

Century Global Commodities Corporation

Condensed Consolidated Interim Financial Statements

(Unaudited)

June 30, 2016

(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. An interim review has not been carried out by the Company's independent auditor.

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	June 30, 2016 \$	March 31, 2016 \$
Assets			
Current assets			
Cash and cash equivalents		14,780,965	14,668,097
Short term bank deposits		8,615,584	10,103,303
Marketable securities		633,935	-
Accounts receivable	16	9,767,014	9,813,385
Sales taxes and other taxes recoverable		159,051	241,928
Prepaid and other assets		919,824	977,878
		<hr/>	<hr/>
Total current assets excluding assets classified as held for sale		34,876,373	35,804,591
Assets classified as held for sale	6	-	155,745
		<hr/>	<hr/>
		34,876,373	35,960,336
		<hr/>	<hr/>
Non-current assets			
Property, plant and equipment	8	378,870	395,995
Investment in a joint venture	9	8,017,924	8,062,026
		<hr/>	<hr/>
		8,396,794	8,458,021
		<hr/>	<hr/>
		43,273,167	44,418,357
		<hr/>	<hr/>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		776,352	815,339
		<hr/>	<hr/>
Shareholders' Equity			
Share capital	10	117,220,159	117,220,159
Contributed surplus		2,758,368	2,758,368
Deficit		(90,888,396)	(89,499,104)
Other components of equity		13,406,684	13,123,595
		<hr/>	<hr/>
		42,496,815	43,603,018
		<hr/>	<hr/>
		43,273,167	44,418,357
		<hr/>	<hr/>
Subsequent event (Note 19)			

Approved by the Board of Directors

_____/s/ "Sandy Chim"_____
Director

Date: August 4, 2016

_____/s/ "Kit Ying (Karen) Lee"_____
Director

Date: August 4, 2016

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

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Comprehensive Loss
(Unaudited)
For the three months ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

		Three months ended June 30,	
		2016	2015
	Notes	\$	\$
Expenses			
Administrative expenses	13	1,557,282	1,503,582
Share-based compensation expenses	11	136,028	243,424
Share of loss of a joint venture	9	44,102	94,261
Loss on foreign exchange		69,545	110,880
Other income	14	(17,710)	(122,385)
Gain from sale of assets classified as held for sale	6	(399,955)	-
		<u>(1,389,292)</u>	<u>(1,829,762)</u>
Net loss for the period			
Other comprehensive income			
Exchange gain on translation of foreign operations		89,507	99,489
Change in fair value of marketable securities		57,554	-
		<u>147,061</u>	<u>99,489</u>
		<u>(1,242,231)</u>	<u>(1,730,273)</u>
Total comprehensive loss for the period			
		<u>(1,242,231)</u>	<u>(1,730,273)</u>
Net loss per share – basic and diluted	15	<u>(0.01)</u>	<u>(0.02)</u>
Weighted average number of shares outstanding		<u>98,793,571</u>	<u>98,794,571</u>

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

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited)
For the three months ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

	Share capital	Contributed surplus	Deficit	Other components of equity				Total
				Share-based compensation reserve	Foreign currency translation reserve	Warrants	Marketable securities	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance - March 31, 2016	117,220,159	2,758,368	(89,499,104)	14,633,900	(1,530,305)	20,000	-	43,603,018
Net loss for the period	-	-	(1,389,292)	-	-	-	-	(1,389,292)
Other comprehensive income for the period	-	-	-	-	89,507	-	57,554	147,061
Total comprehensive loss for the period	-	-	(1,389,292)	-	89,507	-	57,554	(1,242,231)
Equity-settled share-based compensation arrangements (note 11)	-	-	-	136,028	-	-	-	136,028
Balance – June 30, 2016	117,220,159	2,758,368	(90,888,396)	14,769,928	(1,440,798)	20,000	57,554	42,496,815
Balance - March 31, 2015	117,220,571	2,758,368	(7,979,308)	13,744,373	(1,374,568)	20,000	-	124,389,436
Net loss for the period	-	-	(1,829,762)	-	-	-	-	(1,829,762)
Other comprehensive income for the period	-	-	-	-	99,489	-	-	99,489
Total comprehensive loss for the period	-	-	(1,829,762)	-	99,489	-	-	(1,730,273)
Equity-settled share-based compensation arrangements (note 11)	-	-	-	243,424	-	-	-	243,424
Balance – June 30, 2015	117,220,571	2,758,368	(9,809,070)	13,987,797	(1,275,079)	20,000	-	122,902,587

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

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
For the three months ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

Cash generated by (used in)	Notes	Three months ended June 30,	
		2016	2015
		\$	\$
Operating activities			
Net loss for the period		(1,389,292)	(1,829,762)
Adjustments for			
Bank interest income accrued		(29,183)	(76,523)
Depreciation	13	90,561	20,325
Gain from sale of assets classified as held for sale	6	(399,955)	-
Loss on foreign exchange		69,545	110,880
Share-based compensation arrangements	11	136,028	243,424
Share of loss of a joint venture	9	44,102	94,261
Others		58,350	-
Changes in working capital items			
Decrease (increase) in accounts receivable		46,439	(35,629)
Decrease (increase) in sales taxes recoverable		61,314	(56,027)
Decrease (increase) in prepaid and other assets		58,054	(22,632)
Increase (decrease) in accounts payable and accrued liabilities		(38,986)	(995,483)
Net cash used in operating activities		(1,293,023)	(2,547,166)
Investing activities			
Bank interest received		29,115	77,257
Short term bank deposits matured		1,487,719	(16,755,013)
Marketable securities		(576,381)	-
Exploration and evaluation assets		-	(12,821)
Investment in a joint venture		-	(35,026)
Investment tax credit refunds received		19,801	187,526
Acquisition of property, plant and equipment	8	(75,334)	(5,829)
Net proceeds from sale of assets classified as held for sale	6	555,700	-
Net cash generated by (used in) investing activities		1,440,620	(16,543,906)
Net change in cash and cash equivalents		147,597	(19,091,072)
Cash and cash equivalents - Beginning of period		14,668,097	28,651,312
Effect of foreign exchange rate changes, net		(34,729)	(10,994)
Cash and cash equivalents - End of period		14,780,965	9,549,246
Cash in bank and on hand		4,677,658	7,506,339
Short term bank deposits - maturing three months or less		10,103,307	2,042,907
Cash and cash equivalents - End of period		14,780,965	9,549,246

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

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

1. Nature of operations

Century Global Commodities Corporation (the “Company”) was incorporated under the Canada Business Corporations Act on July 10, 2007. The Company is an exploration and mining company with assets in the Provinces of Newfoundland and Labrador, and Québec, Canada. The Company’s registered address is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

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 was originally incorporated and domiciled in Canada. On October 17, 2014, the Company completed the continuation of the Company’s jurisdiction of incorporation from Canada federal registration to provincial registration in British Columbia.

On September 29, 2015, the Company’s shareholders approved a special resolution at the Annual General and Special Meeting of the shareholders authorizing the change of the Company’s name from “Century Iron Mines Corporation” to “Century Global Commodities Corporation” (“Name Change”) and the continuation of the Company’s jurisdiction of incorporation from British Columbia to the Cayman Islands (“Continuation”). The Name Change was completed on November 16, 2015, with the shares of the Company trading on the TSX under the new symbol “CNT” beginning on November 18, 2015. The Continuation was completed on February 1, 2016.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on August 4, 2016.

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, 2016 filed on SEDAR at www.sedar.com on June 23, 2016, 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, 2016 filed on SEDAR at www.sedar.com on June 23, 2016, except the following:

(i) Functional currency

Starting April 1, 2016, the Company and Grand Century Iron Ore Inc., a wholly-owned subsidiary of the Company, have changed their functional currency from Canadian Dollar to Hong Kong Dollar, following the completion of the Continuation and legal entity reorganization in the quarter ended March 31, 2016.

Century Global Commodities Corporation
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(Expressed in Canadian Dollars, unless otherwise stated)

(ii) Marketable securities

Marketable securities consist of Canadian and US equity securities denominated in Canadian and US Dollars and are classified as available for sale (“AFS”). AFS financial assets are initially recognized and re-measured at fair value at each quarter end for quarterly financial reporting. Fair value changes on AFS assets are recognized and disclosed separately as gain or loss in other comprehensive income for unrealized gains or losses during the period, and reclassified from equity to profit or loss for the period, when realized.

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, 2016 filed on SEDAR at www.sedar.com on June 23, 2016.

5. New standards and interpretations

No new standards were adopted by the Company during the quarter ended June 30, 2016. The standards and interpretations that have been issued, are not yet effective and could be applicable to the Company are provided in note 5 of the audited consolidated annual financial statements for the year ended March 31, 2016 filed on SEDAR at www.sedar.com on June 23, 2016. In addition, amendments on the standards issued during the quarter ended June 30, 2016 that are not yet effective and could be applicable to the Company are listed below:

Amendment to IFRS 2 Share based payments

Effective for the Company’s annual consolidated financial statements beginning April 1, 2018, this amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee’s tax obligation associated with a share-based payment and pay that amount to the tax authority. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Amendments to IFRS 15 Revenue from contracts with customers

Effective for the Company’s annual consolidated financial statements beginning April 1, 2018, these amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue

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presentation). The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

6. Assets classified as held for sale

On February 1, 2016, the Company's management committed a plan to put three properties located in Schefferville on sale. These properties were previously used for staff accommodations during the operation seasons. The total net book value ("NBV") of these properties was \$155,745, and were reclassified separately in current assets as "assets classified as held for sale" as at March 31, 2016. These assets were disposed of on May 12, 2016 for net cash consideration of \$555,700, resulting in a gain of \$399,955 on the disposal, which is recorded in the quarter ended June 30, 2016.

7. Exploration and evaluation assets

	Duncan Lake property \$	Sunny Lake property \$	Total \$
Balance - March 31, 2015	17,599,537	3,108,430	20,707,967
Additions	54,017	-	54,017
Tax credits, net of adjustments	(159,294)	52,035	(107,259)
Impairment	(17,494,260)	(3,160,465)	(20,654,725)
Balance - March 31 and June 30, 2016	<u>-</u>	<u>-</u>	<u>-</u>

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 \$14.0 million on the project under the Augyva Agreement. The transfer registration of 14% was completed in May 2013.

As of June 30, 2016, the Group has a 65% registered interest in the Duncan Lake property and is in the process of registering an additional 3% interest as a result of its contribution to the exploration expenditure incurred for the property subsequent to the earn-in of its 65% interest in the property.

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(Expressed in Canadian Dollars, unless otherwise stated)

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 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 \$40.0 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 was held in trust for 0849873 B.C. Ltd. (“B.C. Ltd.”), a wholly-owned subsidiary of the Company, 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”), providing WISCO Sunny Lake with an option 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 amount represents the exploration expenditure of \$17,096,459 previously incurred by the Group, 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, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property.

Subsequent to the acquisition of ownership interest of 17.1%, WISCO Sunny Lake acquired an additional 1.8% interest in the Sunny Lake property for the consideration of \$1,800,000, increasing its interest in the property to 18.9%. On January 1, 2016, WISCO Sunny Lake was amalgamated with WISCO Canada ADI Resources Development & Investment Limited (“WISCO ADI”).

As at June 30, 2016, the Company owns 81.1% of the Sunny Lake property and the remaining funding obligation of WISCO ADI to earn in up to a 40% of interest in the property is \$21.1 million.

Impairment assessment

At March 31, 2016, with the weakening iron ore market condition, an impairment review was performed on both the Duncan Lake property and Sunny Lake property, and the review has resulted in impairment charges of \$17,494,260 and \$3,160,465 to the Duncan Lake property and Sunny Lake property, respectively. After the impairment charges, the net book value of both properties became nil. Further details about the assumptions and conditions pertaining to the impairment review are provided in note 15 of the audited consolidated annual financial statements for the year ended March 31, 2016 filed on SEDAR at www.sedar.com on June 23, 2016.

At June 30, 2016, the net book values of the above two properties remain nil.

Century Global Commodities Corporation
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June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

8. Property, plant and equipment

	Land	Drilling & field equipment	Camp and properties	Leasehold improvements, Furniture & fixtures	Computer & office equipment	Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance - March 31, 2015	169,677	2,672,433	1,612,765	265,257	341,458	401,265	5,462,855
Additions	-	-	-	-	20,316	-	20,316
Disposals	-	(4,567)	(7,761)	(32,705)	(3,930)	(259,019)	(307,982)
Impairment	(100,000)	(1,612,028)	(842,064)	(3,350)	(8,900)	(18,008)	(2,584,350)
Exchange differences	-	-	-	1,523	576	-	2,099
Transferred to assets classified as held for sale (note 6)	(32,500)	-	(478,892)	(5,080)	-	-	(516,472)
Balance - March 31, 2016	37,177	1,055,838	284,048	225,645	349,520	124,238	2,076,466
Additions	-	-	-	67,175	8,159	-	75,334
Disposals	-	-	-	(47,402)	(3,215)	-	(50,617)
Exchange differences	-	-	-	182	(14)	-	168
Balance - June 30, 2016	37,177	1,055,838	284,048	245,600	354,450	124,238	2,101,351
Accumulated depreciation							
Balance - March 31, 2015	-	1,847,648	936,923	147,357	309,100	264,446	3,505,474
Depreciation	-	522,248	285,784	48,756	24,552	52,493	933,833
Disposals	-	(4,567)	(2,538)	(21,518)	(3,930)	(209,790)	(242,343)
Impairment	-	(1,442,551)	(691,072)	(2,235)	(8,232)	(13,111)	(2,157,201)
Exchange differences	-	-	-	1,016	419	-	1,435
Transferred to assets classified as held for sale (note 6)	-	-	(358,425)	(2,302)	-	-	(360,727)
Balance - March 31, 2016	-	922,778	170,672	171,074	321,909	94,038	1,680,471
Depreciation	-	52,792	14,202	11,765	5,590	6,212	90,561
Disposals	-	-	-	(45,845)	(2,906)	-	(48,751)
Exchange differences	-	-	-	215	(15)	-	200
Balance - June 30, 2016	-	975,570	184,874	137,209	324,578	100,250	1,722,481
Net book value							
Balance - June 30, 2016	37,177	80,268	99,174	108,391	29,872	23,988	378,870
Balance - March 31, 2016	37,177	133,060	113,376	54,571	27,611	30,200	395,995

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2016

(Expressed in Canadian Dollars, unless otherwise stated)

9. Investment in a joint venture

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

	\$
Balance – March 31, 2015	60,277,531
Share of loss of Labec Century, excluding impairment loss	(308,018)
Impairment	(52,678,272)
Additions	770,785
Balance – March 31, 2016	<u>8,062,026</u>
Share of loss of Labec Century	<u>(44,102)</u>
Balance – June 30, 2016	<u>8,017,924</u>

The financial information of Labec Century is summarized as follows:

	June 30, 2016 \$'000	March 31, 2016 \$'000
Assets		
Current assets	17,543	17,743
Non-current assets	3,882	3,744
Liabilities		
Current liabilities	8,001	7,989
Non-current liabilities	-	-
Cash and cash equivalents	13,743	13,955
	Three months ended June 30, 2016 \$'000	2015 \$'000
Loss from continuing operations	(74)	(157)
Total comprehensive loss	(74)	(157)

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. Labec Century is the sole owner 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.

Century Global Commodities Corporation
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(Expressed in Canadian Dollars, unless otherwise stated)

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 disposition of the subsidiary resulted in a non-cash accounting gain of \$47,722,258 for the year ended March 31, 2013.

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. On January 1, 2016, WISCO Attikamagen was amalgamated with WISCO ADI.

As at June 30, 2016, the Group continues to own a 60% interest in Labec Century.

10. Share capital

Authorized

Prior to the Continuation, authorized share capital was unlimited number of common shares, with no par value. Upon the Continuation on February 1, 2016, authorized share capital is changed to 5,000,000,000 ordinary shares, with \$0.001 par value each.

Issued and fully paid

At March 31 and June 30, 2016, the Company had 98,793,571 ordinary shares issued and outstanding, representing an amount of \$117,220,159.

Normal Course Issuer Bid (“NCIB”)

The Company initiated an automatic share repurchase plan under a normal course issuer bid (“NCIB”) in September 2012 with an effective period of one year. The plan was subsequently renewed consecutively on annual basis, the company has a latest quota for the repurchase and cancellation of up to 350,000 of the Company’s outstanding shares from November 4, 2015 to November 3, 2016 with a daily limit of 1,000

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shares other than under a block purchase or otherwise in a permitted transaction exempted under TSX policies. As of June 30, 2016, the Company had repurchased for cancellation 1,070,500 shares since the initiation of the original NCIB plan with an aggregate cost of \$610,611.

11. Share-based compensation arrangements

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 shares and other forms of equity-based incentive compensation, provided that the number of shares issued and reserved for issuance will not exceed 15% of the issued and outstanding shares.

Share options

Share options granted under the Plan are exercisable for a period of up to 5 years or 10 years from the date of grant. 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.

The share options outstanding as of June 30, 2016 are as follows:

	Number of options	Weighted average exercise price \$
Balance - March 31, 2016	11,820,000	1.60
Expired	(3,630,000)	2.92
Cancelled	(20,000)	0.345
	<u>8,170,000</u>	<u>1.01</u>

The exercise prices and exercise periods of the share options outstanding as of June 30, 2016 are as follows:

Number of options	Exercise price \$	Exercise period
255,000	2.92 - 4.00	December 14, 2011 to December 13, 2016
1,585,000	2.92	July 18, 2012 to July 17, 2017
260,000	2.92	November 12, 2012 to November 11, 2017
5,295,000	0.345	March 9, 2016 to March 9, 2025
300,000	0.345	June 1, 2016 to May 31, 2025
230,000	0.345	November 11, 2016 to November 10, 2025
245,000	0.345	February 5, 2017 to February 4, 2026
<u>8,170,000</u>		

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As of the balance sheet date, the weighted average remaining contractual life of the outstanding share options is 6.8 years, and 3,965,000 options are vested and exercisable.

On August 4, 2016, additional options were granted. Refer to note 19 for details.

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 shares, cash, securities or other property, or a combination thereof.

Share units outstanding under the Plan are shown as follows:

	Time-based (i)	Operational (ii)	Financial (iii)	Number of share units	Weighted average fair value at the measurement date \$
Balance – March 31, 2016	677,435	355,593	344,343	1,377,371	0.49
Exercised	(6,795)	(2,038)	(2,038)	(10,871)	0.49
Forfeited	(8,640)	(5,680)	(5,680)	(20,000)	0.49
Balance – June 30, 2016	<u>662,000</u>	<u>347,875</u>	<u>336,625</u>	<u>1,346,500</u>	0.49

The share units have been allocated to the grantees under three types of vesting conditions: time-based targets, operational targets and financial targets.

- (i) **Time-based targets:** the share units will be fully vested if the individual grantee is still employed by the Company on the third anniversary of the grant date.
- (ii) **Operational targets:** 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%. The vesting date of the share units will be the earlier of: five years from the grant date or the achievement dates of the respective operational targets. Management estimated that the period of vesting would occur between November 2018 and March 2020.
- (iii) **Financial targets:** the share units will be vested if the two-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 two-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%. The vesting date of the share units will be the earlier of: five years from the grant date or the achievement date of the financial target. Management estimated that the period of vesting would occur between November 2018 and March 2020.

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

12. Warrants

The warrants issued and outstanding as of June 30, 2016 are as follows:

	Number of warrants	Weighted average exercise price \$
Issued on November 29, 2013 and balance – March 31 and June 30, 2016	<u>1,000,000</u>	1.50

On November 29, 2013, the Company issued to Champion Iron Mines Limited ("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:

Exercise period	Exercise price \$
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

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.

Labec Century has agreed to pay 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. As at June 30, 2016, the difference was estimated as nominal in nature and no derivative asset was recognized as a result.

As of the balance sheet date, the remaining contractual life of the outstanding warrants is 2.4 years.

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13. Administrative expenses

	Three months ended June 30,	
	2016	2015
	\$	\$
Salaries and directors' fees	910,102	861,975
Consulting and professional fees	310,619	315,849
Rental and office expenses	211,094	182,805
Travel	73,130	71,713
Corporate promotion and listing fees	14,568	50,915
Depreciation	37,769	20,325
	1,557,282	1,503,582

14. Other income

	Three months ended June 30,	
	2016	2015
	\$	\$
Interest income	29,294	80,345
Dividend income	190	-
Food distribution income	26,831	-
Mineral projects maintenance costs, net of tax credits	(38,605)	-
Rental income	-	42,040
	17,710	122,385

15. Net loss per share

The basic net loss per share calculated amount is the same as the fully diluted net loss per share amount as the Company's share-based compensation plans and warrants are anti-dilutive.

16. 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, 2016, the Group had accounts receivable of \$6,343,516 (March 31, 2016: \$6,326,596) from Labec Century. The balance mainly comprised of 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.
- (ii) As of June 30, 2016, the Group had accounts receivable of \$3,210,771 (March 31, 2016: \$3,210,771) from WISCO Century Sunny Lake. The balance represented exploration expenditure of the Sunny Lake property incurred and paid by the Group on behalf of WISCO Century Sunny Lake.

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(iii) As of June 30, 2016, the Group had accounts payable of \$152,287 with Augyva for their portion of investment tax credits received related to the Duncan Lake property. 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,	
	2016	2015
	\$	\$
Salaries and directors' fees	346,573	388,003
Share-based compensation expenses	98,246	188,753
	444,819	576,756

17. 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 capital market 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 Group'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 Group's financial instruments as at June 30, 2016 and March 31, 2016:

	Level	June 30, 2016		March 31, 2016	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Cash and cash equivalents	1	14,780,965	14,780,965	14,668,097	14,668,097
Short term bank deposits	2	8,615,584	8,615,584	10,103,303	10,103,303
Marketable securities	2	633,935	633,935	-	-
Accounts receivable	3	9,767,014	9,767,014	9,813,385	9,813,385
		33,797,498	33,797,498	34,584,785	34,584,785

	Level	June 30, 2016		March 31, 2016	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Accounts payable and accrued liabilities	3	776,352	776,352	815,339	815,339

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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, marketable securities and receivables. Cash and cash equivalents and short term bank deposits are held with major banks; and the marketable securities are held with the reputable securities broker with investment guidelines set by management, intended to limit credit risk. 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, 2016, the Group had cash and cash equivalents and short term bank deposits of \$23,396,549 (March 31, 2016: \$24,771,400) to settle current liabilities of \$776,352 (March 31, 2016: \$815,339). Most of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms. The liquidity risk is low with the Group's marketable securities, since they are investments with high liquidity, and traded in international capital markets.

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 and the movement in capital markets.

(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 most of its 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, 2016.

(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. In addition, the marketable securities, if partially denominated in foreign currency, are subject to the foreign currency exchange risk. Management believes the foreign

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currency exchange risk derived from currency conversions is low and, therefore, does not hedge its foreign currency exchange risk.

(c) Capital market risk

The Group's current policy is to invest some portion of its excess cash in marketable securities, primarily shares of publicly listed mining companies. The Group sets investment guidelines, including pre-set targeted capital allocation and returns, exit and entry prices, and periodically monitors the investments it makes. The Group is satisfied with the financial and operating performance of the mining companies the Group invests in. An absolute increase or decrease of 5% in the investment return would not have a material impact on the net loss or equity at June 30, 2016.

18. Capital management

The Group considers its capital structure to consist of share capital and deficit, which, as at June 30, 2016, amounted to \$26,331,763. 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 the 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 Group is dependent on external financing to fund its strategic initiatives and exploration and project development activities in the long term. In order to carry out the business plan and pay for administrative costs, the Group will utilize 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, 2016. The Group is not subject to externally imposed capital requirements.

19. Subsequent event

On August 4, 2016, 3,750,000 options were granted by the Board with an exercise price of \$0.22 per ordinary share. 1/3 of the options will vest on each of the first, second and third anniversaries of the grant date and will all expire ten years following the initial grant date if they remain unexercised.