Champion Iron Limited

(formerly Mamba Minerals Limited)
(ACN: 119 770 142)

Consolidated Financial Statements

March 31, 2014 and 2013
(expressed in Canadian dollars)

Champion Iron Limited
(formerly Mamba Minerals Limited)
Directors Report
March 31, 2014
(expressed in Canadian dollars)

REVIEW OF OPERATIONS

Champion Iron Limited (formerly Mamba Minerals Limited) is pleased to provide its review of operations for the financial year ending March 31, 2014.

Arrangement between Mamba Minerals Limited and Champion Iron Mines Limited
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 ("Replacement Warrants" and "Replacement Stock Options").

Prior to the closing of the Arrangement, Mamba:

a) issued 3,200,000 shares in exchange for 32,000,000 Mamba performance shares outstanding.
b) issued 3,560,448 shares with a fair value of $1,830,000, based on a price of A$0.50 per share, to remove provisions from Champion consulting contracts regarding payments on termination in the event of a change of control subsequent to completion of the Arrangement ("Change of Control Payments").
c) completed a private placement consisting of 20,000,000 shares at a price of A$0.50 per share for gross proceeds of A$10,000,000 and paid a financing fee of 5% of the gross proceeds equal to A$500,000.

Upon completion of the Arrangement, under Corporations Law, Mamba is the acquirer and Champion is the acquire; however, for accounting purposes, Champion is deemed to be the acquirer and Mamba is deemed to be the acquiree. The consolidated financial statements represent a continuation of the financial statements of Champion. The consolidated financial statements for the year ended March 31, 2014 include the financial results of Champion for the year ended March 31, 2014 and Mamba from March 31, 2014.

Following the closing of the Amalgamation, Mamba changed its name to Champion Iron Limited (the "Company").

The Company's shares are now quoted on the Australian Stock Exchange and the Toronto Stock Exchange under the symbol CIA.

Consolidated Fire Lake North Project

Champion holds 100% of Consolidated Fire Lake North, which is located in Canada's major iron ore producing district in the Labrador Trough in the province of Quebec. Consolidated Fire Lake North is located immediately north of Arcelor Mittal's operating Fire Lake Mine and 60km south of Cliffs Natural Resources Inc's Bloom Lake Mine in northeastern Quebec. Champion completed a Prefeasibility Study (PFS) on Fire Lake in February 2013 which indicates iron ore production of 9.3Mtpa, with a Net Present Value of C$3.3b with operating costs of C$44/t. Fire Lake contains a Canadian National Instrument (NI) 43-101 Inferred Resource of 2.8 billion tonnes plus 746 million tonnes in the Measured and Indicated categories that includes 464 million tonnes of Reserves. The ore is metallurgical course-grained hematite which beneficiates easily with an 83% recovery achieved in the PFS to produce a 66% Fe grade.

The proceeds received from the equity financing will be applied to fund a bankable feasibility on the Consolidated Fire Lake North, where additional infill drilling is ongoing. Champion is also progressing discussions with various infrastructure providers, including power, rail and port facilities. It is envisaged that exports of iron ore will be through the Pointe Noire terminal at the Port of Sept Isles in Quebec.

Snelgrove Lake Project
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:

(expressed in Canadian dollars)

	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 March 31, 2014, Mamba has incurred exploration expenditures of approximately $6,400,000.

An independent exploration report detailing all material work carried out on the Snelgrove Lake Project was commissioned by Champion. This report presents Snelgrove Lake in accordance with National Instrument 43-101 (NI 43-101), the Canadian equivalent to JORC for the public reporting of geological information. The NI 43-101 was released on ASX by the Company on February 13, 2014.

All drilling data and technical reports from Snelgrove Lake were exported to an independent contractor in preparation for integration with the Champion data post-merger. The drill data was subject to an audit with no material issues identified.

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 Project will be exercised. Accordingly, prior to the completion of the Arrangement, Mamba recorded an impairment loss of $10,038,754 to write off the balance of Snelgrove Lake.

(expressed in Canadian dollars)

DIRECTOR'S REPORT

Your directors present their report on Champion Iron Limited (formerly Mamba Minerals Limited) and its controlled entities (collectively, the "Company") for the financial year ended March 31, 2014.

Accordingly, information set out below has been provided for both Champion and the Company.

DIRECTORS

The Directors of Champion Iron Mines Limited at any time during or since the end of the year are:

Director	Position	Note
Thomas Larsen	Director and Chief Executive Officer	
Paul Ankcorn	Non-executive Director	Appointed on June 24, 2013.
Harry Burgess	Non-executive Director	Appointed on August 7, 2013; resigned on March 31, 2014.
Joseph Chan	Non-executive Director	Resigned on April 2, 2013.
Jean Depatie	Non-executive Director	Resigned on April 2, 2013.
William Harding	Non-executive Director	Resigned on March 31, 2014.
Alexander Horvath	Director and Chief Operating Officer	Resigned as a Director on March 31, 2014
Jean Lafleur	Non-executive Director	Term ended on September 24, 2013.
Ashwath Mehra	Non-executive Director	Resigned on April 2, 2013.
Francis Sauve	Non-executive Director	Resigned on March 31, 2014.
Donald Sheldon	Non-executive Director	

The Directors of the Company at any time during or since the end of the year are:

Director	Position	Note
Michael O'Keeffe	Executive Chairman	Appointed on August 13, 2013
Greg Burns	Non-executive Chairman	Resigned on August 13, 2013
Neville Bassett	Non-executive Director	Resigned on August 13, 2013
Robert Hyndes	Non-executive Director	Resigned on August 13, 2013
Richard Wright	Non-executive Director	Appointed on August 13, 2013; left on April 9, 2014
Niall Lenahan	Director and Company Secretary	Appointed on August 13, 2013; resigned as director on April 9, 2014; resigned as Company Secretary on June 16, 2014
Thomas Larsen	Director and Chief Executive Officer	Appointed on March 31, 2014
Paul Ankcorn	Non-executive Director	Appointed on March 31, 2014
Joseph Chan	Non-executive Director	Appointed on March 31, 2014
Donald Sheldon	Non-executive Director	Appointed on March 31, 2014
Gary Lawler	Non-executive Director	Appointed on April 9, 2014
Andrew Love	Non-executive Director	Appointed on April 9, 2014

Qualifications and experience of Directors' are disclosed on page 10.

PRINCIPAL ACTIVITY

The Company's principal activity is the exploration and development of iron ore properties in Quebec, Canada.

REVIEW OF OPERATIONS AND RESULTS

For the year ended March 31, 2014, the Company recorded a consolidated loss and comprehensive loss of $48,592,898 (2013: $7,904,332). Details of the operations of the Company are set out in the review of operations on page 1.

FINANCIAL POSITION
At March 31, 2014, the Company had net assets totaling $102,896,980 (2013: $96,454,114) and $16,221,821 (2013: $4,535,089) in cash available, which includes the proceeds of a private placement of A$10,000,000 which was held in trust at March 31, 2014 and received by the Company on April 2, 2014.

DIVIDENDS
No dividends were paid or recommended for the year ended March 31, 2014 (2013: Nil).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS
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 ("Replacement Warrants" and "Replacement Stock Options").

Prior to the closing of the Arrangement, Mamba:

a) issued 3,200,000 shares in exchange for 32,000,000 Mamba performance shares outstanding.
b) issued 3,560,448 shares with a fair value of $1,830,000, based on a price of A$0.50 per share, to remove provisions from Champion consulting contracts regarding payments on termination in the event of a change of control subsequent to completion of the Arrangement ("Change of Control Payments").
c) completed a private placement consisting of 20,000,000 shares at a price of A$0.50 per share for gross proceeds of A$10,000,000 and paid a financing fee of 5% of the gross proceeds equal to A$500,000.

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

On July 31, 2013, Mamba exercised its option to acquire 100% of CIP Magnetite Pty Limited (Incorporated in Western Australia) and 100% of CIP Magnetite Limited (Incorporated in Newfoundland and Labrador) and issued 32 million performance shares to the previous CIP Magnetite Limited shareholders. CIP Magnetite Limited is the holder of the option to acquire the Snelgrove Lake Project. Mamba has negotiated a two-year extension to the Snelgrove Lake Project option agreement to September 2017, allowing it more flexibility on its development timetable and the ability to focus on Consolidated Fire Lake North in the near term.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
Other than those noted below, no matter or circumstance has arisen since March 31, 2014 that has significantly affected, or may significantly affect:

- The Company's operations in the future financial years, or
- The results of those operations in future financial years, or
- The Company's state of affairs in future financial years.

On April 9, 2014, Gary Lawler and Andrew Love were appointed to the Board, replacing Richard Wright and Niall Lenahan who resigned from the Board. Gary Lawler and Andrew Love were each granted 500,000 fully-vested options entitling the holder to purchase one ordinary share for A$0.50 until April 9, 2017. These options are valued at A$0.26 per option.

On June 18, 2014, Pradip Devalia was appointed as Company Secretary, replacing Niall Lenahan who resigned. Pradip Devalia was granted 150,000 fully-vested options entitling the holder to purchase one ordinary share for A$0.50 until June 18, 2017. These options are valued at A$0.17 per option.

On June 18, 2014, the Company cancelled 500,000 outstanding options granted to each of Richard Wright and Niall Lenahan, entitling the holder to purchase one ordinary share for A$0.50 until April 9, 2017.

(expressed in Canadian dollars)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS
Likely developments in the operations of the Company have been set out in the Review of Operations. Further information on the likely developments and expected results of operations of the Company has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

MEETINGS OF DIRECTORS
The number of meetings of directors of Champion (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors		Audit Committee		Compensation and Nominating Committee		Special Committee	
	Meetings	**Attended**	**Meetings**	**Attended**	**Meetings**	**Attended**	**Meetings**	**Attended**
Thomas Larsen	18	17	–	–	–	–	–	–
Paul Ankcorn (a)	15	15	4	4	2	2	–	–
Harry Burgess (b)	12	11	2	2	–	–	3	2
Joseph Chan (c)	–	–	–	–	–	–	–	–
Jean Depatie (c)	–	–	–	–	–	–	–	–
William Harding (d)	18	15	–	–	–	–	–	–
Alex Horvath	18	15	–	–	4	4	–	–
Jean Lafleur (e)	8	–	–	–	–	–	–	–
Ashwath Mehra (c)	–	–	–	–	–	–	–	–
Francis Sauve (d)	18	18	4	4	4	4	3	3
Donald Sheldon	18	18	–	–	–	–	3	3
James Wang (f)	8	7	–	–	–	–	–	–

Notes:
(a) Appointed on June 24, 2013
(b) Appointed on August 7, 2013 and resigned on March 31, 2014.
(c) Resigned on April 2, 2013.
(d) Resigned on March 31, 2014
(e) Term ended on September 24, 2013.
(f) Appointed October 14, 2013

AUDIT AND RISK COMMITTEE
The Company has established an Audit Committee that comprises Andrew Love (Chair), Paul Ankcorn and Gary Lawler.

REMUNERATION AND NOMINATION COMMITTEE
The Company has established a Remuneration and Nomination Committee that comprises Gary Lawler (Chair), Andrew Love and Michael O'Keeffe.

ENVIRONMENTAL ISSUES
The Company's policy is to comply with all relevant legislation and the best practice conventions in respect of its exploration and mining activities on the tenements it holds.

There have been no significant known breaches of the Company's licence conditions or any environmental regulations to which it is subject.

OPTIONS
The unissued shares of the Company under option at March 31, 2014 are disclosed in note 13 of the consolidated financial statements.

(expressed in Canadian dollars)

REMUNERATION REPORT – AUDITED

This report outlines the remuneration arrangements in place for Key Management Personnel ('KMP') of the Company.

Directors' Remuneration Policy

(a) The policy of the Company is to pay remuneration of KMP in cash and in amounts in line with employment market conditions relevant in the mining industry.

(b) The Company's performance, and hence that of its KMP, is measured in terms of a combination of Company share price growth, cash raised, exploration carried out and farm in expenditure attracted.

Remuneration Report

The directors of the Company present the Remuneration Report prepared in Accordance with Section 300A of the *Corporations Act* for the Company for the year ended March 31, 2014.

The following persons had authority and responsibility for planning, directing and controlling the activities of Champion Iron Mines Limited, directly or indirectly, during the financial year:

Person	Position	Note
Thomas Larsen	Director and Chief Executive Officer	
Paul Ankcorn	Non-executive Director	Appointed on June 24, 2013.
Harry Burgess	Non-executive Director	Appointed on August 7, 2013; resigned on March 31, 2014.
Joseph Chan	Non-executive Director	Resigned on April 2, 2013.
Jean Depatie	Non-executive Director	Resigned on April 2, 2013.
William Harding	Non-executive Director	Resigned on March 31, 2014.
Alexander Horvath	Director and Chief Operating Officer	
Jean Lafleur	Non-executive Director	Term ended on September 24, 2013.
Ashwath Mehra	Non-executive Director	Resigned on April 2, 2013.
Francis Sauve	Non-executive Director	Resigned on March 31, 2014.
Donald Sheldon	Non-executive Director	
Miles Nagamatsu	Chief Financial Officer	
Jorge Estepa	Vice President, Corporate Secretary Canada	

The following persons had authority and responsibility for planning, directing and controlling the activities of Champion Iron Limited (formerly Mamba Minerals Limited, directly or indirectly, during the financial year:

Person	Position	Note
Michael O'Keeffe	Executive Chairman	Appointed on August 13, 2013
Greg Burns	Non-executive Chairman	Resigned on August 13, 2013
Neville Bassett	Non-executive Director	Resigned on August 13, 2013
Robert Hyndes	Non-executive Director	Resigned on August 13, 2013
Richard Wright	Non-executive Director	Appointed on August 13, 2013; left on April 9, 2014
Niall Lenahan	Director and Company Secretary	Appointed on August 13, 2013; resigned as director on April 9, 2014; resigned as Company Secretary on June 18, 2014
Thomas Larsen	Director and Chief Executive Officer	Appointed on March 31, 2014
Paul Ankcorn	Non-executive Director	Appointed on March 31, 2014
Joseph Chan	Non-executive Director	Appointed on March 31, 2014
Donald Sheldon	Non-executive Director	Appointed on March 31, 2014
Miles Nagamatsu	Chief Financial Officer	Appointed on March 31, 2014
Jorge Estepa	Vice President, Corporate Secretary Canada	Appointed on March 31, 2014
Pradip Devalia	Company Secretary	Appointed on June 18, 2014.

(expressed in Canadian dollars)

Remuneration of key management personnel

Year ended March 31, 2014	Salary and fees $	Short term Bonus $	Non-monetary $	Consulting fees $	Post employment $	Equity settled share based $	Total $	Performance related	Consisting of shares and options
Champion									
Thomas Larsen (a)	–	60,000	13,956	465,891	–	600,000	1,139,847	19.8%	52.6%
Paul Ankcorn	32,000	–	–	–	(h) 1,496	14,667	48,163	–	31.4%
Harry Burgess	46,645	–	–	–	–	44,000	90,645	–	48.5%
William Harding (b)	78,000	–	–	188,391	(h) 3,352	44,000	313,743	52.9%	14.0%
Alexander Horvath	–	–	–	180,000	–	180,000	360,000	–	–
Francis Sauve	12,000	–	–	–	(h) 558	14,667	27,225	–	55.0%
Donald Sheldon (c)(d)	–	–	–	69,939	–	–	69,939	–	–
James Wang	–	–	–	–	–	44,000	44,000	–	100.0%
Miles Nagamatsu (e)	–	–	13,956	207,648	–	360,000	581,604	4.8%	61.9%
Jorge Estepa (f)	–	–	13,956	207,648	–	360,000	581,604	4.8%	61.9%
Company									
Michael O'Keeffe (g)	65,400	–	38,633	–	(i) 6,049	56,146	166,228	37.8%	37.8%
Richard Wright (g)	39,240	–	–	–	(i) 3,630	28,073	70,943	39.6%	39.6%
Niall Lenahan (g)	39,240	–	–	–	(i) 3,630	56,146	99,016	56.7%	56.7%

Notes:
(a) Paid to Gambier Holdings Corp., a company controlled by Thomas Larsen.
(b) Paid to William Harding or Vanctor Investments Limited, a company controlled by William Harding.
(c) Paid to Sheldon Executive Services Inc., a company controlled by Donald Sheldon.
(d) In addition to the remuneration, legal fees of $499,212 were paid to Sheldon Huxtable Professional Corporation, a corporation controlled by Donald Sheldon.
(e) Paid to Marlborough Management Limited, a company controlled by Miles Nagamatsu.
(f) Paid to J. Estepa Consulting Inc., a company controlled by Jorge Estepa.
(g) Appointed as a director August 13, 2013.
(h) Amount relates to employer portion of contributions to the Canada Pension Plan.
(i) Amount relates to superannuation.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Each of these agreements has the provision for performance-related cash bonuses, other benefits and participation in Company's long term incentive (LTI) plans. Major provisions of the service agreements relating to remuneration as at March 31, 2014 are set out below.

Michael O'Keeffe – Director and Executive Chairman

- Base salary and superannuation of A$109,250 to be reviewed annually, with a 2 year term of agreement.
- Payment of termination benefit by the employer of 3 months annual package or on a change of control event equal to 12 months annual package.

Thomas Larsen – Director and Chief Executive Officer

- Fees of $300,000 payable to Gambier Holdings Corp., a company controlled by Thomas Larsen, pursuant to a professional services agreement, which, unless terminated, renews automatically on November 30.
- Payment of termination benefit by the employer of 12 months annual package

(expressed in Canadian dollars)

Niall Lenahan – Company Secretary

- Base salary and superannuation of A$65,550 to be reviewed annually, with a 2 year term of agreement.
- Payment of termination benefit by the employer of 3 months annual package or on a change of control event equal to 12 months annual package.

Jorge Estepa – Vice President Corporate Secretary Canada

- Fees of $180,000 payable to J. Estepa Consulting Inc., a company controlled by Jorge Estepa, pursuant to a professional services agreement, which, unless terminated, renews automatically on November 30. Payment of termination benefit by the employer of 12 months annual package.

Alexander Horvath – Chief Operating Officer

- Fees of $180,000 pursuant to a professional services agreement, which, unless terminated, renews automatically on November 30.
- Payment of termination benefit by the employer of 12 months annual package.

Miles Nagamatsu – Chief Financial Officer

- Fees of $180,000 payable to Marlborough Management Limited, a company controlled by Miles Nagamatsu, pursuant to a professional services agreement which, unless terminated, renews automatically on November 30.
- Payment of termination benefit by the employer of 12 months annual package.

At the date of this report, the interests of the directors and executives, or their related party entities, in the shares and options of the Company are:

	Ordinary shares	**Options/ warrants**
Michael O'Keeffe	6,330,279	1,000,000
Gary Lawler	800,000	500,000
Andrew Love	520,000	500,000
Pradip Devalia	–	150,000
Thomas Larsen	3,446,117	1,173,333
Paul Ankcorn	163,533	220,000
Donald Sheldon	544,500	256,667
James Wang	–	220,000
Alexander Horvath	559,208	385,000
Miles Nagamatsu	1,211,916	348,334
Jorge Estepa	1,133,083	458,334

Each option entitles the holder to acquire 1 ordinary share and have been issued for no consideration.

There were no ordinary shares in the Company provided as a result of the exercise of options or warrants during the year ended March 31, 2014 (2013: Nil).

Champion Iron Limited
(formerly Mamba Minerals Limited)
Directors Report
March 31, 2014
(expressed in Canadian dollars)

Option and warrant compensation granted and vested during the year

Year ended March 31, 2014	Exercise price	Number granted & vested	Grant date	Vested in period %	Fair value per option at grant date	Value of options granted	Expiry & last exercise date
Michael O'Keeffe	A$0.50	1,000,000	Nov 29, 2013	–	A$0.33	A$330,000	Nov 29, 2018
Niall Lenahan	A$0.50	1,000,000	Nov 29, 2013	–	A$0.33	A$330,000	Nov 29, 2018
Richard Wright	A$0.50	500,000	Nov 29, 2013	–	A$0.33	A$165,000	Nov 29, 2018
Paul Ankcorn (a)	$0.5455	73,333	Dec 20, 2013	100%	$0.20	$14,667	Dec 20, 2016
Harry Burgess (a)	$0.5455	220,000	Dec 20, 2013	100%	$0.20	$44,000	Dec 20, 2016
William Harding (a)	$0.5455	220,000	Dec 20, 2013	100%	$0.20	$44,000	Dec 20, 2016
Francis Sauve (a)	$0.5455	73,333	Dec 20, 2013	100%	$0.20	$14,667	Dec 20, 2016
James Wang (a)	$0.5455	220,000	Dec 20, 2013	100%	$0.20	$44,000	Dec 20, 2016

Notes:
(a) Paul Ankcorn, James Wang, Harry Burgess, William Harding and Francis Sauve were granted Champion options which were exchanged for 0.7333333 Mamba options with equivalent terms and conditions.

There were no options forfeited during the year ended March 31, 2014 (2013: Nil).

INDEMNIFICATION
There are indemnities in place for Directors and officers insurance policies in regard to their positions.

PROCEEDINGS ON BEHALF OF THE COMPANY
No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES
During the year Ernst and Young was appointed as the Company's auditor and performed other services in addition to their statutory duties. The details and remuneration for these services is disclosed in Note 21 of the financial statements.

AUDITORS INDEPENDENCE DECLARATION
The lead auditor's independence declaration for the year ended March 31 2014 has been received and has been included in this report.

Signed in accordance with a resolution of the Directors

Michael O'Keeffe, Executive Chairman

Thomas Larsen - Chief Executive Officer

Sydney, New South Wales
June 27, 2014

Champion Iron Limited

(formerly Mamba Minerals Limited)

Directors Report

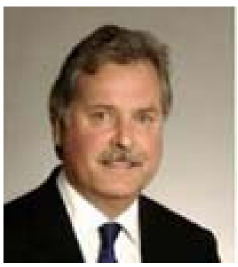
March 31, 2014
(expressed in Canadian dollars)

BOARD OF DIRECTORS IN OFFICE AT THE DATE OF THIS REPORT

Executive Chairman

Michael O'Keeffe *B.App.Sc* *(Metallurgy)*

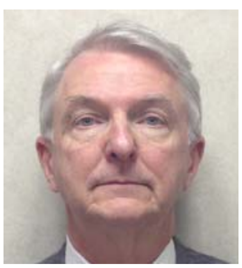
Mr O'Keeffe was appointed executive Chairman of Champion Iron Limited on 13 August 2013. Mr O'Keeffe commenced work with MIM Holdings in 1975. He held a series of senior operating positions, rising to Executive Management level in commercial activities. In 1995 he became Managing Director of Glencore Australia (Pty) Limited and held the position until July 2004. Mr O'Keeffe was the founder and Executive Chairman of Riversdale Mining Limited. He has previously held directorships in Anaconda Nickel Limited, Mt Lyell Mining Co Limited and BMA Gold Limited. Mr O'Keeffe is currently the chairman of Riversdale Resources Limited.



Chief Executive Officer and Director

Thomas Larsen

Mr. Larsen has held the role of President and CEO of Champion Iron Limited's wholly owned subsidiary Champion Iron Mines Limited from 2006 to 2014. He has over 30 years of experience in the investment industry, specializing in corporate finance and management of junior mining companies, raising in excess of $100 million. Prior to joining Champion Iron, Mr. Larsen held senior executive positions at a number of junior resource companies, where he was also involved in corporate finance and management activities.



Non-Executive Director

Donald A. Sheldon, *LLB., P. Eng*

Mr. Sheldon was appointed on the Board of Directors of Champion Iron Mines in 2008, bringing with him extensive experience in the areas of corporate finance, mergers and acquisitions, securities law, corporate governance and regulatory compliance. Mr. Sheldon is the Executive Officer of Sheldon Huxtable Professional Corporation, a Toronto-based law firm, and has been advising mining companies for over 30 years. Currently, Mr. Sheldon also serves as a Director of KWG Resources Inc., Carlisle Goldfields Ltd., Fletcher Nickel Inc. and Crown Gold Corporation (all resource exploration corporations). He is the Chief Executive Officer and a Director of Metalcorp Limited (a resource exploration corporation) and as well as an officer and director of several private companies including Secretary of the Temagami Iron Corporation (a resource exploration corporation).

Non-Executive Director

Paul Ankcorn

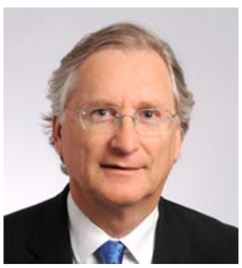
Mr. Ankcorn is an Executive Officer in the mining business. He was the President and director of the Cartier Iron Corporation from 2012 to 2013, the Chief Financial Officer of Tartisan Resources Corp. and Shield Gold Inc. since 2008, and President of Remington Resources Inc. from 2005 to 2010 (all resource exploration corporations). He is a director of ACME Resources Corp., Shield Gold Inc.; Tartisan Resources Corp. and Fancamp Exploration Ltd. (resource exploration corporations).

Non-Executive Director

James Wang
Mr. James Wang moved to Canada in 1996 and assumed a leadership role as Vice President and Marketing Director of a British Columbia based holding company that oversees various business interests. Mr. Wang has been involved in a number of business and trade associations and also earned his MBA degree from the United States in 2006. Mr. Wang has committed himself to strengthening economic relations, promoting trade exchanges and cooperation between Canada and China with his strong connections in both countries. Mr. Wang was selected as one of 100 most influential Chinese-Canadians by the Vancouver Sun in 2006, along with his brother, for their performances and experiences in business activities. Mr. Wang is currently an Advisor and Independent Director of the Canada Export Centre.

Non-Executive Director

Gary Lawler BA, LLB, LLM (Hons), ASIA
Mr Lawler was appointed as a non executive director on 9 April 2014. He is a leading Australian mergers and acquisitions lawyer who has been involved in some of Australia's most notable merger and acquisition transactions. Mr Lawler has over 30 years experience as a practising corporate lawyer and is currently a senior partner of the legal firm Ashurst Australia. Mr Lawler was also previously a director of Riversdale Mining Limited and Dominion Mining Limited. Mr Lawler is currently a director of Riversdale Resources Limited.



Non-Executive Director

Andrew J. Love, ***FCA.***
Mr. Love is a Chartered Accountant with more than 30 years of experience in corporate recovery and reconstruction in Australia. He was a senior partner of Australian accounting firm Ferrier Hodgson from 1976 to 2013 and is now a consultant. In that time he advised major local and overseas companies and financial institutions in a broad variety of restructuring and formal insolvency assignments. During this time Mr. Love specialized in the Resources Industry. Mr. Love has been an independent company director of a number of companies over a 25-year period in the Resources, Financial Services and Property Industries. This has involved corporate experience in Asia, Africa, Canada, United Kingdom and United States. Mr. Love's previous recent Board positions have included Chairman of ROC Oil Ltd., Deputy Chairman of Riversdale Mining Ltd., Director of Charter Hall Office Trust and Chairman of Museum of Contemporary Art.

DIRECTORS' DECLARATION

1) In the opinion of the Directors:

   (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:

   - giving a true and fair view of the Group's financial position as at March 31, 2014 and of its performance for the year ended on that date; and
   - complying with Australian Accounting Standards and the Corporations Act 2001.

   (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

   (c) the audited remuneration disclosure set out in the Remuneration Report of the Director's Report for the year ended March 31, 2014 complies with section 300A of the Corporations Act 2001.

2) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 for the financial year ended March 31, 2014.

3) The Group has included in the notes to the financial statements a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors

Michael O'Keeffe, Executive Chairman

Thomas Larsen - Chief Executive Officer

Sydney, New South Wales
June 27, 2014

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Champion Iron Limited

In relation to our audit of the financial report of Champion Iron Limited for the financial year ended 31 March 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
27 June 2014

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of Champion Iron Limited

Report on the financial report

We have audited the accompanying financial report of Champion Iron Limited, which comprises the consolidated statement of financial position as at 31 March 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Champion Iron Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 31 March 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Champion Iron Limited for the year ended 31 March 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
27 June 2014

Ernst & Young
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

To the Shareholders of
Champion Iron Limited

We have audited the accompanying consolidated financial statements of Champion Iron Limited, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statement of operations, comprehensive income (loss), changes in equity and cash flows for the year ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Champion Iron Limited as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Building a better working world

Other matter

The financial statements of Champion Iron Limited for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on July 2, 2013.

Ernst & Young

Chartered accountants
Sydney, Australia
June 27, 2014

Champion Iron Limited

(formerly Mamba Minerals Limited)

Consolidated Statements of Financial Position

(expressed in Canadian dollars)

	Notes	As at March 31, 2014 $	2013 $
Assets			
Current			
Cash and cash equivalents	5	16,221,821	4,535,089
Short-term investments		66,000	66,000
Receivables	6	10,183,531	1,849,351
Prepaid expenses and deposits		151,259	279,229
		26,622,611	6,729,669
Non-current			
Due from Cartier Iron Corporation	7	2,086,049	75,000
Investments	8	4,975,865	2,445,090
Long-term advance	9	6,000,000	6,000,000
Property and equipment		85,555	-
Exploration and evaluation	10	88,049,839	84,125,831
		127,819,920	99,375,590
Liabilities			
Current			
Accounts payable and accrued liabilities		5,922,939	2,921,476
Non-current			
Royalty payable	11	19,000,000	-
		24,922,939	2,921,476
Shareholders' equity			
Capital stock	13	171,420,382	122,982,950
Warrants	13	3,089,520	3,027,187
Contributed surplus	13	15,282,169	8,746,169
Deficit		(86,895,091)	(38,302,192)
		102,896,980	96,454,114
		127,819,920	99,375,590
Subsequent events	19		

On behalf of the Board:

Tom G. Larsen

Director **Director**

See accompanying notes to the consolidated financial statements

Champion Iron Limited
(formerly Mamba Minerals Limited)
Consolidated Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Notes	Years ended March 31, 2014 $	2013 $
Other income			
Interest		236,425	250,281
Gain on sale of exploration and evaluation	10	553,398	-
Gain on waiver of right of first refusal	10	440,000	-
Other		-	113,328
		1,229,823	363,609
Expenses			
Professional fees		687,749	627,394
Consulting fees		1,689,025	1,326,792
Share-based compensation	13	239,000	-
General and administrative		804,792	1,111,789
Investor relations		1,595,602	1,421,215
Travel		544,633	333,842
Interest		12,263	-
Unrealized loss (gain) on investments	8	(739,524)	3,446,910
Transaction costs		3,811,438	-
Impairment of goodwill	4	41,177,744	-
		49,822,721	8,267,941
Loss and comprehensive loss		(48,592,898)	(7,904,332)
Loss per share - basic and diluted		(0.50)	(0.09)
Weighted average number of shares outstanding - basic and diluted		96,562,150	86,242,783

Champion Iron Limited

(formerly Mamba Minerals Limited)

Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)

	Capital stock $	Warrants $	Contributed surplus $	Deficit $	Non-controlling interest $	Total $
Balance, March 31, 2013	122,982,950	3,027,187	8,746,169	(38,302,192)	-	96,454,114
Total comprehensive loss	-	-	-	(48,592,898)	-	(48,592,898)
Issued for exploration and evaluation	190,000	-	-	-	-	190,000
Conversion of convertible debt	373,175	-	-	-	-	373,175
Conversion of debt	157,500	-	-	-	-	157,500
Private placement	3,000,000	-	-	-	-	3,000,000
Fair value of warrants issued	(1,277,000)	1,277,000	-	-	-	-
Fair value of expired warrants	1,214,667	(1,214,667)	-	-	-	-
Share-based compensation	-	-	239,000	-	-	239,000
Share issue costs	(337,446)	-	-	-	-	(337,446)
Acquisition of Mamba	45,116,536	-	6,297,000	-	-	51,413,536
Balance, March 31, 2014	171,420,382	3,089,520	15,282,169	(86,895,091)	-	102,896,982
Balance, March 31, 2012	106,947,813	3,783,003	8,947,921	(24,005,626)	7,577,940	103,251,051
Total comprehensive loss	-	-	-	(7,904,332)	-	(7,904,332)
Issued for exploration and evaluation	71,850	-	-	-	-	71,850
Acquisition of non-controlling interest	13,020,000	1,780,000	-	(5,922,846)	(8,877,154)	-
Transaction costs on acquisition of non-controlling interest	-	-	-	(469,387)	-	(469,387)
Exercise of stock options	265,500	-	-	-	-	265,500
Fair value of stock options exercised	201,752	-	(201,752)	-	-	-
Exercise of warrants	25,599	-	-	-	-	25,599
Fair value of warrants exercised	15,505	(15,505)	-	-	-	-
Fair value of warrants expired	2,520,311	(2,520,311)	-	-	-	-
Contribution by joint venture partner	-	-	-	-	1,299,214	1,299,214
Share issue costs	(85,380)	-	-	-	-	(85,380)
Balance, March 31, 2013	122,982,950	3,027,187	8,746,169	(38,302,192)	-	96,454,114

Champion Iron Limited

(formerly Mamba Minerals Limited)

Consolidated Statements of Cash Flows

(expressed in Canadian dollars)

	Years ended March 31, 2014 $	2013 $
Cash provided by (used in)		
Operating activities		
Profit before tax	(48,592,898)	(7,904,332)
Items not affecting cash		
Share-based compensation	239,000	-
Gain on sale of exploration and evaluation	(553,398)	-
Gain on waiver of right of first refusal	(440,000)	-
Unrealized loss on investments	(739,524)	3,446,910
Impairment of goodwill	41,177,744	
Other	-	41,370
Changes in non-cash operating working capital		
Receivables	945,467	2,172,952
Prepaid expenses and deposits	127,970	258,865
Accounts payable and accrued liabilities	2,616,512	(6,042,246)
	(5,219,128)	(8,026,482)
Financing activities		
Repayment of convertible note	(345,000)	-
Exercise of stock options	-	265,500
Exercise of warrants	-	25,599
Issue of common shares	3,000,000	-
Share issue costs	(337,446)	(85,380)
	2,317,554	205,719
Investing activities		
Advances to Cartier Iron Corporation	(2,011,049)	(125,000)
Long-term advances	-	(6,000,000)
Investment in Cartier Iron Corporation	(27,811)	(500,000)
Investment in Fancamp Exploration Ltd.	-	(5,000,000)
Investment in Lamêlée	(200,000)	-
Transaction costs on acquisition of non-controlling interest	-	(469,387)
Option payment received from Cartier Iron Corporation	-	100,000
Proceeds on waiver of royalty	-	2,000,000
Refundable tax credit on exploration expenditures	11,000,000	175,546
Credit for duties refundable on losses	404,424	-
Cash acquired on acquisition of Mamba	12,018,150	-
Exploration and evaluation	(6,595,409)	(19,227,135)
	14,588,305	(29,045,976)
Net increase in cash and cash equivalents	11,686,732	(36,866,739)
Cash and cash equivalents, beginning of year	4,535,089	41,401,828
Cash and cash equivalents, end of year	16,221,821	4,535,089

Champion Iron Limited
(formerly Mamba Minerals Limited)
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)

	Years ended March 31, 2014 $	2013 $
Non-cash transactions		
Receipt of common shares of Cartier Iron Corporation		
Settlement of debt	-	142,000
Option payment	-	250,000
Received on sale of exploration and evaluation		
Century common shares	930,000	-
Century warrants	193,440	-
Received for waiver of right of first refusal		
Fancamp common shares	200,000	-
Lamêlée common shares	240,000	-
Issue of convertible notes to settle accounts payable	718,525	-
Issue of common shares		
Exploration and evaluation	190,000	71,850
Conversion of convertible debt	373,175	-
To settle accounts payable	157,500	-
Non-controlling interest	-	13,020,000
Issue of warrants for non-controlling interest	-	1,780,000
Supplementary information		
Interest paid	12,263	-
Income taxes paid	-	-

1. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for short-term investments and investments, which have been measured at fair value.

On March 31, 2014, pursuant to an Arrangement Agreement ("Arrangement"), 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 ("Replacement Warrants" and "Replacement Stock Options").

Prior to the closing of the Arrangement, Mamba:

a) issued 3,200,000 shares in exchange for 32,000,000 Mamba performance shares outstanding.
b) issued 3,560,448 shares with a fair value of $1,830,000, based on a price of A$0.50 per share, to remove provisions from Champion consulting contracts regarding payments on termination in the event of a change of control subsequent to completion of the Arrangement ("Change of Control Payments").
c) completed a private placement consisting of 20,000,000 shares at a price of A$0.50 per share for gross proceeds of A$10,000,000 and paid a financing fee of 5% of the gross proceeds equal to A$500,000.

Under Corporations Law, Mamba is 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 has 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 is deemed to be the acquirer, Mamba is deemed to be the acquiree and the consideration transferred by Champion is measured at fair value.

The consolidated financial statements represent a continuation of the financial statements of Champion. The consolidated financial statements for the year ended March 31, 2014 include the financial results of Champion for the year ended March 31, 2014 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.

The consolidated financial statements of Champion Iron Limited (the "Company") and its controlled entities (collectively the "Group") for the year ended March 31, 2014 were approved and authorized for issue by the Board of Directors on June 27, 2014.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

Statement of compliance with IFRS

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company.

2. Significant accounting policies and future accounting changes

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Basis of consolidation and functional currency

The consolidated financial statements include the accounts of the Company and its subsidiaries:

Subsidiary	Ownership percentage	Country of incorporation	Functional currency
Champion Iron Mines Limited	100.0%	Canada	Canadian dollars
Champion Exchange Limited	100.0%	Canada	Canadian dollars
Mamba GoldFields Pty Limited	100.0%	Australia	Australian dollars
Mambas Minerais Limitada	97.5%	Mozambique	Australian dollars
CIP Magnetite Pty Limited	100.0%	Australia	Australian dollars
CIP Magnetite Limited	100.0%	Canada	Canadian dollars

During the year, Mamba GoldFields Pty Limited and Mambas Minerais Limitada were placed into liquidation.

Intercompany balances and any unrealized gains and losses or income and expenses arising from intercompany transactions are eliminated on consolidation.

Financial instruments

Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value (i.e. quoted close price) and changes therein are recognized in profit or loss.

The Company has classified cash and cash equivalents, short-term investments and investments as financial assets at fair value through profit or loss.

Held-to-maturity financial assets
If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

The Company has not classified any financial asset as held-to-maturity.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company has classified receivables and amounts due from Cartier Iron Corporation as loans and receivables.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company has not classified any financial asset as available-for-sale.

Non-derivative financial liabilities
The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company has classified accounts payable and accrued liabilities as other financial liabilities.

Impairment of non-derivative financial assets
A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Financial assets carried at amortized cost

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the financial asset is reduced by the amount of the impairment loss and the impairment loss is recognized in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

An impairment loss in respect of a financial asset classified as available-for-sale is calculated as the difference between the acquisition cost and the current fair value, less any impairment loss recognized previously in profit or loss. The impairment loss is recognized when there is objective evidence that the impairment is other than temporary by reclassifying the loss from equity to profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss, except in the case where the decrease in impairment loss is recognized in other comprehensive income.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash and cash equivalents

Cash and cash equivalents consists of cash in bank, cash held in trust and short-term deposits with a maturity of less than three months.

Property and equipment

Property and equipment is recorded at cost less accumulated amortization and provisions for impairment. Cost consists of expenditures directly attributable to the acquisition of the asset. Amortization is provided for on a straight-line basis over the estimated useful lives of the assets at the rate of 20% to 40%. Residual values, useful lives and methods of amortization are reviewed at each year end and adjusted prospectively.

Exploration and evaluation

Recognition and measurement

Exploration and evaluation, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits.

Mining tax credits earned in respect to costs incurred in Quebec are recorded as a reduction to exploration and evaluation assets when there is reasonable assurance that the Company has complied with, and will continue to comply with, all conditions needed to obtain the credits.

The recoverability of amounts shown for exploration and evaluation is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment.

Impairment

Exploration and evaluation is assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. An impairment loss is recognized in the statement of loss and comprehensive loss if the carrying amount of a property exceeds its estimated recoverable amount. The recoverable amount of property used in the assessment of impairment of exploration and evaluation is the greater of its value in use ("VIU") and its fair value less costs of disposal ("FVLCTS"). VIU is determined by estimating the present value of the future net cash flows at a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the property. FVLCTS refers to the price that would be received to sell the property in an orderly transaction between market participants. For a property that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the property belongs. Impairment losses previously recognized are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the property's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

Decommissioning liabilities

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the date of the statement of financial position. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at March 31, 2014 and 2013, the Company had no decommissioning liabilities.

Share capital

Share capital is classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

Share-based payments
The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black-Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

Provisions
A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Provision for royalties payable
Upon completion of a pre-feasibility study, royalties are recorded at estimated fair value as an acquisition cost of exploration and evaluation and an offsetting royalty payable. Future adjustments of royalties payable will be reflected as an adjustment to exploration and evaluation and an offsetting royalty payable.

Income tax
Income tax expense comprises current and deferred taxes. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Loss per share

The Company presents basic and diluted loss per share data for its ordinary shares. Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for any of its own shares held. Diluted loss per share is determined by adjusting the loss attributable to shareholders and the weighted average number of ordinary shares outstanding, adjusted for any of its own shares held, for the effects of all dilutive potential ordinary shares, which comprise outstanding warrants and stock options. As at March 31, 2014 and March 31, 2013, outstanding stock options and warrants are anti-dilutive.

Changes in accounting standards

On April 1, 2013, the Group adopted all of the mandatorily applicable new Australian Accounting Standards and International Financial Reporting Standards, amendments to standards and interpretations. The adoption of these accounting standards had no impact on these financial statements.

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 Group for the year ended March 31, 2014. The Group has not determined the extent of the impact of these standards and does not plan to early adopt these new standards.

3. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Fair value of investment in options and warrants

The Company uses the Black-Scholes option pricing model in determining the fair value of its investment in options and warrants, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual fair value of its investments in options and warrants may vary from the amounts estimated. See notes 8 and 10.

Estimates of mineral resources

The amounts used in impairment calculations are based on estimates of mineral resources. Resource estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to many uncertainties and interpretations. The Company expects that, over time, its resource estimates will be revised upward or downward based on updated information such as the results of future drilling, testing and production levels, and may be affected by changes in iron ore prices. See note 10.

Impairment of exploration and evaluation

Expenditures on exploration and evaluation are initially capitalized with the intent to establish commercially viable reserves. The Company makes estimates and applies judgment about future events and circumstances in determining whether the carrying amount of exploration and evaluation exceeds its recoverable amount. See note 10.

(expressed in Canadian dollars)

Estimate of royalty payable
The Company used inputs that are not based on observable market data in determining the fair value of the royalty payable. The Company expects that, over time, royalty payable will be revised upward or downward based on updated information on production levels and changes in iron ore prices. See note 11.

Share-based payments
The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated. See note 13.

4. Acquisition of Mamba Minerals Limited
For accounting purposes, Champion is deemed to have (a) acquired all of the issued and outstanding ordinary shares of Mamba on the basis of an exchange ratio of 1.3636 Champion common shares for each Mamba share issued and outstanding and (b) replaced each outstanding Mamba stock option on the basis that the holder will be entitled to acquire, on the same terms and conditions, 1.3636 Mamba shares. The allocation of the purchase price is summarized as follows:

Deemed consideration	**$**
Fair value of 132,695,695 Champion common shares	45,116,536
Fair value of 28,362,880 Replacement Stock Options	6,297,000
	51,413,536
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	12,018,150
Receivables	57,126
Property, plant and equipment	85,555
Accounts payable and accrued liabilities	(1,925,039)
Net assets acquired	10,235,792
Goodwill	41,177,744
	51,413,536

The fair value of the Champion common shares is based on (a) the number of common shares that Champion would have issued to give Mamba the same percentage in the combined entity that results from the reverse acquisition and (b) the closing market value of $0.34 per Champion common share on March 31, 2014.

The fair value of the Replacement Stock Options of $6,297,000 was calculated using the Black-Scholes option pricing model with the following weighted-average assumptions:

Exercise price	$0.2957
Share price	$0.5600
Risk-free interest rate	2.5%
Expected volatility based on historical volatility	80%
Expected life of stock options	1.94 years
Expected dividend yield	0%
Forfeiture rate	0%

Goodwill recognized upon acquisition was tested for impairment and determined to be fully impaired as its fair value less costs to sell was estimated to be nil. Accordingly, the Company recorded an impairment of goodwill of $41,177,744 in the consolidated statement of loss and comprehensive loss.

5. Cash and cash equivalents
Cash includes the proceeds of a private placement of A$10,000,000 which was held in trust at March 31, 2014 and received by the Company on April 2, 2014.

(expressed in Canadian dollars)

6. 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	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	–	–	–	–	–

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. During the year, the Company recorded Refundable Tax Credits of $11,000,000 that were received and $9,222,521 that are estimated to be received as a reduction to exploration and evaluation. The amount of the unassessed claims are subject to audit by Revenu Québec and Ressources naturelles et Faune Québec.

7. Due from Cartier Iron Corporation (formerly Northfield Metals Inc.)

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. Two officers of the Company are directors of Cartier. See note 19 for subsequent event.

8. Investments

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

		As at March 31,
	2014	**2013**
	$	**$**
Fancamp Exploration Ltd.		
Common shares	2,200,000	1,798,890
Warrants	74,000	111,000
Cartier Iron Corporation		
Common shares	730,265	535,200
Century Iron Mines Corporation		
Common shares	1,041,600	–
Warrants	161,000	–
Lamêlée Iron Ore Ltd.		
Common shares	680,000	–
Warrants	89,000	–
	4,975,865	2,445,090

(expressed in Canadian dollars)

During the year ended March 31, 2014, the Company increased its interest in the outstanding common shares of Cartier to 19.9% through the purchase of 275,500 common shares of Cartier in the open market.

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 increase in the fair value of investments of $739,524, comprised of $719,964 for investment in common shares and $19,560 for investments in warrants, has been recorded as an unrealized gain on investments in the consolidated statement of loss and comprehensive loss.

9. Long-term advance

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 consolidated financial statements.

10. Exploration and evaluation assets

	March 31, 2013 **$**	**Acquisition costs (disposition)** **$**	**Exploration expenditures** **$**	**Mining tax credits** **$** (note 6)	**March 31, 2014** **$**
Fermont					
Consolidated Fire Lake North	60,921,905	19,000,000	5,553,225	(17,036,545)	68,438,585
Harvey-Tuttle	8,050,375	–	12,056	(1,488,917)	6,573,514
Moire Lake	4,070,050	–	14,147	(1,038,600)	3,045,597
O'Keefe Purdy	4,151,873	–	24,837	(857,253)	3,319,458
Other	3,863,839	32,382	65,226	(205,630)	3,755,817
	81,058,042	19,032,382	5,669,491	(20,626,945)	85,132,971
Attikamagen	503,948	(505,191)	1,243	–	–
Powderhorn	1,494,505	111,402	24,864	–	1,630,771
Gullbridge	1,069,336	78,598	138,164	–	1,286,098
	84,125,831	18,717,191	5,833,762	(20,626,945)	88,049,840

(expressed in Canadian dollars)

	March 31, 2012 $	Acquisition costs $	Exploration $	Gain on waiver of royalty $	March 31, 2013 $
Fermont					
Consolidated Fire Lake North	38,425,200	1,390	22,833,843	(338,527)	60,921,905
Harvey-Tuttle	8,430,336	–	(27,270)	(352,691)	8,050,375
Moire Lake	4,007,199	–	157,044	(94,193)	4,070,050
O'Keefe Purdy	4,437,515	–	(19,353)	(266,289)	4,151,873
Other	5,192,424	(322,964)	(57,321)	(948,300)	3,863,839
	60,492,673	(321,574)	22,886,943	(2,000,000)	81,058,042
Powderhorn	1,490,405	–	4,100	–	1,494,505
Attikamagen	503,198	–	750	–	503,948
Gullbridge	1,015,862	4,473	49,000	–	1,069,336
	63,502,139	(317,101)	22,940,793	(2,000,000)	84,125,831

Exploration and evaluation is reported net of option payments and mining tax credits received.

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 11.

Acquisition of non-controlling interest in Fermont joint venture
On May 17, 2012, the Company acquired the remaining 17.5% non-controlling interest in the Fermont joint venture from Fancamp Exploration Ltd. ("Fancamp"). As a result of the acquisition, the Company owns a 100% interest in the Fermont and the joint venture between the Company and Fancamp was terminated; the Company retained its right of refusal over Fancamp's interest in the Lamellee Property; Fancamp retained its 50% interest in the 3% royalty ("Royalty"); the Company retained the right of first refusal on the sale of the Royalty; and the Company sold one-half of the option to reduce the Royalty from 3% to 2% by making a payment of $3,000,000, thereby retaining the option to reduce the Royalty from 3% to 2.5% by making a payment of $1,500,000.

Acquisition
As consideration for the acquisition, the Company issued 14,000,000 common shares and 7,000,000 non-transferable common share purchase warrants entitling the holder to purchase one common share for $3.00 between November 17, 2014 and May 17, 2015 ("Champion Warrants"). If the weighted-average closing price of the Company's common shares is over $4.00 per share for 20 consecutive trading days, the Champion Warrants must be exercised within 30 calendar days of the Company providing written notice, or they will be cancelled.

In the absence of a reliable measurement of the property acquired, the transaction has been measured at the fair value of the common shares and common share purchase warrants issued. The fair value of the 7,000,000 common share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

(expressed in Canadian dollars)

Share price	$0.93
Risk-free interest rate	1.26%
Expected volatility based on historical volatility	84%
Expected life of warrants	3 years
Expected dividend yield	Nil
Fair value	$1,780,000
Fair value per warrant	$0.25

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 enable Fancamp to exercise the Champion Warrants. The loan will have the following terms and conditions:

Interest	Prime rate charged by the Company's bank, calculated and compounded annually, payable by way of set off upon against amounts owed by the Company pursuant to Fancamp's 50% interest in the Royalty.
Security	Assignment of Fancamp's 50% interest in the Royalty and the common shares of the Company issued pursuant to the exercise of the Champion Warrants.
Repayment	Payable by way of set off against amounts owed by the Company pursuant to Fancamp's 50% interest in the Royalty. To the extent that the Company exercises the Fancamp Warrants (as defined below), the exercise price payable by the Company will be settled by way of set off against the loan. To the extent that the loan has not been repaid within 15 years from the date of granting of the loan, the common shares of the Company assigned by Fancamp as security for the loan shall be forfeited by Fancamp to the Company.

In the event that Fancamp is not able to obtain shareholder approval for a change in control in the event that the Company exercises the Fancamp Warrants, Fancamp has agreed that it will only exercise warrants equal to the number of Fancamp Warrants exercisable by the Company divided by 5.

Set out below is a summary of the acquisition:

Consideration	**Fair value $**
14,000,000 common shares	13,020,000
7,000,000 warrants	1,780,000
	14,800,000
Non-controlling interest on date of acquisition	8,877,154
Excess consideration	5,922,846

A change in the interest of a joint venture that does not result in a loss of control is accounted for as an equity transaction. As a result, the amount of the consideration in excess of the non-controlling interest on the date of acquisition of $5,922,846 was charged to deficit.

Transaction costs for an equity transaction are accounted for as a deduction from equity. Transaction costs of $469,387 have been charged to deficit.

Waiver of option rights
On May 17, 2012, the Company granted a waiver to Fancamp of the Company's option to purchase a 0.5% Royalty interest of Fancamp's 50% interest in the Royalty. As consideration for the waiver, Fancamp made a payment of $2,000,000 to the Company, which the Company used to acquire 8,000,000 common shares of Fancamp for $0.25 per share. The receipt of the payment was accounted for as a reduction of exploration and evaluation.

(expressed in Canadian dollars)

Private placement for units of Fancamp
On May 17, 2012, the Company acquired 10,000,000 units of Fancamp for $0.30 per unit for cash of $3,000,000. Each unit consisted of one common share and one non-transferable common share purchase warrant entitling the Company to purchase one common share for $0.60 between November 17, 2014 and May 17, 2015 ("Fancamp Warrants"). Of the acquisition price of the units, $2,074,610 was allocated to the common shares and $925,390 was allocated to the common share purchase warrants.

The fair value of the 10,000,000 common share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2014	May 17, 2012
Share price	$0.10	$0.225
Risk-free interest rate	1.07%	1.21%
Expected volatility based on historical volatility	112%	104%
Expected life of warrants	1.1 years	3 years
Expected dividend yield	Nil	Nil
Fair value	$74,000	$925,390
Fair value per warrant	$0.0074	$0.0925

As a result of regulatory requirements, subject to the approval of the shareholders of Fancamp, the Company has agreed not to exercise Fancamp Warrants to the extent that the exercise would result in a change of control of Fancamp. If the weighted-average closing price of the common shares of Fancamp is over $0.80 per share for 20 consecutive trading days, the Fancamp Warrants must be exercised (to the extent that the exercise would not result in a change of control of Fancamp) within 30 calendar days of Fancamp providing written notice, or those Fancamp warrants will be cancelled.

The Company and Fancamp have entered into a reciprocal rights agreement governing certain investor rights and obligations as between them. The Company and Fancamp will each be restricted from transferring securities of the other until May 17, 2018, after which time transfers will be permitted subject to certain restrictions.

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.

Private placement for common shares of Cartier
On December 10, 2012, the Company acquired 2,000,000 common shares of Cartier for $0.25 per common share for cash of $500,000.

Settlement of amount due from Cartier
On December 10, 2012, the Company accepted 568,000 common shares of Cartier with a fair value of $142,000 in settlement of amount due from Cartier. Two officers of the Company are directors of Cartier.

Waiver of right of first refusal on the Lac Lamêlée Property
The Company had a right of first refusal on any disposition by Fancamp of its interest in the Lac Lamêlée Property consisting of 29 mining claims contiguous with the Company's Consolidated Fire Lake North property.

On December 20, 2013, the Company waived its right of first refusal to allow Fancamp to sell its interest in the Lac Lamêlée Property to Lamêlée Iron Ore Ltd. (formerly Gimus Resources Inc.)("Lamêlée"). In consideration for the waiver, the Company received 2,000,000 common shares of Lamêlée with a fair value of $240,000 and 4,000,000 common shares of Fancamp with a fair value of $200,000 ("Fancamp Shares"). The Fancamp Shares will be subject to the existing reciprocal rights agreement governing certain investor rights and obligations between the Company and Fancamp, including the provision that the Company and Fancamp will each be restricted from transferring securities of the other until May 17, 2018, after which time transfers will be permitted subject to certain restrictions. In addition, the Company subscribed to 2,000,000 units of Lamêlée at a price of $0.10 per unit. Each unit consisted of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one common share for $0.15 until December 20, 2015.

Attikamagen
The Company owned a 100% interest in 946 claims covering 310 square kilometres in Labrador and Quebec. The Company originally acquired 4 licences covering 52 claims ("Original Claims") and acquired an additional 894 claims primarily by staking. The Original Claims are encumbered with an aggregate royalty of $1.50 per tonne of iron content in any and all iron ore, pellets or other products produced from those claims, which royalty may be purchased for $2,500,000.

On May 12, 2008, the Company granted an option to Labec Century Iron Ore Inc. ("Labec") to earn up to a 60% interest in Attikamagen. On or about May 15, 2012, Labec earned an increase in its interest in Attikamagen from 51% to 56%, and subsequently, gave notice that it had incurred sufficient exploration expenditures to earn an increase in its interest in Attikamagen from 56% to 60% and to further increase its interest and dilute the Company's interest for exploration expenditures that it had incurred without contribution from the Company.

Effective November 29, 2013, the Company sold its remaining interest in Attikamagen to Labec, a subsidiary of Century Iron Mines Corporation ("Century"), for 2,000,000 Century common shares with a fair value of $1,000,000 and 1,000,000 Century warrants entitling the Company to purchase one common share of Century for:

(expressed in Canadian dollars)

Exercise price	Exercise period
$0.75	November 29, 2013 to November 29, 2014
$1.00	November 30, 2014 to November 29, 2015
$1.50	November 30, 2015 to November 29, 2016
$2.00	November 30, 2016 to November 29, 2017
$2.50	November 30, 2017 to November 29, 2018

The Century shares are subject to a hold period ending on November 29, 2015, after which, in the event that the Company seeks to sell Century shares, Century will have a right of first refusal to arrange sales.

Century assumed the existing royalty on Attikamagen and granted the Company a 1% royalty on the sale of minerals mined from Attikamagen until $2,500,000 has been paid, and thereafter, a 2% royalty on the sale of minerals mined from Attikamagen.

In connection with the sale, the Company paid a 7% finder's fee consisting of 140,000 Century common shares and 70,000 Century warrants.

The fair value of the Century warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

	March 31, 2014	November 29, 2013
Number of warrants	930,000	1,000,000
Share price	$0.55	$0.50
Risk-free interest rate	1.71%	1.73%
Expected volatility based on historical volatility	78%	88%
Expected life of warrants	4.7 years	5 years
Expected dividend yield	0%	0%
Fair value	$161,000	$208,000
Fair value per warrant	$0.17	$0.21

On the date of the sale, the carrying value of Attikamagen was $505,191 and the Company recorded a gain of $553,398.

Powderhorn and Gullbridge
As at March 31, 2013, the Company owned:

(a) a 70% interest in the Powderhorn Lake Project ("Powderhorn"), which consists of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert's Arm Belt in Central Newfoundland. Powderhorn is encumbered with a 2.85% net smelter royalty ("NSR"), of which, 1.85% can be purchased by the participants for $2,300,000 to reduce the NSR to 1%.
(b) a 51% interest in the Gullbridge Property in the Buchans Mining Camp, Newfoundland.

On July 26, 2013, the Company acquired the remaining 30% interest in Powderhorn and 49% interest in Gullbridge for 1,000,000 common shares with a fair value of $190,000 and a 1% royalty on Gullbridge, 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:

(expressed in Canadian dollars)

	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 March 31, 2014, Mamba 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 Project will be exercised. Accordingly, prior to the completion of the Arrangement, Mamba recorded an impairment loss of $10,038,754 to write off the balance of Snelgrove Lake.

11. 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. As the Company granted a waiver to Fancamp of the Company's right to reduce the net smelter royalty by 0.5% for $2,000,000 and the Company has retained an option to reduce the net smelter royalty by 0.5% by making a payment of $1,500,000, the fair value of the 3% net smelter royalty has been estimated to be $19,000,000.

12. Convertible notes

On April 30, 2013, in settlement of accounts payable, the Company issued two 12% convertible notes which were repaid during the year.

	$
Balance, March 31, 2013	–
Issued	718,175
Repaid in cash	(357,263)
Converted to 1,494,143 common shares	(373,175)
Interest	12,263
Balance, March 31, 2014	–

13. Capital stock

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

Each Mamba 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.

(expressed in Canadian dollars)

The Company has on 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 Champion Iron 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	$
Champion common shares		
Balance, March 31, 2012	105,214,205	106,947,813
Issued for exploration and evaluation (note 10)	75,000	71,850
Acquisition of non-controlling interest (note 10)	14,000,000	13,020,000
Exercise of stock options	590,000	265,500
Fair value of stock options exercised	–	201,752
Exercise of warrants	22,260	25,599
Fair value of warrants exercised	–	15,505
Fair value of warrants expired	–	2,520,311
Share issue costs, net of tax	–	(85,380)
Balance, March 31, 2013	119,901,465	122,982,950
Private placement	15,000,000	3,000,000
Fair value of warrants issued	–	(1,277,000)
Fair value of expired warrants	–	1,214,667
Acquisition of exploration and evaluation (note 10)	1,000,000	190,000
Issued to settle accounts payable	500,000	157,500
Conversion of convertible debt (note 12)	1,494,144	373,175
Share issue costs	–	(337,446)
	137,895,609	126,303,846
Adjustment for exchange ratio of 0.7333333 Mamba ordinary share for each outstanding Champion common share	(36,771,791)	–
Exchanged for Mamba exchangeable shares	(1,941,199)	–
	99,182,619	126,303,846
Mamba ordinary shares		
Balance, March 31, 2014	97,310,534	45,116,536
	196,493,153	171,420,382
Mamba exchangeable shares		
Balance March 31, 2014	1,941,199	

On July 31, 2013, Champion completed a private placement of 15,000,000 units at a price of $0.20 per unit for proceeds of $3,000,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share for $0.25 until July 31, 2015. In connection with the private placement, Champion paid an 8% cash commission.

The fair value of the 15,000,000 common share purchase warrants was calculated using the Black-Scholes option pricing model with the following assumptions:

(expressed in Canadian dollars)

Share price	$0.21
Risk-free interest rate	1.15%
Expected volatility based on historical volatility	84%
Expected life of warrants	2 years
Expected dividend yield	Nil
Fair value	$1,277,000
Fair value per warrant	$0.0852

The Company and the subscriber have agreements governing certain investor rights and obligations. Until the subscriber holds less than 10% of the outstanding shares of the Company, it will have a pre-emptive right to participate in any financing to maintain its percentage interest in the outstanding ordinary shares of the Company on a non-diluted basis. The subscriber will have the right to participate as the initial subscriber for up to $4,000,000 in any financing completed by the Company until January 31, 2015. The subscriber will be restricted from transferring securities of the Company until July 31, 2014, subject to certain exceptions and procedures, after which time, transfers will be permitted subject to certain restrictions until July 31, 2015.

On March 31, 2014, pursuant to the Arrangement, Mamba replaced each outstanding Champion warrant on the basis that the holder will be entitled to acquire Mamba shares on the same terms and conditions, as adjusted by the exchange ratio.

Issue of common shares to settle accounts payable
On January 6, 2014, Champion issued 500,000 common shares with a fair value of $157,500 to settle accounts payable for legal fees owed to a company controlled by a director.

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

	Number of warrants	Weighted-average exercise price $	Amount $
Balance, March 31, 2012	5,198,820	1.62	3,783,003
Issued (note 10)	7,000,000	3.00	1,780,000
Exercised	(22,260)	1.15	(15,505)
Expired	(2,954,338)	1.86	(2,520,311)
Balance, March 31, 2013	9,222,222	2.59	3,027,187
Issued	15,000,000	0.25	1,277,000
Expired	(2,222,222)	1.30	(1,214,667)
Adjustment to reflect replacement of outstanding Champion warrants with Replacement Warrants (note 4)	(5,866,667)	–	–
Balance, March 31, 2014	16,133,333	1.53	3,089,520

For the year ended March 31, 2013, the weighted-average share price at the date of exercise of the warrants was $1.38.

A summary of the Company’s warrants outstanding at March 31, 2014 is presented below:

(expressed in Canadian dollars)

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 $
Champion		
Balance, March 31, 2012	12,020,000	1.04
Exercised	(590,000)	0.45
Expired	(185,000)	0.45
Cancelled	(1,495,000)	1.36
Balance, March 31, 2013	9,750,000	1.03
Granted	1,600,000	0.40
Expired	(280,000)	0.81
Cancelled	(1,600,000)	1.29
Adjustment to reflect replacement of outstanding Champion stock options with Replacement Stock Options (note 4)	(2,525,333)	–
Balance, March 31, 2014	6,944,667	1.21
Mamba		
Balance, March 31, 2014	20,800,000	A$0.30
	27,744,667	

For the year ended March 31, 2013, the weighted-average share price on the date of exercise of the stock options was $0.70.

For the year ended March 31, 2014, 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:

(expressed in Canadian dollars)

Date of grant	**December 20, 2013**
Options granted	1,600,000
Exercise price	$0.40
Share price	$0.31
Risk-free interest rate	1.84%
Expected volatility based on historical volatility	83%
Expected life of stock options	3 years
Expected dividend yield	0%
Forfeiture rate	0%
Fair value	$239,000
Fair value per stock option	$0.15

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 March 31, 2014 is presented below:

Exercise price	**Expiry date**	**Options outstanding and exercisable**
$0.4091	September 16, 2014	839,667
$0.4501	September 24, 2014	111,833
$0.5523	November 9, 2014	36,667
$1.0910	January 14, 2015	1,008,333
$1.1591	February 2, 2015	36,667
$1.3637	March 2, 2015	256,667
A$0.25	August 8, 2015	17,000,000
$1.3637	October 3, 2015	1,466,667
$1.3637	October 4, 2015	183,333
$2.0455	October 4, 2015	366,667
$2.9591	January 10, 2016	73,333
A$0.50	December 15, 2015	500,000
$2.0455	September 9, 2016	715,000
$0.5455	December 20, 2016	1,173,333
$1.7728	December 23, 2016	676,500
A$0.50	November 29, 2018	3,300,000
		27,744,667

Share-based compensation
In the absence of a reliable measurement of the services provided by consultants, the services have been measured at the fair value of the stock options granted.

14. Income taxes

The Company's effective income tax rate differs from the amount that would be computed by applying the federal and provincial statutory rate of 26.5% (2013 – 26.5%) to the loss for the year. The reasons for the difference are as follows:

(expressed in Canadian dollars)

	2014 $	2013 $
Income tax recovery based on combined statutory rate	(954,985)	2,094,648
Share-based compensation and other non-deductible items	63,335	(37,804)
Share issue costs	(343,965)	22,626
Timing difference on acquisition of non-controlling interest	–	(2,408,441)
Effect of changes in rate on temporary items	(216,154)	161,661
Tax losses not recognized	1,451,770	167,310
	–	–

Deferred income tax assets and liabilities

The Company’s deferred income tax assets and liabilities are as follows:

	As at March 31, 2014	 2013
Deferred tax asset		
Non-capital loss carry-forward and share issue costs	7,277,503	5,824,018
Investments	655,596	913,431
Deferred income taxes not recognized	(3,955,786)	(2,525,543)
	3,977,313	4,211,906
Liability		
Exploration and evaluation assets	(3,977,313)	(4,211,906)
	–	–

Losses carried forward

At March 31, 2014, the Company had non-capital loss carryforwards which expire as follows:

	$
2027	153,000
2028	406,000
2029	1,089,000
2030	1,812,000
2031	4,291,000
2032	5,789,000
2033	5,644,000
2034	6,424,000
	25,608,000

Resource deductions

At March 31, 2014, the Company has cumulative Canadian exploration expenses of $44,398,843 (2013 - $39,386,039) and cumulative Canadian development expenses of $6,766,691 (2013 - $7,874,309) which may be carried forward indefinitely to reduce taxable income in future years.

15. 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.

(expressed in Canadian dollars)

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 March 31, 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	16,287,821	–	–	16,287,821
Investments				
Common shares	4,651,865	–	–	4,651,865
Warrants	–	324,000	–	324,000

As at March 31, 2013

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Financial asset at fair value through profit and loss				
Cash and cash equivalents and short-term investments	4,601,089	–	–	4,601,089
Investments				
Common shares	2,334,090	–	–	1,798,890
Warrants	–	111,000	–	111,000

16. 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 March 31, 2014 had changed by 10%, with all other variables held constant, the loss would have decreased or increased by approximately $497,000.

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.

(expressed in Canadian dollars)

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.

17. Related party transactions

	Years ended March 31,		Outstanding at March 31,	
	2014	2013	2014	2013
	$	$	$	$
Exploration and evaluation				
Paid to a company controlled by a director	187,500	227,500	–	16,950
Paid or payable to 2 companies controlled by officers	1,845,758	3,364,605	276,660	146,774
Transaction costs on acquisition of non-controlling interest				
Paid for legal fees to a company controlled by a director	–	205,725	–	–
Transaction costs on Arrangement				
Director's fees paid to a company controlled by a director	69,939	–	79,031	–
Common shares				
Share issue costs for legal fees paid to a company controlled by a director	25,020	–	–	–
Finder's fee paid to a company controlled by a director	60,000	–	–	–
Professional fees				
Paid or payable for legal fees to a company controlled by a director	474,192	438,715	51,372	212,212
Consulting fees				
Paid or payable to a company controlled by a close family member of a director	–	152,450	–	–

See notes 7 and 10 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:

	Years ended March 31,	
	2014	2013
	$	$
Consulting fees	1,166,520	790,833
Advisory fee	387,078	–
Non-monetary	41,868	–
Change of control	1,500,000	–
Share-based payments, representing share-based compensation	161,334	–
	3,256,800	790,833

(expressed in Canadian dollars)

Movement in key management personnel equity holdings:

Ordinary shares

	Holding at March 31, 2013	Acquired	Sold	Other changes	Holding at March 31, 2014
Michael O'Keeffe	4,128,212	1,802,067	–	400,000 (a)	6,330,279
Richard Wright	631,923		–	–	631,923
Niall Lenahan	200,000	800,000	–		1,000,000
Thomas Larsen	2,138,758 (b)	110,000 (b)	–	1,167,360 (c)	3,416,118
Paul Ankcorn	141,533 (b)	22,000 (b)	–	–	163,533
Harry Burgess	–	18,333 (b)	–	–	18,333
William Harding	–	–	–	–	–
Francis Sauve	880,000 (b)	73,333 (b)	–	–	953,333
Donald Sheldon	177,833 (b)	366,667 (b)	–	–	544,500
James Wang	–	–	–	–	–
Alexander Horvath	209,000 (b)	–	–	350,208 (c)	559,208
Miles Nagamatsu	511,500 (b)	–	–	700,416 (c)	1,211,916
Jorge Estepa	432,667 (b)	–	–	700,416 (c)	1,133,083

Notes:
(a) Performance shares converted into ordinary shares.
(b) On March 31, 2014, pursuant to the Arrangement, Mamba acquired all of the issued and outstanding common shares of 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. The number of ordinary shares reported for the holding at March 31, 2013 represent the number of Champion common shares, as adjusted for the Exchange Ratio.
(c) On March 31, 2014, Mamba issued shares to remove provisions from Champion consulting contracts regarding payments on termination in the event of a change of control subsequent to completion of the Arrangement.

Share options and warrants

	Holding at March 31, 2013	Granted	Exercise of options	Other changes	Holding at March 31, 2014	Exercisable at March 31, 2014
Michael O'Keeffe	–	1,000,000	–	–	1,000,000	–
Richard Wright	–	500,000	–	–	500,000	–
Niall Lenahan	–	1,000,000	–	–	1,000,000	–
Thomas Larsen	1,173,333	–	–	–	1,173,333	1,173,333
Paul Ankcorn	146,667	73,333	–	–	220,000	220,000
Harry Burgess	–	220,000	–	–	220,000	220,000
William Harding	–	220,000	–	–	220,000	220,000
Francis Sauve	146,667	73,333	–	–	220,000	220,000
Donald Sheldon	256,666	–	–	–	256,666	256,666
James Wang	–	220,000	–	–	220,000	200,000
Alexander Horvath	385,000	–	–	–	385,000	385,000
Miles Nagamatsu	348,333	–	–	–	348,334	348,334
Jorge Estepa	458,333	–	–	–	458,334	458,334

(expressed in Canadian dollars)

Note:
(a) On March 31, 2014, pursuant to the Arrangement, Mamba replaced each outstanding Champion option on the basis that the holder will be entitled to acquire 0.7333333 Mamba share ("Exchange Ratio") on the same terms and condition. The number of options reported for the holding at March 31, 2013 and granted represent the number of Champion options, as adjusted for the Exchange Ratio.

18. Commitments and contingencies

Commitments for annual basic premises rent are as follows:

	As at March 31, 2014	2013
	$	$
Less than 1 year	182,185	145,885
1-5 years	17,087	76,892
More than 5 years	–	–
	199,272	222,777

See note 9 for information regarding the Company's contingent liabilities.

19. Subsequent events

Other than those noted below, no matter or circumstance has arisen since March 31, 2014 that has significantly affected, or may significantly affect:

- The Company's operations in the future financial years, or
- The results of those operations in future financial years, or
- The Company's state of affairs in future financial years.

Changes to the Board and management
On April 9, 2014, Gary Lawler and Andrew Love were appointed to the Board, replacing Richard Wright and Niall Lenahan who resigned from the Board. On the April 9, 2014, Gary Lawler and Andrew Love were each granted 500,000 fully vested options entitling the holder to purchase one ordinary share for A$0.50 until April 9, 2017. These options are valued at $0.26 per option.

On June 18, 2014, Pradip Devalia was appointed as Company Secretary, replacing Niall Lenahan who resigned. Pradip Devalia was granted 150,000 fully-vested options entitling the holder to purchase one ordinary share for A$0.50 until June 18, 2017. These options are valued at A$0.17 per option.

On June 18, 2014, the Company cancelled 500,000 outstanding options granted to each of Richard Wright and Niall Lenahan, entitling the holder to purchase one ordinary share for A$0.50 until April 9, 2017.

Amount due from 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.

(expressed in Canadian dollars)

20. Parent entity information

Information relating to Champion Iron Limited (formerly Mamba Minerals Limited):

	March 31, 2014 $
Current assets	11,323,162
Non-current assets	77,545
Total assets	11,400,707
Current liabilities	1,920,859
Total liabilities	1,920,859
Net assets	9,479,848
Issued capital	28,259,111
Reserves	2,766,642
Accumulated losses	(21,545,904)
Total equity	9,479,848

	9 months ended March 31, 2014
Loss of parent entity	(14,117,395)
Total comprehensive loss of the parent entity	(14,117,395)

21. Auditors remuneration

Total of all remuneration received or due and receivable by the auditors in connection with:

	2014 $	2013 $
Ernst & Young Australian firm		
Audit and review of the financial report	61,000	–
Investigating accountant's report	55,300	–
Collins Barrow Canadian firm		
Audit and review of the financial report	27,500	45,000
Review of interim financial statements	22,000	22,000
Review of pro-forma consolidated financial statements	12,300	–
Taxation services	13,500	15,500
	191,600	82,500

22. 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.

STOCK EXCHANGE INFORMATION

The additional information set out below relates to shares and options as at June 19, 2014

DISTRIBUTION OF EQUITY SECURITY HOLDERS

Size of Holding	Ordinary Shares
1 to 1,000	465,698
1,001 to 5,000	3,887,486
5,001 to 10,000	4,276,561
10,001 to 100,000	25,655,232
100,000 and over	162,208,163
	196,493,140

63 shareholders held less than a marketable parcel of ordinary shares at June 19, 2014

ORDINARY SHARES

SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Number of ordinary shares	% of issued capital
Gavin John Argyle	14,847,227	7.63
Fancamp Exploration Ltd.	11,018,333	5.61
Baotou Chen Hua Investments Limited	11,000,000	5.59

VOTING RIGHTS

All ordinary shares issued by the Company carry one vote per share without restriction.

TWENTY LARGEST SHAREHOLDERS

	Name of shareholder	Number of ordinary shares	% of issued capital
1	JP Morgan Nom Cust Aust Ltd	13,205,690	6.72
2	Fancamp Exploration Ltd	11,018,333	5.61
3	Baotou Chen Hua Investments Ltd	11,000,000	5.59
4	UBS Wealth Management Aust Nominee	6,108,142	3.11
5	Pershing Aust Nom P/L	6,076,548	3.09
6	Nathanson Hilton Darren	4,288,890	2.18
7	Gavin John Argyle	4,012,364	2.04
8	WMO Welcome P/L	3,500,000	1.78
9	Gambier Holdings Ltd	2,480,751	1.26
10	GAB Super Fund P/L	2,443,334	1.24
11	Fleubaix P/L	1,800,000	0.92
12	David Gilad Hayeem	1,555,554	0.79
13	Quartz Mountain Mining P/L	1,520,000	0.77
14	National Nom Ltd	1,500,000	0.76
15	Charles Bass B + SC	1,480,000	0.75
16	Zero Nom P/L	1,422,223	0.72
17	GAB Super Fund P/L	1,417,823	0.72
18	Prospect Trading P/L	1,280,000	0.65
19	Citicorp Nom P/L	1,265,774	0.64
20	Angela Maree Rowe	1,250,000	0.64

SCHEDULE OF TENEMENTS

The Company owns a 100% interest in the following:

Property-Québec	SNRC	Claims	Hectares
Consolidated Fire Lake North	23B06; 23B11; 23B12	544	27,462.19
Harvey-Tuttle	23B12; 23B05	186	9,748.46
Moire Lake	23B14	30	1,230.73
O'Keefe-Purdy	23B11; 23B12	215	11,120.56
Cassé Lake	23B05	33	1,736.07
Claire Lake	23B06	33	1,739.67
Hope Lake	23B06	40	2,108.24
Aubertin Tougard	22O13; 23B04	52	2,069.05
Aubrey-Ernie	23B04; 23C01	134	7,084.89
Black Dan	22N16; 23C01	61	3,234.10
Jeannine Lake	22N16	13	691.69
Penguin Lake	23C01	60	3,174.80
Round Lake	23B04; 23C01	264	13,972.07
Silicate-Brutus	22O13	56	2,974.70
Three Big Lakes	23C01	9	476.86
Pointe Noir	22J01; 22J02	56	1,858.99

Property-Newfoundland	Licences		
Powderhorn	11346M, 11367M, 15136M, 15137M, 18969M, 19227M	148	3,700
Gullbridge	11956M, 11960M, 16260M, 16261M	179	4,475

The Company has an option to purchase the following property:

Property	Leases	Holder	Hectares
Snelgrove Lake	017901M, 018328M, 018343M, 018333M, 018334M	CIP Magnetite Limited	10,600

COMPANY DIRECTORY

DIRECTORS	Michael O'Keeffe (Executive Chairman) Thomas Larsen (Director and Chief Executive Officer) Donald Sheldon (Non-executive Director) Paul Ankcorn (Non-executive Director) James Wang (Non-executive Director) Gary Lawler (Non-executive Director) Andrew Love (Non-executive Director)
COMPANY SECRETARIES	Jorge Estepa and Pradip Devalia
REGISTERED & PRINCIPAL OFFICE	91 Evans Street Rozelle NSW 2039 Telephone: +61 2 9810 7816 Website: http://www.championiron.com ACN 119 770 142
AUDITORS	Ernst & Young 680 George Street Sydney 2000 NSW
SHARE REGISTRIES	Security Transfer Registrars Pty Ltd Suite 1, Alexandria House 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Fax: (08) 9315 2233 TMX Equity Transfer Services 200 University Avenue, Suite 400 Toronto, ON, Canada M5H 4H1
STOCK EXCHANGES	The Company's shares are listed on the Australian Stock Exchange (ASX) and Toronto Stock Exchange (TSX)
ASX AND CODE	CIA (Fully Paid Ordinary Shares)

[THIS PAGE IS BLANK]