Century Iron Mines Corporation

(An exploration stage mining company)

Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2013
(Expressed in Canadian Dollars)

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of June 30, 2013

(Expressed in Canadian Dollars)

	Notes	June 30, 2013 $	March 31, 2013 $
Assets			
Current assets			
Cash and cash equivalents		34,147,648	19,359,987
Accounts receivable	14	4,039,340	13,859,635
Sales taxes recoverable		4,864,370	5,185,956
Investment tax credits receivable	5	8,025,459	8,049,757
Prepaid expenses and deposits		735,710	795,532
		51,812,527	47,250,867
Non-current assets			
Exploration and evaluation assets	5	31,770,832	39,629,086
Property, plant and equipment	6	3,792,744	3,957,887
Investment in a joint venture	7	58,991,381	58,991,381
Investment in an associate	8	1,547,516	1,547,516
		147,915,000	151,376,737
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,578,895	3,283,984
Current income tax liabilities		187,510	187,510
		1,766,405	3,471,494
Non-current liabilities			
Deferred tax		46,613	46,613
		1,813,018	3,518,107
Shareholders' Equity			
Share capital	9	114,945,662	115,023,227
Contributed surplus		2,758,368	2,758,368
Retained earnings		15,495,627	17,564,169
Other components of equity		12,902,325	12,512,866
		146,101,982	147,858,630
		147,915,000	151,376,737

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 Loss
(Unaudited)
For the three months ended June 30, 2013

(Expressed in Canadian Dollars)

		Three months ended June 30,	
		2013	**2012**
	Notes	**$**	**$**
Other operating income	11	59,237	206,613
Administrative expenses	12	(2,127,779)	(2,805,876)
Loss before income tax		(2,068,542)	(2,599,263)
Income tax		-	-
Loss for the period		(2,068,542)	(2,599,263)
Other comprehensive loss			
Exchange differences on translation of foreign operations		(123,656)	(46,718)
Total comprehensive loss for the period		(2,192,198)	(2,645,981)
Loss per common share – basic and diluted	13	(0.022)	(0.027)
Weighted average number of common shares outstanding		94,378,243	94,864,071

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 three months ended June 30, 2013
(Expressed in Canadian Dollars)

	Share capital $	Contributed surplus $	Share option reserve $	Warrants $	Foreign currency translation reserve $	Retained earnings / (Deficit) $	Total $
Balance - April 1, 2013	115,023,227	2,758,368	12,570,181	-	(57,315)	17,564,169	147,858,630
Loss for the period	-	-	-	-	-	(2,068,542)	(2,068,542)
Other comprehensive loss for the period	-	-	-	-	(123,656)	-	(123,656)
Total comprehensive loss for the period	-	-	-	-	(123,656)	(2,068,542)	(2,192,198)
Shares repurchased (note 9)	(77,565)	-	-	-	-	-	(77,565)
Equity-settled share option arrangement	-	-	513,115	-	-	-	513,115
Balance - June 30, 2013	114,945,662	2,758,368	13,083,296	-	(180,971)	15,495,627	146,101,982
Balance - April 1, 2012	115,310,770	-	8,479,048	3,180,592	(4,583)	(17,595,895)	109,369,932
Loss for the period	-	-	-	-	-	(2,599,263)	(2,599,263)
Other comprehensive loss for the period	-	-	-	-	(46,718)	-	(46,718)
Total comprehensive loss for the period	-	-	-	-	(46,718)	(2,599,263)	(2,645,981)
Equity-settled share option arrangement	-	-	1,231,880	-	-	-	1,231,880
Share options expired	-	-	(9,838)	-	-	9,838	-
Balance - June 30, 2012	115,310,770	-	9,701,090	3,180,592	(51,301)	(20,185,320)	107,955,831

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
For the three months ended June 30, 2013

(Expressed in Canadian Dollars)

		Three months ended June 30,	
		2013	**2012**
	Notes	**$**	**$**
Cash provided by / (used in)			
Operating activities			
Loss before income tax		(2,068,542)	(2,599,263)
Adjustments for			
Bank interest received		(56,581)	(206,613)
Depreciation of property, plant and equipment	12	46,416	31,518
Loss on disposals of fixed assets		16,515	-
Foreign exchange (gain) / loss		(143,453)	102,679
Share option expenses	10	513,115	1,231,880
Changes in non-cash working capital			
Decrease / (increase) in accounts receivable		9,820,295	(62,332)
Decrease / (increase) in sales taxes recoverable		321,586	(1,652,036)
Decrease in investment tax credits receivable		24,298	-
Decrease / (increase) in prepaid expenses and deposits		59,822	(835,024)
Decrease in accounts payable and accrued liabilities		(834,078)	(843,004)
		7,699,393	(4,832,195)
Investing activities			
Bank interest received		56,581	206,613
Exploration and evaluation assets		(1,392,600)	(8,232,253)
Reimbursement received for Sunny Lake exploration expenditures	5	8,612,875	-
Acquisition of property, plant and equipment	6	(125,466)	(114,777)
		7,151,390	(8,140,417)
Financing activities			
Repurchase of shares	9	(77,565)	-
		(77,565)	-
Net change in cash and cash equivalents		14,773,218	(12,972,612)
Cash and cash equivalents - Beginning of period		19,359,987	67,391,504
Effect of foreign exchange rate changes, net		14,443	19,049
Cash and cash equivalents - End of period		34,147,648	54,437,941

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

1. Nature of operations

Century Iron Mines Corporation (the “Company”), formerly known as Red Rock Capital Corp., was incorporated under the Canada Business Corporations Act on July 10, 2007. The Company is a base metal exploration and mining company with assets in the Provinces of Quebec and Newfoundland and Labrador, Canada.

The Company is a public limited company, which is listed on the Toronto Stock Exchange (the “TSX”) under the symbol “FER”. The Company is incorporated and domiciled in Canada. Its registered office is located at Suite 1301, 200 University Avenue, Toronto, Ontario, Canada M5H 3C6. 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 August 9, 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, 2013, 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.

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.

(Expressed in Canadian Dollars)

(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

The Group owns 60% interest in Labec Century Iron Ore Inc. ("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.

5. Exploration and evaluation assets

	Duncan Lake property $	Sunny Lake property $	Altius properties $	Other property $	Total $
Balance - March 31 and April 1, 2013	15,729,444	15,983,419	7,283,494	632,729	39,629,086
Additions, net of investment tax credits	151,294	410,592	83,719	109,016	754,621
Reimbursement of Net Initial Exploration Expenditures	-	(8,612,875)	-	-	(8,612,875)
Balance - June 30, 2013	15,880,738	7,781,136	7,367,213	741,745	31,770,832

The Group has accrued $8,025,459 (March 31, 2013: $8,049,757) 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, the Company's wholly-owned subsidiary Canadian Century Iron Ore Corporation ("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. The transfer registration was completed in May 2013, with Canadian Century owning 65% interest in the Duncan Lake property.

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 International Resources Development & Investment Limited ("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.

Sunny Lake property

The mining claims were formerly held solely by 0849873 B.C. Ltd. ("B.C. Ltd."), a wholly-owned subsidiary of the Company.

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 that has been formed between the Company and WISCO for the exploration and development of the Sunny Lake property (the "Sunny Lake Joint Venture"). Under the original Sunny Lake JV Agreement, WISCO could earn a 40% interest in the Sunny Lake property by investing a total of $40 million in the Sunny Lake Joint Venture.

The operating company for the Sunny Lake Joint Venture, WISCO Century Sunny Lake Iron Mines Limited ("WISCO Century Sunny Lake" or the "Operator"), was incorporated on June 29, 2012. B.C. Ltd. has transferred its interest in the Sunny Lake property to the Operator as a prescribed closing procedure provided for in the Sunny Lake JV Agreement, with the Sunny Lake property now held in trust for B.C.Ltd. and WISCO Canada Sunny Lake Resources Development & Investment Limited ("WISCO Sunny Lake") in accordance with their interests in the Sunny Lake Joint Venture under 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 entered into a closing agreement (the "Sunny Lake Closing Agreement"). Pursuant to the Sunny Lake Closing Agreement, WISCO Sunny Lake agreed to purchase from B.C. Ltd. a percentage interest in the Sunny Lake Joint Venture determined as (i) the amount equal to the audited direct exploration expenditures incurred by the Group on the Sunny Lake property from

January 13, 2011 to November 28, 2012 (the "Sunny Lake Initial Exploration Expenditures"), divided by (ii) $100,000,000 with the quotient multiplied by 100%. The purchase price for the interest in the Sunny Lake Joint Venture to be paid by WISCO Sunny Lake was agreed to equal the amount of the Sunny Lake Initial Exploration Expenditures, less tax credits received by B.C. Ltd. in connection with the Sunny Lake Initial Exploration Expenditures (the "Net Initial Exploration Expenditures"). The Sunny Lake Closing Agreement further provided that the amount of WISCO Sunny Lake's required contribution under the Sunny Lake JV Agreement would be reduced by an amount equal to the Sunny Lake Initial Exploration Expenditures upon payment of the purchase price to B.C. Ltd. Accordingly, WISCO Sunny Lake will fund new exploration expenditures up to $40 million less the amount of the Sunny Lake Initial Exploration Expenditures and earn 1% of interest in the Sunny Lake Joint Venture for every $1 million funded and expended on the Sunny Lake property.

On April 2, 2013, B.C. Ltd. received the reimbursement of the Net Initial Exploration Expenditures on its Sunny Lake property amounting to $8,612,875 from WISCO Sunny Lake pursuant to the Sunny Lake JV Agreement and the Sunny Lake Closing Agreement. The amount represents the Sunny Lake Initial Exploration Expenditures of $17,096,459, less estimated tax credits relating to such exploration expenditures of $8,483,584 that are available to the Group.

As a result of this payment, on April 2, 2013, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property, while the Group's interest in the property was reduced to 82.9%. Further, the obligation of WISCO Sunny Lake to fund further exploration expenditures on the Sunny Lake property was reduced by approximately $17.1 million to $22.9 million.

At June 30, 2013, the Group owns 82.9% of the Sunny Lake 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

(Expressed in Canadian Dollars)

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.
Under an assignment agreement concluded on the same date, the title transfer documents of the Astray-X project were held under an escrow account and would 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. On February 15, 2013, the Company agreed to amend the assignment agreement to allow the release of the title transfer documents from escrow upon execution of a notice signed by the relevant parties. The Astray-X property has been disposed of as of that date. The transfer of the title of the Astray-X property was completed on February 26, 2013.

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.

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. 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 consideration already received.

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, 2013	169,677	2,693,923	1,461,497	320,332	321,009	427,189	5,393,627
Additions	-	17,142	4,140	91,448	4,736	8,000	125,466
Disposals	-	-	-	(27,525)	-	-	(27,525)
Exchange differences	-	-	-	7,815	1,317	-	9,132
Balance - June 30, 2013	169,677	2,711,065	1,465,637	392,070	327,062	435,189	5,500,700
Accumulated depreciation							
Balance - March 31 and April 1, 2013	-	735,359	332,894	94,840	147,580	125,067	1,435,740
Depreciation	-	140,484	73,213	20,293	23,849	21,609	279,448
Disposals	-	-	-	(11,010)	-	-	(11,010)
Exchange differences	-	-	-	3,097	681	-	3,778
Balance - June 30, 2013	-	875,843	406,107	107,220	172,110	146,676	1,707,956
Net book value							
Balance - June 30, 2013	169,677	1,835,222	1,059,530	284,850	154,952	288,513	3,792,744
Balance - March 31, 2013	169,677	1,958,564	1,128,603	225,492	173,429	302,122	3,957,887

(Expressed in Canadian Dollars)

7. Investment in a joint venture

The Group's investment in Labec Century is as follows:

	June 30, 2013 $	**March 31, 2013 $**
Initial recognition at fair value	59,548,098	59,548,098
Share of loss of Labec Century	(1,298)	(1,298)
Unrealized profit from sales to Labec Century	(555,419)	(555,419)
Investment in Labec Century	58,991,381	58,991,381

Labec Century was formerly a wholly-owned subsidiary of the Company.

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 initial closing procedures prescribed in the Attikamagen Shareholders Agreement were completed, with WISCO Canada Attikamagen Resources Development & Investment Limited ("WISCO Attikamagen") purchasing from Labec Century (i) 40 million Class A voting non-equity common shares, representing 40% of the outstanding voting non-equity common shares of Labec Century, for $4,000, and (ii) 20 million Class B non-voting equity shares, representing 25% of the outstanding non-voting equity common shares of Labec Century, for $20 million. As part of a reorganization completed prior to the initial closing procedures, the Company's wholly-owned subsidiary Century Iron Ore Holdings Inc. ("Century Holdings") (i) purchased 60 million Class A voting non-equity shares, representing 60% of the outstanding voting non-equity common shares of Labec Century, for $6,000, and (ii) exchanged its then outstanding common shares of Labec Century for 60 million Class C non-voting equity shares, representing 75% of the outstanding non-voting equity shares of Labec Century. WISCO Attikamagen further agreed to purchase an additional 20 million Class B non-voting equity shares for a subscription price of $20 million by September 26, 2013, which would increase its ownership to 40% of the non-voting equity shares of Labec Century and reduce Century Holdings' ownership to 60% of the non-voting equity shares upon completion. As a result of completion of these initial closing transactions, 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.

At the balance sheet date, the Group owns 60% interest in Labec Century. 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 the Province of Quebec, Canada.

The summarized financial information of Labec Century as of June 30, 2013 is as follows:

	$'000
Assets	
Current assets	7,964
Non-current assets	29,962
Liabilities	
Current liabilities	4,200
Non-current liabilities	-
Cash and cash equivalent	5,213
Current financial liabilities	4,200

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 Iron Mines Limited ("Champion"). Champion is completing its due diligence investigations with respect to the transfer of the 4% interest.

8. Investment in an associate

The Group's investment in Northern Star is as follows:

	June 30, 2013 $	**March 31, 2013 $**
Investment in Northern Star, at cost	1,708,493	1,708,493
Share of loss of the associate	(160,977)	(160,977)
Investment in an associate	1,547,516	1,547,516

At the balance sheet date, the Group owns 20% interest in Northern Star. The principal activities of Northern Star are to explore and develop the Astray-X property. Its principal place of business is in the Province of Newfoundland and Labrador, Canada.

(Expressed in Canadian Dollars)

9. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued and fully paid

The changes in share capital during the period are as follows:

	Number of common shares	$
Balance - March 31 and April 1, 2013	94,474,158	115,023,227
Repurchase of common shares (i)	(168,587)	(77,565)
Balance - June 30, 2013	94,305,571	114,945,662

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

In May 2013, the Company amended the normal course issuer bid (the "Amended NCIB") to increase the maximum number of shares purchasable thereunder to 2,500,000 common shares, as well as to increase the maximum number of shares that may be bought under the Amended NCIB on any given day (other than under a block purchase) to 16,167 from 4,503 common shares.

During the three months ended June 30, 2013, the Company repurchased for cancellation 168,587 common shares under the plan with an aggregate cost of $77,565.

10. Share options

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.

(Expressed in Canadian Dollars)

Share options issued under the Plan and outstanding as of June 30, 2013 are as follows:

	Number of options	Weighted average exercise price $
Balance - April 1 and June 30, 2013	9,870,000	2.92

The exercise prices and exercise periods of the share options outstanding as of June 30, 2013 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		

The weighted average remaining contractual life of the outstanding share options is 3.4 years.

11. Other operating income

	Three months ended June 30, 2013 $	2012 $
Interest income	59,237	206,613

(Expressed in Canadian Dollars)

12. Expenses by nature

	Three months edned June 30, 2013 $	2012 $
Depreciation of property, plant and equipment	279,448	235,029
Less: capitalized as exploration and evaluation assets	(233,032)	(203,511)
Depreciation charged to profit or loss	46,416	31,518
Employee benefits expense		
Salaries and wages	1,299,087	1,528,119
Pension costs - defined contribution plans	5,961	6,456
Share option expenses	501,748	1,221,437
Less: capitalized as exploration and evaluation assets	(792,726)	(1,048,197)
	1,014,070	1,707,815

13. Loss per share

The basic loss per share calculated amount is the same as the fully diluted loss per share amount as the Company's options are anti-dilutive.

14. Related party transactions

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

(i) As of June 30, 2013, the Group had accounts receivable of $3,864,361 (March 31, 2013: $13,697,158) from Labec Century. The balance represents exploration expenditure of the Attikamagen property incurred and paid by the Group on behalf of Labec Century after Labec Century becomes the Group's joint venture. In June 2013, the Group received the repayment of $11,429,435 from Labec Century in relation to Labec Century's audited exploration expenditures previously funded by the Group and reimbursed pursuant to the Attikamagen Shareholders Agreement.

(ii) As of June 30, 2013, the Group had accounts receivable of $2,817 (March 31, 2013: Nil) from WISCO Century Sunny Lake. The balance represents exploration expenditure of the Sunny Lake property paid by the Group on behalf of WISCO Century Sunny Lake.

(iii) As of June 30, 2013, the Group had accounts receivable of $16,950 (March 31, 2013: $16,950) from Augyva, which the President and CEO and a key management personnel of the Group are directors of Augyva.

(Expressed in Canadian Dollars)

(b) The remuneration of the Group's directors and officers during the period is summarized below:

	Three months ended June 30, 2013 $	2012 $
Salaries	325,319	932,031
Share option expenses	341,537	936,865
	666,856	1,868,896

15. 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 and foreign currency exchange 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 major Canadian chartered banks. The Group's receivables mainly represented an amount owing from its joint venture Labec Century. 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 June 30, 2013, the Group had cash of $34,147,648 to settle accounts payable and accrued liabilities of $1,578,895. Most 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 only and it has no interest bearing debt. The Group's current policy is to invest excess cash in interest bearing accounts of reputable Canadian chartered banks. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of the reputable Canadian chartered banks 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 loss or equity at June 30, 2013.

(ii) Foreign currency exchange risk

The Group's principal functional currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. The principal drivers of the Group's foreign currency exchange fluctuations are the foreign currency transactions and the translation of the foreign currency monetary items of the Group's overseas subsidiaries. Management believes the foreign currency exchange risk derived from currency conversions is low and, therefore, does not hedge its foreign currency exchange risk.

16. 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 the 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 authorized for purchase during the period of the bid from August 22, 2012 to August 21, 2013 would not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares of the Company. Daily purchases were limited to 4,503 common shares, save and except that the Company was permitted to make block purchases. The purchase of 500,000 common shares under the NCIB was completed in June 2013. All purchases made pursuant to the bid were made through the facilities of the TSX or other Canadian market places. Common shares so purchased were cancelled.

In May 2013, the Company amended the normal course issuer bid to increase the maximum number of shares purchasable thereunder to 2,500,000 common shares, as well as to increase the maximum number of shares that may be bought under the Amended NCIB on any given day (other than under a block purchase) to 16,167 from 4,503 common shares.