Century Iron Mines Corporation

(An exploration and development company)

Condensed Consolidated Interim Financial Statements
(Unaudited)
December 31, 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 December 31, 2014

(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	December 31, 2014 $	March 31, 2014 $
Assets			
Current assets			
Cash and cash equivalents		27,963,400	29,705,384
Short term bank deposits		-	2,008,431
Accounts receivable	17	10,789,845	9,612,748
Sales taxes recoverable		625,302	493,588
Investment tax credits receivable	6	5,724,996	9,854,881
Prepaid expenses and deposits		1,221,495	655,215
		46,325,038	52,330,247
Non-current assets			
Exploration and evaluation assets	6	26,510,687	30,973,493
Property, plant and equipment	7	2,223,518	3,128,114
Investment in a joint venture	8	60,347,036	60,490,777
Investment in an associate	9	-	1,206,326
Derivative asset	10	313	21,624
		135,406,592	148,150,581
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		2,877,511	3,700,878
Sales taxes payable		306,637	-
		3,184,148	3,700,878
Shareholders' Equity			
Share capital	11	117,220,891	117,225,951
Contributed surplus		2,758,368	2,758,368
Retained earnings (Deficit)		(645,577)	11,363,440
Other components of equity		12,888,762	13,101,944
		132,222,444	144,449,703
		135,406,592	148,150,581

Approved by the Board of Directors

/s/ "Sandy Chim" Director   /s/ "Kit Ying (Karen) Lee" 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 and nine months ended December 31, 2014

(Expressed in Canadian Dollars, unless otherwise stated)

		Three months ended December 31,		Nine months ended December 31,	
	Notes	**2014 $**	**2013 $**	**2014 $**	**2013 $**
Expenses					
Administrative expenses	14	(1,460,721)	(1,934,297)	(5,628,232)	(6,517,278)
Share-based compensation expenses	12	(60,289)	(162,420)	(123,148)	(841,232)
Share of loss of a joint venture	8	(83,966)	-	(143,741)	-
Share of loss of an associate	9	-	-	(66,000)	-
Loss on disposal of investment in an associate	9	-	-	(1,140,326)	-
Impairment charge on exploration assets	6	-	-	(5,787,124)	-
Other income	15	337,945	2,277,718	646,647	2,454,999
Earnings (Loss) before income taxes		(1,267,031)	181,001	(12,241,924)	(4,903,511)
Income tax recovery (expense)		-	(32,725)	232,907	(19,892)
Net earnings (loss) for the period		(1,267,031)	148,276	(12,009,017)	(4,923,403)
Other comprehensive loss					
Exchange loss on translation of foreign operations		(241,715)	(151,782)	(336,330)	(184,284)
Total comprehensive loss for the period		(1,508,746)	(3,506)	(12,345,347)	(5,107,687)
Net earnings (loss) per common share – basic and diluted	16	(0.013)	0.002	(0.122)	(0.052)
Weighted average number of common shares outstanding		98,797,114	96,125,225	98,798,362	94,910,144

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited)
For the nine months ended December 31, 2014

(Expressed in Canadian Dollars, unless otherwise stated)

	Share capital $	Contributed surplus $	Retained earnings (Deficit) $	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	-	-	(12,009,017)	-	-	-	(12,009,017)
Other comprehensive loss for the period	-	-	-	-	(336,330)	-	(336,330)
Total comprehensive loss for the period	-	-	(12,009,017)	-	(336,330)	-	(12,345,347)
Shares repurchased (note 11)	(5,060)	-	-	-	-	-	(5,060)
Equity-settled share-based compensation arrangements	-	-	-	123,148	-	-	123,148
Balance – December 31, 2014	117,220,891	2,758,368	(645,577)	13,640,609	(771,847)	20,000	132,222,444
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	-	-	(4,923,403)	-	-	-	(4,923,403)
Other comprehensive loss for the period	-	-	-	-	(184,284)	-	(184,284)
Total comprehensive loss for the period	-	-	(4,923,403)	-	(184,284)	-	(5,107,687)
Shares repurchased	(290,062)	-	-	-	-	-	(290,062)
Equity-settled share-based compensation arrangements	-	-	-	841,232	-	-	841,232
Shares issued for the acquisition of Altius properties (note 6)	1,500,000	-	-	-	-	-	1,500,000
Shares issued for the Attikamagen acquisition transaction (note 8)	1,020,000	-	-	-	-	-	1,020,000
Warrants issued for the Attikamagen acquisition transaction (note 13)	-	-	-	-	-	20,000	20,000
Balance – December 31, 2013	117,253,165	2,758,368	12,640,766	13,411,413	(241,599)	20,000	145,842,113

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 and nine months ended December 31, 2014

(Expressed in Canadian Dollars, unless otherwise stated)

		Three months ended December 31,		Nine months ended December 31,	
	Notes	2014	2013	2014	2013
Cash generated by (used in)		$	$	$	$
Operating activities					
Loss before income taxes		(1,267,031)	181,001	(12,241,924)	(4,903,511)
Adjustments for					
Bank interest income		(85,804)	(72,477)	(255,163)	(208,366)
Depreciation		5,054	530,833	84,869	636,478
Loss (Gain) on disposal of fixed assets		(2,222)	-	37,834	16,515
Gain on currency translation adjustment		(252,135)	(175,527)	(358,322)	(203,133)
Share-based compensation arrangements	12	60,289	162,420	123,148	841,232
Loss on changes in fair value of derivatives	10	4,877	11,059	21,311	11,059
Impairment charge on exploration assets	6	-	-	5,787,124	-
Loss on disposal of investment in an associate	9	-	-	1,140,326	-
Share of loss in investment in a joint venture	8	83,966	-	143,741	-
Share of loss in investment in an associate	9	-	-	66,000	-
Income taxes paid		-	(90,955)	-	(317,587)
Other		-	-	21,964	-
Changes in working capital items					
Decrease (Increase) in accounts receivable		3,218	(2,885,232)	(1,166,834)	3,907,441
Decrease (Increase) in sales taxes recoverable		(227,113)	2,825,574	152,956	4,670,464
Decrease (Increase) in prepaid expenses and deposits		(307,135)	151,694	168,898	(125,451)
Increase (Decrease) in accounts payable and accrued liabilities		89,394	774,900	(1,580,905)	307,946
Net cash (used in) generated by operating activities		(1,894,642)	1,413,290	(7,854,977)	4,633,087
Investing activities					
Bank interest received		86,075	72,477	254,340	208,366
Short term bank deposits		2,025,549	-	2,008,431	(1,000,000)
Exploration and evaluation assets		(382,799)	(1,545,215)	(705,292)	(1,565,217)
Reimbursement received for Sunny Lake exploration expenditures	6	-	-	-	8,612,875
Change in investment in joint venture		-	(555,419)	-	(555,419)
Investment tax credit refunds received		580,407	328,206	4,475,987	3,001,480
Net change in property, plant and equipment		53,569	(90,621)	59,002	(228,123)
Net cash (used in) generated by investing activities		2,362,801	(1,790,572)	6,092,468	8,473,962
Financing activities					
Funds advanced for the repurchase of shares		-	(147,513)	-	(290,062)
Net cash used in financing activities		-	(147,513)	-	(290,062)
Net change in cash and cash equivalents		468,159	(524,795)	(1,762,509)	12,816,987
Cash and cash equivalents - Beginning of period		27,482,054	32,694,025	29,705,384	19,359,987
Effect of foreign exchange rate changes, net		13,187	19,304	20,525	11,560
Cash and cash equivalents - End of period		27,963,400	32,188,534	27,963,400	32,188,534

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 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 to British Columbia. The Company's ultimate holding company is Century Eagle Holdings Limited, incorporated in the British Virgin Islands.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on February 11, 2015.

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.

5. New standards and interpretations

The standards and interpretations applicable to and adopted by the Company for the current period are 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.

The following is a list of standards and interpretations that have been issued, are not yet effective and could be applicable to the Company.

Amendment to IFRS 11 *Joint Arrangements*

Effective for the Company's annual consolidated financial statements beginning January 1, 2016, this amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business, specifying the appropriate accounting treatment for such acquisitions. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

Amendment to IAS 27 *Separate Financial Statements*

Effective for the Company's annual consolidated financial statements beginning January 1, 2016, this amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is currently evaluating the impact of adopting this amendment on its consolidated financial statements.

Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*
Effective for the Company's annual consolidated financial statements beginning January 1, 2016, these amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Company is currently evaluating the impact of adopting these amendments on its consolidated financial statements.

Annual Improvements 2014

Effective for the Company's annual consolidated financial statements beginning January 1, 2016, this set of amendments impacts four standards:

- IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* regarding methods of disposal
- IFRS 7 *Financial Instruments: Disclosures* (with consequential amendments to IFRS 1) regarding servicing contracts
- IAS 19 *Employee Benefits* regarding discount rates
- IAS 34 *Interim Financial Reporting* regarding disclosure of information

The Company is currently evaluating the impact of adopting these amendments on its consolidated financial statements.

(Expressed in Canadian Dollars, unless otherwise stated)

IFRS 9 *Financial Instruments*

Effective for the Company's annual consolidated financial statements beginning January 1, 2018, this standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

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	20,262	-	1,444,668	-	1,464,930
Tax credits	(100,419)	(33,174)	-	(7,019)	(140,612)
Impairment charge	-	-	(5,471,839)	(315,285)	(5,787,124)
Balance – December 31, 2014	17,133,880	3,036,328	6,340,479	-	26,510,687

The Group has accrued $5,724,996 (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 of 14% was completed in May 2013.

As of December 31, 2014, the Group has 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 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"), allowing WISCO Sunny Lake 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.

During the nine months ended December 31, 2014, WISCO Sunny Lake acquired an additional 1.5% interest in the Sunny Lake property for consideration of $1,500,000, increasing its interest in the property to 18.6%. As at December 31, 2014, the Company owns 81.4% of the Sunny Lake property and the remaining funding obligation of WISCO Sunny Lake to earn in up to a 40% of interest in the property is $21.4 million.

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 West. 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 an agreement with X-Star Mining (Luxembourg) Limited ("X-Star") and Northern Star Minerals Ltd. ("Northern Star"), to transfer the Company's 85.25% interest in the Astray-X project acquired under the Altius Agreement and the project's associated obligations to Northern Star, in exchange for equity interest, preference shares and X-Star's funding commitment to the project. Further details on the transfer and subsequent restructuring with respect to this investment are outlined in Note 9.

On August 1, 2014, the Company entered into an agreement with Altius to amend the provisions of the Altius Agreement extending the term of when the exploration expenditure commitment must be fulfilled. The amendment replaced 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 West. 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 on one project may be allocated to another project to satisfy the total yearly minimum commitment of $1.5 million for all three projects.

Management performs regular reviews of the geological potential of its exploration properties on an ongoing basis. Based on the review of the geological potential of its exploration properties, the Company decided not to incur any further exploration expenditures on certain less prospective areas. This resulted in an impairment charge of $5,471,839. On September 22, 2014, an agreement was reached between the Company and Altius to amend the provisions of the Altius Agreement eliminating the $7 million cumulative funding obligation for the Menihek project.

As at December 31, 2014, the Company has incurred a cumulative exploration expenditure of $5.8 million out of the total funding obligation of $14 million on the Schefferville West and the Grenville projects, resulting in an outstanding commitment of $8.2 million.

Other properties

In September 2014, the Group's review of the geological potential of its other properties resulted in an impairment charge of $315,285.

(Expressed in Canadian Dollars, unless otherwise stated)

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	-	-	-	1,689	1,678	-	3,367
Disposals	-	(22,112)	(28,536)	(153,487)	(20,576)	-	(224,711)
Exchange differences	-	-	-	10,223	1,977	-	12,200
Balance - December 31, 2014	169,677	2,697,238	1,612,765	258,813	334,266	401,265	5,474,024
Accumulated depreciation							
Balance - March 31, 2014	-	1,298,885	631,900	174,491	265,584	184,194	2,555,054
Depreciation	-	416,796	228,767	52,302	51,175	60,189	809,229
Disposals	-	-	-	(103,885)	(18,584)	-	(122,469)
Exchange differences	-	-	-	7,039	1,653	-	8,692
Balance - December 31, 2014	-	1,715,681	860,667	129,947	299,828	244,383	3,250,506
Net book value							
Balance - December 31, 2014	169,677	981,557	752,098	128,866	34,438	156,882	2,223,518
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:

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Balance – March 31, 2014	60,490,777
Share of loss of Labec Century	(143,741)
Balance – December 31, 2014	60,347,036

The financial information of Labec Century is summarized as follows:

	December 31, 2014 $'000	March 31, 2014 $'000
Assets		
Current assets	25,881	26,635
Non-current assets	37,468	34,795
Liabilities		
Current liabilities	10,454	8,275
Non-current liabilities	-	9
Cash and cash equivalents	20,285	23,078

	Three months ended December 31,		Nine months ended December 31,	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Loss from continuing operations	(140)	(46)	(239)	(139)
Total comprehensive loss	(140)	(46)	(239)	(139)

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.

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 in 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 December 31, 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 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 respective joint venture board 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. During the three months ended December 31, 2013, the Group accounted for the proposed transaction and recognized a management fee income of $2,025,132 (note 15), which represents a reimbursement of the costs previously recognized by the Company.

(Expressed in Canadian Dollars, unless otherwise stated)

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 – July 28, 2014	1,140,326
Disposal – July 28, 2014	(1,140,326)
Balance – December 31, 2014	-

On November 30, 2012, the Company entered into a shareholders agreement (the "X-Star Agreement") with X-Star and 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 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 is 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 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. Based on the Company's assessment of the likelihood of realizing returns from the project in the near future, the Company has not recognized any value for the 100 preference shares in X-Star and the related gross sales royalty. The disposal of the Company's investment in Northern Star realized a loss of $1,140,326 on July 28, 2014.

(Expressed in Canadian Dollars, unless otherwise stated)

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 0.0003 per warrant. The significant inputs into the model were as follows: (i) share price of $0.28 at December 31, 2014, (ii) monthly implied volatility of 9.69%, and (iii) an annual risk-free interest rate of 1.0%.

11. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued and fully paid

At December 31, 2014, the Company had 98,794,571 common shares issued and outstanding, representing an amount of $117,220,891. 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)	(9,500)	(5,060)
Balance - December 31, 2014	98,794,571	117,220,891

(a) The Company initiated an automatic repurchase plan under a normal course issuer bid ("NCIB") beginning on September 12, 2012 and expiring on September 11, 2013. In September 2013, the NCIB was renewed allowing for the repurchase and cancellation of up to 1,823,000 of the Company's outstanding common shares from September 17, 2013 through to September 16, 2014. Under this plan, up to 14,094 common shares may be repurchased 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.

The NCIB was further renewed in October 2014 allowing for the repurchase and cancellation of up to 350,000 of the Company's outstanding common shares from October 17, 2014 through to October 16, 2015. Under this plan, up to 1,146 common shares may be repurchased 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 December 31, 2014, the Company had repurchased for cancellation 1,069,500 common shares since the initiation of the original NCIB plan with an aggregate cost of $609,879.

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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.

Share options

Share options granted under the Plan are exercisable for a period of up to 5 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 December 31, 2014 are as follows:

	Number of options	Weighted average exercise price $
Balance - March 31, 2014	8,580,000	2.93
Forfeited	(1,190,000)	2.92
Balance - December 31, 2014	7,390,000	2.93

The exercise prices and exercise periods of the share options outstanding as of December 31, 2014 are as follows:

Number of options	Exercise price $	Exercise period
4,200,000	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
2,175,000	2.92	July 18, 2012 to July 17, 2017
260,000	2.92	November 12, 2012 to November 11, 2017
7,390,000		

As of the balance sheet date, the weighted average remaining contractual life of the outstanding share options is 1.9 years.

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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.

Share units outstanding under the Plan are as follows:

	Time-based (i)	Operational (ii)	Financial (iii)	Number of share units	Weighted average fair value at the measurement date $
Balance – March 31, 2014	812,000	406,000	406,000	1,624,000	0.49
Granted - August 13, 2014	33,000	33,375	22,125	88,500	0.46
Forfeited	(71,000)	(35,500)	(35,500)	(142,000)	0.49
Balance – December 31, 2014	774,000	403,875	392,625	1,570,500	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 achievement dates of the operational targets would be between December 31, 2015 and November 14, 2016 with an estimated award multiplier of 100%.

(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 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.

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13. Warrants

The warrants issued and outstanding as of December 31, 2014 are as follows:

	Number of warrants	Weighted average exercise price $
Issued on November 29, 2013 and balance – December 31, 2014	1,000,000	1.00

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:

Exercise period	Exercise price $
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 3.9 years.

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14. Administrative expenses

	Three months ended December 31, 2014	Three months ended December 31, 2013	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	$	$	$	$
Consulting and professional fees	419,353	307,216	1,003,645	1,419,426
Corporate promotion	43,992	94,841	128,286	339,586
Depreciation	5,054	530,833	84,869	636,478
Insurance	4,376	9,351	8,864	38,638
Listing fees	12,972	14,052	43,426	33,001
Office and general	38,329	111,997	145,166	355,800
Rental expense	137,953	22,614	476,905	408,648
Salaries and directors' fees	706,294	500,969	3,457,752	2,608,336
Telecommunication and computer expenses	17,700	1,936	66,067	98,911
Travel	72,964	329,429	155,027	550,880
Other expenses	1,734	11,059	58,225	27,574
	1,460,721	1,934,297	5,628,232	6,517,278

15. Other income

	Three months ended December 31, 2014	Three months ended December 31, 2013	Nine months ended December 31, 2014	Nine months ended December 31, 2013
	$	$	$	$
Management fee income (note 8)	-	2,025,132	-	2,025,132
Interest income	85,810	77,059	288,326	226,734
Foreign exchange gain	252,135	175,527	358,321	203,133
	337,945	2,277,718	646,647	2,454,999

16. Net earnings (loss) per share

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

17. 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 December 31, 2014, the Group had accounts receivable of $7,519,019 (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

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Century became the Group's joint venture and (ii) the fixed assets to be sold by the Group to Labec Century.

(ii) As of December 31, 2014, the Group had accounts receivable of $3,210,368 (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.

(iii) As of December 31, 2014, the Group had accounts receivable of $Nil (March 31, 2014: $16,950) and accounts payable of $632,323 (March 31, 2014: $2,013,874) with Augyva. In August 2014, $1,366,551 was paid to Augyva for their portion of 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 December 31,		**Nine months ended December 31,**	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Salaries	389,062	431,760	1,964,851	2,076,957
Share-based compensation	44,235	114,311	117,006	565,056
	433,297	546,071	2,081,857	2,642,013

18. Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate risk 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 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 recognized through profit or loss, as at December 31, 2014 and March 31, 2014:

		December 31, 2014		**March 31, 2014**	
	Level	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
		$	**$**	**$**	**$**
Financial assets					
Fair value through profit or loss					
Short term bank deposits	2	-	-	2,008,431	2,008,431
Derivative asset	2	313	313	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 deposits 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 December 31, 2014, the Group had cash and cash equivalents of $27,963,400 to settle current liabilities of $3,184,148. 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 December 31, 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.

19. Capital management

The Group considers its capital structure to consist of share capital and retained earnings (deficit), which, as at December 31, 2014, amounted to $116,575,314. 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 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 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 December 31, 2014. The Group is not subject to externally imposed capital requirements.

20. 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 West.

In connection with the transfer of the Astray-X project to Northern Star as described in note 9, 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.

21. Comparative figures

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