LIM Labrador Iron Mines Holdings Limited

LABRADOR IRON MINES HOLDINGS LIMITED

Condensed Interim Consolidated Financial Statements

For the three months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars)

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LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Financial Position
(Unaudited, expressed in Canadian dollars)

	June 30, 2013	March 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 27,268,384	$ 16,226,574
Tax credits receivable (Note 7)	1,331,000	1,331,000
Accounts receivable and prepaid expenses (Notes 11 and 17)	26,165,224	12,626,161
Put option contracts (Note 21(b))	2,096,540	-
Inventories (Note 6)	10,995,465	11,040,648
Total current assets	67,856,613	41,224,383
Non current assets		
Restricted cash (Note 5)	8,568,348	7,654,334
Long-term prepaid expenses, advances and deferred expenses (Note 16)	20,502,594	32,699,891
Mineral property interests (Note 7)	111,821,733	105,897,392
Property, plant and equipment (Note 8)	112,539,012	108,883,367
Total non-current assets	253,431,687	255,134,984
Total assets	$ 321,288,300	$ 296,359,367
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 18)	$ 43,814,397	$ 27,267,638
Finance lease obligation (Note 14)	879,344	855,599
Rehabilitation provision (Note 15)	1,294,853	514,853
Deferred revenue (Note 21(a))	21,073,109	-
Other liabilities (Note 19)	182,322	165,929
Total current liabilities	67,244,025	28,804,019
Non current liabilities		
Finance lease obligation (Note 14)	2,077,093	2,306,037
Rehabilitation provision (Note 15)	2,708,588	2,456,616
Deferred revenue (Note 21(a))	14,751,177	-
Total liabilities	86,780,883	33,566,672
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	393,500,526	393,500,526
Reserves (Note 10)	16,473,390	16,251,652
Deficit	(175,466,499)	(146,959,483)
Total shareholders’ equity	234,507,417	262,792,695
Total liabilities and shareholders’ equity	$ 321,288,300	$ 296,359,367

Commitments and contingencies (Notes 1, 5, 7, 13, 14, and 15)

The financial statements were approved by the Board of Directors on August 13, 2013, and signed on its behalf by:

Signed *“John F. Kearney”*
Director

Signed *“Richard Lister”*
Director

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED

Condensed Interim Consolidated Statements of Operations and Comprehensive Loss

(Unaudited, expressed in Canadian dollars)

	For the three months ended June 30, 2013	For the three months ended June 30, 2012
Revenue, net (Note 20)	$ 17,890,969	$ 38,019,907
Operating expenses		
Mining	(5,076,451)	(7,709,588)
Processing	(10,229,420)	(2,038,695)
Site and camp operations	(4,214,585)	(4,380,386)
Rail and transportation	(16,092,692)	(20,968,993)
Royalties, social development and training	(437,567)	(1,200,812)
Depletion and depreciation	(5,603,085)	(9,757,296)
Operating loss	(23,762,831)	(8,035,863)
Corporate and administrative costs	(2,092,010)	(2,274,948)
Finance lease costs (Note 14)	(85,076)	(45,826)
Accretion (Note 15)	(10,703)	(12,835)
Foreign exchange (loss) gain	(891,634)	67,584
Put option contracts (Note 21(b))	(1,473,263)	-
Share-based payments (Notes 10 and 19)	(238,131)	(421,248)
	(4,790,817)	(2,687,273)
Loss before the undernoted	(28,553,648)	(10,723,136)
Interest earned	46,632	138,815
Net loss and comprehensive loss for the period	$ (28,507,016)	$ (10,584,321)
Net loss per share		
Basic	$ (0.23)	$ (0.16)
Diluted	$ (0.23)	$ (0.16)
Weighted average number of shares outstanding		
Basic	126,200,807	67,367,812
Diluted	126,200,807	67,367,812

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited, expressed in Canadian dollars)

	Three months ended June 30, 2013	Three months ended June 30, 2012
Cash provided by (used in) operating activities		
Net (loss) for the period	$ (28,507,016)	$ (10,584,321)
Items not involving cash		
Share-based payments	238,131	604,665
Depletion and depreciation	5,674,738	9,810,851
Accretion on rehabilitation provision	10,703	12,835
Interest on finance lease obligation	85,076	44,921
Interest	(24,307)	(25,186)
Foreign exchange	-	(20,000)
Loss on financial derivative assets	1,473,263	-
Changes in working capital	11,684,431	(25,276,304)
Cash provided by (used in) operating activities	(9,364,981)	(25,432,539)
Cash (used in) investing activities		
(Increase) in long-term prepaid expenses, advances, and deferred expenses	-	(3,250,000)
(Increase) in mineral property interests	(5,917,287)	(2,742,585)
(Increase) in property, plant and equipment	(4,363,391)	(19,032,498)
(Increase) decrease in restricted cash	(889,707)	1,393,271
(Increase) in put option contracts	(3,569,804)	-
Cash (used in) investing activities	(14,740,189)	(23,631,812)
Cash provided by (used in) financing activities		
Advances from deferred revenue	35,824,286	-
Exercise of stock options	-	110,000
Repayment of finance lease obligation	(677,306)	(100,000)
Cash (used in) provided by financing activities	35,146,980	10,000
Change in cash and cash equivalents	11,041,810	(49,054,351)
Cash and cash equivalents, beginning of period	16,226,574	71,064,119
Cash and cash equivalents, end of period	$ 27,268,384	$ 22,009,768
Cash and cash equivalents consist of:		
Cash	$ 10,613,644	$ (567,653)
Cash equivalents	16,654,740	22,577,421
	$ 27,268,384	$ 22,009,768
Supplemental disclosure of cash flow information		
Rehabilitation provision charged to mineral property interests	$ 1,021,269	$ (53,192)
Increase (decrease) in accrued non-current assets	3,993,083	(8,760,133)
Property, plant and equipment additions under finance lease	-	2,228,093
Depreciation included in corporate and administrative costs	71,653	53,555

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

LABRADOR IRON MINES HOLDINGS LIMITED
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited, expressed in Canadian dollars)

	Share Capital		Reserves: Warrants		Reserves: Stock Options		Deficit	Shareholders' Equity
	Number	Amount	Number	Amount	Number	Amount	Amount	Total
Balance, March 31, 2012	67,333,307	$ 341,511,257	1,140,855	$ 3,427,050	2,118,438	$ 8,750,189	$ (20,598,038)	$ 333,090,458
Exercise of options	55,000	110,000	-	-	-	-	-	110,000
Exercise of options – valuation allocation	-	241,148	-	-	(55,000)	(241,148)	-	-
Expiry of vested options	-	-	-	-	(41,250)	(71,225)	71,225	-
Forfeiture of unvested options	-	-	-	-	(11,250)	(52,275)	-	(52,275)
Stock based compensation	-	-	-	-	-	604,666	-	604,666
Loss for the period	-	-	-	-	-	-	(10,584,321)	(10,584,321)
Balance, June 30, 2012	67,388,307	341,862,405	1,140,855	3,427,050	2,010,938	8,990,207	(31,111,134)	323,168,528
Exercise of options	375,000	750,000	-	-	(375,000)	-	-	750,000
Exercise of options – valuation allocation	-	115,750	-	-	-	(115,750)	-	-
Exercise of warrants	837,500	837,500	(837,500)	-	-	-	-	837,500
Exercise of warrants – valuation allocation	-	276,375	-	(276,375)	-	-	-	-
Public offerings, net of transaction costs	57,600,000	49,658,496	16,680,000	5,656,200	878,125	-	-	55,314,696
Options granted	-	-	-		-	-	-	-
Expiry of warrants	-	-	(478,355)	(2,254,425)	-	-	2,254,425	-
Expiry of vested options	-	-	-	-	(744,688)	(987,967)	987,967	-
Forfeiture of unvested options	-	-	-	-	(52,500)	592	-	592
Stock based compensation	-	-	-	-	-	1,812,120	-	1,812,120
Loss for the year	-	-	-	-	-	-	(119,090,741)	(119,090,741)
Balance, March 31, 2013	126,200,807	$ 393,500,526	16,505,000	$ 6,552,450	1,716,875	$ 9,699,202	$ (146,959,483)	$ 262,792,695
Stock based compensation	-	-	-	-	-	221,738	-	221,738
Loss for the period	-	-	-	-	-	-	(28,507,016)	(28,507,016)
Balance, June 30, 2013	126,200,807	$ 393,500,526	16,505,000	$ 6,552,450	1,716,875	$ 9,920,940	$ (175,466,499)	$ 234,507,417

The accompanying notes form an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations

Labrador Iron Mines Holdings Limited (the "Company") is a mineral resource company engaged in the exploration, development and mining of iron ore projects in Canada. The Company’s primary mineral property interests are iron ore projects in western Labrador and northeastern Quebec, near the town of Schefferville, Quebec (collectively, the “Schefferville Projects”). The Company’s producing mine operates on a seasonal basis, from approximately the beginning of April until approximately the end of November, with a planned winter shutdown from approximately December to approximately March each year.

The Company’s head office is located at 220 Bay Street, Suite 700, Toronto, Ontario, M5J 2W4.

The business of exploration, development and mining of minerals involves a high degree of risk and there can be no assurance that current exploration, development and mining plans will result in profitable mining operations. The recoverability of the carrying value of assets and the Company's continued existence is dependent upon the preservation of its interests in the underlying properties, the development of economically recoverable resources, the achievement of profitable operations or the ability of the Company to raise additional financing, or, alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs to the carrying values of the Company’s assets, in particular its mineral property interests.

During the three months ended June 30, 2013, the Company had a net loss of $28,507,016, negative cash flows from operations of $9,364,981 and working capital of $612,588 at June 30, 2013. The Company has not achieved profitable operations and has an accumulated deficit since inception.

The Company will need to generate additional financial resources in order to fund its planned exploration and development programs and its corporate administration costs. There is a risk that additional financing will not be available to the Company on a timely basis or on acceptable terms. There are no assurances that the Company will continue to be able to obtain additional financial resources and/or achieve positive cash flows or profitability. If the Company is unable to obtain adequate additional financing, the Company may be required to curtail operations and its exploration and development activities. Failure to continue as a going concern would require that the Company’s assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

Notwithstanding the above risks, financial results, and working capital position as at June 30, 2013, and after taking into consideration the expected closing of a strategic relationship with Tata Steel Minerals Canada Limited, the Company believes it will have sufficient working capital to operate over the next 12 months, although additional financing may be necessary to fund future capital expenditures and operations in fiscal 2015. Accordingly, the condensed interim consolidated financial statements for the period ended June 30, 2013 have been prepared on a going concern basis, using the historical cost convention.

Although the Company has taken steps to verify its title to the properties on which it is conducting its exploration, development and mining activities, these procedures do not guarantee the Company’s title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory and environmental requirements.

2. Basis of preparation

These condensed interim consolidated financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). The policies set out below were consistently applied to all the periods presented unless otherwise noted below.

These condensed interim consolidated financial statements were prepared on a going concern basis, under the historical cost convention. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting, on a basis consistent with the accounting policies disclosed in the consolidated financial statements of the Company for the year ended March 31, 2013.

3. Significant accounting judgments, estimates and assumptions

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the condensed interim consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates and these differences could be material.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Assets' carrying values and impairment charges
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

Mineral resource estimates
The figures for mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Impairment of mineral property interests
While assessing whether any indications of impairment exist for mineral property interests, consideration is given to both external and internal sources of information. External sources of information include technical reports and arm's length mineral property transaction values. External sources of information also include changes in the market, economic and legal environment in which the Company operates that are not within its control that could affect the recoverable amount of mineral property interests. Internal sources of information include the manner in which mineral property interests are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's mineral property interests.

Cash generating units
Cash generating units ("CGUs") represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets of the Company. This generally results in the Company evaluating its non-financial assets on a geographical and operational basis. The Company generally considers its Schefferville Projects to represent one CGU, as the Schefferville Projects are in close geographical proximity to each other and all share common management, rail, port, processing and mine support infrastructure.

Estimation of rehabilitation provision
The rehabilitation cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Rehabilitation costs, including decommissioning, restoration and similar liabilities, are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

3. Significant accounting judgments, estimates and assumptions (continued)

Income taxes and recoverability of potential deferred tax assets

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers whether relevant tax planning opportunities are within the Company's control, are feasible, and are within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

Share-Based Payments

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

Deferral of stripping and dewatering costs

In determining whether stripping and dewatering costs incurred during the production phase of a mining property relate to mineral resources that will be mined in a future period and therefore should be capitalized, the Company determines whether it is probable that future economic benefit associated with the stripping activity will flow to the Company.

Asset lives, depletion/depreciation rates for property, plant and equipment and mineral interests

Depreciation, depletion and amortization expenses are allocated based on assumed asset lives and depletion/ depreciation/amortization rates. Should the asset life or depletion/depreciation rate differ from the initial estimate, an adjustment would be made in the statement of operations.

Inventory valuation

Saleable product and ore at site are valued at the lower of the average production costs or net realizable value. The assumptions used in the valuation of inventories include estimates of the ore, estimates of the iron contained in the ore, assumptions of the amount of iron ore that is expected to be saleable and assumption of the iron price expected to be realized when the inventories are sold. If these estimates or assumptions prove to be inaccurate, the Company could be required to writedown the recorded value of its inventories.

Commencement of commercial production

During the determination of whether a mine has reached an operating level that is consistent with the use intended by management, costs incurred are capitalized as property, plant and equipment and any consideration from commissioning sales are offset against costs capitalized. The Company defines commencement of commercial production as the date that a mine has achieved a sustainable level of production that provides a basis for a reasonable expectation of profitability along with various qualitative factors including but not limited to the achievement of mechanical completion,whether production levels are sufficient to be at least capable of generating sustainable positive cash flow, the working effectiveness of the site processing plant, whether marketing arrangements for the product are in place, whether the product is of sufficient quantity to be sold, whether there is a sustainable level of production input available including power, water, diesel, etc. and whether the necessary permits are in place to allow continuous operations. The condensed interim consolidated financial statements of the Company are prepared on the basis that the Company's James Mine entered commercial production for accounting purposes effective April 1, 2012.

Contingencies

Refer to Note 13.

4. Significant accounting policies

The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2013, which have been prepared in accordance with IFRS as issued by IASB. The Company's significant accounting policies are consistent with those set out in Note 4 to the consolidated financial statements for the year ended March 31, 2013, except as noted below.

New standards and interpretations adopted

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") provides a single model to be applied in the control analysis for all investees, including entities that currently are special purpose entities in the scope of SIC 12. In addition, the consolidation procedures are carried forward substantially unmodified from IAS 27 *Consolidated and Separate Financial Statements*. There was no impact on the Company's condensed interim consolidated financial statements upon adoption of this standard on April 1, 2013.

IFRS 11 *Joint Arrangements* ("IFRS 11") replaces the guidance in IAS 31 *Interests in Joint Ventures*. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previous jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for the liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11 joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 *Investments in Associates* and IAS 36 *Impairment of Assets*. Any impairment losses are recognized as an adjustment to opening deficit at the beginning of the earliest period presented. There was no impact on the Company's condensed interim consolidated financial statements upon adoption of this standard on April 1, 2013.

IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12") requires extensive disclosures relating to a company's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. This IFRS enables users of the financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial position and performance. There was no impact on the Company's condensed interim consolidated financial statements upon adoption of this standard on April 1, 2013.

IFRS 13 *Fair Value Measurement* converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. There was no impact on the Company's condensed interim consolidated financial statements upon adoption of this standard on April 1, 2013.

IAS 1 Presentation of Financial Statements ("IAS 1") was amended in June 2011. The amendments are effective for annual periods beginning on or after July 1, 2012. The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group together items within other comprehensive income ("OCI") that may be reclassified to the profit or loss section of the consolidated statement of operations and comprehensive loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. There was no impact on the Company's condensed interim consolidated financial statements upon implementation of this standard on April 1, 2013.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine ("IFRIC 20") was issued in October 2011 and is effective for annual periods beginning on or after January 1, 2013. IFRIC 20 was issued to address the accounting for costs associated with waste removal in surface mining ("stripping costs"). The interpretation clarifies when production stripping should lead to the recognition of an asset and how the asset should be measured, both initially and in subsequent periods. The adoption of IFRIC 20 resulted in the capitalization of $5,245,468 of stripping costs in the three months ended June 30, 2013 which would have been expensed as mining costs under the Company's previous account policy.

(Unaudited, expressed in Canadian dollars)

4. Significant accounting policies (continued)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (continued)

The adoption of IFRIC 20 did not have a material impact on the condensed interim consolidated financial statements for the three months ended June 30, 2012 and the year ended March 31, 2013.

5. Restricted Cash

Restricted cash consists of guaranteed investment certificates and term deposits assigned by the Company to its bank as security for letters of credit issued for rehabilitation obligations and certain commercial contracts.

	June 30, 2013	March 31, 2013
	$	$
Security for letters of credit for rehabilitation obligations	4,006,830	2,996,267
Security for letters of credit for commercial contracts	4,561,518	4,658,067
Total	8,568,348	7,654,334

6. Inventories

	June 30, 2013	March 31, 2013
	$	$
Ore at site	3,913,120	3,628,136
Saleable product	7,082,345	7,412,512
Total	10,995,465	11,040,648

Ore at site consists of (i) run of mine ore at site, carried at cost and (ii) treated ore at site (or in transit to port), carried at cost. Saleable product consists of iron ore at port, carried at cost.

7. Mineral Property Interests

The Company holds a 100% interest in the Schefferville Projects. The Schefferville Projects comprise a series of iron ore deposits located in the Menehik area of western Labrador in the Province of Newfoundland and Labrador and in north-eastern Quebec, near the town of Schefferville, Quebec.

All of the iron ore properties located in Labrador are held subject to a royalty in the amount of 3% of the selling price (Free On Board ("FOB") Port) of iron ore shipped and sold from such properties, subject to such royalty being no greater than USD$1.50 per tonne, with such royalty being payable quarterly in arrears.

Six mining claims in Quebec are held subject to a royalty of 3% of the selling price FOB port of iron ore shipped and sold from the properties, subject to such royalty being no greater than US$1.50 per tonne. Seventeen mining claims in Quebec are subject to a royalty of $2.00 per tonne. An advance royalty payment of $2.0 million was paid which will be credited against future royalties payable on seventeen of the mining rights in Quebec.

The Company, through its wholly-owned subsidiary Schefferville Mines Inc. ("SMI"), holds an exclusive operating license in certain mining claims in Quebec subject to the payment of a royalty of $2.00 per tonne of iron ore shipped from the licensed properties. The Company has agreed to assume certain existing liabilities related to the licensed properties. Any amounts paid in respect of such liabilities in excess of $1,500,000 will be deemed to be an advance royalty payment. The licensed properties are subject to pre-existing litigation by a third party against the licensor of the properties claiming breach of contract and seeking performance of an alleged agreement concerning the licensed properties and unspecified damages. The Company considers such litigation to be without merit.

(Unaudited, expressed in Canadian dollars)

7. Mineral Property Interests (continued)

The reclamation balance included within mineral property interests represents amounts initially recorded to correspond with the rehabilitation provisions. This asset amount will be amortized over the useful life of the asset to which it relates.

The Company's mineral property assets are as follows:

Cost at:		Producing mines		Mineral property interests		Reclamation balance		Total
March 31, 2013	$	30,774,932	$	92,756,004	$	2,832,299	$	126,363,235
Additions		5,245,468		643,742		1,021,268		6,910,478
June 30, 2013	$	36,020,400		93,399,746	$	3,853,567	$	133,273,713
Accumulated depletion and depreciation:								
March 31, 2013	$	(19,736,693)	$	-	$	(729,150)	$	(20,465,843)
Depletion		(679,663)		-		-		(679,663)
Depreciation		-		-		(306,474)		(306,474)
June 30, 2013		(20,416,356)	$	-		(1,035,624)		(21,451,980)
Net book value at:								
March 31, 2013	$	11,038,239	$	92,756,004	$	2,103,149	$	105,897,392
June 30, 2013	$	15,604,044	$	93,399,746	$	2,817,943	$	111,821,733

At June 30, 2013, Stage 1 of the Schefferville Projects, which includes the Company's James Mine, is classified as a producing mine and all of the Company's properties other than those in Stage 1 are classified as mineral property interests.

The Company has accrued $1,331,000 (March 31, 2013 - $1,331,000) in tax credits receivable related to eligible expenditures in the province of Quebec. The assistance has been applied to the properties to which it pertains. The Company expects to receive this assistance in the form of refundable tax credits from the Province of Quebec and mining duties returns from the Quebec Ministry of Natural Resources. Such assistance is subject to governmental audit.

(Unaudited, expressed in Canadian dollars)

8. Property, Plant and Equipment

Cost at:	Buildings and mine camp	Office equipment	Transportation infrastructure and equipment	Beneficiation plant and equipment	Total
March 31, 2012	5,932,823	554,966	28,941,156	50,707,905	86,136,850
Additions	4,441,337	607,794	3,433,515	23,537,085	32,019,731
March 31, 2013	10,374,160	1,162,760	32,374,671	74,244,990	118,156,581
Additions	192,264	11,638	815,866	7,364,783	8,384,551
June 30, 2013	10,566,424	1,174,398	33,190,537	81,609,773	126,541,132
Accumulated Depreciation at:					
March 31, 2012	1,206,536	177,670	1,929,433	357,593	3,671,232
Depreciation for the year	1,555,381	256,517	3,000,921	789,163	5,601,982
March 31, 2013	2,761,917	434,187	4,930,354	1,146,756	9,273,214
Depreciation for the period	449,270	55,252	820,093	3,404,291	4,728,906
June 30, 2013	3,211,187	489,439	5,750,447	4,551,047	14,002,120
Net Book Value at:					
March 31, 2013	7,612,243	728,573	27,444,317	73,098,234	108,883,367
June 30, 2013	7,355,237	684,959	27,440,090	77,058,726	112,539,012

Property, plant and equipment at June 30, 2013 includes a balance with a total cost of $6,330,846 consisting primarily of railcars which have not been amortized pending the assets being ready for use. Property, plant and equipment at March 31, 2013 included a balance of $38,870,750 consisting primarily of Phase 3 of the Company's processing plant which had not been amortized pending the assets being ready for use.

Buildings and mine camp at June 30, 2013 include an asset under finance lease with a carrying value of $2,971,012 (March 31, 2013 - $3,190,167).

(Unaudited, expressed in Canadian dollars)

9. Share Capital

Authorized
Unlimited common shares, no par value

Issued	Shares #	Amount $
Balance March 31, 2012	67,333,307	341,511,257
Exercise of options	430,000	860,000
Exercise of options - valuation allocation	-	356,898
Exercise of broker warrants	837,500	837,500
Exercise of broker warrants – valuation allocation	-	276,375
Common shares issued at $1.00 per share	30,000,000	30,000,000
Common shares issued at $1.05 per unit	27,600,000	28,980,000
Share purchase warrants	-	(4,623,000)
Share issue costs	-	(3,665,304)
Broker warrants – valuation allocation	-	(1,033,200)
Balance March 31, 2013 and June 30, 2013	126,200,807	393,500,526

10. Reserves

(a) **Stock options**

The Company operates a Stock Option Plan for directors, officers, management, employees and other persons who perform ongoing services for the Company or any of its subsidiaries. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through options, to acquire a proprietary interest in the Company and to benefit from its growth.

The maximum number of common shares reserved for issuance upon the exercise of options cannot exceed 10% of the total number of common shares outstanding immediately prior to such an issuance. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the Board of Directors at no lesser than the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

A summary of the Company's options at June 30, 2013 and March 31, 2013 and the changes for the periods then ended is presented below:

	Three months ended June 30, 2013			Year ended March 31, 2013		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Outstanding, beginning of period	1,716,875	$	5.17	2,118,438	$	4.56
Granted	-		-	878,125		3.00
Exercised	-		-	(430,000)		2.00
Expired	-		-	(751,251)		2.70
Forfeited	-		-	(98,437)		5.40
Outstanding, end of period	1,716,875	$	5.17	1,716,875	$	5.17

(Unaudited, expressed in Canadian dollars)

10. Reserves (continued)

(a) Stock options (continued)

The following table sets out details of the stock options outstanding at June 30, 2013:

Options Outstanding			Options Exercisable		
Number	Weighted Average Exercise Price	Expiry Date	Number	Weighted Average Exercise Price	Grant Date Fair Value
243,750	$ 6.27	14/09/2015	243,750	$ 6.27	$ 1, 177,313
12,500	7.30	09/11/2015	12,500	7.30	69,750
82,500	11.65	09/02/2016	82,500	11.65	1,164,675
65,000	10.18	23/06/2016	65,000	10.18	503,100
100,000	6.80	22/09/2016	87,500	6.80	509,000
40,000	6.81	10/11/2016	30,000	6.81	195,600
200,000	6.35	30/11/2016	150,000	6.35	924,000
152,500	6.20	09/02/2017	95,312	6.20	696,925
820,625	3.00	02/07/2017	410,312	3.00	1,466,469
1,716,875	$ 5.17		1,176,874	$ 5.79	$ 6,706,832

There were no options granted during the quarter ended June 30, 2013.

The stock-based compensation expense during the period ended June 30, 2013 related to the vesting of options granted has been recorded as to $Nil (June 30, 2012- $183,417) recorded to mineral property interest capitalized cost and $221,738 (June 30, 2012 - $421,248) as a non-operating expense.

Stock options vest as to one-eighth quarterly. The first vesting date is the first day of the first quarter following the date of grant.

The weighted average contractual life remaining for outstanding and exercisable options at June 30, 2013 is 3.47 years and 1.59 years, respectively.

The total number of common shares that are issuable pursuant to stock options that are exercisable as at June 30, 2013 is 1,176,874. The weighted average grant date fair value of stock options issued during the quarter ended June 30, 2013 is $Nil.

(Unaudited, expressed in Canadian dollars)

10. Reserves (continued)

(b) Warrants

A summary of the Company's share purchase warrants at June 30, 2013 and March 31, 2013 and the changes for the years then ended is presented below:

	Three months ended June 30, 2013			Year ended March 31, 2013		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Outstanding, beginning of period	16,505,000	$	1.49	1,140,835	$	8.32
Issued	-		-	16,680,000		1.29
Exercised	-		-	(837,500)		1.00
Expired	-		-	(478,335)		12.50
Outstanding, end of period	16,505,000	$	1.49	16,505,000	$	1.49

As at June 30, 2013, the Company had outstanding exercisable warrants, with a weighted average remaining contractual life of 2.33 years, to purchase an aggregate 16,505,000 common shares as follows:

Warrants Outstanding and Exercisable					
Number	Exercise Price		Expiry Date	Grant Date Fair Value	
662,500	$	5.30	20/09/2013	$	1,172,625
662,500	$	1.00	06/05/2014		218,625
1,380,000	$	1.05	13/08/2014		538,200
13,800,000	$	1.35	12/02/2016		4,623,000
				$	6,552,450

(c) Reserves

A summary of the reserves account is presented below:

Balance, March 31, 2012	$ 12,177,239
Stock options issued	2,416,786
Stock options exercised	(356,898)
Stock options expired	(1,059,192)
Stock options forfeited	(51,683)
Share purchase warrants	4,623,000
Broker warrants issued	1,033,200
Broker warrants exercised	(276,375)
Broker warrants expired	(2,254,425)
Balance, March 31, 2013	16,251,652
Stock options vested	221,738
Balance, June 30, 2013	$ 16,473,390

(Unaudited, expressed in Canadian dollars)

11. Related Party Transactions and Compensation of Key Management Personnel

During the three months ended June 30, 2013, the Company recovered $29,181 (June 30, 2012 - $30,015) in respect of office rent from corporations with common directors and/or officers. At June 30, 2013, $21,339 (March 31, 2013 - $34,366) remained receivable.

During the three months ended June 30, 2013, the Company made payments to companies with common directors and/or officers, in respect of management compensation (management costs) provided in the amount of $150,000 (June 30, 2012 - $133,400). All of the management compensation in the three months ended June 30, 2012 was expensed. At June 30, 2013, $87,667 (March 31, 2013 - $76,833) in management compensation remained payable to these related companies.

During the three months ended June 30, 2013, the Company incurred legal fees (professional fees and share issue costs) in respect of services provided by a professional corporation controlled by an officer in the amount of $66,920 (June 30, 2012 - $56,884). At June 30, 2013, 66,920 (March 31, 2013 - $30,800) remained payable to this related party for legal fees.

Compensation of key management personnel of the Company

The remuneration of directors and other key management personnel during the three months was as follows:

	June 30, 2013	June 30, 2012
Short-term compensation (i)	$ 358,431	$ 424,900
Other long-term benefits	-	-
Share-based payments (ii)	103,896	276,325
	$ 462,327	$ 701,225

(i) Short-term compensation includes salaries, bonuses and allowances, employment benefits and directors' fees.

(ii) Share-based payments represent the amount recorded by the Company for vested stock options and DSUs issued during the year to directors and other key management personnel.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key management is determined by the compensation committee, having regard to the performance of individuals and market trends.

(Unaudited, expressed in Canadian dollars)

12. Capital Management

The capital of the Company consists of common shares, stock options, share purchase warrants and finance leases. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

The Company manages its cash and cash equivalents, common shares, stock options, and share purchase warrants as capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of its mineral properties. As the Company has been in the exploration and development stage, its principal source of funds for its operations has been from the proceeds of the issuance of common shares and units. The issuance of common shares requires approval from the Board of Directors. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the Company's management to sustain future development of the business. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its Schefferville Projects for the benefit of its stakeholders. The Company uses stock options primarily to retain and provide incentives to employees and consultants. The granting of stock options is primarily determined by the Board of Directors.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

13. Commitments and Contingencies

(a) The Company is committed to a minimum amount of rental payments under a long-term operating lease for its head office premises, which expires on August 31, 2019. As at June 30, 2013, minimum rental commitments remaining under this lease are as follows:

Not later than 1 year	$ 502,000
Later than 1 year, not later than 5 years	2,008,000
Later than 5 years	585,000
	$ 3,095,000

The Company expects to recover a portion of these lease commitments from corporations with common directors and officers that are sharing part of the head office premises.

(b) The Company is committed to future payments under contracts for the supply of locomotives and the use of third party rail and port infrastructure. The rail contracts include provisions for future capital contributions by the Company, which will be credited against future tariffs. The rail contracts also include provisions for minimum future haulage volumes and tariffs. The port contract includes a provision for a future buy-in payment, which will be credited against future shipping fees. The port contract also includes provisions for minimum future shipping volumes and fees. The Company has also agreed to certain community development and training contributions to various First Nations communities. As at June 30, 2013, minimum commitments remaining under these rail, port and First Nations agreements, net of credits of $38,107,000 against future tariffs and fees, are as follows:

Not later than 1 year	$ 37,326,000
Later than 1 year, not later than 5 years	112,118,000
Later than 5 years	30,958,000
	$ 180,402,000

(Unaudited, expressed in Canadian dollars)

13. Commitments and Contingencies (continued)

(c) The Company entered into flow-through share subscription agreements on March 20, 2012 whereby it committed to incur, by December 31, 2013, a total of $10,675,000 of qualifying Canadian Exploration Expenses, as described in the Income Tax Act. As at June 30, 2013, a balance of $8,055,632, remained to be to be incurred by December 31, 2013. The Company has indemnified the subscribers for any tax related amounts that may become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

(d) The Company's mining and exploration activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

(e) Refer to Note 14 for finance lease obligation.

14. Finance Lease Obligation

The Company entered into finance lease agreements for a mine camp and a mine camp expansion during the years ended March 31, 2012 and March 31, 2013 respectively. The Company used an incremental borrowing rate of 11% in determining the value of the finance lease obligation.

	Three months ended June 30, 2013	Year ended March 31, 2013
Balance, beginning of period	$ 3,161,636	$ 1,668,322
Present value of finance lease on inception	-	2,228,093
Less: payments made during the period	(290,275)	(1,067,580)
Add: Interest accretion	85,076	332,801
Balance, end of period	2,956,437	3,161,636
Less: current portion, end of period	(879,344)	(855,599)
Long-term portion, end of period	$ 2,077,093	$ 2,306,037

Future minimum lease payments under the finance lease agreement by fiscal year are as follows:

2014	$	1,161,000
2015		1,111,000
2016		561,000
2017		514,250
	$	3,347,250

The finance lease has a purchase option for the mine camp exercisable in June 2013 for $1,003,000 or in June 2015 for $100,000 and has a purchase option for the mine camp extension exercisable in the month of June 2017 for $100,000.

(Unaudited, expressed in Canadian dollars)

15. Rehabilitation provision

Rehabilitation provision represents the legal and contractual obligations associated with the eventual closure of the Company's mining operations either progressively or at the end of the mine life. These obligations consist of costs associated with reclamation and monitoring activities and the removal of tangible assets from the Company's mining sites.

At June 30, 2013, the total undiscounted amount of the Company's rehabilitation provision is $3,975,067 and is expected to be incurred between 2013 and 2031. The present value of the rehabilitation provision has been estimated at $4,003,441 at June 30, 2013 using a discount rate ranging from 1.07% to 2.5% and a long-term inflation rate of approximately 1.4%.

A summary of the Company's rehabilitation provision is presented below:

	Three months ended June 30, 2013	Year ended March 31, 2013
Balance, beginning of period	$ 2,971,469	$ 3,074,820
Present value of obligation on inception	1,021,269	-
Accretion expense	10,703	38,229
Change in estimates	-	(141,580)
Balance, end of period	$ 4,003,441	$ 2,971,469

	Three months ended June 30, 2013	Year ended March 31, 2013
Current	$ 1,294,853	$ 514,853
Non-current	2,708,588	2,456,616
Balance, end of period	$ 4,003,441	$ 2,971,469

16. Long-term prepaid expenses, advances and deferred expenses

Long term prepaid expenses, advances and deferred expenses consist of various prepaid royalties, prepaid tariffs and infrastructure access advances, which in aggregate total $20,502,594 at June 30, 2013 (March 31, 2013 - $32,699,891).

17. Accounts receivable and prepaid expenses

	June 30, 2013	March 31, 2013
Accounts receivable	$ 13,862,978	$ 2,224,005
Refundable taxes	3,536,889	2,390,862
Prepaid expenses	8,765,357	8,011,294
	$ 26,165,224	$ 12,626,161

18. Accounts payable and accrued liabilities

	June 30, 2013	March 31, 2013
Trade payables and accruals	$ 39,592,980	$ 21,382,559
Sales taxes and statutory liabilities	4,221,417	5,885,079
	$ 43,814,397	$ 27,267,638

(Unaudited, expressed in Canadian dollars)

19. Other Liabilities

Deferred Share Units

On April 1, 2012 the Company adopted the DSU Plan under which DSUs may be granted by the Board at the end of each quarter to certain directors and key senior employees. The performance period of each DSU commences on the grant date and expires on the termination date of the participant. The termination date is when the participant ceases to be a director or key senior employee of the company. On redemption each unit entitles the participant to receive, at the Company's option, a cash payment or shares equal to the market value of the Company's shares on the date of redemption.

A summary of deferred share units issued is presented below:

	Number	Fair value
Balance, March 31, 2013	259,264	$ 165,929
Deferred share units issued	155,103	70,000
Revaluation		(53,607)
Balance, June 30, 2013	414,367	$ 182,322

20. Revenue, net

Revenue from mining operations recognized by the Company is calculated based on the actual realized price (i.e. CFR China price plus or minus value-in-use adjustments) of a shipment of iron ore resold in China, less shipping costs and the Iron Ore Company of Canada's ("IOC") participation, which includes product handling, ship loading and sales costs. The Company currently sells all of its iron ore product on an FOB Port of Sept-Iles basis to IOC, which product is resold in China by way of an off-take arrangement with RB Metalloyd Limited.

21. Deferred revenue and Put option contracts

(a) Deferred revenue

The Company entered into an arrangement with RBM, pursuant to which RBM provided an advance payment of US$35,000,000 against the sale of future iron ore production by the Company. The advance payment will be credited against future sales in equal installments coinciding with the timing of seventeen shipments beginning in August 2013 and ending in December 2014.

The advance payment is recognized as deferred revenue on the statement of financial position.

Short-term portion of advance payment	$	21,073,109
Long-term portion of advance payment		14,751,177
Total	$	35,824,286

(b) Put option contracts

The Company entered into a limited price protection plan in which the Company purchased put options on a total of 825,000 tonnes of iron ore over the period August to October 2013, exercisable at a CFR China exercise price of US$105 per tonne. The Company also sold matching put options at a CFR China exercise price of US$90 per tonne on a total of 825,000 tonnes of iron ore over the same period.

The mark-to-market valuation of the iron ore put option contracts at June 30, 2013 resulted in a decline in value of $1,473,263, which was recognized in the condensed interim consolidated statements of operations.

Cost of put options	$	3,569,803
Mark-to-market decline		(1,473,263)
Balance, June 30, 2013	$	2,096,540

22. Financial Instruments

Fair Value Hierarchy

The Company discloses information related to its financial instruments that are measured at fair value subsequent to initial recognition, based on levels 1 to 3 based on the degree to which the fair value is observable.

(f) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
(g) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
(h) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

At June 30, 2013 and March 31, 2013, the Company's financial instruments that are carried at fair value, consisting of cash equivalents, have been classified as Level 1 within the fair value hierarchy.

Fair value

Fair value estimates are made at the financial position date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The carrying amounts for cash and cash equivalents, tax credits receivable, accounts receivable, accounts payable and accrued liabilities and long-term payables on the statement of financial position approximate fair value because of the limited term of the instruments.

Financial risk management

This section provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, interest rate risk and commodity price risk and how the Company manages those risks. The Company's objectives and management of risks have not changed significantly during the period ended June 30, 2013.

i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's credit risk is primarily attributable to cash and equivalents, accounts receivable and tax credits receivable. The Company does not currently hold derivative type instruments that would require a counterparty to fulfill a contractual obligation. The Company has never held any asset backed paper instruments. The Company seeks to place its cash and cash equivalents with reputable financial institutions. At June 30, 2013, the Company's cash and cash equivalents were held in deposits and in an investment grade short term money market fund at a major Canadian bank. Accounts receivable and tax credits receivable consist of amounts owing from the sale of iron ore, commodity taxes recoverable from the Government of Canada and tax credits receivable from the Province of Quebec. The carrying amount of financial assets represents the Company's maximum credit exposure.

ii) Liquidity risk

Liquidity risk encompasses the risk that the Company cannot meet its financial obligations as they come due. As at June 30, 2013, the Company had working capital of $612,588. After taking into consideration the expected closing of a strategic relationship with Tata Steel Minerals Canada Limited, management believes the Company is able to meet its current obligations as they fall due.

22. Financial Instruments (continued)

iii) Foreign currency risk

The majority of the Company's cash flows and financial assets and liabilities are denominated in Canadian dollars, which is the Company's functional and reporting currency. Foreign currency risk is limited to the portion of the Company's business transactions denominated in currencies other than the Canadian dollar.

Revenue from the sale of iron ore is denominated in U.S. dollars and, as a result, fluctuations in the U.S. dollar exchange rate relative to the Canadian dollar could create volatility in the Company's cash flows and the reported amounts for revenue in its condensed interim consolidated statement of operations, both on a period-to-period basis and compared with operating budgets and forecasts.

Additional earnings volatility arises from the translation of monetary assets and liabilities denominated in currencies other than the Canadian dollar at the rates of exchange at each financial position date, the impact of which is reported as a foreign exchange gain or loss in the condensed interim consolidated statement of operations and comprehensive income (loss).

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by holding cash and cash equivalents in Canadian dollars. The Company will monitor the values of net foreign currency cash flow and balance sheet exposures and in the future may consider using derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of any foreign currency cash flows. The Company does not use forward foreign exchange contracts for speculative purposes.

iv) Interest rate risk

Included in net loss for the three months ended June 30, 2013 is interest earned on the Company's cash and cash equivalents. If interest rates throughout the quarter ended June 30, 2013 had been 100 basis points higher (lower) then the loss would have been approximately $50,000 lower (higher). The Company does not have any variable rate debt obligations which expose it to interest rate risk.

v) Commodity price risk

The future profitability of the Company is directly related to the market price of iron ore. Fluctuations in the iron ore price could create volatility in the Company's future cash flows and the future reported amounts for sales in its condensed interim consolidated statement of operations and comprehensive (loss) income, both on a period-to-period basis and compared with operating budgets and forecasts. In addition, a drop in actual iron ore prices or expected long-term iron ore prices could impact the Company's ability to raise additional financing, if required, to complete the development of its properties, and development could also be halted if iron ore prices fall below expected operating costs. If the iron ore price throughout the three month period ended June 30, 2013 had been $10 higher (lower) then the revenue would have been approximately $3,300,000 higher (lower).

23. Comparative Amounts

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period. These reclassifications have no material effect on the financial statements.