Champion Iron Limited

Condensed Interim Consolidated Financial Statements

December 31, 2014
(expressed in Canadian dollars)
(unaudited)

Champion Iron Limited

Consolidated Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	As at December 31, 2014 $	As at March 31, 2014 $
Assets			
Current			
Cash and cash equivalents		4,589,506	16,221,821
Short-term investments		100,000	66,000
Receivables	3	7,483,108	10,183,531
Prepaid expenses and deposits		260,465	151,259
		12,433,079	26,622,611
Non-current			
Due from Cartier Iron Corporation	4	1,051,125	2,086,049
Investments	5	1,613,800	4,975,865
Investment in associate	6	1,956,539	-
Investment in joint venture	7	100	-
Long-term advance	8	6,000,000	6,000,000
Property and equipment		56,922	85,555
Exploration and evaluation	9	92,535,125	88,049,839
		115,646,690	127,819,920
Liabilities			
Current			
Accounts payable and accrued liabilities		607,259	5,922,939
Non-current			
Royalty payable	10	19,000,000	19,000,000
		19,607,259	24,922,939
Shareholders' equity			
Capital stock	11	171,420,382	171,420,382
Warrants	11	3,089,520	3,089,520
Contributed surplus	11	15,776,839	15,282,169
Foreign currency translation reserve		(519,121)	-
Deficit		(93,728,190)	(86,895,091)
		96,039,431	102,896,980
		115,646,690	127,819,919

On behalf of the Board:

Director **Director**

Champion Iron Limited
Consolidated Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended December 31, 2014 $	3 months ended December 31, 2013 $	9 months ended December 31, 2014 $	9 months ended December 31, 2013 $
Other income					
Interest		2,174	37,237	59,982	210,740
Gain on sale of exploration and evaluation		-	618,249	-	618,249
Gain on waiver of right of first refusal		-	440,000	-	440,000
		2,174	1,095,486	59,982	1,268,989
Expenses					
Professional fees		73,879	126,496	312,268	627,656
Salaries		202,757	-	762,532	-
Consulting fees		140,851	307,400	1,005,265	1,338,525
Share-based compensation	11	87,244	239,000	494,670	239,000
General and administrative		329,413	187,240	1,234,059	593,817
Investor relations		74,559	471,199	421,395	1,164,286
Travel		61,442	170,705	496,190	399,931
Foreign exchange gain		(137,922)	-	(448,824)	-
Unrealized loss on investments	5	527,600	(72,684)	2,535,712	1,128,341
Interest		-	8,318	-	12,263
		1,359,823	1,437,674	6,813,267	5,503,819
Loss before share of net loss of an associate		(1,357,649)	(342,188)	(6,753,285)	(4,234,830)
Share of net loss of an associate accounted for using the equity method		(66,751)	-	(79,814)	-
Loss		(1,424,400)	(342,188)	(6,833,099)	(4,234,830)
Item that may be reclassified in future periods to the statement of loss					
Net movement in foreign currency translation reserve		(371,520)	-	(519,121)	-
Total comprehensive loss		(1,795,920)	(342,188)	(7,352,220)	(4,234,830)
Loss per share - basic and diluted		(0.01)	(0.00)	(0.03)	(0.03)
Weighted average number of shares outstanding - basic and diluted		196,638,489	139,395,609	196,584,496	129,650,956

Champion Iron Limited
Consolidated Statements of Changes in Equity

(expressed in Canadian dollars)
(unaudited)

	Capital stock $	Warrants $	Contributed surplus $	Foreign currency translation reserve $	Deficit $	Total $
Balance, March 31, 2014	171,420,382	3,089,520	15,282,169	-	(86,895,091)	102,896,980
Loss	-	-	-	-	(6,833,099)	(6,833,099)
Other comprehensive loss	-	-	-	(519,121)	-	(519,121)
Total comprehensive loss	-	-	-	(519,121)	(6,833,099)	(7,352,220)
Share-based compensation	-	-	494,670	-	-	494,670
Balance, December 31, 2014	171,420,382	3,089,520	15,776,839	(519,121)	(93,728,190)	96,039,431
Balance, March 31, 2013	122,982,950	3,027,187	8,746,169	-	(38,302,192)	96,454,114
Total comprehensive loss	-	-	-	-	(4,234,830)	(4,234,830)
Issued for exploration and evaluation	190,000	-	-	-	-	190,000
Conversion of convertible debt	373,175	-	-	-	-	373,175
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	(332,180)	-	-	-	-	(332,180)
Balance, December 31, 2013	126,151,612	3,089,520	8,985,169	-	(42,537,022)	95,689,279

Champion Iron Limited
Consolidated Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	Notes	9 months ended December 31, 2014 $	2013 $
Cash provided by (used in)			
Operating activities			
Profit before tax		(6,833,099)	(4,234,830)
Items not affecting cash			
Share-based compensation		494,670	239,000
Depreciation		30,497	-
Gain on sale of exploration and evaluation		-	(618,249)
Gain on waiver of right of first refusal		-	(440,000)
Unrealized loss on investments		2,535,712	1,128,341
Share of net loss of an associate		79,814	-
		(3,692,406)	(3,925,738)
Changes in non-cash operating working capital			
Receivables		650,558	1,274,790
Prepaid expenses and deposits		(109,205)	(684,668)
Accounts payable and accrued liabilities		(942,862)	(3,062,893)
		(4,093,915)	(6,398,509)
Financing activities			
Repayment of convertible note		-	(345,000)
Issue of common shares		-	3,000,000
Share issue costs		-	(332,180)
		-	2,322,820
Investing activities			
Receipt of refundable tax credit on exploration expenditures		1,649,157	11,000,000
Receipt of credit on duties refundable for losses		1,325,433	-
Investment in short-term investment		(34,000)	-
Advances to Cartier Iron Corporation		(15,076)	(1,881,049)
Investment in Cartier Iron Corporation		-	(27,811)
Investment in Lamêlée		-	(200,000)
Investment in joint venture		(100)	-
Purchase of property and equipment		(1,864)	-
Option payment from Cartier	9	150,000	-
Exploration and evaluation		(5,720,011)	(1,274,912)
Arrangement costs	1	(4,372,818)	-
		(7,019,279)	7,616,228
Net decrease in cash and cash equivalents		(11,113,194)	3,540,539
Cash and cash equivalents, beginning of period		16,221,821	4,535,089
Effects of exchange rate changes on cash		(519,121)	-
Cash and cash equivalents, end of period		4,589,506	8,075,628

Champion Iron Limited
Consolidated Statements of Cash Flows
(expressed in Canadian dollars)
(unaudited)

	Notes	9 months ended December 31, 2014 $	2013 $
Non-cash transactions			
Receipt of Cartier common shares			
Conversion of due from Cartier	4	1,050,000	-
Option payment from Cartier	9	160,000	-
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
Conversion of convertible debt		-	373,175

1. Basis of presentation

Statement of compliance

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

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

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on February 12, 2015.

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

Under corporations law, Mamba 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 had the ability to appoint a majority of the members of the board of directors of the combined entity. Under the requirements of AASB 3 (IFRS 3) *Business Combinations*, for accounting purposes, Champion was deemed to be the acquirer, Mamba was deemed to be the acquiree and the consideration transferred by Champion was measured at fair value.

The condensed interim consolidated financial statements represent a continuation of the financial statements of Champion. The consolidated financial statements for the 9 months ended December 31, 2014 include the financial results of Champion and Mamba from March 31, 2014. The comparative consolidated financial statements are those of Champion.

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

2. Significant accounting policies and future accounting changes

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

New standards and interpretations not yet adopted

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

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

	In respect of years ended March 31,				
	2014	2013	2012	2011	Total
Refundable Tax Credits					
As filed	1,410,115	7,555,705	9,912,375	3,590,837	22,469,032
As assessed	–	–	9,181,296	3,467,861	12,649,157
Received	–	–	(9,181,296)	(3,467,861)	(12,649,157)
Receivable at December 31, 2014	1,128,092	6,044,564	–	–	7,172,656
Credit on Duties					
As filed	209,515	1,122,562	1,403,549	950,061	3,685,687
As assessed	–	–	1,325,433	404,424	1,729,857
Received	–	–	(1,325,433)	(404,424)	(1,729,857)
Receivable at December 31, 2014	–	–	–	–	–
Harmonized and Quebec sales taxes					261,569
Other					48,883
					7,483,108

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

On October 17, 2014, Cartier completed a private placement of $500,000, and as agreed, the Company converted $1,050,000 of the amount due from Cartier into 6,176,470 units of Cartier, with each unit consisting of one common share and one warrant entitling the Company to purchase one common share of Cartier for $0.22 until April 17, 2016 ("Conversion"). After February 14, 2015, if the average closing price of Cartier's common shares is greater than $0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days of Cartier providing written notice (or such longer period as Cartier may provide), or they will be cancelled.

The remaining $1,050,000 due from Cartier was 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 has 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.

One director of the Company is a director of Cartier.

5. Investments

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

	As at December 31, 2014 $	As at March 31, 2014 $
Fancamp Exploration Ltd.		
Common shares	880,000	2,200,000
Warrants	–	74,000
Cartier Iron Corporation		
Common shares (see note 6)	–	730,265
Century Iron Mines Corporation		
Common shares	520,800	1,041,600
Warrants	82,000	161,000
Lamêlée Iron Ore Ltd.		
Common shares	120,000	680,000
Warrants	11,000	89,000
	1,613,800	4,975,865

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

The decrease in the fair value of investments of $2,535,712, comprised of $2,304,712 for investment in common shares and $231,000 for investment in warrants, has been recorded as an unrealized loss on investments in the consolidated statement of loss and comprehensive loss.

6. Investment in associate

As at June 30, 2014, the Company held a 19.9% interest in the outstanding common shares of Cartier (March 31, 2014 - 19.9%). A director of the Company was appointed to the board of directors of Cartier on June 30, 2014 and the Company determined that it obtained significant influence over Cartier as of July 1, 2014. Accordingly, from that date onward, the investment in Cartier has been accounted for as an associate using the equity method of accounting.

	$
Fair value as at July 1, 2014	826,353
Fair value of Cartier common shares received	
Conversion of due from Cartier (note 4)	1,050,000
Option payment (note 9)	160,000
Share of net loss	(79,827)
Balance at December 31, 2014	1,956,539

At December 31, 2014, the Company holds 11,019,970 common shares of Cartier, representing 33% of the issued and outstanding common shares of Cartier and 6,176,470 warrants entitling the Company to purchase one common share of Cartier for $0.22 until April 17, 2016. After February 14, 2015, if the average closing price of Cartier's common shares is greater than $0.40 for 20 consecutive business days, the warrants must be exercised within 10 calendar days of Cartier providing written notice (or such longer period as Cartier may provide), or they will be cancelled.

The holdings of Company in Cartier are subject to the terms of a pre-emptive rights agreement and an agreement respecting board representation rights and standstill obligations entered into on December 10, 2012.

Until December 31, 2017, the Company shall not sell common shares without the prior written consent of Cartier, and thereafter, the Company shall not sell more than 2,000,000 common shares during any 30-day period.

Until December 31, 2017, provided that the Company owns at least 10% of the outstanding common shares of Cartier:

a) Cartier shall take all commercially reasonable steps to have a nominee of the Company elected as a director of the board of directors ("Board").
b) At any meeting of shareholders, the Company shall not vote (i) against any shareholder resolution recommended by the Board; (ii) in favour of any shareholder resolution unless recommended by the Board; and (iii) in favour of the election of nominees to the Board who are not proposed by the then Board.
c) The Company shall not (i) participate in a take-over bid for any securities of Cartier; (ii) solicit proxies from any shareholder or attempt to influence the voting by any shareholders other than in support of initiatives recommended by the Board or (iii) seek to influence or control the management, Board or the policies or affairs of Cartier; or (iv) make any public or private announcement or disclosure with respect to the foregoing.

7. Investment in joint venture

The Company is a founding partner in La Société ferroviaire du Nord québécois, société en commandite ("SFNQ"). The other partners in SFNQ are the Government of Québec and Lac Otelnuk Mining Ltd., a joint arrangement between Adriana Resources Inc. and WISCO International Resources Development & Investment Limited. SFNQ was formed as a partnership of government and industry to complete a feasibility study for the construction of a new multi-user rail link giving mining projects in the Labrador Trough access to the port at Sept-Îles at the lowest possible cost. The Government of Québec has set aside a maximum of $20,000,000 from its Plan Nord Fund to contribute to SFNQ, while the Company's contribution will consist of previously incurred costs of a minimum of $5,000,000 and a maximum of $6,000,000, with the final amount to be determined by an audit of the previously incurred costs.

The Company has determined that SFNQ is a joint venture, and accordingly, the Company will account for its investment in SFNQusing the equity method. Upon determination of the amount of the Company's contribution, that amount will be reallocated from exploration and evaluation to investment in joint venture.

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

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

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

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

9. Exploration and evaluation assets

	March 31, 2014 $	Exploration expenditures $	Mining tax credits $	Option payments $	December 31, 2014 $
Fermont					
Consolidated Fire Lake North	68,438,585	5,633,977	(664,974)	–	73,407,588
Harvey-Tuttle	6,573,514	11,485	(12,510)	–	6,572,489
Moire Lake	3,045,597	1,582	(109,283)	–	2,937,896
O'Keefe Purdy	3,319,458	4,349	(118,885)	–	3,204,922
Other	3,755,817	56,522	(20,872)	(310,000)	3,481,467
	85,132,971	5,707,915	(926,524)	(310,000)	89,604,362
Powderhorn	1,630,771	13,394	–	–	1,644,165
Gullbridge	1,286,097	500	–	–	1,286,598
	88,049,839	5,721,810	(926,524)	(310,000)	92,535,125

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 9.

Grant of option for Cluster 3 Properties to Cartier Iron Corporation

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 Number	Fair value $	Exploration expenditures $
Upon execution of agreement (received)	–	1,000,000	250,000	–
Upon conditional approval from a stock exchange for the listing of the common shares of Cartier (received)	100,000	–	–	–
December 10, 2013 (paid, issued and incurred)	150,000	500,000	80,000	500,000
December 10, 2014 (issued and incurred)	–	500,000	80,000	750,000
Extended from December 10, 2014 to the date that Cartier received its refundable tax credit on eligible expenditures incurred in Québec for the year ended December 31, 2013	250,000	–	–	–
December 10, 2015	250,000	500,000	–	–
December 10, 2016	250,000	–	–	4,750,000
	1,000,000	2,500,000	410,000	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.

Powderhorn and Gullbridge

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

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

Snelgrove Lake

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

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

Up to December 31, 2014, the Company has incurred exploration expenditures of approximately $6,400,000.

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

10. 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.

11. Capital stock

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

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

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

Issued

	Number of shares	$
Ordinary shares		
Balance, March 31, 2014	196,493,153	171,420,382
Cancelled	(13)	–
Conversion of exchangeable shares	150,183	–
Balance, December 31, 2014	196,643,323	171,420,382

	Number of shares
Exchangeable shares	
Balance, March 31, 2014	1,941,199
Conversion to ordinary shares	(150,183)
Balance, December 31, 2014	1,791,016

Warrants

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

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

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

Common share warrant exercise price	Expiry date	Number of warrants
$4.0909	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, or they will be cancelled. In the event that Fancamp provides notice within 10 days of the receipt of the Company's notice that Fancamp does not have sufficient funds to exercise the Champion Warrants, the Company will advance a loan to Fancamp to fund the exercise of such warrants. The loan will be secured by Fancamp's interest in the Royalty on the Fermont Holdings and the shares acquired on exercise of the warrants.

Stock options

	Number of options	Weighted-average exercise price $
Balance, March 31, 2014	27,744,667	0.53
Granted	5,150,000	0.37
Expired	(988,168)	0.42
Cancelled	(1,000,000)	0.50
Balance, December 31, 2014	30,906,499	0.50

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

Date of grant	April 8, 2014	June 18, 2014	September 25, 2014	October 31, 2014	December 11, 2014
Expiry date	April 8, 2017	June 18, 2017	September 1, 2018	October 31, 2017	December 11, 2017
Options granted	1,000,000	150,000	1,000,000	1,000,000	2,000,000
Exercise price	A$0.50	A$0.50	$0.45	A$0.30	A$0.30
Share price	A$0.50	A$0.37	$0.46	A$0.20	A$0.14
Risk-free interest rate	2.5%	2.5%	2.5%	2.5%	2.5%
Expected volatility based on historical volatility	80%	80%	80%	80%	80%
Expected life of stock options	3 years	3 years	4 years	3 years	3 years
Expected dividend yield	0%	0%	0%	0%	0%
Forfeiture rate	0%	0%	0%	0%	0%
Vesting	On date of grant	On date of grant	On date of grant	3 years	On date of grant
Fair value	$247,920	$24,262	$121,700	$86,000	$97,000
Fair value per stock option	$0.25	$0.16	$0.12	$0.09	$0.05

A summary of the Company's outstanding and exercisable stock options at December 31, 2014 is presented below:

		Number of stock options	
Exercise price	**Expiry date**	**Outstanding**	**Exercisable**
$1.0910	January 14, 2015	1,008,334	1,008,334
$1.1591	February 2, 2015	36,666	36,666
$1.3637	March 2, 2015	256,666	256,666
A$0.25	August 8, 2015	17,000,000	17,000,000
$1.3637	October 3, 2015	1,466,667	1,466,667
$1.3637	October 4, 2015	183,333	183,333
$2.0455	October 4, 2015	366,667	366,667
A$0.50	December 15, 2015	500,000	500,000
$2.9591	January 10, 2016	73,333	73,333
$2.0455	September 9, 2016	715,000	715,000
$0.5455	December 20, 2016	1,173,333	1,173,333
$1.7728	December 23, 2016	676,500	676,500
A$0.50	April 8, 2017	1,000,000	1,000,000
A$0.50	June 18, 2017	150,000	150,000
A$0.50	November 29, 2018	2,300,000	800,000
$0.45	September 1, 2018	1,000,000	1,000,000
A$0.30	October 31, 2017	1,000,000	–
A$0.30	December 11, 2017	2,000,000	2,000,000
		30,906,499	28,406,499

Grant of stock options
On October 3, 2014, subject to shareholder approval, the Company agreed to grant 1,000,000 stock options entitling the holder to purchase one ordinary share for A$0.30 for 3 years from the date of shareholder approval. These options will vest in annual instalments over 3 years from the date of shareholder approval, subject to holder's continued service with the Company, the satisfactory progression towards the completion of a bankable feasibility study for Consolidated Fire Lake North during the term of the stock options, and the satisfactory completion of a bankable feasibility study by the expiry date of the stock options.

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

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

Investments
The fair values of the investment in common shares of Fancamp, 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 December 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	4,689,506	–	–	4,689,506
Investments				
Common shares	1,613,800	–	–	1,613,800
Warrants	–	93,000	–	93,000

13. 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 December 31, 2014 had changed by 10%, with all other variables held constant, the loss would have decreased or increased by approximately $161,000.

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.

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.

14. Related party transactions

	9 months ended 2014 $	December 31, 2013 $	Outstanding at December 31, 2014 $	Outstanding at March 31, 2014 $
Exploration and evaluation				
Paid or payable to a company controlled by a director	–	142,500	–	–
Paid or payable to 2 companies controlled by officers	381,930	998,516	–	276,660
Common shares				
Legal fees, representing share issue costs, paid to a company controlled by a director	–	25,020	–	–
Professional fees				
Paid or payable for legal fees to a company controlled by a director	–	380,140	–	51,372
Paid for legal fees to a firm, of which, a director was a partner	22,700	–	–	–
General and administrative				
Rent paid to a company controlled by a director	40,905	–	–	–

See notes 4 and 9 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:

	9 months ended 2014 $	December, 31, 2013 $
Salaries and fees	309,127	–
Non-monetary	24,423	–
Consulting fees	980,000	683,145
Post-employment	36,266	–
Share-based payments, representing share-based compensation	493,425	–
	1,833,893	683,145

15. 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.

16. Subsequent events

No material matter or transaction has arisen since December 31, 2014 that has significantly affected the Company's operations or state of affairs.