Century Iron Mines Corporation

(An exploration stage mining company)

Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2012
(Expressed in Canadian Dollars)

Century Iron Mines Corporation

Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of June 30, 2012

(Expressed in Canadian Dollars)

	Notes	June 30, 2012 $	March 31, 2012 $
Assets			
Current assets			
Cash and cash equivalents		54,437,941	67,391,504
Accounts receivable	14	216,603	154,271
Sales taxes recoverable		5,073,106	3,421,070
Investment tax credits receivable	5	991,667	991,667
Prepaid expenses and deposits		1,342,139	507,115
		62,061,456	72,465,627
Non-current assets			
Exploration and evaluation assets	5	55,122,267	46,686,503
Property, plant and equipment	6	3,885,579	4,002,525
		121,069,302	123,154,655
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		4,930,949	5,773,953
Deposit received	14	8,144,800	7,973,048
		13,075,749	13,747,001
Non-current liabilities			
Deferred tax		37,722	37,722
		13,113,471	13,784,723
Shareholders' Equity			
Share capital	8	115,310,770	115,310,770
Deficit		(20,185,320)	(17,595,895)
Other components of equity		12,830,381	11,655,057
		107,955,831	109,369,932
		121,069,302	123,154,655

Approved by the Board of Directors

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

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Comprehensive Loss
(Unaudited)
For the three months ended June 30, 2012 and 2011

(Expressed in Canadian Dollars)

		Three months ended June 30,	
	Notes	**2012 $**	**2011 $**
Other operating income	11	206,613	99,335
Administrative expenses	12	(2,805,876)	(6,113,327)
Other operating expenses	7	-	(746,602)
Loss before income tax		(2,599,263)	(6,760,594)
Income tax		-	-
Loss for the period		(2,599,263)	(6,760,594)
Other comprehensive loss			
Exchange differences on translation of foreign operations		(46,718)	-
Total comprehensive loss for the period		(2,645,981)	(6,760,594)
Loss per common share - basic and diluted	13	(0.027)	(0.096)
Weighted average number of common shares outstanding		94,864,071	70,651,740

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, 2012 and 2011

(Expressed in Canadian Dollars)

	Share capital $	Share option reserve $	Warrants $	Foreign currency translation reserve $	Deficit $	Total $
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
Balance - April 1, 2011	4,000,000	-	-	-	(1,945,591)	2,054,409
Loss for the period	-	-	-	-	(6,760,594)	(6,760,594)
Capital movement pursuant to reverse acquisition (note 7)	800,000	39,349	17,963	-	-	857,312
Common shares and warrants issued on subscription receipts (note 7)	30,771,964	-	880,450	-	-	31,652,414
Common shares and warrants issued to other subscribers upon completion of reverse acquisition (note 8)	75,433,565	-	2,300,142	-	-	77,733,707
Equity-settled share option arrangement	-	4,198,858	-	-	-	4,198,858
Issue of shares upon exercise of share options (note 8(f))	23,555	(9,837)	-	-	-	13,718
Balance - June 30, 2011	111,029,084	4,228,370	3,198,555	-	(8,706,185)	109,749,824

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Cash Flow
(Unaudited)
For the three months ended June 30, 2012 and 2011
(Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2012 $	2011 $
Cash provided by / (used in)			
Operating activities			
Loss before income tax		(2,599,263)	(6,760,594)
Adjustments for			
Interest income	11	(206,613)	(99,335)
Depreciation of property, plant and equipment	12	31,518	16,026
Foreign exchange loss / (gain)		102,679	(63,820)
Reverse acquisition transaction cost	7	-	746,602
Share option expenses		1,231,880	4,198,858
Changes in non-cash working capital			
Increase in accounts receivable		(62,332)	(14,565)
Increase in sales taxes recoverable		(1,652,036)	(328,551)
Decrease / (increase) in prepaid expenses and deposits		(835,024)	403,998
Increase / (decrease) in accounts payable and accrued liabilities		(843,004)	56,856
		(4,832,195)	(1,844,525)
Investing activities			
Interest income		206,613	99,335
Exploration and evaluation assets		(8,232,253)	(2,891,564)
Acquisition of property, plant and equipment		(114,777)	(356,827)
Net cash acquired from reverse acquisition	7	-	76,797
		(8,140,417)	(3,072,259)
Financing activities			
Proceeds from shares issued, net of costs		-	109,399,839
Repayment to a shareholder	14	-	(2,713,461)
Repayment to a director	14	-	(41,277)
Repayment to a related party	14	-	(6,500,000)
		-	100,145,101
Net change in cash and cash equivalents		(12,972,612)	95,228,317
Cash and cash equivalents - Beginning of period		67,391,504	4,958,672
Effect of foreign exchange rate changes, net		19,049	-
Cash and cash equivalents - End of period		54,437,941	100,186,989

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

1. Nature of operations

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

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

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

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

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

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on August 10, 2012.

2. Basis of preparation

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

3. Significant accounting policies

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

Basis of measurement

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

4. Critical accounting estimates and judgments

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

(i) Valuation of exploration and evaluation assets

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

(ii) 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.

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets

	Duncan Lake property $	Attikamagen property $	Sunny Lake property $	Altius properties $	Other property $	Total $
Balance - March 31 and April 1, 2012	16,989,318	16,569,824	7,575,756	5,336,228	215,377	46,686,503
Transfer in / (out)	-	-	18,027	-	(18,027)	-
Additions	1,353,793	1,439,877	4,451,621	1,190,473	-	8,435,764
Balance - June 30, 2012	18,343,111	18,009,701	12,045,404	6,526,701	197,350	55,122,267

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

Duncan Lake property

On May 20, 2008, Canadian Century entered into an option and joint venture agreement (the “Augyva Agreement”) with Augyva Mining Resources Inc. (“Augyva”) to have an option to obtain a 51% interest in the Duncan Lake property once $6.0 million has been funded on or before the fourth anniversary of the date of the Augyva Agreement, of which $1.5 million is to be funded within the first anniversary 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.

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 processes.

Attikamagen property

On May 12, 2008, Labec Century entered into an option and joint venture agreement (the “Champion Agreement”) with Champion Minerals Inc. (“Champion”), which superseded an initial agreement between the parties, dated March 26, 2008 (the “Initial Agreement”), to have an option to obtain a 51% interest in the Attikamagen property by funding $2.5 million each year for three years from the date of the Initial Agreement. Labec Century has obtained an extension of one year in 2010, which effectively halted any payments payable for year two. Therefore, the total commitment over four years is $7.5 million. 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.

There is an option to obtain a further 9% interest in the Attikamagen property by putting additional funding of $2.5 million by March 26, 2013 (for 5% of the additional interest) and an additional $3.0 million by March 26, 2014 (for 4% of the additional interest). In June 2012, Labec Century completed the earn-in of its 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%.

On December 19, 2011, the Company and WISCO entered into the Attikamagen shareholders agreement (the "Attikamagen Shareholders Agreement") that will govern 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 will invest $40 million in exchange for a 40% interest in the Group's share of the Attikamagen project. The investment in Labec Century by WISCO will be executed once the due diligence review on Labec Century as a prescribed closing procedure provided for in the Attikamagen Shareholders Agreement is completed by WISCO.

Sunny Lake property

The mining claims are wholly owned by B.C. Ltd.

On December 19, 2011, the Company and WISCO entered into the Sunny Lake joint venture agreement (the "Sunny Lake JV Agreement") that will govern the joint venture to be formed between the Company and WISCO for the exploration and development of the Sunny Lake property. Under the Sunny Lake JV Agreement, WISCO will invest $40 million in exchange for a 40% interest in the Sunny Lake project. The joint venture, WISCO Century Sunny Lake Iron Mines Limited was incorporated on June 29, 2012. B.C. Ltd. is now in the process of transferring its interest in the Sunny Lake property to the joint venture as a prescribed closing procedure provided for in the Sunny Lake JV Agreement.

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.

(Expressed in Canadian Dollars)

6. Property, plant and equipment

	Land $	Drilling & field equipment $	Camp and properties $	Leasehold improvements $	Computer & office equipment $	Vehicles $	Total $
Cost							
Balance - March 31 and April 1, 2012	104,677	2,603,830	1,046,106	231,374	138,593	328,040	4,452,620
Additions	-	21,825	2,363	51,909	27,903	10,777	114,777
Exchange differences	-	-	-	3,387	627	-	4,014
Balance - June 30, 2012	104,677	2,625,655	1,048,469	286,670	167,123	338,817	4,571,411
Accumulated depreciation							
Balance - March 31 and April 1, 2012	-	191,711	145,015	30,250	36,762	46,357	450,095
Depreciation	-	134,466	52,415	14,813	16,705	16,630	235,029
Exchange differences	-	-	-	574	134	-	708
Balance - June 30, 2012	-	326,177	197,430	45,637	53,601	62,987	685,832
Net book value							
Balance - June 30, 2012	104,677	2,299,478	851,039	241,033	113,522	275,830	3,885,579
Balance - March 31, 2012	104,677	2,412,119	901,091	201,124	101,831	281,683	4,002,525

7. Reverse acquisition

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

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

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

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

(Expressed in Canadian Dollars)

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

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

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

(Expressed in Canadian Dollars)

8. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued

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

At June 30, 2012, the issued share capital amounted to $115,310,770. The changes in issued share capital for the periods were as follows:

	Number of common shares	$
Balance - March 31 and June 30, 2012	94,864,071	115,310,770
Balance - April 1, 2011 (a)	49,882,078	4,000,000
Common shares issued on subscription receipts prior to the completion of RTO (a)	11,488,660	30,771,964
Capital movement pursuant to RTO (note 7)	274,360	800,000
Common shares issued to WISCO (b)	23,197,768	55,743,617
Common shares issued to MinMetals (c)	4,641,410	11,153,185
Common shares issued to non-brokered subscribers (d)	2,075,221	5,566,763
Common shares issued to employees and consultants (e)	1,273,201	2,970,000
Common shares issued on exercise of options (f)	6,859	23,555
Balance - June 30, 2011	92,839,557	111,029,084

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

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

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

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

(Expressed in Canadian Dollars)

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

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

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

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

(f) On May 31, 2011, 6,859 share options were exercised at an exercise price of $2 per share, resulting in the issue of 6,859 common shares for a consideration of $13,718. An amount of $9,837 was transferred from the share option reserve to share capital upon the exercise of the share options.

9. Share options

The share options issued and outstanding as of June 30, 2012 are as follows:

	Number of options	Weighted average exercise price $
Balance - March 31 and April 1, 2012	5,941,859	2.93
Options granted on April 26, 2012 (i)	600,000	2.92
Forfeited	(60,000)	2.92
Expired	(6,859)	2.00
Balance - June 30, 2012	6,475,000	2.93

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

(Expressed in Canadian Dollars)

On April 26, 2012, 600,000 options were granted to an employee. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at $641,547. The impact on share-based payment was $270,972 for the three months ended June 30, 2012.

The exercise prices and exercise periods of the share options outstanding as of June 30, 2012 are as follows:

Number of options	Exercise price $	Exercise period
5,440,000	2.92	May 18, 2011 to May 17, 2016
435,000	2.92 - 4.00	December 14, 2011 to December 13, 2016
600,000	2.92	April 26, 2012 to April 25, 2017
6,475,000		

10. Warrants

The warrants issued and outstanding as of June 30, 2012 are as follows:

	Number of warrants	Amount $	Weighted average exercise price $	Expiry date
Balance - March 31 and June 30, 2012	2,479,027	3,180,592	2.92	November 17, 2012

11. Other operating income

	Three months ended June 30, 2012 $	Three months ended June 30, 2011 $
Interest income	206,613	99,335

(Expressed in Canadian Dollars)

12. Expenses by nature

	Three months ended June 30, 2012 $	Three months ended June 30, 2011 $
Depreciation of property, plant and equipment	235,029	16,026
Less: capitalized as exploration and evaluation assets	(203,511)	-
Depreciation charged to profit or loss	31,518	16,026
Employee benefits expense		
Salaries and wages	1,528,119	269,867
Pension costs - defined contribution plans	6,456	-
Share option expenses	1,221,437	4,198,858
	2,756,012	4,468,725

13. Loss per share

The basic loss per share calculated amount is the same as the fully diluted loss per share amount as the effect of any additional shares would be anti-dilutive, because the Company is in a loss position.

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:

As of June 30, 2012, the Group had accounts receivable of $16,950 (March 31, 2012: $16,950) from Augyva, which the President and CEO of the Group is the director of Augyva.

During the three months ended June 30, 2011, the Group incurred accounting expenses of $15,432 from Chim and Seto Consulting Services Inc., of which an immediate family member of the President and CEO of the Group is a shareholder.

The refundable off-take deposit of US$8,000,000 from a related party, which amounted to $8,144,800 as of June 30, 2012 (March 31, 2012: $7,973,048), is non-interest bearing and repayable on demand.

On May 25, 2011, the Group repaid $6,500,000 to a related party. The loan was non-interest bearing and repayable on demand.

On May 25, 2011, the Group repaid $2,713,461 owed to the shareholder. The loan was non-interest bearing and repayable on demand.

On June 30, 2011, the Group repaid $41,277 owed to a director. The loan advance was non-interest bearing and repayable on demand.

(Expressed in Canadian Dollars)

(b) Remuneration of key management personnel was as follows:

	Three months ended June 30, 2012 $	**Three months ended June 30, 2011 $**
Salaries	932,031	130,000
Share option expenses	936,865	1,221,486
	1,868,896	1,351,486

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, foreign currency exchange risk and commodity price risk.

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

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to cash. Cash and cash equivalents are held with a major Canadian chartered bank. 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, 2012, the Group had cash of $54,437,941 to settle accounts payable and accrued liabilities of $4,930,949. All of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

Market risk

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

(i) Interest rate risk

The Group has cash balances and no interest bearing debt. The Group's current policy is to invest excess cash in interest bearing accounts of a reputable Canadian chartered bank. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of its reputable Canadian chartered bank. 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, 2012.

(ii) Foreign currency exchange risk

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

16. Capital management

The Group considers its capital structure to consist of shareholders' equity, which, as of June 30, 2012, totaled $107,955,831 and a deposit received from a related party of $8,144,800. 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 shareholder 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, 2012. The Group is not subject to externally imposed capital requirements.

17. Capital commitments

Pursuant to the Altius Agreement (note 5), the Company agreed to issue (i) an aggregate of 5,000,000 common shares at nil price (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.