Century Iron Mines Corporation

(An exploration and development company)

Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2014

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not audited these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada.

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of June 30, 2014

(Expressed in Canadian Dollars)

	Notes	June 30, 2014 $	March 31, 2014 $
Assets			
Current assets			
Cash and cash equivalents		29,341,607	29,705,384
Short term bank deposits		-	2,008,431
Accounts receivable	18	10,035,400	9,612,748
Sales taxes recoverable		518,008	493,588
Investment tax credits receivable	6	9,830,841	9,854,881
Prepaid expenses and deposits		615,988	655,215
		50,341,844	52,330,247
Non-current assets			
Exploration and evaluation assets	6	31,464,949	30,973,493
Property, plant and equipment	7	2,838,654	3,128,114
Investment in a joint venture	8	60,499,154	60,490,777
Investment in an associate	9	1,140,326	1,206,326
Derivative asset	10	7,661	21,624
		146,292,588	148,150,581
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,449,755	3,700,878
Shareholders' Equity			
Share capital	11	117,222,846	117,225,951
Contributed surplus		2,758,368	2,758,368
Retained earnings		9,575,145	11,363,440
Other components of equity		13,286,474	13,101,944
		142,842,833	144,449,703
		146,292,588	148,150,581

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 months ended June 30, 2014

(Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2014 $	2013 $
Revenue			
Other income	15	70,843	59,237
Expenses			
Administrative expenses	16	1,595,014	1,758,120
Share-based compensation (recovery) expenses	12	(2,149)	513,112
Share of profit of a joint venture	8	(8,377)	-
Share of loss of an associate	9	66,000	-
Foreign exchange loss (gain)		208,650	(143,453)
		1,859,138	2,127,779
Loss for the period		(1,788,295)	(2,068,542)
Other comprehensive income (loss)			
Exchange gain (loss) on translation of foreign operations		186,679	(123,656)
Total comprehensive loss for the period		(1,601,616)	(2,192,198)
Earnings (loss) per common share – basic and diluted	17	(0.02)	(0.02)
Weighted average number of common shares outstanding		98,799,071	94,378,243

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, 2014

(Expressed in Canadian Dollars)

	Share capital $	Contributed surplus $	Retained earnings $	Share-based compensation reserve $	Foreign currency translation reserve $	Warrants $	Total $
Balance – March 31, 2014	117,225,951	2,758,368	11,363,440	13,517,461	(435,517)	20,000	144,449,703
Loss for the period	-	-	(1,788,295)	-	-	-	(1,788,295)
Other comprehensive income for the period	-	-	-	-	186,679	-	186,679
Total comprehensive income (loss) for the period	-	-	(1,788,295)	-	186,679	-	(1,601,616)
Shares repurchased (note 11)	(3,105)	-	-	-	-	-	(3,105)
Equity-settled share-based compensation arrangements	-	-	-	(2,149)	-	-	(2,149)
Balance – June 30, 2014	117,222,846	2,758,368	9,575,145	13,515,312	(248,838)	20,000	142,842,833
Balance – March 31, 2013	115,023,227	2,758,368	17,564,169	12,570,181	(57,315)	-	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	-	-	(2,068,542)	-	(123,656)	-	(2,192,198)
Shares repurchased	(77,565)	-	-	-	-	-	(77,565)
Equity-settled share-based compensation arrangements	-	-	-	513,115	-	-	513,115
Balance – June 30, 2013	114,945,662	2,758,368	15,495,627	13,083,296	(180,971)	-	146,101,982

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, 2014

(Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2014 $	2013 $
Cash provided by / (used in)			
Operating activities			
Loss for the period		(1,788,295)	(2,068,542)
Adjustments for			
Bank interest income		(70,829)	(56,581)
Depreciation		46,224	46,416
Net loss on disposals fixed assets		1,744	16,515
Loss / (gain) on currency translation adjustment		208,650	(143,453)
Share-based compensation arrangements	12	(2,149)	513,115
Loss on changes in fair value of derivatives	10	13,963	-
Share of profit in investment in a joint venture	8	(8,377)	-
Share of loss in investment in an associate	9	66,000	-
Other		21,964	-
Changes in non-cash working capital			
(Increase) / decrease in accounts receivable		(71,822)	9,829,477
(Increase) / decrease in sales taxes recoverable		(46,386)	321,586
Decrease in prepaid expenses and deposits		39,227	59,822
Decrease in accounts payable and accrued liabilities		(595,672)	(834,078)
Net cash (used in) / generated by operating activities		(2,185,758)	7,684,277
Investing activities			
Bank interest received		70,829	56,581
Short term bank deposit		2,008,431	-
Exploration and evaluation assets		(263,140)	(1,392,600)
Reimbursement received for Sunny Lake exploration expenditures	6	-	8,612,875
Investment tax credit refunds received		24,040	24,298
Net change in property, plant and equipment		971	(125,466)
Net cash generated by investing activities		1,841,131	7,175,688
Financing activities			
Funds advanced for the repurchase of shares		-	(86,747)
Net cash used in financing activities		-	(86,747)
Net change in cash and cash equivalents		(344,627)	14,773,218
Cash and cash equivalents - Beginning of period		29,705,384	19,359,987
Effect of foreign exchange rate changes, net		(19,150)	14,443
Cash and cash equivalents - End of period		29,341,607	34,147,648

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

1. Nature of operations

Century Iron Mines Corporation (the "Company") 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 Québec and Newfoundland and Labrador, Canada.

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 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 13, 2014.

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 audited consolidated annual financial statements for the year ended March 31, 2014 filed on SEDAR at www.sedar.com on June 25, 2014, 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 disclosed in note 3 of the audited consolidated annual financial statements for the year ended March 31, 2014 filed on SEDAR at www.sedar.com on June 25, 2014.

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 Dollars, 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 critical accounting estimates and judgments applied in these condensed consolidated interim financial statements are consistent with those disclosed in note 4 of the audited consolidated annual financial statements for the year ended March 31, 2014 filed on SEDAR at www.sedar.com on June 25, 2014.

(Expressed in Canadian Dollars)

5. New standards and interpretations

There are no new standards and interpretations issued or adopted by the Company for the current period other than those disclosed in note 5 of the audited consolidated annual financial statements for the year ended March 31, 2014 filed on SEDAR at www.sedar.com on June 25, 2014.

6. Exploration and evaluation assets

	Duncan Lake property $	Sunny Lake property $	Altius properties $	Other properties $	Total $
Balance - March 31, 2014	17,214,037	3,069,502	10,367,650	322,304	30,973,493
Additions	1,735	-	489,721	-	491,456
Balance – June 30, 2014	17,215,772	3,069,502	10,857,371	322,304	31,464,949

The Group has accrued $9,830,841 (March 31, 2014: $9,854,881) in investment tax credits receivable related to eligible expenditures in the province of Québec. 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 Québec and mining duties returns from the 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 had 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 a 65% registered interest in the Duncan Lake property.

Sunny Lake property

On December 19, 2011, the Company and WISCO International Resources Development & Investment Limited ("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 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. The Sunny Lake property is held in trust for 0849873 B.C. Ltd. ("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, the Company and WISCO entered into a closing agreement (the "Sunny Lake Closing Agreement") to purchase from B.C. Ltd. up to a 40% interest in the Sunny Lake Joint Venture.

On April 2, 2013, pursuant to the Sunny Lake Closing Agreement, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property for the consideration of $8,612,875 paid to B.C. Ltd. The Group retains a 82.9% interest in the property. As a result, 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.

As at June 30, 2014, Century has a 82.9% registered interest in 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 shares ("Bonus Shares") of the Company as National Instrument 43-101 compliant iron ore resources are defined above various thresholds.

On November 18, 2011 and November 18, 2013, the Company issued 2,000,000 and 3,000,000 common shares respectively to Altius pursuant to the Altius Agreement. 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 and November 18, 2013 with amounts of $4,200,000 and $1,500,000 respectively capitalized to exploration and evaluation assets.

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 interest in 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. 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 then 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. The then remaining 750,000 acquisition shares of the Astray project were issued by the Company to Altius on November 18, 2013.

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. On July 28, 2014, the Company has disposed of its interest in Northern Star and the details for the transaction are further disclosed in Note 9.

On August 1, 2014, the Company entered into an agreement with Altuis to amend the provisions of the Altius Agreement extending the term of when the exploration expenditure commitment must be fulfilled. This amendment replaces the Company's previous commitment to spend exploration expenditures of $7 million per project cumulatively over a 5-year period, with a commitment to incur a minimum annual exploration expenditure of $0.5 million for each of the three projects: (1) Grenville, (2) Menihek, and (3) Schefferville. The amended annual commitment of $0.5 million for each of the three projects will continue until the cumulative exploration expenditure of $7 million per project is fulfilled, totaling $21 million for all three projects. Yearly expenditures spent on a one project may be allocated to another project to satisfy the total yearly minimum commitment of $1.5 million for all three projects. As at June 30, 2014, a cumulative exploration expenditure of $5.7 million out of the $21 million has been fulfilled on the three projects, resulting in an outstanding commitment of $15.3 million.

(Expressed in Canadian Dollars)

7. Property, plant and equipment

	Land $	Drilling & field equipment $	Camp and properties $	Leasehold improvements $	Computer & office equipment $	Vehicles $	Total $
Cost							
Balance - March 31, 2014	169,677	2,719,350	1,641,301	400,388	351,187	401,265	5,683,168
Additions	-	-	-	-	1,279	-	1,279
Disposals	-	-	-	(6,477)	-	-	(6,477)
Exchange differences	-	-	-	(6,458)	(1,275)	-	(7,733)
Balance - June 30, 2014	169,677	2,719,350	1,641,301	387,453	351,191	401,265	5,670,237
Accumulated depreciation							
Balance - March 31, 2014	-	1,298,885	631,900	174,491	265,584	184,194	2,555,054
Depreciation	-	141,351	76,255	20,970	25,286	20,063	283,925
Disposals	-	-	-	(2,483)	-	-	(2,483)
Exchange differences	-	-	-	(3,968)	(945)	-	(4,913)
Balance - June 30, 2014	-	1,440,236	708,155	189,010	289,925	204,257	2,831,583
Net book value							
Balance - June 30, 2014	169,677	1,279,114	933,146	198,443	61,266	197,008	2,838,654
Balance - March 31, 2014	169,677	1,420,465	1,009,401	225,897	85,603	217,071	3,128,114

8. Investment in a joint venture

The Group's investment in Labec Century Iron Ore Inc. ("Labec Century") is as follows:

	$
Balance – March 31, 2014	60,490,777
Share of profit of Labec Century	8,377
Balance – June 30, 2014	60,499,154

The financial information of Labec Century is summarized as follows:

	June 30, 2014 $'000	March 31, 2014 $'000
Assets		
Current assets	26,313	26,635
Non-current assets	34,463	34,795
Liabilities		
Current liabilities	5,352	8,275
Non-current liabilities	8	9
Cash and cash equivalents	23,404	23,078

	Three months ended June 30,	
	2014 $'000	2013 $'000
Income from continuing operations	14	1
Total comprehensive income	14	1

The principal activities of Labec Century are to explore and develop the Attikamagen property. The principal place of business is in the Province of Québec, Canada. As at the balance sheet date, the Group owns 60% interest in Labec Century, and Labec Century holds 100% interest of the Attikamagen property.

On December 19, 2011, the Company and WISCO entered into a 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 common shares, representing 40% of the outstanding voting common shares of Labec Century, for $4,000, and

(ii) 20 million Class B non-voting shares, representing 25% of the outstanding non-voting 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") purchased:

(i) 60 million Class A voting shares, representing 60% of the outstanding voting common shares of Labec Century, for $6,000, and

(ii) exchanged its then 100% outstanding common shares of Labec Century for 60 million Class C non-voting shares, representing 75% of the outstanding non-voting shares of Labec Century.

As a result of completion of the initial closing transactions in 2012, 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. The dilution of the Company's interest in Labec Century from a 100% owned subsidiary to a 60% joint venture represents a deemed disposal. This resulted a gain on deemed disposal of Labec Century of $47,722,258.

On September 19, 2013, WISCO Attikamagen purchased an additional 20 million Class B non-voting shares for a subscription price of $20 million. After the subscription, WISCO Attikamagen's ownership is increased to 40% of the non-voting shares of Labec Century, while Century Holdings' ownership is reduced to 60% of the non-voting shares. As at June 30, 2014, the Group continues to own a 60% interest in Labec Century.

Labec Century's ownership interest in the Attikamagen property

In June 2012, Labec Century completed the earn-in of its 56% interest in the Attikamagen property from Champion Iron Mines Limited ("Champion").

On September 30, 2013, the Company entered into an agreement to acquire from Champion its remaining interest in the Attikamagen property. As consideration for the purchase, the company issued 2 million common shares and 1 million warrants with variable exercise prices of $0.75 to $2.50 per share escalating over the 5-year life of the warrants (note 13). In addition, Champion will receive a 2% net smelter return royalty on iron and minerals produced from the property.

On November 29, 2013, the Company issued to Champion 2 million common shares and 1 million warrants. The shares issued are subject to a 2-year lock-up period, followed by a right of first refusal in favour of the Company. Labec Century has agreed to pay to the Company the fair value of the common shares issued to Champion based on the November 28, 2013 closing price of the Company's shares on the TSX amounting to $1.02 million, and an amount for any warrants exercised based on the difference between the exercise price and the market price of the shares at the exercise date of any warrants. Further details of the warrants are provided in note 10 and 13. Upon completion of the title transfer registration on January 31, 2014, Labec Century became the sole owner of the Attikamagen property.

Exploration and evaluation expenditure reimbursement by joint ventures

In 2013, the Group was in discussions with WISCO on the cost allocation mechanism for the ongoing exploration and evaluation expenditures of the Attikamagen and the Sunny Lake properties being incurred and paid by the Group on behalf of the joint ventures after the establishment of the joint ventures in September 2012 and November 2012 respectively. The Company and WISCO have reached an agreement on the cost allocation proposal. According to the proposal, the joint ventures will reimburse the Group for its exploration and evaluation expenditures incurred and paid on behalf of the joint ventures since the establishment of the joint ventures. In addition, the Group and WISCO also agreed on the sale of certain of the Group's fixed assets for exploration and evaluation purposes to Labec Century. The proposal was approved by the joint venture boards in June 2014. The actual amount of the expenditure reimbursement and the fixed asset sale is subject to an independent audit. Any revisions arising as a result of the independent audit will be adjusted on a prospective basis.

(Expressed in Canadian Dollars)

9. Investment in an associate

The Group's investment in an associate is as follows:

	$
Balance – March 31, 2014	1,206,326
Share of loss of Northern Star	(66,000)
Balance – June 30, 2014	1,140,326

As at June 30, 2014, the Group owns a 20% interest in Northern Star. The principal activities of Northern Star are to explore and develop the Astray-X property. The principal place of business is in the Province of Newfoundland and Labrador, Canada.

On July 28, 2014, the Company entered into a purchase and sale agreement with X-Star, Northern Star and X-Star Minerals Inc. ("X-Star Minerals"), a subsidiary of X-Star, to dispose of its: (i) 20 class B common shares in Northern Star, and (ii) 1,000,000 series II preference shares in Northern Star in exchange for: (i)100 preference shares in X-Star Minerals, which are exchangeable to common shares of Northern Star or another subsidiary upon its Initial Public Offering at a value of $714,813, and (ii) a 0.5% gross sales royalty on the Astray-X project capped at a maximum cumulative payout of $1,313,348, for which the company is entitled to receive $1,247,681, upon the issuance of a National Instrument 43-101 technical report on the Astray-X Project that meets certain resource thresholds.

10. Derivative asset

In connection with the 1 million warrants issued to Champion (note 13) as part of the consideration paid for the acquisition of Champion's remaining interest in the Attikamagen property (note 8), Labec Century has agreed to pay to the Company an amount in respect of any warrants exercised by Champion based on the difference between the exercise price of the warrant and the market price of the Company's shares on the date of exercise. The Company has recognized a derivative asset for the aforesaid receivable from Labec Century and designated the financial asset as fair value through profit or loss.

The fair value of warrants granted during the period determined using the binomial valuation model was 0.02 per warrant. The significant inputs into the model were as follows: (i) share price of $0.50 at June 30, 2014, (ii) monthly implied volatility of 9.69%, and (iii) an annual risk-free interest rate of 1.0%.

(Expressed in Canadian Dollars)

11. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued and fully paid

At June 30, 2014, the Company had 98,799,071 common shares issued and outstanding, representing an amount of $117,222,846. The changes in share capital for the period are as follows:

	Number of common shares	$
Balance - March 31, 2014	98,804,071	117,225,951
Repurchase of common shares (a)	(5,000)	(3,105)
Balance - June 30, 2014	98,799,071	117,222,846

(a) The Company initiated an automatic purchase plan under a normal course issuer bid ("NCIB") beginning on September 12, 2012. The NCIB was amended in May 2013 such that 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 2,500,000 common shares. Daily purchases were limited to 16,167 common shares, save and except that the Company was permitted to make block purchases. The NCIB expired in August 2013.

The NCIB was renewed in September 2013. The renewed NCIB is effective between September 17, 2013 and September 16, 2014. It allows for the purchase of up to 1,823,000 of the Company's outstanding common shares, and the purchase of up to 14,094 common shares on any given day other than under a block purchase or otherwise in a permitted transaction that is exempted from this daily limit under TSX policies.

As of June 30, 2014, the Company had repurchased for cancellation 1,065,000 common shares since the initiation of the original plan with an aggregate cost of $607,924.

12. Share-based compensation arrangement

The Group has adopted an equity incentive 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, at 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 and other forms of equity-based incentive compensation, provided that the number of common shares issued and reserved for issuance will not exceed 15% of the issued and outstanding common shares.

(Expressed in Canadian Dollars)

Share options

Share options granted under the Plan are 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.

The share options outstanding as of June 30, 2014 are as follows:

	Number of options	Weighted average exercise price $
Balance - March 31, 2014	8,580,000	2.93
Forfeited	(470,000)	2.93
Balance - June 30, 2014	8,110,000	2.93

The exercise prices and exercise periods of the share options outstanding as of June 30, 2014 are as follows:

Number of options	Exercise price $	Exercise period
4,720,000	2.92	May 18, 2011 to May 17, 2016
255,000	2.92 - 4.00	December 14, 2011 to December 13, 2016
500,000	2.92	April 26, 2012 to April 25, 2017
2,375,000	2.92	July 18, 2012 to July 17, 2017
260,000	2.92	November 12, 2012 to November 11, 2017
8,110,000		

As of the balance sheet date, the weighted average remaining contractual life of the outstanding share options is 2.3 years.

Share award

Under the Plan, the Board may grant awards of share units subject to vesting and other terms and conditions at its discretion as to performance, milestones, other internal or external conditions, or length of the grantee's employment or service provision. The Board shall also determine at its discretion, at any time before or after vesting until actual settlement, whether payment under the share units will be made in common shares, cash, securities or other property, or a combination thereof.

(Expressed in Canadian Dollars)

Share units outstanding under the Plan are as follows:

	Number of share units	**Weighted average fair value at the measurement date $**
Balance – March 31 and June 30, 2014	1,624,000	0.49

On November 14, 2013, an aggregate of 1,774,000 share units were granted under the Plan to the Company’s directors, officers, employees and consultants. The share units have been allocated to the grantees under 3 types of vesting conditions: time-based, operational targets and financial target.

(i) Under the time-based vesting condition, the share units will be fully vested if the individual grantee is still employed by the Company on November 14, 2016, being the third anniversary of the grant date. 887,000 share units have been allocated under this condition. The vesting date and the expiry date of the share units are November 14, 2016.

(ii) Under the operational targets vesting condition, the share units will be vested upon the achievement of certain mining and exploration related targets set out by the Board. The actual amount of share units to be vested under these operational targets will vary depending on the level of performance relative to the targets based on an award multiplier of 0% to 200%. 443,500 share units have been allocated under this condition. The vesting date of the share units will be the achievement dates of the respective operational targets, and the share units will expire 10 years after the grant date on November 13, 2023. Management estimated that the achievement dates of the operational targets would be March 31, 2016 and November 14, 2016 with an estimated award multiplier of 100%.

(iii) Under the financial target vesting condition, the share units will be vested if the 2-year average annualized cash costs of iron ore produced and shipped for the projects of the Company or under its joint arrangements meet certain target set out by the Board and the 2-year earnings before interest, taxes, depreciation and amortization (EBITDA) of the projects is positive. The actual amount of share units to be vested under the financial target will vary depending on the level of performance relative to the target based on an award multiplier of 0% to 200%. 443,500 shares have been allocated under this condition. The vesting date of the share units will be the achievement date of the financial target, and the share units will expire 10 years after the grant date on November 13, 2023. Management estimated that the achievement date of the financial target would be March 31, 2018 with an estimated award multiplier of 100%.

The fair value of the share units granted was estimated based on the market price of the Company’s common shares on the date of grant.

(Expressed in Canadian Dollars)

13. Warrants

The warrants issued and outstanding as of June 30, 2014 are as follows:

	Number of warrants	Weighted average exercise price $
Issued on November 29, 2013 and balance – June 30, 2014	1,000,000	0.75

On November 29, 2013, the Company issued to Champion 1 million warrants as part of the consideration paid for the acquisition of Champion's remaining interest in the Attikamagen property. The warrants have an expiry date of November 29, 2018 and are exercisable as follows:

Date	Exercise price
On or before November 29, 2014	0.75
November 30, 2014 to November 29, 2015	1.00
November 30, 2015 to November 29, 2016	1.50
November 30, 2016 to November 29, 2017	2.00
November 30, 2017 to November 29, 2018	2.50

Furthermore, Labec Century has agreed to pay to the Company the fair value of any warrants exercised by Champion based on the difference between the exercise price and the market price at the exercise date of any warrants.

The fair value of the warrants on the date of the grant was estimated at $20,000 at the date of issue using a binomial option pricing model. The assumptions used were as follows: (i) annual risk-free interest rate of 1.07%, (ii) implied volatility of 34% and (iii) expected life of 5 years.

As of the balance sheet date, the weighted average remaining contractual life of the outstanding warrants is 4.4 years.

14. Segment information

The Group operates in a single operating segment, being the acquisition, exploration and evaluation of mineral resources. All of the Group's exploration and evaluation assets and substantially all of its property, plant and equipment are located in Canada.

(Expressed in Canadian Dollars)

15. Other income

	Three months ended June 30, 2014 $	2013 $
Interest income	70,843	59,237

16. Administrative expenses by nature

	Three months ended June 30, 2014 $	2013 $
Consulting and professional fees	302,273	483,104
Corporate promotion	49,424	136,515
Depreciation	46,224	46,416
Insurance	9,666	27,010
Listing fees	18,113	1,089
Office and general	53,007	100,016
Rental expense	190,128	194,652
Salaries and directors' fees	835,687	540,207
Telecommunication and computer expenses	25,187	41,280
Travel	49,598	171,316
Other income and losses	15,707	16,515
	1,595,014	1,758,120

17. 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 share-based compensation plans and warrants are anti-dilutive.

18. 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, 2014, the Group had accounts receivable of $5,905,535 (March 31, 2014: $5,839,066) from Labec Century. The balance mainly comprised of: (i) exploration expenditure of the Attikamagen property incurred and paid by the Group on behalf of Labec Century after Labec Century became the Group's joint venture and (ii) the fixed assets to be sold by the Group to Labec Century.

(ii) As of June 30, 2014, the Group had accounts receivable of $3,422,854 (March 31, 2014: $3,363,181) from WISCO Century Sunny Lake. The balance represented exploration expenditures of the Sunny Lake property incurred and paid by the Group on behalf of WISCO Century Sunny Lake.

(Expressed in Canadian Dollars)

(iii) As of June 30, 2014, the Group had accounts receivable of $16,950 (March 31, 2014: $16,950) from Augyva. The President and CEO and a key officer of the Group are directors of Augyva.

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

	Three months ended June 30, 2014	2013
	$	$
Salaries	485,550	325,319
Share-based compensation	41,397	341,537
	526,947	666,856

19. 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.

The Company's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. The following table shows the carrying values, fair values and fair value hierarchy of the Company's financial instruments recognized through profit or loss, as at June 30, 2014 and March 31, 2014:

		June 30, 2014		March 31, 2014	
	Level	Carrying value	Fair value	Carrying value	Fair value
		$	$	$	$
Financial assets					
Fair value through profit or loss					
Short term bank deposit	2	-	-	2,008,431	2,008,431
Derivative asset	2	7,661	7,661	21,624	21,624

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to cash and receivables. Cash and cash equivalents and short term bank deposit are held with major banks. The Group's receivables mainly represented an amount owing from its joint ventures Labec Century and WISCO Century Sunny Lake. 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, 2014, the Group had cash and cash equivalents of $29,341,607 to settle accounts payable and accrued liabilities of $3,449,755. 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.

(a) 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 or term deposits with large reputable banks. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of the banks holding the cash and short term deposits of the Group. 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, 2014.

(b) 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.

20. Capital management

The Group considers its capital structure to consist of share capital and retained earnings, which, as at June 30, 2014, amounted to $126,797,991. When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure, as necessary, in order to support the acquisition, exploration and development of its mineral properties. The Board of Directors does not establish a quantitative return on capital criteria for management but, rather, relies on the expertise of the Group's management team to sustain the future development of the business.

The properties in which the Group currently has exploration options are in the exploration stage. As such, the Group is dependent on external financing to fund its activities. In order to carry out the planned exploration program and pay for administrative costs, the Group will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is appropriate. The Group's capital management objectives, policies and processes have remained unchanged during the period ended June 30, 2014. The Group is not subject to externally imposed capital requirements.

21. Capital commitments

In September 2011, pursuant to the Altius Agreement described in note 6, the Company agreed to issue up to a maximum of 35,000,000 common shares to Altius upon satisfaction of certain milestones related to the definition of National Instrument 43-101 compliant iron ore resources above specific thresholds as part of its consideration to acquire a 100% interest in four of Altius' regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville.

In connection with the transfer of the Astray-X project to Northern Star as described in note 6, on November 30, 2012, Altius agreed to amend the provisions of the Altius Agreement to provide for an option to replace the 8 million Bonus Shares issuable upon satisfaction of certain milestones related to the Astray-X project, with common shares issuable by Northern Star as adjusted by certain equivalence formulae stipulated in an assignment agreement.

22. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current period.

23. Subsequent events

On July 28, 2014, the Company entered into an agreement to dispose of its investment in an associate. The impact of the transaction will be recognized in the three month period ending September 30, 2014. Additional details of the transaction are further disclosed in note 9.

On August 1, 2014, Altius agreed to amend the provisions of the Altius Agreement to extend the term by when the expenditure commitments must be completed by the Company. Additional details of the transaction are further disclosed in note 6.