Century Iron Mines Corporation

(An exploration stage mining company)

Condensed Consolidated Interim Financial Statements

(Unaudited)

December 31, 2012

(Expressed in Canadian Dollars)

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of December 31, 2012

(Expressed in Canadian Dollars)

	Notes	December 31, 2012 $	March 31, 2012 $
Assets			
Current assets			
Cash and cash equivalents		25,296,374	67,391,504
Accounts receivable	17	18,485,502	154,271
Sales taxes recoverable		5,380,439	3,421,070
Investment tax credits receivable	5	568,775	991,667
Prepaid expenses and deposits		1,323,514	507,115
		51,054,604	72,465,627
Non-current assets			
Exploration and evaluation assets	5	46,700,848	46,686,503
Property, plant and equipment	6	3,632,863	4,002,525
Investment in a joint venture	7	59,348,401	-
Investment in an associate	8	20	-
		160,736,736	123,154,655
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,935,361	5,773,953
Deposit received	17	-	7,973,048
		3,935,361	13,747,001
Non-current liabilities			
Deferred tax		37,722	37,722
		3,973,083	13,784,723
Shareholders' Equity			
Share capital	11	115,152,768	115,310,770
Contributed surplus		3,180,592	-
Retained earnings / (Deficit)		26,606,647	(17,595,895)
Other components of equity		11,823,646	11,655,057
		156,763,653	109,369,932
		160,736,736	123,154,655

Approved by the Board of Directors

/s/ "Sandy Chim" Director /s/ "Paul Murphy" Director

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

Century Iron Mines Corporation

Condensed Consolidated Interim Statement of Comprehensive Income or Loss
(Unaudited)
For the three and nine months ended December 31, 2012 and 2011

(Expressed in Canadian Dollars)

		Three months ended December 31,		**Nine months ended December 31,**	
	Notes	**2012 $**	**2011 $**	**2012 $**	**2011 $**
Gain on deemed disposal of Labec Century	9	-	-	53,470,746	-
Other operating income	14	117,379	252,725	493,313	642,750
Administrative expenses	15	(3,217,313)	(4,395,970)	(9,771,355)	(14,256,759)
Other operating expenses	10	-	-	-	(746,602)
Profit / (loss) before income tax		(3,099,934)	(4,143,245)	44,192,704	(14,360,611)
Income tax		-	-	-	-
Profit / (loss) for the period		(3,099,934)	(4,143,245)	44,192,704	(14,360,611)
Other comprehensive income / (loss)					
Exchange differences on translation of foreign operations		(30,729)	1,521	6,842	(25,312)
Total comprehensive income / (loss) for the period		(3,130,663)	(4,141,724)	44,199,546	(14,385,923)
Earnings / (loss) per common share – basic and diluted	16	(0.033)	(0.044)	0.466	(0.167)
Weighted average number of common shares outstanding		94,776,243	93,814,469	94,834,138	85,825,803

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited)
For the nine months ended December 31, 2012 and 2011

(Expressed in Canadian Dollars)

	Share capital $	Contributed surplus $	Share option reserve $	Warrants $	Foreign currency translation reserve $	Retained earnings / (Deficit) $	Total $
Balance - April 1, 2012	115,310,770	-	8,479,048	3,180,592	(4,583)	(17,595,895)	109,369,932
Profit for the period	-	-	-	-	-	44,192,704	44,192,704
Other comprehensive income for the period	-	-	-	-	6,842	-	6,842
Total comprehensive income for the period	-	-	-	-	6,842	44,192,704	44,199,546
Equity-settled share option arrangement	-	-	3,352,177	-	-	-	3,352,177
Shares repurchased (note 11(i))	(158,002)	-	-	-	-	-	(158,002)
Share options expired	-	-	(9,838)	-	-	9,838	-
Warrants expired	-	3,180,592	-	(3,180,592)	-	-	-
Balance - December 31, 2012	115,152,768	3,180,592	11,821,387	-	2,259	26,606,647	156,763,653
Balance - April 1, 2011	4,000,000	-	-	-	-	(1,945,591)	2,054,409
Loss for the period	-	-	-	-	-	(14,360,611)	(14,360,611)
Other comprehensive loss for the period	-	-	-	-	(25,312)	-	(25,312)
Total comprehensive loss for the period	-	-	-	-	(25,312)	(14,360,611)	(14,385,923)
Capital movement pursuant to reverse acquisition (note 10)	800,000	-	39,349	17,963	-	-	857,312
Common shares and warrants issued on subscription receipts (note 10)	30,771,964	-	-	880,450	-	-	31,652,414
Common shares and warrants issued to other subscribers upon completion of reverse acquisition (note 11)	75,433,565	-	-	2,300,142	-	-	77,733,707
Common shares issued for the acquisition of Altius properties (note 11(h))	4,200,000	-	-	-	-	-	4,200,000
Equity-settled share option arrangement	-	-	7,073,865	-	-	-	7,073,865
Issue of shares upon exercise of share options (note 11(f))	70,665	-	(29,511)	-	-	-	41,154
Issue of shares upon exercise of warrants (note 11(g))	34,576	-	-	(12,984)	-	-	21,592
Warrants expired	-	-	-	(4,979)	-	4,979	-
Balance - December 31, 2011	115,310,770	-	7,083,703	3,180,592	(25,312)	(16,301,223)	109,248,530

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

Century Iron Mines Corporation

Condensed Consolidated Interim Statement of Cash Flow
(Unaudited)
For the three and nine months ended December 31, 2012 and 2011

(Expressed in Canadian Dollars)

	Notes	Three months ended December 31, 2012 $	Three months ended December 31, 2011 $	Nine months ended December 31, 2012 $	Nine months ended December 31, 2011 $
Cash provided by / (used in)					
Operating activities					
Profit / (loss) before income tax		(3,099,934)	(4,143,245)	44,192,704	(14,360,611)
Adjustments for					
Interest received	14	(109,340)	(252,725)	(485,091)	(642,750)
Depreciation of property, plant and equipment	15	47,768	84,636	121,481	199,145
Foreign exchange loss / (gain)		38,482	(178,050)	(24,732)	379,006
Share option expenses		857,543	1,528,519	3,352,177	7,073,865
Gain on deemed disposal of Labec Century	9	-	-	(53,470,746)	-
Unrealized profit from sales to joint venture		199,697	-	199,697	-
Reverse acquisition transaction cost	10	-	-	-	746,602
Changes in non-cash working capital					
Increase in accounts receivable		(963,701)	(1,770)	(1,229,172)	(15,085)
Decrease / (increase) in sales taxes recoverable		832,455	(948,046)	(3,096,448)	(2,058,868)
Decrease / (increase) in investment tax credits receivable		53,464	(349,926)	139,936	(895,786)
Decrease / (increase) in prepaid expenses and deposits		358,929	297,361	(816,399)	(65,745)
Increase / (decrease) in accounts payable and accrued liabilities		(3,176,098)	(1,649,446)	(2,333,577)	3,789,961
Decrease in deposit received		(7,973,048)	-	(7,973,048)	-
		(12,933,783)	(5,612,692)	(21,423,218)	(5,850,266)
Investing activities					
Interest received		109,340	252,725	485,091	642,750
Exploration and evaluation assets		(3,647,459)	(7,382,247)	(20,924,251)	(20,672,316)
Acquisition of property, plant and equipment		(68,190)	(277,642)	(428,450)	(1,922,940)
Deposit received for the transfer of Astray property	5	500,000	-	500,000	-
Net cash outflow from deemed disposal of Labec Century	9	-	-	(176,756)	-
Net cash acquired from reverse acquisition	10	-	-	-	76,797
		(3,106,309)	(7,407,164)	(20,544,366)	(21,875,709)
Financing activities					
Proceeds from shares issued, net of costs		-	21,592	-	109,448,867
Repurchase of shares	11	(141,341)	-	(158,002)	-
Repayment to related parties		-	-	-	(9,254,738)
		(141,341)	21,592	(158,002)	100,194,129
Net change in cash and cash equivalents		(16,181,433)	(12,998,264)	(42,125,586)	72,468,154
Cash and cash equivalents - Beginning of period		41,442,432	90,423,441	67,391,504	4,958,672
Effect of foreign exchange rate changes, net		35,375	(6,429)	30,456	(8,078)
Cash and cash equivalents - End of period		25,296,374	77,418,748	25,296,374	77,418,748

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

1. Nature of operations

Century Iron Ore Holdings Inc. ("Century Holdings") was incorporated on September 22, 2010 under the laws of the Province of British Columbia as a wholly owned subsidiary of Century Iron Ore Corporation ("Century"). Century Holdings is a base metal exploration and mining company with assets in the Provinces of Quebec and Newfoundland and Labrador, Canada.

On October 21, 2010, Century Holdings acquired 100% of the common shares of Grand Century Iron Ore Inc. ("Grand Century"), Canadian Century Iron Ore Corporation ("Canadian Century"), Labec Century Iron Ore Inc. ("Labec Century") and 0849873 B.C. Ltd. ("B.C. Ltd.") (collectively the "Properties") from Century by issuing 100 common shares.

On May 18, 2011, Century Holdings completed a reverse takeover ("RTO") of Century Iron Mines Corporation (the "Company"), formerly known as Red Rock Capital Corp. ("Red Rock"). Red Rock was incorporated under the Canada Business Corporations Act on July 10, 2007. It was classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange Inc. and, accordingly, had no significant assets other than cash and no commercial operations. Red Rock changed its name to Century Iron Mines Corporation and its fiscal year end to March 31 on May 16, 2011.

On September 19, 2011, the Company graduated from the TSX Venture Exchange to the Toronto Stock Exchange (the "TSX") and the shares of the Company commenced trading on TSX under the symbol "FER".

The Company's registered office is located at Suite 602, 170 University Avenue, Toronto, Ontario, Canada M5H 3B3. The Company is incorporated and domiciled in Canada. The Company's ultimate holding company is Century Eagle Holdings Limited, incorporated in the British Virgin Islands.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on February 14, 2013.

2. Basis of preparation

The condensed consolidated interim financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

3. Significant accounting policies

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year, except as described below.

Changes in accounting policy

On September 26, 2012, the Group completed the closing procedures of a joint venture arrangement on the Attikamagen property with WISCO International Resources Development & Investment Limited ("WISCO"), pursuant to which Labec Century issued shares to Century Holdings and WISCO Canada Attikamagen Resources Development & Investment Limited ("WISCO Attikamagen"). After the share issuance, Labec Century ceased to be a subsidiary and became a joint venture of the Group that is accounted for in accordance with IFRS 11 *Joint Arrangements*. The Group has selected to recognize its interest in the joint venture at fair value and recognized a gain of $53,470,746 on the disposal of the subsidiary. Further details of the transaction are provided in notes 7 and 9.

New and amended accounting standards adopted by the Group

The Group has early adopted the following standards, together with the consequential amendments to other IFRSs, for the financial year ended March 31, 2013:

IFRS 10 *Consolidated Financial Statements*
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interests in Other Entities*
IAS 27 *Separate Financial Statements* (as amended in 2011)
IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)

Joint arrangements

In accordance with IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operator recognizes its interest in the joint operation's assets, liabilities, revenue and expenses. Joint ventures are accounted for using the equity method.

The Group has applied the new policy for interests in joint ventures in accordance with the transition provisions of IFRS 11. The Group recognized its investment in joint venture at fair value at the date of acquisition. This is the initial cost of the Group's investments in joint venture for applying equity accounting. The Group has adopted a policy of recognizing 100% of any gains that arise on the formation of a joint venture.

Under the equity method of accounting, interests in joint ventures are initially recognized in the consolidated statement of financial position at initial cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in the income statement and in other comprehensive income respectively. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from April 1, 2011. There is no impact on the net assets of the periods presented.

The change in accounting policies has no impact on the financial position, comprehensive income or loss and the cash flows of the Group at December 31, 2012 and March 31, 2011. The change in accounting policy has had no impact on earnings or loss per share.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention. These condensed consolidated interim financial statements are presented in Canadian Dollar, which is the Group's presentation currency.

4. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future that are believed to be reasonable under the circumstances. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events. The following are the estimates and judgments applied by management that most significantly affect the Group's financial statements.

(i) Valuation of exploration and evaluation assets

The Group carries its exploration and evaluation assets at cost less provision for impairment. The Group reviews the carrying value of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates of, amongst other things, future production and sale values, unit sales prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying value of the exploration and evaluation assets.

(ii) Valuation of accounts receivable

The fair value of accounts receivable is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. A degree of judgment is required in establishing the fair value. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of accounts receivable.

(iii) Share option expenses

The Group grants share options to directors, officers, employees and consultants of the Group under its incentive stock option plan. The fair value of share options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility and forfeiture rates. Changes in assumptions used to estimate fair value could result in materially different results.

(iv) Classification of joint arrangements

Following the transaction described in note 7, the Group now owns 60% interest in Labec Century. Pursuant to the agreement between the shareholders of Labec Century, the approval of significant financial and operating policies of Labec Century requires consent from both shareholders. Consequently, the Group is deemed to have joint control over Labec Century. Per application of IFRS 11 *Joint Arrangements*, the Group has the right to the net assets of Labec Century and as such, Labec Century is accounted for as a joint venture in accordance with IFRS 11.

(v) Estimation of the initial fair value of Labec Century

The Group's investment in Labec Century was initially recognized at fair value at the date of acquisition. The fair value of the investment is estimated with reference to the present value of the consideration paid or payable by WISCO Attikamagen amounting to $39,698,732. In establishing the fair value, management has estimated the discount rate and made the assumption that the consideration receivable from WISCO Attikamagen represents the underlying fair value of Labec Century sold. Consequently, the estimation is subject to judgment and uncertainty.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets

	Duncan Lake property $	Attikamagen property $	Sunny Lake property $	Altius properties $	Other property $	Total $
Balance - March 31 and April 1, 2012	16,989,318	16,569,824	7,575,756	5,336,228	215,377	46,686,503
Transfer in / (out)	-	-	18,027	-	(18,027)	-
Additions, net of investment tax credits	2,803,350	5,017,831	9,815,088	3,970,927	(5,196)	21,602,000
Deemed disposal of Labec Century (note 9)	-	(21,587,655)	-	-	-	(21,587,655)
Balance - December 31, 2012	19,792,668	-	17,408,871	9,307,155	192,154	46,700,848

The Group has accrued $568,775 (March 31, 2012: $991,667) in investment tax credits receivable related to eligible expenditures in the province of Quebec. The assistance has been applied to the properties to which it pertains. The Group expects to receive this assistance in the form of refundable tax credits from the Province of Quebec and mining duties returns from the Quebec Ministry of Natural Resources.

Duncan Lake property

On May 20, 2008, Canadian Century entered into an option and joint venture agreement (the "Augyva Agreement") with Augyva Mining Resources Inc. ("Augyva") to have an option to obtain a 51% interest in the Duncan Lake property once $6.0 million has been funded on or before the fourth anniversary of the date of the Augyva Agreement. The Group completed its funding commitment of $6.0 million on the Duncan Lake property in November 2010 and, as a result, obtained a 51% interest in this property. Canadian Century recognized its share of costs incurred in the Duncan Lake property.

Canadian Century has an additional option to obtain a further 14% of the Duncan Lake property by spending an additional $14.0 million in exploration costs, construction, and/or operating costs or completing a feasibility report on or before the eighth anniversary of the date of the Augyva Agreement. In October 2012, Canadian Century notified Augyva that it has expended a further $14 million on the project under the Augyva Agreement. Counsel has been instructed to prepare the transfer documents for registration.

Execution of the definitive joint venture agreement for the Duncan Lake property, according to the framework as set up in the joint venture agreement entered into between the Company and WISCO on August 30, 2011, remains pending upon the completion of WISCO's internal review processes, therefore, Canadian Century continues to recognize its share of costs incurred in the Duncan Lake property.

Attikamagen property

In February 2012, Labec Century completed the earn-in of its 51% interest in the Attikamagen property by fulfilling the obligation to fund $7.5 million in exploration and development work expenditures on the Attikamagen property. Labec Century recognized its share of costs incurred in the Attikamagen property.

In June 2012, Labec Century completed the earn-in of an additional 5% interest in the Attikamagen property by fulfilling the obligation to fund an additional $2.5 million in exploration and development work expenditures on the Attikamagen property. Labec Century's interest in the Attikamagen property increased from 51% to 56%. Labec Century has the option to obtain a further 4% interest by funding an additional $3.0 million by March 26, 2014. As Labec Century has fulfilled the additional $3.0 million funding requirement, it has requested the further 4% interest in the Attikamagen property with Champion Minerals Inc. ("Champion"). Champion is completing its due diligence investigations with respect to the transfer of the 4% interest.

On December 19, 2011, the Company and WISCO entered into the Attikamagen shareholders agreement (the "Attikamagen Shareholders Agreement") that governs the joint venture to be formed between the Company and WISCO for the exploration and development of the Attikamagen property. Under the Attikamagen Shareholders Agreement, WISCO can obtain a 40% interest in the Group's share of the Attikamagen property by investing a total of $40 million.

On September 26, 2012, the closing procedures prescribed in the Attikamagen Shareholders Agreement were completed, with Labec Century issuing shares representing 40% of its shareholding to WISCO Attikamagen for an investment sum of $20 million on September 26, 2012 and a further $20 million by September 26, 2013. After the share issuance, Labec Century ceased to be a subsidiary of the Group and became a joint venture of the Group that is accounted for in accordance with IFRS 11. Accordingly, the Group's ownership of the Attikamagen property was derecognized as of that date. Further details of the transaction are provided in notes 7 and 9.

Sunny Lake property

The mining claims were formerly held solely by B.C. Ltd.

On December 19, 2011, the Company and WISCO entered into the Sunny Lake joint venture agreement (the "Sunny Lake JV Agreement") that governs the joint venture to be formed between the Company and WISCO for the exploration and development of the Sunny Lake property. Under the Sunny Lake JV Agreement, WISCO can obtain a 40% interest in the Sunny Lake property by investing a total of $40 million.

The joint venture, WISCO Century Sunny Lake Iron Mines Limited, was incorporated on June 29, 2012. B.C. Ltd. has transferred its interest in the Sunny Lake property to the joint venture as a prescribed closing procedure provided for in the Sunny Lake JV Agreement.

On November 28, 2012, with the completion of the closing procedures prescribed in the Sunny Lake JV Agreement, the Company and WISCO Canada Sunny Lake Resources Development & Investment Limited ("WISCO Sunny Lake") entered into a closing agreement (the "Sunny Lake Closing Agreement"). Pursuant to the Sunny Lake Closing Agreement, WISCO Sunny Lake will pay B.C. Ltd. an amount equal to the initial exploration expenditure incurred by B.C. Ltd. to acquire an interest in the Sunny Lake joint venture. WISCO Sunny Lake will also fund new exploration expenditure up to $40 million (inclusive of the initial exploration expenditure) and earn 1% of interest in the joint venture for every $1 million funded and expended on the property. The amount of initial exploration expenditure is now being audited by WISCO.

At December 31, 2012, the Group continues to own 100% of the property.

Altius properties

On September 19, 2011, the Company and Altius Minerals Corporation ("Altius") signed a principal agreement (the "Altius Agreement") covering four of Altius' regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville. Under the Altius Agreement, the Company has acquired a 100% interest in the four projects in exchange for a commitment of exploration expenditures of $7 million per project cumulatively over a 5-year period and the issuance of 5,000,000 common shares of the Company to be issued over a 2-year period. Altius will retain a 1% to 4% sliding scale gross sales royalty on production from the properties as well as additional consideration of up to a maximum of 35,000,000 "bonus" shares of the Company as National Instrument 43-101 compliant iron ore resources are defined above various thresholds.

On November 18, 2011, the Company issued 2,000,000 common shares to Altius pursuant to the Altius Agreement. The remaining 3,000,000 common shares are issuable by November 18, 2013. The transfer of the properties from Altius to the Company was completed on November 22, 2011.

The acquisition of the Altius properties was accounted for using the market price of the common shares issued on November 18, 2011 with an amount of $4,200,000.

On November 30, 2012, the Company entered into a shareholders' agreement (the "X-Star Agreement") with X-Star Mining (Luxembourg) Limited ("X-Star") and Northern Star Minerals Ltd. ("Northern Star"), whereby the Company agreed to transfer its rights to acquire the Astray-X project, which represents 85.25% of the Astray property acquired under the Altius Agreement, and the project's associated obligations to Northern Star, in exchange for a 20% equity interest in and 1,500,000 non-voting redeemable preference shares of Northern Star, plus $5 million of funding from X-Star on the Astray-X project. The title transfer documents of the Astray-X project are held under an escrow account, and will be released to Northern Star when X-Star, the major shareholder of Northern Star, has completed its initial capital contribution of $5 million into Northern Star. The Company will account for the impact of the transaction on the completion of the X-Star capital contribution and the release of the title transfer documents from escrow.

On the same date, Altius agreed to amend the provisions of the Altius Agreement to provide for an option to replace the remaining 750,000 common shares of the Company issuable to Altius for the acquisition of the Astray project, and up to a maximum of 8 million "bonus" shares for the project, with common shares issuable by Northern Star as adjusted by certain equivalence formulae stipulated in an assignment agreement.

On December 17, 2012, Northern Star redeemed 500,000 of the non-voting redeemable preference shares from the Company at a price of $500,000 pursuant to the X-Star Agreement. This has been accounted for as a refundable deposit at December 31, 2012 pending final transfer of the property. The remaining 1,000,000 preference shares are redeemable by Northern Star upon satisfaction of certain conditions specified in the X-Star Agreement. The redemption value of the remaining preference shares will be calculated as the sum of 85.25% of the fair market value of the Company's shares issued to Altius for the acquisition of the Astray property and the actual exploration expenditure incurred by the Company on the Astray-X project before November 30, 2012, less the $500,000 deposit already received.

(Expressed in Canadian Dollars)

6. Property, plant and equipment

	Land $	Drilling & field equipment $	Camp and properties $	Leasehold improvements $	Computer & office equipment $	Vehicles $	Total $
Cost							
Balance - March 31 and April 1, 2012	104,677	2,603,830	1,046,106	231,374	138,593	328,040	4,452,620
Additions	-	53,393	31,190	78,296	170,923	94,648	428,450
Disposals	-	-	(82,819)	-	-	-	(82,819)
Exchange differences	-	-	-	1,380	141	-	1,521
Balance - December 31, 2012	104,677	2,657,223	994,477	311,050	309,657	422,688	4,799,772
Accumulated depreciation							
Balance - March 31 and April 1, 2012	-	191,711	145,015	30,250	36,762	46,357	450,095
Depreciation	-	406,582	156,004	46,005	75,165	57,501	741,257
Disposals	-	-	(24,846)	-	-	-	(24,846)
Exchange differences	-	-	-	372	31	-	403
Balance - December 31, 2012	-	598,293	276,173	76,627	111,958	103,858	1,166,909
Net book value							
Balance - December 31, 2012	104,677	2,058,930	718,304	234,423	197,699	318,830	3,632,863
Balance - March 31, 2012	104,677	2,412,119	901,091	201,124	101,831	281,683	4,002,525

7. Investment in a joint venture

On September 24, 2012, Labec Century completed the restructuring of its authorized share structure by creating new classes of shares called Class A common shares, Class B common shares and Class C common shares. Class A common shares are voting shares and Class B common shares and Class C common shares are non-voting shares.

On September 25, 2012, Century Holdings paid $6,000 to Labec Century to subscribe for 60 million Class A common shares. On the same date, Labec Century issued 60 million Class C common shares to Century Holdings in exchange and as payment for the 60 million common shares of Labec Century originally held by Century Holdings.

On September 26, 2012, WISCO Attikamagen injected $20 million to Labec Century, with a commitment to inject a further $20 million by September 26, 2013, to subscribe for 40 million Class B common shares. On the same date, WISCO Attikamagen paid $4,000 to Labec Century to subscribe for 40 million Class A common shares.

Century Holdings and WISCO Attikamagen are therefore determined to own 60% and 40% interest respectively in Labec Century after these transactions.

Pursuant to the Attikamagen Shareholders Agreement, the approval of significant financial and operating policies of Labec Century requires the consent from 80% of the shareholders. Based on the current shareholding structure of Labec Century, consent from both shareholders is required. Consequently, the Group does not have control over Labec Century. The Group has been deemed to have joint control of Labec Century and as such, Labec Century is accounted for as a joint venture in accordance with IFRS 11 *Joint Arrangements*.

As of December 31, 2012, the Group's investment in Labec Century is as follows:

	$
Initial recognition of the investment in joint venture at fair value on September 26, 2012	59,548,098
Share of profit or loss of joint venture for the period	-
Unrealized profit from sales to joint venture	(199,697)
Investment in joint venture at December 31, 2012	59,348,401

Labec Century holds 56% interest of the Attikamagen property. The principal activities of Labec Century are to explore and develop the Attikamagen property. Its principal place of business is in Quebec province of Canada. As of December 31, 2012, the Group owns 60% interest in Labec Century. The summarized financial information of Labec Century as of December 31, 2012 is as follows:

	$'000
Assets	
Current assets	20,223
Non-current assets	25,627
Liabilities	
Current liabilities	17,873
Non-current liabilities	-
Cash and cash equivalent	19,037
Current financial liabilities	17,873

8. Investment in an associate

As of December 31, 2012, the Group's investment in an associate is as follows:

	$
Unlisted shares, at cost	20

The investment represents the Group's 20% interest in Northern Star, further details of which are described in note 5.

(Expressed in Canadian Dollars)

9. Deemed disposal of Labec Century

The dilution of the Company's interest in Labec Century from a 100% owned subsidiary to a 60% joint venture represents a deemed disposal. The carrying values of the assets and liabilities disposed of on September 26, 2012, and the gain on deemed disposal of Labec Century are summarized as follows:

	$
Net assets disposed of:	
Cash	176,756
Accounts receivable	75,864
Sales taxes recoverable	1,137,079
Investment tax credits receivable	282,956
Exploration and evaluation assets	23,485,207
Accounts payable and accrued liabilities	(17,182,958)
	7,974,904
Fair value of investment retained	59,548,098
Net assets disposed of	(7,974,904)
Intercompany profit realized on deemed disposal	1,897,552
Gain on deemed disposal of a subsidiary	53,470,746

The fair value of the investment retained is estimated with reference to the present value of the consideration paid or payable by WISCO Attikamagen amounting to $39,698,732.

The net cash outflow from deemed disposal of a subsidiary is analyzed as follows:

	$
Cash disposed of	176,756

10. Reverse acquisition

On May 18, 2011, Century Holdings completed (1) a brokered private placement and non-brokered private placement at an issue price of $2.50 per subscription receipt for gross proceeds of $33,462,065 and (2) an employee offering at an issue price of $2.25 (for 18 months lock-up) or $2 (36 months lock-up) per subscription receipt for gross proceeds of $32,500. Transaction costs related to the offering amounted $2,722,601 (which comprises cash fee of $1,842,151 and 686,243 warrants of $880,450). Each such subscription receipt will entitle the holder to acquire one common share in the capital of Century Holdings.

On May 18, 2011, the Company issued 61,370,738 common shares to the former shareholders of Century Holdings in exchange for 100% interest in Century Holdings.

As a result of the transaction, the former shareholders of the Century Holdings owned 99.55% of the outstanding shares of the Company. In accordance with IFRS 3, *Business Combinations*, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the Company before the RTO does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with Century Holdings being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Century Holdings and comparative figures presented in the financial statements after the reverse acquisition are those of Century Holdings.

IFRS 2 *Share-based Payment* applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or service received in return. Because the Company has issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognized in comprehensive loss as reverse acquisition transaction cost. The amount assigned to reverse acquisition transaction cost of $746,602 is the difference between the fair value of the consideration and the net identifiable assets of the Company acquired by Century Holdings and included in the consolidated statement of comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse acquisition transaction. This represents the fair value of the shares that Century Holdings would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Century Holdings acquiring 100% of the shares in the Company. The percentage of ownership the legal parent's shareholders had in the combined entity is 0.45% after the issue of 61,370,738 shares of the Company to Century Holdings shareholders. As the share options and warrants granted prior to RTO remains exercisable after the completion of RTO, the fair value of the share options and warrants at the date of RTO are also included as part of the consideration transferred.

(Expressed in Canadian Dollars)

Based on the statement of financial position of the Company at the time of the reverse acquisition, the net assets at estimated fair value that were acquired by the Century Holdings were $110,710 and the resulting reverse acquisition cost charged to the profit or loss is as follows:

	$
Consideration:	
Deemed issue of share by Century Holdings	800,000
Deemed replacement of options	39,349
Deemed replacement of warrants	17,963
	857,312
Identifiable assets acquired	
Cash	76,797
Sales taxes recoverable	9,024
Prepayments and deposits	74,643
Accounts payable and accrued liabilities	(48,224)
Others	(1,530)
	110,710
Unidentifiable assets acquired	
Reverse acquisition transaction cost	746,602
Total net identifiable assets and reverse acquisition transaction cost	857,312

(Expressed in Canadian Dollars)

11. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued

As a result of the RTO, Century Holdings became a direct, wholly owned subsidiary of the Company. The reverse acquisition was treated as an issuance of common shares by the continuing entity, Century Holdings.

At December 31, 2012, the issued share capital amounted to $115,152,768. The changes in issued share capital for the periods are as follows:

	Number of common shares	$
Balance - March 31, 2012	94,864,071	115,310,770
Repurchase of common shares (i)	(155,760)	(158,002)
Balance - December 31, 2012	94,708,311	115,152,768
Balance - April 1, 2011 (a)	49,882,078	4,000,000
Common shares issued on subscription receipts prior to the completion of RTO (a)	11,488,660	30,771,964
Capital movement pursuant to RTO (note 10)	274,360	800,000
Common shares issued to WISCO (b)	23,197,768	55,743,617
Common shares issued to MinMetals (c)	4,641,410	11,153,185
Common shares issued to non-brokered subscribers (d)	2,075,221	5,566,763
Common shares issued to employees and consultants (e)	1,273,201	2,970,000
Common shares issued on exercise of options (f)	20,577	70,665
Common shares issued on exercise of warrants (g)	10,796	34,576
Common shares issued to Altius (h)	2,000,000	4,200,000
Balance - December 31, 2011	94,864,071	115,310,770

(a) The equity structure of Century Holdings had been restated to reflect the equity structure of the Company prior to the completion of RTO using the exchange ratio of 0.857 shares of the Company for each share of Century Holdings.

(b) On May 18, 2011, the Company issued 23,197,768 common shares to WISCO at an issue price of $2.624 per common share for gross proceeds of $60,877,653. The common shares are subject to an 18 months lock-up.

The net proceeds of $55,743,617 were allocated to share capital after the deduction of cash fee of $3,348,271 and 1,391,866 warrants of $1,785,765 to the finder.

(c) On May 18, 2011, the Company issued 4,641,410 common shares to MinMetals Exploration & Development (Luxembourg) Limited S.à.r.l. (“MinMetals”) at an issue price of $2.624 per common share for gross proceeds of $12,180,403. The common shares are subject to an 18 months lock-up.

The net proceeds of $11,153,185 were allocated to share capital after the deduction of cash fee of $669,922 and 278,485 warrants of $357,296 to the finder.

(d) On May 18, 2011, the Company issued 2,075,221 common shares to non-brokered subscribers at an issue price of $2.916 per common share for gross proceeds of $6,051,094.

The net proceeds of $5,566,763 were allocated to share capital after the deduction of cash fee of $327,250 and issued 122,433 warrants of $157,081 to the finder.

(e) On May 18, 2011, the Company issued 1,273,201 common shares to employees and consultants at an issue price of $2.333 per common share for net proceeds of $2,970,000, which were allocated to the share capital.

(f) On May 31 and August 17, 2011, 6,859 and 13,718 share options were exercised respectively at an exercise price of $2 per share, resulting in the issue of 6,859 and 13,718 common shares respectively for a total consideration of $41,154. An amount of $29,511 was transferred from the share option reserve to share capital upon the exercise of the share options.

(g) On November 17 and 24, 2011, 2,796 and 8,000 warrants were exercised respectively at an exercise price of $2 per share, resulting in the issue of 2,796 and 8,000 common shares respectively for a total consideration of $21,592. An amount of $12,984 was transferred from the warrants reserve to share capital upon the exercise of the warrants.

(h) On November 18, 2011, the Company issued 2,000,000 common shares to Altius for the acquisition of certain properties pursuant to the Altius Agreement (note 5). The common shares are subject to a 12 months lock-up.

(i) The Company initiated an automatic purchase plan under a normal course issuer bid beginning on September 12, 2012. The number of common shares to be purchased during the period of the bid from August 22, 2012 to August 21, 2013 will not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares. Daily purchases will be limited to 4,503 common shares, save and except that the Company may be permitted to make block purchases. All purchases made pursuant to the bid will be made through the facilities of the TSX or other Canadian market places. Common shares purchased pursuant to the bid will be cancelled.

During September to December 2012, the Company repurchased 155,760 common shares under the plan with an aggregate cost of $158,002.

(Expressed in Canadian Dollars)

12. Share options

The share options issued and outstanding as of December 31, 2012 are as follows:

	Number of options	**Weighted average exercise price $**
Balance - March 31 and April 1, 2012	5,941,859	2.93
Options granted on April 26, 2012 (i)	600,000	2.92
Options granted on July 18, 2012 (i)	2,955,000	2.92
Options granted on November 12, 2012 (i)	440,000	2.92
Forfeited	(60,000)	2.92
Expired	(6,859)	2.00
Balance - December 31, 2012	9,870,000	2.92

(i) The Group has adopted an incentive stock option plan (the "Plan") which is administered by the Board of Directors of the Group. The Plan provides that the Board of Directors of the Group may from time to time, in its discretion and in accordance with TSX Venture Exchange Inc. or TSX requirements, grant to directors, officers, employees and consultants to the Group, options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. No more than an aggregate of 5% of the issued and outstanding common shares may be granted to any one individual in any 12 month period. No more than an aggregate of 2% of the issued and outstanding common shares may be granted to any one consultant in any 12 month period. No more than an aggregate of 2% of the issued and outstanding common shares may be granted to persons employed to provide investor relations activities, in any 12 month period. Options issued pursuant to the Plan will have an exercise price determined by the directors of the Group provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange Inc. or TSX.

On April 26, 2012, 600,000 options were granted to an employee. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at $641,547. The impact on share-based payment was $432,677 for the nine months ended December 31, 2012 (for the three months ended December 31, 2012: $80,853).

On July 18, 2012, 2,955,000 options were granted to directors, employees and consultants. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at $1,557,718. The impact on share-based payment was $873,464 for the nine months ended December 31, 2012 (for the three months ended December 31, 2012: $196,315).

(Expressed in Canadian Dollars)

On November 12, 2012, 440,000 options were granted to a director, an employee and a consultant. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at $208,577. The impact on share-based payment was $83,526 for the nine months ended December 31, 2012 (for the three months ended December 31, 2012: $83,526).

The exercise prices and exercise periods of the share options outstanding as of December 31, 2012 are as follows:

Number of options	Exercise price $	Exercise period
5,440,000	2.92	May 18, 2011 to May 17, 2016
435,000	2.92 - 4.00	December 14, 2011 to December 13, 2016
600,000	2.92	April 26, 2012 to April 25, 2017
2,955,000	2.92	July 18, 2012 to July 17, 2017
440,000	2.92	November 12, 2012 to November 11, 2017
9,870,000		

13. Warrants

The movement of warrants during the period is as follows:

	Number of warrants	Amount $	Weighted average exercise price $	Expiry date
Balance - March 31, 2012	2,479,027	3,180,592	2.92	November 17, 2012
Expired	(2,479,027)	(3,180,592)	2.92	N/A
Balance - December 31, 2012	-	-		

(Expressed in Canadian Dollars)

14. Other operating income

	Three months ended December 31, 2012 $	Three months ended December 31, 2011 $	Nine months ended December 31, 2012 $	Nine months ended December 31, 2011 $
Interest income	109,340	252,725	485,091	642,750
Other income	8,039	-	8,222	-
	117,379	252,725	493,313	642,750

15. Expenses by nature

	Three months ended December 31, 2012 $	Three months ended December 31, 2011 $	Nine months ended December 31, 2012 $	Nine months ended December 31, 2011 $
Depreciation of property, plant and equipment	254,613	84,636	741,257	199,145
Less: capitalized as exploration and evaluation assets	(206,845)	-	(619,776)	-
Depreciation charged to profit or loss	47,768	84,636	121,481	199,145
Employee benefits expense				
Salaries and wages	1,332,264	856,936	4,671,961	1,860,009
Pension costs - defined contribution plans	4,993	-	14,387	-
Share option expenses	833,811	1,498,574	3,290,257	7,043,920
Less: capitalized as exploration and evaluation assets	(665,527)	-	(2,525,526)	-
	1,505,541	2,355,510	5,451,079	8,903,929

16. Earnings / (loss) per share

The basic earnings / (loss) per share calculated amount is the same as the fully diluted earnings / (loss) per share amount as the Company’s options and warrants are anti-dilutive.

17. Related party transactions

In addition to transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group has the following related party transactions:

As of December 31, 2012, the Group had accounts receivable of $17,873,081 from Labec Century. The balance includes a receivable of $17,177,923 representing the amounts owed to the Group by Labec

Century at September 26, 2012 for exploration expenditures previously funded by the Group. This amount is subject to audit and approval by the Group's joint venture partner, WISCO, which could subsequently result in an adjustment to its recoverable amount upon completion of the aforementioned audit and applicable approval by WISCO. The Group expects the measurement of this receivable to be agreed prior to March 31, 2013.

As of December 31, 2012, the Group had accounts receivable of $16,950 (March 31, 2012: $16,950) from Augyva, which the President and CEO of the Group is the director of Augyva.

During the nine months ended December 31, 2012 and the three months ended December 31, 2012, the Group incurred professional services fee of $8,650 (for the nine months ended December 31, 2011: $35,537) and $4,450 (for the three months ended December 31, 2011: $3,325) respectively from Chim and Seto Consulting Services Inc., of which an immediate family member of the President and CEO of the Group is a shareholder.

On October 10 and December 3, 2012, the Group repaid the refundable off-take deposit with a total of US$8,000,000 to a related party. The deposit was non-interest bearing and repayable on demand.

18. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate risk, foreign currency exchange risk and commodity price risk.

Risk management is carried out by the Group's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to cash and receivables. Cash and cash equivalents are held with a major Canadian chartered bank. The Group's receivables mainly represented an amount owing from its joint venture Labec Century, which will be repaid by the joint venture after the audit by WISCO pursuant to the shareholders agreement. Management believes the risk of loss to be minimal.

Liquidity risk

The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of December 31, 2012, the Group had cash of $25,296,374 to settle accounts payable and accrued liabilities of $3,935,361. All of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors, such as interest rates and foreign currency exchange rates.

(i) Interest rate risk

The Group has cash balances and no interest bearing debt. The Group's current policy is to invest excess cash in interest bearing accounts of a reputable Canadian chartered bank. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of the reputable Canadian chartered bank holding the Group's cash. An absolute increase or decrease of 0.1% in the annual interest rate would not have a material impact on the net profit or equity at December 31, 2012.

(ii) Foreign currency exchange risk

The Group's principal functional currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. The primary driver of the Group's foreign currency exchange fluctuations is the off-take deposit denominated in the US Dollars. Management believes the foreign currency exchange risk derived from currency conversions is low and, therefore, does not hedge its foreign currency exchange risk.

19. Capital commitments

(i) Pursuant to the Altius Agreement (note 5), the Company agreed to issue (i) an aggregate of 5,000,000 common shares at nil proceeds (with 2,000,000 common shares issued on November 18, 2011 and 3,000,000 common shares issuable by November 18, 2013), and (ii) up to a maximum of 35,000,000 common shares upon satisfaction of certain milestones related to the definition of National Instrument 43-101 compliant iron ore resources above specific thresholds to acquire a 100% interest in four of Altius' regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville. In addition, the Company agreed to incur minimum exploration expenditures of $7 million per project cumulatively over a 5-year period.

In connection with the transfer of Astray-X project to Northern Star as described in note 5, on November 30, 2012, Altius agreed to amend the provisions of the Altius Agreement to provide for an option to replace the remaining 750,000 common shares of the Company issuable to Altius for the acquisition of the Astray project, and up to a maximum of 8 million "bonus" shares for the project, with common shares issuable by Northern Star as adjusted by certain equivalence formulae stipulated in an assignment agreement. Pursuant to the X-Star Agreement, the Company has transferred the associated obligations of the Astray-X project to Northern Star.

(ii) The Company initiated an automatic purchase plan under a normal course issuer bid beginning on September 12, 2012. The number of common shares to be purchased during the period of the bid from August 22, 2012 to August 21, 2013 will not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares. Daily purchases will be limited to 4,503 common shares, save and except that the Company may be permitted to make block purchases. All purchases made pursuant to the bid will be made through the facilities of the TSX or other Canadian market places. Common shares purchased pursuant to the bid will be cancelled.