Champion Iron Limited

Condensed Interim Consolidated Financial Statements

June 30, 2014

(expressed in Canadian dollars)

(unaudited)

Champion Iron Limited
Consolidated Statements of Financial Position
(expressed in Canadian dollars)
(unaudited)

	Notes	As at June 30, 2014 $	As at March 31, 2014 $
Assets			
Current			
Cash and cash equivalents		7,030,929	16,221,821
Short-term investments		66,000	66,000
Receivables	3	11,007,650	10,183,531
Prepaid expenses and deposits		190,219	151,259
		18,294,798	26,622,611
Non-current			
Due from Cartier Iron Corporation	4	2,100,000	2,086,049
Investments	5	3,537,353	4,975,865
Long-term advance	6	6,000,000	6,000,000
Property and equipment		78,343	85,555
Exploration and evaluation	7	91,289,885	88,049,839
		121,300,379	127,819,920
Liabilities			
Current			
Accounts payable and accrued liabilities		2,326,197	5,922,939
Non-current			
Royalty payable	8	19,000,000	19,000,000
		21,326,197	24,922,939
Shareholders' equity			
Capital stock	9	171,420,382	171,420,382
Warrants	9	3,089,520	3,089,520
Contributed surplus	9	15,566,895	15,282,169
Foreign currency translation reserve		(147,601)	-
Deficit		(89,955,014)	(86,895,091)
		99,974,182	102,896,980
		121,300,379	127,819,920

On behalf of the Board:

Tom G. Larsen

Director **Director**

See accompanying notes to the consolidated financial statements

Champion Iron Limited
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended June 30, 2014 $	2013 $
Other income			
Interest		22,331	16,878
Expenses			
Professional fees		61,127	278,665
Salaries		303,481	-
Consulting fees		348,210	371,652
Share-based compensation	9	284,726	-
General and administrative		325,499	176,912
Investor relations		224,562	353,636
Travel		282,377	142,333
Foreign exchange gain		(186,241)	-
Unrealized loss on investments	5	1,438,512	826,130
		3,082,253	2,149,328
Loss		(3,059,922)	(2,132,450)
Item that may be reclassified in future periods to the statement of loss			
Net movement in foreign currency translation reserve		(147,601)	-
Total comprehensive loss		(3,207,523)	(2,132,450)
Loss per share - basic and diluted		(0.02)	(0.02)
Weighted average number of shares outstanding - basic and diluted		196,493,153	87,927,737

See accompanying notes to the consolidated financial statements

Champion Iron Limited
Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Capital stock $	Warrants $	Contributed surplus $	Foreign currency translation reserve $	Deficit $	Total $
Balance, March 31, 2014	171,420,382	3,089,520	15,282,169	-	(86,895,091)	102,896,980
Loss	-	-	-	-	(3,059,922)	(3,059,922)
Other comprehensive loss	-	-	-	(147,601)	-	(147,601)
Total comprehensive loss	-	-	-	(147,601)	(3,059,922)	(3,207,523)
Share-based compensation	-	-	284,726	-	-	284,726
Balance, June 30, 2014	171,420,382	3,089,520	15,566,895	(147,601)	(89,955,013)	99,974,182
Balance, March 31, 2013	122,982,950	3,027,187	8,746,169	-	(38,302,192)	96,454,114
Total comprehensive loss	-	-	-	-	(2,132,450)	(2,132,450)
Balance, June 30, 2013	122,982,950	3,027,187	8,746,169	-	(40,434,642)	94,321,664

See accompanying notes to the consolidated financial statements

Champion Iron Limited
Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	3 months ended June 30, 2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Profit before tax	(3,059,922)	(2,132,450)
Items not affecting cash		
Share-based compensation	284,726	-
Depreciation	9,076	-
Unrealized loss on investments	1,438,512	826,130
	(1,327,608)	(1,306,320)
Changes in non-cash operating working capital		
Receivables	(824,119)	1,343,961
Prepaid expenses and deposits	(38,960)	(18,280)
Accounts payable and accrued liabilities	(3,596,743)	264,142
	(5,787,430)	283,503
Financing activities		
Repayment of convertible note	-	(100,000)
Investing activities		
Advances to Cartier Iron Corporation	(13,951)	(655,000)
Purchase of property and equipment	(1,864)	-
Exploration and evaluation	(3,240,046)	(926,955)
	(3,255,861)	(1,581,955)
Net decrease in cash and cash equivalents	(9,043,291)	(1,398,452)
Cash and cash equivalents, beginning of period	16,221,821	4,535,089
Effects of exchange rate changes on cash	(147,601)	-
Cash and cash equivalents, end of period	7,030,929	3,136,637
Non-cash transactions		
Issue of convertible notes to settle accounts payable	-	718,525

1. Basis of presentation

Statement of compliance
These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2014, which were prepared in accordance with IFRS as issued by the International Accounting Standards Board

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on July 29, 2014.

On March 31, 2014, pursuant to an Arrangement Agreement ("Arrangement"), Mamba Minerals Limited ("Mamba")(a) acquired all of the issued and outstanding common shares of Champion Iron Mines Limited ("Champion") on the basis of an exchange ratio of 0.7333333 Mamba share and/or Exchangeable share (or combination thereof) for each outstanding Champion common share and (b) replaced each outstanding Champion warrant and Champion stock option on the basis that the holder will be entitled to acquire 0.7333333 Mamba share on the same terms and conditions.

Under Corporations Law, Mamba was the parent and Champion is the subsidiary. However, the former shareholders of Champion received 51% of the voting rights in the combined entity and Champion had the ability to appoint a majority of the members of the board of directors of the combined entity. Under the requirements of AASB 3 (IFRS 3) *Business Combinations*, for accounting purposes, Champion was deemed to be the acquirer, Mamba was deemed to be the acquiree and the consideration transferred by Champion was measured at fair value.

The condensed interim consolidated financial statements represent a continuation of the financial statements of Champion. The consolidated financial statements for the 3 months ended June 30, 2014 include the financial results of Champion and Mamba from March 31, 2014. The comparative consolidated financial statements are those of of Champion.

Following the closing of the Arrangement, Mamba changed its name to Champion Iron Limited.

2. Significant accounting policies and future accounting changes

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended March 31, 2014.

New standards and interpretations not yet adopted
Australian Accounting Standards and International Financial Reporting Standards that have been issued but are not yet effective have not been adopted by the Company. The Company has not determined the extent of the impact of these standards and does not plan to early adopt these new standards.

3. Mining tax credit receivables

The Company files a Québec Corporation Income Tax Return claiming a refundable tax credit on eligible exploration expenditures incurred in Québec ("Refundable Tax Credits") and a Québec Mining Duties Return claiming a credit on duties refundable for losses ("Credit on Duties").

	Years ended March 31,				
	2014	2013	2012	2011	Total
Refundable Tax Credits					
As filed (2014 - to be filed)	1,911,000	7,555,705	9,912,375	3,590,837	22,969,917
As assessed	–	–	9,181,296	3,467,861	12,649,157
Received	–	–	(8,000,000)	(3,000,000)	(11,000,000)
Receivable at June 30, 2014	1,528,800	6,044,564	1,181,296	467,861	9,222,521
Credit on Duties					
As filed (2014 - to be filed)	284,000	1,122,562	1,403,549	950,061	3,760,172
As assessed	–	–	–	404,424	404,424
Received	–	–	–	(404,424)	(404,424)
Receivable at June 30, 2014	–	–	–	–	–

It is the Company's policy to record an estimate of amounts to be received for unassessed claims for Refundable Tax Credits and Credits on Duties as a receivable and a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with all conditions needed to obtain the credits. The amount of the unassessed claims are subject to audit by Revenu Québec and Ressources naturelles et Faune Québec.

4. Due from Cartier Iron Corporation ("Cartier")

Of the amount due from Cartier, $100,000 is unsecured, bears interest at the rate of LIBOR plus 2% and is due on September 13, 2014. The remainder of the amount due is unsecured, non-interest bearing and is due on demand. One officer and one director of the Company are directors of Cartier.

On June 17, 2014, the Company agreed to convert the following amounts due from Cartier into Cartier common shares: (a) $1,050,000, subject to Cartier closing a private placement in the minimum amount of $500,000 ("Private Placement") and (b) the amount, by which, proceeds of the Private Placement exceeds $1,050,000. In both cases, the conversion price will be equal to the lowest subscription price paid for the Private Placement.

Following the closing of the Private Placement, the remainder of the amount due from Cartier will be converted to a demand loan, which is unsecured, bears interest at the rate of LIBOR plus 2% and is due 6 months after the Company demands repayment (the "Demand Loan"). The Company will have the right to convert the Demand Loan plus accrued but unpaid interest into Cartier common shares at a conversion price equal to the lowest subscription price per Cartier common share paid for the most recent capital raising undertaken by Cartier at the time of the conversion, subject to the minimum pricing rules and stock exchange approval.

5. Investments

The fair values of the Company's investments are as follows:

	As at June 30, 2014 $	As at March 31, 2014 $
Fancamp Exploration Ltd.		
Common shares	1,210,000	2,200,000
Warrants	10,000	74,000
Cartier Iron Corporation		
Common shares (representing 19.9% of the outstanding common shares of Cartier)	826,353	730,265
Century Iron Mines Corporation		
Common shares	930,000	1,041,600
Warrants	126,000	161,000
Lamêlée Iron Ore Ltd.		
Common shares	400,000	680,000
Warrants	35,000	89,000
	3,537,353	4,975,865

Investments in common shares are classified as financial assets at fair value through profit or loss and investment in warrants are classified as derivative financial assets at fair value through profit or loss.

The decrease in the fair value of investments of $1,438,513, comprised of $1,285,513 for investment in common shares and $153,000 for investments in warrants, has been recorded as an unrealized loss on investments in the consolidated statement of loss and comprehensive loss.

6. Long-term advance to Sept-Îles Port Authority ("Port")

On July 13, 2012, the Company signed an agreement ("Agreement") with the Port to reserve annual loading capacity of 10 million metric tons of iron ore for an initial term of 20 years with options to renew for 4 additional 5-year terms. Pursuant to the Agreement, the Company was to pay $25,581,000 and take-or-pay payments as an advance on the Company's future shipping, wharfage and equipment fees. The Company provided the Port with irrevocable guarantees in the form of a deed of hypothec regarding its mining rights, title and interest over Moire Lake and Don Lake ("Mining Rights") to secure its obligations under the Agreement.

On June 28, 2013, the Company sent to the Port a notice of termination of the Agreement and requested the repayment of the $6,000,000 that had already been advanced ("Advances"). The Port registered a notice of hypothecary recourse dated August 22, 2013 ("Notice") that requested the Company to surrender the Mining Rights and advised of its intention to have the Mining Rights sold under judicial authority. The Notice alleges that the Company is in default of a payment of $19,581,000, accrued interest of $4,522,182 up to August 22, 2013, and thereafter, *per diem* interest of $10,729. Since then, the Port has taken no further action.

Based on the advice of its legal counsel, the Company believes that it was entitled to terminate the Agreement, the Company would be entitled to the repayment of the Advances and the Port would not be entitled to any payment under the Agreement or recover the loss of profits. Accordingly, no amount has been recorded as a liability in these condensed interim consolidated financial statements.

7. Exploration and evaluation assets

	March 31, 2014 $	Exploration expenditures $	June 30, 2014 $
Fermont			
Consolidated Fire Lake North	68,438,585	3,204,941	71,643,526
Harvey-Tuttle	6,573,514	10,541	6,584,055
Moire Lake	3,045,597	–	3,045,597
O'Keefe Purdy	3,319,458	4,191	3,323,649
Other	3,755,817	19,873	3,775,690
	85,132,971	3,239,546	88,372,517
Powderhorn	1,630,771	–	1,630,771
Gullbridge	1,286,098	500	1,286,598
	88,049,839	3,240,046	91,289,885

Fermont

The Company owns a 100% interest in Fermont consisting of 14 mineral concessions covering an area of 747 square kilometres situated in northeastern Quebec ("Fermont"). For reporting purposes, Fire Lake North, Oil Can, Bellechasse and Midway properties were consolidated into one property known as Consolidated Fire Lake North.

Other properties include the Hope Lake, Casse Lake, Claire Lake, Audrey-Ernie, Three Big Lakes, Aubertin-Tougard Lakes, Jeannine Lake, Silicate-Brutus Lakes, Penguin and Black Dan properties.

Fermont is subject to a 3% net smelter return royalty, over which, the Company has a right of first refusal and an option to reduce it to 2.5% by making a payment of $1,500,000. See note 8.

Grant of option for Cluster 3 Properties to Cartier Iron Corporation (formerly Northfield Metals Inc.)

On September 28, 2012, the Company granted an option to Cartier Iron Corporation ("Cartier") to acquire a 65% interest in Aubertin-Tougard, Audrey-Ernie, Black Dan, Jeannine Lake, Penguin Lake, Silicate-Brutus and Three Big Lakes ("Cluster 3 Properties"). In order to earn its interest, Cartier must make option payments, issue common shares and incur exploration expenditures, as follows:

	Option payments $	Common shares	Exploration expenditures $
Upon execution of agreement (received)	–	1,000,000	–
Upon conditional approval from a stock exchange for the listing of the common shares of Cartier (received)	100,000	–	–
December 10, 2013	150,000	500,000	500,000
December 10, 2014	250,000	500,000	750,000
December 10, 2015	250,000	500,000	–
December 10, 2016	250,000	–	4,750,000
	1,000,000	2,500,000	6,000,000

Upon Cartier earning its 65% interest, a joint venture will be formed to incur additional exploration expenditures. If the Company does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest would be reduced solely to a 1% royalty. Cartier will have the option to reduce the royalty from 1% to 0.5% by making a payment of $3,000,000.

In the event that the Company or Cartier proposes to acquire any property within 10 kilometres of the Cluster 3 Properties, the acquirer must offer the property at cost to the other party for inclusion in the Cluster 3 Properties.

Cartier made the required exploration expenditures by December 31, 2013; however, Cartier has not made the option payment or issued common shares due on December 10, 2013. The Company and Cartier are currently in discussions to resolve the matter.

Powderhorn and Gullbridge

The Company owns a 100% interest in the following properties:

a) Powderhorn, which consists of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert's Arm Belt in Central Newfoundland, subject to a 2.85% net smelter royalty (“NSR”), of which, 1.85% can be purchased for $2,300,000 to reduce the NSR to 1%.
b) Gullbridge Property in the Buchans Mining Camp, Newfoundland, subject to a 1% royalty, which the Company has the option to acquire for $1,000,000 or 1,000,000 common shares. The Company also has the right of first refusal on any sale, transfer, mortgage or grant of security interest or any other disposition or encumbrance in the royalty.

Snelgrove Lake

The Company has an option to acquire a 100% interest in 5 licenses covering 106 square kilometres located approximately 55 kilometres southeast of Schefferville, Newfoundland. Snelgrove Lake is encumbered with a 3% gross sales royalty. In order to earn its interest, the Company must issue performance shares, grant options, make option payments and incur exploration expenditures, as follows:

	Issue performance shares	Grant options	Option payments A$	Option payments $	Exploration expenditures $
October 2012 (issued and paid)	32,000,000	17,000,000	425,000	410,000	–
March 11, 2014 (incurred)	–	–	–	–	3,250,000
August 1, 2018	–	–	–	5,750,000	3,250,000
	32,000,000	17,000,000	425,000	6,160,000	6,500,000

Up to June 30, 2014, the Company has incurred exploration expenditures of approximately $6,400,000.

The decision to exercise the option will depend on the economic viability of Snelgrove Lake and the capacity to finance its development. Given the advanced stage of Consolidated Fire Lake North and the significant funds that will be required for its development, there is no certainty that the option for Snelgrove Lake will be exercised. Accordingly, no carrying value is recorded in the consolidated statement of financial position and future expenditures on Snelgrove Lake will be expensed in the consolidated statement of loss and comprehensive loss.

8. Royalty payable

With the completion of the pre-feasibility study for Consolidated Fire Lake North, the Company recorded an estimate of the present value for the 3% net smelter royalty on Fermont as an acquisition cost of exploration and evaluation and an offsetting royalty payable.

9. Capital stock

The Company is authorized to issue ordinary shares, performance shares, exchangeable shares and special voting shares.

Each exchangeable share will be exchangeable into an ordinary share at no cost to the holder from January 1, 2015 or earlier on the occurrence of certain specified events. Upon conversion, application for the quotation of these ordinary shares will be made. All exchangeable shares in existence on March 31, 2017 will be automatically converted into ordinary shares on that date.

The Company has issued 1 special voting share ("SVS") to a trustee which will hold the SVS on behalf of all holders of exchangeable Shares in order that holders of exchangeable Shares will be able to vote at shareholder meetings. The SVS will carry as many votes at shareholder meetings of the Company as there are exchangeable shares on issue at the voting eligibility cut-off time of the meeting. The SVS is not transferable, will not be listed and will cease to have any voting rights at meetings of the Company's shareholders once all exchangeable Shares have been converted to ordinary shares

Issued

	Number of shares	$
Ordinary shares		
Balance, March 31, 2014	196,493,153	171,420,382
Cancelled	(13)	–
Conversion of exchangeable shares	106,332	–
Balance, June 30, 2014	196,599,472	171,420,382
Exchangeable shares		
Balance March 31, 2014	1,941,199	
Conversion to ordinary shares	(106,332)	
Balance, June 30, 2014	1,834,867	

Warrants

A summary of the Company's warrants is presented below:

	Number of warrants	Weighted-average exercise price $	Amount $
Balance, March 31, 2014 and June 30, 2014	16,133,333	1.53	3,089,520

A summary of the Company's warrants outstanding at June 30, 2014 is presented below:

Common share warrant exercise price	Expiry date	Number of warrants
$4.0909 exercisable between November 17, 2014 and May 17, 2015	May 17, 2015	5,133,333
$0.3409	July 31, 2015	11,000,000
		16,133,333

If the weighted-average closing price of the Company's common shares is over $5.4545 for 20 consecutive trading days, the May 17, 2015 warrants must be exercised within 30 calendar days of the Company providing written notice to Fancamp to accelerate the expiry date, or they will be cancelled. In the event that Fancamp provides notice within 10 days of the receipt of the Company's notice that Fancamp does not have sufficient funds to exercise the Champion Warrants, the Company will advance a loan to Fancamp to fund the exercise of such warrants. The loan will be secured by Fancamp's interest in the Royalty on the Fermont Holdings and the shares acquired on exercise of the warrants.

Stock options

	Number of options	Weighted-average exercise price $
Balance, March 31, 2014	27,744,667	0.53
Granted	1,150,000	0.50
Cancelled	(1,000,000)	0.50
Balance, June 30, 2014	27,894,667	0.53

A summary of the stock options granted and the assumptions for the calculation of the fair value of those stock options using the Black-Scholes option pricing model is presented below:

Date of grant	April 8, 2014	June 18, 2014
Expiry date	April 8, 2017	June 18, 2017
Options granted	1,000,000	150,000
Exercise price	A$0.50	A$0.50
Share price	A$0.50	A$0.37
Risk-free interest rate	2.5%	2.5%
Expected volatility based on historical volatility	80%	80%
Expected life of stock options	3 years	3 years
Expected dividend yield	0%	0%
Forfeiture rate	0%	0%
Fair value	A$260,000	A$25,500
Fair value per stock option	A$0.26	A$0.17

The stock options vested on the date of grant and the fair value of the stock options was recorded as share-based compensation.

A summary of the Company's outstanding and exercisable stock options at June 30, 2014 is presented below:

		Number of stock options	
Exercise price	**Expiry date**	**Outstanding**	**Exercisable**
$0.4091	September 16, 2014	839,667	839,667
$0.4501	September 24, 2014	111,834	111,834
$0.5523	November 9, 2014	36,667	36,667
$1.0910	January 14, 2015	1,008,334	1,008,334
$1.1591	February 2, 2015	36,666	36,666
$1.3637	March 2, 2015	256,666	256,666
A$0.25	August 8, 2015	17,000,000	17,000,000
$1.3637	October 3, 2015	1,466,667	1,466,667
$1.3637	October 4, 2015	183,333	183,333
$2.0455	October 4, 2015	366,667	366,667
A$0.50	December 15, 2015	500,000	500,000
$2.9591	January 10, 2016	73,333	73,333
$2.0455	September 9, 2016	715,000	715,000
$0.5455	December 20, 2016	1,173,333	1,173,333
$1.7728	December 23, 2016	676,500	676,500
A$0.50	April 8, 2017	1,000,000	1,000,000
A$0.50	June 18, 2017	150,000	150,000
A$0.50	November 29, 2018	2,300,000	–
		27,894,667	25,594,667

10. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Cash and cash equivalents, short-term investments, receivables, due from Cartier and accounts payable and accrued liabilities
The fair values of cash and cash equivalents, short-term investments, receivables, due from Cartier and accounts payable and accrued liabilities approximate their carrying value due to their short term to maturity.

Investments
The fair values of the investment in common shares of Fancamp, Cartier, Century and Lamêlée are measured at the bid market price on the measurement date.

The fair value of the investment in warrants of Fancamp, Century and Lamêlée is measured using a Black-Scholes option pricing model. Measurement inputs include share price on the measurement date, exercise price, expected volatility (based on historical volatility), expected life, expected dividends and the risk-free interest rate (based on government bonds).

Stock options
The fair value of stock options is measured using a Black-Scholes option pricing model. Measurement inputs include share price on grant date, exercise price, expected volatility (based on historical volatility or historical volatility of securities of comparable companies), weighted average expected life and forfeiture rate (both based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds).

Classification of fair value of financial instruments
The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument:

- Level 1 - quoted prices in active markets for identical assets and liabilities;
- Level 2 - inputs, other than the quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 - inputs for the asset or liability that are not based on observable market data.

As at June 30, 2014

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial asset at fair value through profit and loss				
Cash and cash equivalents and short-term investments	7,096,929	–	–	7,096,929
Investments				
Common shares	3,366,353	–	–	3,366,353
Warrants	–	171,000	–	171,000

11. Financial risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration, development and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents, short-term investments and amount due from Cartier. The Company limits its exposure to credit risk on its cash and cash equivalents by holding its cash and cash equivalents and short-term investments in deposits with high credit quality Australian and Canadian chartered banks. The Company is able to limit the credit risk on the amount due from Cartier by settling the amount in common shares of Cartier.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The Company is exposed to equity price risk with respect to investments. The Company estimates that if the fair value of its investment as at June 30, 2014 had changed by 10%, with all other variables held constant, the loss would have decreased or increased by approximately $353,735.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments. The Company has no interest-bearing debt.

Capital management
Capital of the Company consists of capital stock, options, warrants, contributed surplus and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company's principal source of capital is from the issue of ordinary shares. In order to achieve its objectives, the Company intends to raise additional funds as required.
The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

12. Related party transactions

	3 months ended June 30,		**Outstanding at**	
			June 30,	**March 31,**
	2014	**2013**	**2014**	**2014**
	$	**$**	**$**	**$**
Exploration and evaluation				
Paid or payable to a company controlled by a director	60,000	52,500	20,000	–
Paid or payable to 2 companies controlled by officers	588,320	269,273	137,297	276,660
Professional fees				
Paid or payable for legal fees to a company controlled by a director	–	152,528	51,372	51,372
General and administrative				
Rent paid to a company controlled by a director	15,000	–	–	–

See notes 4 and 7 for related party transactions with Cartier.

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	3 months ended June 30, 2014 $	3 months ended June 30, 2013 $
Salaries and fees	83,614	–
Non-monetary	10,467	–
Consulting fees	225,000	187,500
Post-employment	31,941	–
Share-based payments, representing share-based compensation	299,250	–
	650,272	187,500

13. Segment information

The Company operates in one business segment being mineral exploration in Canada. As the Company is focused on exploration, the Board monitors the Company based on actual versus budgeted exploration expenditure incurred by project. The internal reporting framework is the most relevant to assist the Board with making decisions regarding this Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

14. Subsequent events

No material matter or transaction has arisen since June 30, 2014 that has significantly affected the Company's operations or state of affairs.