,222**	**$**	**7,559,588**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities (notes 8 & 11(a))	$	**324,086**	$	467,763
TOTAL LIABILITIES		**324,086**		**467,763**
EQUITY				
Share capital (note 9)	$	**42,909,981**	$	42,909,981
Additional paid-in capital (note 9(d))		**1,390,947**		1,224,291
Stock options reserve (note 9(d))		**3,060,195**		3,055,346
Deficit		**(43,195,987)**		(40,097,793)
TOTAL EQUITY		**4,165,136**		**7,091,825**
TOTAL EQUITY AND LIABILITIES	**$**	**4,489,222**	**$**	**7,559,588**

Subsequent event (notes 16)

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

APPROVED BY THE BOARD:

/s/ James Tuer Director */s/ John Hick Director*

Hudson Resources Inc.

Condensed Interim Statements of Loss and Comprehensive Loss (unaudited)

(Expressed in Canadian Dollars)

	For the three months ended		For the nine months ended	
	December 31, 2013	**December 31, 2012**	**December 31, 2013**	**December 31, 2012**
EXPENSES				
Bank charges and interest	**$ 1,186**	$ 943	**$ 3,288**	$ 3,071
Depreciation	**24,506**	4,430	**34,023**	11,125
Evaluation and exploration costs (note 7)	**317,645**	599,375	**2,207,252**	4,092,209
Filing fees	**4,781**	4,921	**23,134**	22,978
Foreign exchange	**17,698**	6,827	**12,534**	12,568
Management fees	**135,000**	133,333	**405,000**	573,333
Office	**13,158**	22,296	**34,523**	49,810
Professional fees	**38,720**	37,942	**115,872**	135,884
Rent	**11,134**	10,714	**32,993**	32,733
Share-based payments (note 9(c))	**32,036**	355,496	**171,505**	469,891
Shareholder/corporate communications	**14,865**	22,385	**52,630**	40,884
Telephone	**1,128**	1,270	**4,304**	4,188
Transfer agent fees	**4,475**	3,593	**6,908**	6,891
Travel and accommodation	**1,486**	10,944	**19,249**	63,171
	617,818	1,214,469	**3,123,215**	5,518,736
OTHER INCOME				
Interest income	**(2,652)**	(23,478)	**(25,021)**	(85,666)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**$ 615,166**	$ 1,190,991	**$ 3,098,194**	$ 5,433,070
Basic and diluted loss per share for the period attributable to common shareholders	**$ 0.01**	$ 0.01	**$ 0.04**	$ 0.07
Weighted average number of common shares outstanding	**80,186,766**	80,186,766	**80,186,766**	80,186,766

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

Hudson Resources Inc.
Condensed Interim Statements of Changes in Equity (unaudited)
(Expressed in Canadian Dollars)

	Share capital		Reserves			
	Number of shares	Amount	Additional paid-in capital	Stock options reserve	Deficit	Total
Balance at March 31, 2012	**80,186,766**	**$ 42,909,981**	**$ 661,646**	**$ 2,929,158**	**$ (33,630,026)**	**$ 12,870,759**
Reclassification of grant-date fair value on expired options	-	-	562,645	(562,645)		**-**
Share-based payments	-	-	-	469,891	-	**469,891**
Total comprehensive loss	-	-	-	-	(5,433,070)	**(5,433,070)**
Balance at December 31, 2012	**80,186,766**	**$ 42,909,981**	**$ 1,224,291**	**$ 2,836,404**	**$ (39,063,096)**	**$ 7,907,580**
Balance at March 31, 2013	**80,186,766**	**$ 42,909,981**	**$ 1,224,291**	**$ 3,055,346**	**$ (40,097,793)**	**$ 7,091,825**
Reclassification of grant-date fair value on expired options	-	-	166,656	(166,656)	-	**-**
Share-based payments	-	-	-	171,505	-	**171,505**
Total comprehensive loss	-	-	-	-	(3,098,194)	**(3,098,194)**
Balance at December 31, 2013	**80,186,766**	**$ 42,909,981**	**$ 1,390,947**	**$ 3,060,195**	**$ (43,195,987)**	**$ 4,165,136**

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

Hudson Resources Inc.
Condensed Interim Statements of Cash Flows (unaudited)
(Expressed in Canadian Dollars)

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012
Cash flows provided from (used by):		
OPERATING ACTIVITIES		
Net loss for the period	**$ (3,098,194)**	**$ (5,433,070)**
Adjustments for items not affecting cash:		
Depreciation	34,023	11,125
Share-based payments	171,505	469,891
	(2,892,666)	**(4,952,054)**
Net changes in non-cash working capital items:		
Harmonized sales tax receivable	136,933	37,634
Prepaid expenses	(20,381)	177,457
Deposits	45,121	(61,086)
Accounts payable and accrued liabilities	(143,677)	(56,084)
Net cash flows used in operating activities	**(2,874,670)**	**(4,854,133)**
INVESTING ACTIVITIES		
Equipment purchases	(589,398)	(52,976)
Mineral property acquisition costs	(19,720)	(29,549)
Net cash flows used in investing activities	**(609,118)**	**(82,525)**
Net increase decrease in cash and cash equivalents	**(3,483,788)**	**(4,936,658)**
Cash and cash equivalents, beginning of period	**6,476,099**	**11,942,311**
Cash and cash equivalents, end of period	**$ 2,992,311**	**$ 7,005,653**
Cash and cash equivalents consist of :		
Cash	**396,115**	**171,664**
Term deposits	**2,596,196**	**6,833,989**
	$ 2,992,311	**$ 7,005,653**
Cash received during the period for interest	**$ -**	**$ -**
Cash paid during the period for interest	**$ -**	**$ -**
Cash paid during the period for income taxes	**$ -**	**$ -**

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

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Hudson Resources Inc. (the "Company") is a publicly listed company incorporated in British Columbia on March 7, 2000. The Company's shares are listed on the TSX Venture Exchange under the symbol "HUD". The Company was incorporated on March 7, 2000 under the Company Act of the Province of British Columbia as Evolution Networking Corp. and changed its name on September 25, 2000 to Tekwerks Solutions Inc. and on December 6, 2002 to Hudson Resources Inc.

The Company's head office and the registered records office are located at 1460 - 1066 West Hastings Street, Vancouver, BC, Canada, V6E 3X1.

The Company is in the business of acquiring, exploring and evaluating resource properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. At December 31, 2013, the Company was in the exploration stage and had interests in properties located in Greenland.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2013, the Company had not advanced its property to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. The Company currently has sufficient funds to meet its obligations for at least twelve months from the end of the reporting year.

The condensed interim financial statements of the Company for the nine months ended December 31, 2013 were reviewed by the Audit Committee and approved and authorized by the Board of Directors on February 28, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

Basis of presentation

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended March 31, 2013. However, this condensed interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Basis of presentation (continued)

These unaudited interim condensed financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended March 31, 2013, with the exception of the following new accounting standards and amendments which the Company adopted and are effective for the Company's interim and annual financial statements commencing April 1, 2013.

- IAS 1 Presentation of Financial Statements (“IAS 1”)
- IAS 27 Separate Financial Statements (“IAS 27”)
- IAS 28 Investments in Associates and Joint Ventures (“IAS 28”)
- IFRS 7 Financial Instruments: Disclosures (“IFRS 7”)
- IFRS 10 Unaudited interim condensed consolidated financial statements (“IFRS 10”)
- IFRS 11 Joint Arrangements (“IFRS 11”)
- IFRS 12 Disclosure of Interests In Other Entities (“IFRS 12”)
- IFRS 13 Fair Value Measurement (“IFRS 13”)

IAS 1 was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The adoption of the new standard did not have significant impacts to the statement of loss and comprehensive loss.

IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate financial statements. The adoption of the new standard did not have significant impacts to the statements of financial position and the statement of loss and comprehensive loss.

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture). The adoption of the new standard did not have significant impacts to the statements of financial position and the statement of loss and comprehensive loss.

IFRS 7 was amended by the IASB in December 2011 to amend the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are offset in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation. The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. Disclosures required under IFRS 7 have been included in Note 15.

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company made no changes as a result of this process in the current or comparative period.

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The adoption of the new standard did not have significant impacts to the statements of financial position and the statement of loss and comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Basis of presentation (continued)

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Disclosures arising from the adoption of IFRS 12 did not have significant impacts to the notes of the financial statements.

In May 2011, as a result of the convergence project undertaken by the IASB with the US Financial Accounting Standards Board to develop common requirements for measuring fair value and for disclosing information about fair value measurements, the IASB issued IFRS 13 – Fair Value Measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. IFRS 13 defines fair value and sets out a single framework for measuring fair value which is applicable to all IFRSs that require or permit fair value measurements or disclosures about fair value measurements. IFRS 13 requires an exit price be used; a valuation technique to measure fair value, the use of relevant observable inputs should be maximized while unobservable inputs should be minimized. The measurement of fair value and disclosures arising from the adoption of IFRS 13 did not have significant impacts to the notes of the financial statements.

In IFRIC 20, the IFRS Interpretations Committee sets out principles for the recognition of production stripping costs in the balance sheet. The interpretation recognizes that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalizing such costs. While the Company is not yet in the production phase, the adoption of the new standard did not have significant impacts to the financial statements.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company has not completed its evaluation of the effects of adopting these standards on its financial statements.

IAS 32 (Amendment) Financial Instruments: Presentation

IAS 32 was amended to clarify that an entity currently has a legally enforceable right to set-off financial assets and liabilities if that right is (1) not contingent on a future event; and (2) enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. These amendments are effective for annual periods beginning on or after January 1, 2014 with early application permitted.

(Expressed in Canadian Dollars)

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 Financial Instruments

The IASB intends to replace IAS 39 – Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments in three main phases. IFRS 9 will be the new standard for financial reporting of financial instruments that is principles-based and less complex than IAS 39. In November, 2009 and October, 2010, phase one of IFRS 9 was issued and amended, respectively, which addressed the classification and measurement of financial assets and financial liabilities. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as FVTPL, financial guarantees and certain other exceptions. In response to delays to the completion of the remaining phases of the project, principally on impairment and hedging, on December 16, 2011, the IASB issued amendments to IFRS 9 which deferred the mandatory effective date of IFRS 9 to annual periods beginning on or after April 1, 2016. The amendments also provided relief from the requirement to restate comparative financial statements for the effects of applying IFRS 9. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are broken down as follows:

		December 31, 2013		March 31, 2013
Cash	$	396,115	$	2,218,260
Term deposits		2,596,196		4,257,839
	$	**2,992,311**	**$**	**6,476,099**

(Expressed in Canadian Dollars)

5. EQUIPMENT

The Company's equipment is broken down as follows:

	Computer equipment	Field equipment	Land improvements	Total
Cost				
As at March 31, 2013	$ 16,522	$ 73,213	$ -	**$ 89,735**
Additions	-	264,297	325,101	**589,398**
Balance as at December 31, 2013	**$ 16,522**	**$ 337,510**	**$ 325,101**	**$ 679,133**
Depreciation				
As at March 31, 2013	$ (9,353)	$ (17,434)	$ -	**$ (26,787)**
Charged for the period	(1,613)	(32,410)	-	**(34,023)**
Balance as at December 31, 2013	**$ (10,966)**	**$ (49,844)**	**$ -**	**$ (60,810)**
Net book value				
As at March 31, 2013	$ 7,169	$ 55,779	$ -	$ 62,948
As at December 31, 2013	**$ 5,556**	**$ 287,666**	**$ 325,101**	**$ 618,323**

6. RESOURCE PROPERTIES

The Company's resource properties are broken down as follows:

	Balance as at March 31, 2013	Additions	Balance as at December 31, 2013
Greenland			
Sarfartoq Exploration Licences			
Acquisition costs / license fees	**$ 731,780**	$ 6,900	**$ 738,680**
Naajat / White Mountain Exploration Licences			
Acquisition costs / license fees	**$ 12,000**	$ 12,820	**$ 24,820**
	$ 743,780	$ 19,720	**$ 763,500**

6. RESOURCE PROPERTIES (continued)

The Company currently has three exploration licences in Greenland, the Naajat EL (2002/06), the Sarfartoq EL (2010/40) and the newly granted Pingasut EL (2013/01). In 2014, Hudson was granted licence renewals on the Naajat and Sarfartoq EL's. Prior to that, in 2012, Hudson was granted two licence renewals. The Sarfartoq EL was amended to include portions of the Nalussivik, Sarfartuup Qulaa, Sarfartoq Valley and Arnanganeq exploration licences as well as annex portions of the Sarfartoq EL and add additional ground that extends the licence area to the fjord. The total area was reduced from 1,351 sq. km. to approximately 687 sq. km. As a result of the application, five previous licences will be incorporated into one new Sarfartoq EL that is focused on the rare earth project. The Naajat EL was renewed for its industrial mineral potential for exploration years 11 and 12 and the licence area was reduced from 190 sq. km. to approximately 96 sq. km. In addition, Hudson applied for and was granted a non-exclusive prospecting licence for the west coast of Greenland. The Naajat EL includes the White Mountain Anorthosite Project ("White Mountain"). The licence allows the Company to prospect ground outside of its existing 3 licences. In the event that Hudson wishes to apply for a future exploration licence on additional areas, funds expended from the prospecting can be carried over to the new licence area.

Current Resource Properties

Naajat (White Mountain) Mineral Claim (2002/06), Greenland

The total work commitment for 2013 is 3,000,000 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. Work commitments for 2012 have been approved. The Company's licence expires December 31, 2013. The Company has applied and been approved for a licence renewal for a one year period ending December 31, 2014. Hudson has accrued sufficient credits from previous expenditures to carry the licences beyond December 31, 2013

Sarfartoq Mineral Claim (2010/40), Greenland

The total work commitment for 2013 is 6,000,000 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. Work commitments for 2012 have been approved. The Company's licence expires December 31, 2013. The Company has applied and been approved for a licence renewal for a one year period ending December 31, 2014. The licence area was reduced to 92 sq. km., an area that encompasses the Sarfartoq carbonatite. Hudson has accrued sufficient credits from previous expenditures to carry the licences beyond December 31, 2013

Pingasut Mineral Claim (2013/01), Greenland

This licence was granted on August 9, 2013. The total work commitment for 2013 is 360,000 DKK. The Company must submit an annual report by April 1 of each year detailing its' activities and expenditures for approval. The Company's license expires December 31, 2018.

Previous Resource Properties

Nalussivik Mineral Claim, Greenland

The Company held the Nalussivik mineral claim (EL 2003/04) comprising 121 square kilometres in Western Greenland a portion of which was subsequently incorporated into the Sarfartoq EL.

Sarfartuup Qulaa Mineral Claim, Greenland

The Company held the Sarfartuup Qulaa mineral claim (EL 2005/03), comprising 89 square kilometres in Western Greenland a portion of which was subsequently incorporated into the Sarfartoq EL.

Arnanganeq Mineral Claim, Greenland

The Company held the Arnanganeq mineral claim (EL 2007/28) comprising 236 square kilometres in Western Greenland a portion of which was subsequently incorporated into the Sarfartoq EL.

(Expressed in Canadian Dollars)

6. RESOURCE PROPERTIES (continued)

Previous Resource Properties (continued)

Sarfartoq Valley Claim, Greenland

The Company held the Sarfartoq Valley mineral claim (EL 2009/20) comprising 5 square kilometres in Western Greenland a portion of which was subsequently incorporated into the Sarfartoq EL.

Sarfartoq Øst Mineral Claim, Greenland

The Company's held the Sarfartoq Øst mineral claim (EL 2006/02) comprising 248 square kilometres in Western Greenland. In December 2011, the Company relinquished the licence area. As a result, the Company recognized an impairment of $20,094 during the year ended March 31, 2012.

7. EVALUATION AND EXPLORATION COSTS

The evaluation and exploration costs for the Company during the nine months ended December 31, 2013 and 2012 are broken down as follows:

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012	Cumulative evaluation and exploration costs, December 31, 2013
Evaluation and exploration costs:			
Sarfartoq			
Assay and analysis	$ 30,355	$ 212,527	$ 1,365,182
Camp and portable shelters	6,920	339,603	1,171,732
Consulting	31,580	-	2,880,492
Data processing	-	-	56,737
Diamond recovery plant and operations	-	-	1,672,479
Drilling	10,586	645,389	6,724,381
Equipment	72	5,192	656,213
Explosives	-	-	50,026
Fuel	1,142	13,117	323,730
Geophysical data	-	18,947	611,754
Helicopter	23,242	735,131	7,425,474
Insurance	-	-	47,166
Legal	-	-	14,348
Miscellaneous	-	-	85
Recoveries	(138,000)	(70,000)	(208,000)
Sample extraction and processing	-	-	1,599,963
Shipping	2,081	121,977	1,065,229
Supplies	395	2,978	200,347
Travel	2,094	112,152	1,709,054
Wages and benefits	27	91,282	223,903
Total	$ (29,506)	$ 2,228,295	$ 27,590,295

(Expressed in Canadian Dollars)

7. EVALUATION AND EXPLORATION COSTS (continued)

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2012	Cumulative evaluation and exploration costs, December 31, 2013
Naajat / White Mountain			
Assay and analysis	$ 264,214	$ 254,681	$ 824,281
Camp and portable shelters	64,732	136,051	201,574
Consulting	514,970	-	579,336
Drilling	64,972	528,043	608,462
Equipment	189,240	6,102	196,355
Fuel	16,484	10,732	27,216
Geophysical data	14,922	27,705	42,627
Helicopter	656,712	601,471	1,256,866
Legal	9,092	-	9,092
Miscellaneous	-	845	870
Shipping	154,038	137,803	292,351
Supplies	104,948	2,437	107,385
Travel	164,642	83,359	259,657
Wages and benefits	3,845	74,685	67,770
Total	$ 2,222,811	$ 1,863,914	$ 4,473,842
Pingasut Mineral Claim			
Camp and portable shelters	$ 351	$ -	$ 351
Consulting	7,350	-	7,350
Equipment	72	-	72
Fuel	1,142	-	1,142
Helicopter	4,468	-	4,468
Shipping	106	-	106
Supplies	115	-	115
Travel	343	-	343
Total	$ 13,947	$ -	$ 13,947
Total evaluation and exploration costs:	$ 2,207,252	$ 4,092,209	$ 32,078,084

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are broken down as follows:

	December 31, 2013	March 31, 2013
Trade payables	$ 283,292	$ 387,676
Accrued liabilities	40,794	80,087
	$ 324,086	**$ 467,763**

9. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common shares without par value.

b) Issued share capital

At December 31, 2013, the Company had 80,186,766 common shares issued and outstanding (March 31, 2013 – 80,186,766).

c) Stock Options

The Company has a stock option plan whereby the maximum number of shares reserved for issue shall not exceed 10% of the issued and outstanding common shares of the Company as at the date of the grant. The maximum number of common shares reserved for issue to any one optionee under the plan cannot exceed 5% of the total issued and outstanding number of common shares on a non-diluted basis. The maximum number of common shares reserved for issue to any insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on a non-diluted basis. The maximum number of common shares reserved for issue to all eligible persons who undertake investor relation activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on a nondiluted basis. The Company has granted directors, officers and consultants common share purchase options. These options are granted with an exercise price equal to the market price of the Company's stock on the date of the grant. Under the stock option plan, management has the option of determining vesting periods.

The changes in stock options during the nine months ended December 31, 2013 are as follows:

	Number outstanding	Weighted average exercise price
Balance, March 31, 2013	**7,545,000**	**$ 0.51**
Expired	(370,000)	0.51
Balance, December 31, 2013	**7,175,000**	**$ 0.51**

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

c) Stock Options (continued)

The following summarizes information about stock options outstanding and exercisable at December 31, 2013:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
April 6, 2014	1,300,000	1,300,000	$ 0.10	$ 105,922	0.26
January 25, 2015	100,000	100,000	$ 0.95	$ 84,505	1.07
April 30, 2015	2,225,000	2,225,000	$ 0.80	$ 1,599,450	1.33
September 28, 2016	1,200,000	1,200,000	$ 0.65	$ 559,791	2.75
October 12, 2017	2,225,000	1,668,750	$ 0.36	$ 676,302	3.78
November 5, 2017	125,000	93,750	$ 0.36	$ 34,225	3.85
	7,175,000	**6,587,500**		**$ 3,060,195**	**2.17**

The weighted average exercise price of the exercisable options was $0.51.

During the nine months ended December 31, 2013, the Company recognized share-based payments expense of $171,505 (December 31, 2012 – $469,891). For the nine months ended December 31, 2013 and 2012, share-based payments expense consists of the following:

	For the nine months ended	
	December 31, 2013	**December 31, 2012**
For services in respect of:		
Accounting	**$ 5,482**	$ 18,961
Directors' fees	**45,432**	138,898
Evaluation and exploration costs	**3,653**	15,383
Investor relations	**-**	7,399
Management fees	**116,938**	289,250
	$ 171,505	$ 469,891

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

d) Reserves

Additional paid-in capital
Additional paid in capital records the fair value of the expired options and warrants initially recorded in stock options reserve.

Stock options reserve
The stock options reserve records items recognized as share-based payments expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to additional paid in capital.

10. LOSS PER SHARE

The calculation of basic and diluted loss per share for nine months December 31, 2013 is based on the net loss attributable to common shareholders of $3,098,194 (December 31, 2012 – $5,433,070) and a weighted average number of common shares outstanding during the period of 80,186,766 (December 31, 2012 – 80,186,766).

In computing the diluted loss per share, warrants and options are not included as the impact would be anti-dilutive.

11. RELATED PARTY TRANSACTIONS AND BALANCES

a) Related party balances
The balances due to related parties included in trade payables and accrued liabilities were $11,562 as at December 31, 2013 (March 31, 2013 – $55,934). These amounts are unsecured and non-interest bearing.

b) Key management personnel compensation
Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors. Key management personnel compensation comprised of:

	For the nine months ended	
	December 31, 2013	**December 31, 2012**
Short-term employee benefits - management fees	**$ 409,196**	$ 585,760
Short-term employee benefits - directors' fees	**75,000**	63,333
Share-based payments - management fees	**122,420**	308,211
Share-based payments - directors' fees	**45,432**	138,898
	$ 652,048	$ 1,096,202

(Expressed in Canadian Dollars)

12. COMMITMENTS AND CONTINGENCIES

During the nine months ended December 31, 2013, the Company renewed the office lease for an additional two years ending September 30, 2015. Total minimum lease payments are as follows:

For the year ended		
March 31, 2014	$	6,614
March 31, 2015		26,862
March 31, 2016		13,431
	$	**46,907**

13. SEGMENTED INFORMATION

The Company has two operating segments: the exploration and development of the Sarfartoq and Naajat exploration licenses in Greenland and corporate administrative functions in Canada. The Company's total assets and losses by one operating segment, 2 geographic locations are as follows:

		Canada		Greenland		Total
As at December 31, 2013						
Resource properties	$	-	$	763,500	**$**	**763,500**
Other assets		3,725,722		-		**3,725,722**
Liabilities		(324,086)		-		**(324,086)**
	$	**3,401,636**	**$**	**763,500**	**$**	**4,165,136**
As at March 31, 2013						
Resource properties	$	-	$	743,780	**$**	**743,780**
Other assets		6,815,808		-		**6,815,808**
Liabilities		(467,763)		-		**(467,763)**
	$	**6,348,045**	**$**	**743,780**	**$**	**7,091,825**

		Canada		Greenland		Total
Net loss:						
For the nine months ended December 31, 2013	$	890,942	$	2,207,252	**$**	**3,098,194**
For the nine months ended December 31, 2012		1,340,861		4,092,209		**5,433,070**

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its resource properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and short-term investments. In order to maximize ongoing development efforts, the Company does not pay out dividends.

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

The Company is meeting its objective of managing capital through its detailed review and performance of due diligence on its exploration activities, preparing cash flow analyses to ensure an adequate amount of liquidity and monthly review of financial results.

There were no changes in the Company's approach to capital management during the six months ended December 31, 2013.

15. FINANCIAL INSTRUMENTS

a) Fair value

The carrying values of cash and cash equivalents, amount receivables, deposits and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2: 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); and
Level 3: Inputs that are not based on observable market data.

The financial instruments recorded at fair value on the statements of financial position are comprised of cash and cash equivalents which is measured using Level 1 of the fair value hierarchy. There were no significant transfers between Level 1 and Level 2 (March 31, 2013 – no significant transfers).

There were no financial assets which are measured at fair value that applied Level 2 or Level 3 fair value measurements (March 31, 2013 – no Level 2 or Level 3 fair value measurements).

15. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents and receivables are exposed to credit risk. The Company reduces its credit risk on cash and cash equivalents by placing these instruments with institutions of high credit worthiness. As at December 31, 2013, the Company's exposure is the carrying value of the financial instruments.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company maintained sufficient cash and cash equivalents at December 31, 2013 in the amount of $2,992,311, in order to meet short-term business requirements. At December 31, 2013, the Company had accounts payable and accrued liabilities of $324,086. All accounts payable and accrued liabilities are current.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk and currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Included in the loss for the year in the financial statements is interest income on Canadian dollar cash and cash equivalents. As at December 31, 2013, the Company's cash is subject to or exposed to interest rate risk. A 10% increase/decrease in the interest rate received would have a $3,666 impact on profit or loss.

15. FINANCIAL INSTRUMENTS (continued)

b) Financial risk management (continued)

Market Risk (continued)

Currency risk
The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash and cash equivalents, amounts receivable, deposits and accounts payable and accrued liabilities are held in Canadian dollars ("CAD"), US dollars ("USD"), Danish kroners ("DKK") and European dollars ("EURO"); therefore, USD, DKK and EURO accounts are subject to fluctuation against the Canadian dollar.

The Company had the following balances in Canadian and foreign currencies as at December 31, 2013:

	in CAD	in USD	in DKK	in EURO
Cash and cash equivalents	$ 2,992,311	$ -	$ -	$ -
Accrued interest and amounts receivable	-	-	-	-
Deposits	3,259	-	4,480	-
Accounts payable and accrued liabilities	(214,699)	(5,117)	(526,416)	-
	2,780,871	**(5,117)**	**(521,936)**	**-**
Rate to convert to $1.00 CAD	1.000	0.9351	5.0659	0.7182
Equivalent to Canadian dollars	**2,780,871**	**(5,472)**	**(103,030)**	**-**

Based on the above net exposures as at December 31, 2013, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the CAD against the USD, DKK and EURO by 10% would increase/ decrease profit or loss by $10,850.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is not exposed to significant other price risk.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2013, 150,000 options exercised with cash proceeds of $15,000.