



**CONSOLIDATED
THOMPSON**

Interim Financial Statements

First Quarter of 2009

**Three Months
Ended
March 31, 2009 and 2008**

(Unaudited, expressed in thousands of Canadian dollars)

CONSOLIDATED THOMPSON IRON MINES LIMITED

(A Development Stage Company)

CONSOLIDATED BALANCE SHEETS
(expressed in thousands of Canadian dollars)
As at

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current		
Cash and cash equivalents	\$ 92,425	\$ 146,295
Short-term investments	-	5,000
Restricted cash	27,546	28,444
Amounts receivable	10,475	13,495
Prepaid expenses and advances	2,669	2,672
	133,115	195,906
Long-term advances (Note 4)	55,348	54,374
Long-term investments (Note 5)	1,646	171
Property and equipment (Notes 6 and 11)	3,107	374
Mineral exploration and development properties (Note 6)	431,573	395,014
	\$ 624,789	\$ 645,839
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 20,302	\$ 40,006
Future income and mining taxes	51,516	51,516
	71,818	91,522
SHAREHOLDERS' EQUITY		
Common shares (Note 7)	542,749	542,749
Warrants (Note 8)	6,751	6,751
Contributed surplus	40,848	40,848
Accumulated deficit	(36,558)	(34,775)
Accumulated other comprehensive income	(819)	(1,256)
	552,971	554,317
	\$ 624,789	\$ 645,839

Nature of operations and going concern (Note 1)
Commitments and contingencies (Note 13)
Subsequent events (Note 14)

CONSOLIDATED THOMPSON IRON MINES LIMITED

(A Development Stage Company)

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

(unaudited, expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31,

	2009		2008
Expenses			
General and administrative	\$ 2,993	\$	1,645
Stock-based compensation (Note 9)	-		5,227
Amortization	33		17
Loss before the undernoted	(3,026)		(6,889)
Interest income	887		1,975
Interest expense	(34)		(6)
Unrealized gains on warrants (Note 5)	-		1,113
Foreign exchange gain	352		244
Loss before mining and income taxes	(1,821)		(3,563)
Current mining tax recovery	-		89
Future mining and income taxes recovery (expense)	38		(89)
Net loss	(1,783)		(3,563)
Other comprehensive income items			
Unrealized gain on available-for-sale financial assets arising during the period, net of future income taxes of \$38 (2008 – Nil) (Note 5)	437		3,414
Comprehensive loss	\$ (1,346)	\$	(149)
Net loss per share (Note 10)			
Basic	\$ (0.01)	\$	(0.04)
Diluted	\$ (0.01)	\$	(0.04)
Weighted average common shares outstanding (in thousands) (Note 10)			
Basic	119,379		82,519
Diluted	119,379		82,519

CONSOLIDATED THOMPSON IRON MINES LIMITED

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, expressed in thousands of Canadian dollars)
For the three months ended March 31,

	2009		2008
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES:			
Net loss for the period	\$ (1,783)	\$	(3,563)
Charges not affecting cash:			
Stock-based compensation	-		5,227
Amortization	33		17
Unrealized gains on warrants	-		(1,113)
Unrealized foreign exchange gain on restricted cash	(278)		(67)
Future mining and income taxes	(38)		89
Net change in non-cash working capital	3,111		1,564
	1,045		2,154
INVESTING ACTIVITIES:			
Equipment	(518)		(77)
Mineral exploration and development properties, net of government assistance	(58,599)		(9,613)
Increase in long-term advances	(974)		-
Decrease in short-term investments	5,000		-
Purchase of long-term investments	(1,000)		(3,250)
Decrease (increase) in restricted cash	1,176		(198)
	(54,915)		(13,138)
FINANCING ACTIVITIES:			
Shares issued through public offering	-		179,400
Shares issued from exercise of options and warrants	-		790
Share issue costs	-		(8,278)
	-		171,912
Increase (decrease) in cash and cash equivalents	(53,870)		160,928
Cash and cash equivalents, beginning of period	146,295		191,219
Cash and cash equivalents, end of period	\$ 92,425	\$	352,147
Cash and cash equivalents consists of:			
Cash	\$ 1,796	\$	327
Cash equivalents	90,629		351,820
	\$ 92,425	\$	352,147

Supplemental information (Note 11)

CONSOLIDATED THOMPSON IRON MINES LIMITED

(A Development Stage Company)

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(unaudited, expressed in thousands of Canadian dollars)

For the three months ended March 31,

	2009	2008
Common shares		
Balance, beginning of period	\$ 542,749	\$ 243,063
Issued through public offering	-	179,400
Cash proceeds on options exercised	-	790
Transfer from contributed surplus from exercise of options	-	530
Cost of issue	-	(8,673)
Balance, end of period	\$ 542,749	\$ 415,110
Warrants		
Balance, beginning of period	\$ 6,751	\$ -
Exercised	-	-
Expired	-	-
Balance, end of period	\$ 6,751	\$ -
Contributed surplus		
Balance, beginning of period	\$ 40,848	\$ 14,542
Stock options issued	-	5,227
Stock options exercised	-	(530)
Warrants expired	-	-
Balance, end of period	\$ 40,848	\$ 19,239
Deficit		
Balance, beginning of period	\$ (34,775)	\$ (22,013)
Net income loss for the period	(1,783)	(3,563)
Balance, end of period	\$ (36,558)	\$ (25,576)
Accumulated other comprehensive income		
Balance, beginning of period	\$ (1,256)	\$ 37
Unrealized gain on available-for-sale financial assets arising during the period, net of future income taxes of \$38 (2008 – Nil)	437	3,414
Balance, end of period, net of future income taxes of \$38 (2008 – Nil)	\$ (819)	\$ 3,451
Total shareholders' equity	\$ 552,971	\$ 412,224

CONSOLIDATED THOMPSON IRON MINES LIMITED

(A Development Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2009 and 2008

1. NATURE OF OPERATIONS AND GOING CONCERN

Consolidated Thompson Iron Mines Limited (the "Company", or "Consolidated Thompson") is a development stage company and has mineral exploration and development properties in Canada. Substantially all of the Company's efforts are currently devoted to financing and developing its Bloom Lake iron ore property located near the city of Fermont, in the Province of Québec, Canada.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of the carrying value of mineral exploration and development properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery and development of economically recoverable reserves, the achievement of profitable operations, 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 of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, 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, and non-compliance with regulatory requirements.

The Company follows the disclosure requirements of CICA Section 1400, "General Standards of Financial Statement Presentation". The standard requires that management make an assessment of a company's ability to continue as a going concern and to use the going concern basis in the preparation of the financial statements unless management intends to liquidate the Company or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon a company's ability to continue as a going concern, those uncertainties should be disclosed.

While these financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast significant doubt about the validity of that assumption. At March 31, 2009, the Company had insufficient funds to complete the construction of its Bloom Lake mine and related rail and port infrastructure that would allow operations to commence and the Company to begin generating operating cash flow. At March 31, 2009, the Company had spent approximately \$219.8 million of the estimated \$486.4 million required to complete construction on the Bloom Lake mine and mill, a difference of \$266.6 million. At March 31, 2009, the Company had cash and cash equivalents and restricted cash totalling \$120.0 million.

In addition, as outlined in the feasibility study, it was expected that the required mobile mining equipment and rolling stock would be lease financed and the 31 kilometre ("km") rail spur and port facilities would be financed, built and operated by a third party. The capital cost related to the rail spur and the port facilities is estimated to be \$160 million. While discussions are currently on-going with respect to all of these requirements, no agreements have been finalized and the Company's ability to secure financing for these aspects of the project has also been negatively impacted by the current economic downturn.

On April 27, 2009, the Company closed a public offering of 35,650,000 common shares at a price of \$2.60 per common share, including the exercise of an over-allotment option of 4,650,000 common shares, for aggregate gross proceeds of \$92,690,000. The net proceeds of approximately \$87.9 million from this offering are intended to be used to complete construction of the Bloom Lake project and for general working capital and corporate purposes.

On March 30, 2009, Consolidated Thompson signed an agreement with Wuhan Iron and Steel (Group) Corporation ("WISCO") whereby WISCO agrees to pay the Company US\$240 million (approximately \$302 million based on the March 31, 2009 Cdn/US dollar noon rate of 1.2602) in exchange for 29,748,897 common shares in Consolidated Thompson, which represents approximately 19.9% of the issued shares on a post-investment basis before the recent equity financing and an interest of 25% in a new entity that is to be established to operate the Bloom Lake mine. A definitive agreement is expected to be signed before the end of May 2009.

CONSOLIDATED THOMPSON IRON MINES LIMITED

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(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2009 and 2008

1. NATURE OF OPERATIONS AND GOING CONCERN (continued)

The expected proceeds from the public offering and the WISCO agreement are expected to provide the Company with the required financing to complete the construction of the Bloom Lake mine; however, there is no assurance that the WISCO transaction described above will be successful.

With the completion of the public offering, the Company currently projects to have sufficient funds to continue on its existing construction schedule until July 2009. If a definitive agreement is not signed with WISCO, or another source of financing is not secured before this date, construction on the mine and mill will need to be temporarily postponed to ensure that the Company has sufficient resources to discharge its existing liabilities and fund care and maintenance costs until such time as financing, on acceptable terms, is available.

As at March 31, 2009, the Company had net working capital of \$112.8 million, which included cash and cash equivalents totalling \$92.4 million, restricted cash of \$27.5 million and accounts payable and accrued liabilities of \$20.3 million. In addition to the cash and cash equivalents available on March 31, 2009, the Company received net proceeds of \$87.9 million subsequent to the quarter end from the public offering of 35,650,000 common shares described above. If work on the Bloom Lake project progresses as currently scheduled, the outstanding purchase orders, as at March 31, 2008, would represent expenditures of \$166.7 million. The Company also had an order placed for mobile mining equipment for US\$49.6 million (\$62.5 million). However, the Company has the ability to reduce the commitments under the purchase orders if additional financing is not secured.

In addition to the construction and development obligations, Consolidated Thompson also has commitments related to the production and delivery of iron ore. In August 2008, the Company signed a rail transportation agreement with Quebec North Shore & Labrador Railway Company, Inc. ("QNS&L") for the transportation of iron ore concentrate from the Bloom Lake mine. Under the agreement, the Company is required to make minimum monthly shipments of iron ore concentrate by January 2010, or will be subject to penalties. Consolidated Thompson also has an agreement to deliver 7 million tonnes of iron ore concentrate per year over a 7 year period to Worldlink Resources Ltd. ("Worldlink"). If the Company fails to provide Worldlink with the agreed upon amount of iron ore concentrate, the Company may have to acquire iron ore concentrate from other producers to cover the shortfall. Consolidated Thompson may be subject to penalties under the agreement with Worldlink if it cannot source alternative iron ore concentrate and, to the extent the Company can source alternative iron ore concentrate, it may have to do so at an economic loss.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. Any such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Quinto Mining Corporation ("Quinto"), which was acquired on June 27, 2008 and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all the information and notes to the financial statements required by Canadian GAAP for annual financial statements. In the opinion of management, these unaudited interim consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position as at March 31, 2009 as well as its results of operations and its cash flows for the three months ended March 31, 2009.

The unaudited interim consolidated financial statements have been prepared by management in accordance with the accounting policies described in the Company's most recent annual audited financial statements, except for the changes discussed in Note 3. While management believes that the disclosures presented are adequate, these interim unaudited consolidated financial statements and notes should be read in conjunction with the Company's annual consolidated financial statements for the fiscal year ended December 31, 2008.

CONSOLIDATED THOMPSON IRON MINES LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2009 and 2008

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Accounting changes

Section 3064, Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, in replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This new standard is applicable to fiscal years beginning on or after October 1, 2008. The Company implemented this standard in its first quarter of fiscal year 2009, which did not have an impact on its consolidated financial statements.

Recent accounting pronouncements

EIC-174, Mining Exploration Costs

In March 2009, the CICA issued the Abstract EIC-174, *Mining Exploration Costs*. The Abstract gives guidance on the capitalization of exploration costs related to mining properties and on the timing of the assessment of impairment tests and the conditions indicating possible impairments. This Abstract is applicable from its date of issue. The Company has considered EIC-174 in establishing its consolidated financial statements at March 31, 2009.

Section 1582, Business Combinations

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. The previous Section was removed in order to adopt the relevant extracts of the International Financial Reporting Standard, IFRS 3, *Business Combinations*. The new Section establishes standards for the recognition, measurement, presentation and disclosure of business combinations.

This new standard is applicable to business combinations realized during fiscal years beginning on or after January 1, 2011. The Company will implement this standard in its first quarter of fiscal year 2011. This new Section requires that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination be recorded at "full fair value" and that liabilities associated with restructuring or exit activities be recognized only if they meet the definition of a liability as of the acquisition date. In addition, direct acquisition costs must be expensed when incurred. As a result, if the Company realizes significant business combinations, this new Section could have a material impact on its consolidated financial statements because the actual policy is to include these costs in the purchase price of the acquired business.

Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling interests

Section 1601, *Consolidated Financial Statements*, replaces and carries forward existing guidance from Section 1600, *Consolidated Financial Statements*, on the aspects of the preparation of consolidated financial statements subsequent to a business combination other than non-controlling interests.

Section 1602, *Non-controlling interests*, provides guidance on accounting for non-controlling interests subsequent to a business combination. This Section replicates the provisions of IAS 27, *Consolidated and Separate Financial Statements*, other than the disclosure requirements. Under this new Section, non-controlling interests in subsidiaries must be presented in the consolidated balance sheet with equity, but separated from the parent shareholders' equity. In the statements of operations, a non-controlling interest must not be deducted in arriving at the consolidated net income, but must be allocated to the controlling interest and the non-controlling interest according to their percentage of ownership.

Sections 1601 and 1602 must be implemented concurrently with Section 1582, *Business Combinations*, discussed above. Both Sections are applicable for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. Section 1602 is to be applied retrospectively, with certain exceptions. Entities planning business combinations for the years beginning on or after January 1, 2010 should consider adopting these new standards in or before that year to avoid restatement on transition to IFRS in 2011.

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(A Development Stage Company)

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For the three months ended March 31, 2009 and 2008

3. CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS (continued)

Recent accounting pronouncements (continued)

International Financial Reporting Standards ("IFRS")

In 2005, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with IFRS. In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards into Canadian GAAP". This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian generally accepted accounting standards with IFRS. In April 2008, the AcSB published the exposure draft: *Adopting IFRS in Canada* ("Exposure Draft"). The AcSB proposes to incorporate the IFRS as set out in this Exposure Draft into the CICA Handbook – Accounting ("Handbook"). The Handbook will be updated as necessary thereafter so that, at any point in time, it includes the full body of IFRS then in effect. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRS will replace current Canadian GAAP for most publicly accountable enterprises. Companies will be required to provide comparative IFRS information for the previous fiscal year. The Company will implement these standards in its first quarter of fiscal year 2011 and is currently evaluating the impact of their adoption on its financial statements.

4. LONG-TERM ADVANCES

Payment in Respect of Rail Transportation

As at March 31, 2009, the Company had paid \$51,500,000 relating to a rail transportation agreement (the "Agreement") the Company had signed with Quebec North Shore & Labrador Railway Company, Inc. ("QNS&L"). The Agreement provides that iron ore concentrate from the Company's Bloom Lake property will be carried on the QNS&L railway from the Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Iles Junction in Sept-Iles, Quebec, a distance of approximately 500 km. The Company advanced \$51,500,000 pursuant to the terms of Agreement. Under the contract, the Company is required to make minimum monthly shipments of iron ore concentrate by beginning of January 2010, or will be subject to penalties.

Other Advance Payments

At March 31, 2009, the Company had additional outstanding long-term advances of \$3,848,000 relating mainly to advances to suppliers for mining equipment.

CONSOLIDATED THOMPSON IRON MINES LIMITED

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(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2009 and 2008

5. LONG-TERM INVESTMENTS

The fair value of the investments is determined using the closing quoted price of the investments at the balance sheet date, with the exception of the warrants of Quinto which were estimated using the Black-Scholes model as they were not traded on any public stock exchange.

As at March, 31, 2009, the Company had long-term investments in two companies: Labrador Iron Mines Ltd ("Labrador") and Largo Resources Ltd. ("Largo"). As at March 31, 2008, the Company had investments in Labrador and in Quinto. The following table details the fair value of the investments as well as the unrealized gain on the investments for the three months ended March 31, 2009 and 2008:

For the three months ended March 31, 2009:

	<u>Common shares</u>	<u>Warrants</u>
Fair value at December 31, 2008 (Labrador)	\$ 169	\$ 2
Investment in Largo ^(a)	1,000	-
Unrealized gain included in the net loss for the period	-	-
Unrealized gain included in other comprehensive loss for the period	475	-
Fair value at March 31, 2009	<u>\$ 1,644</u>	<u>\$ 2</u>

For the three months ended March 31, 2008

	<u>Common shares</u>	<u>Warrants</u>
Fair value at December 31, 2007 (Labrador)	\$ 1,462	\$ 103
Investment in Quinto ^(b)	2,905	345
Unrealized gain included in the net loss for the period	-	1,113
Unrealized gain included in other comprehensive loss for the period	3,414	-
Fair value at March 31, 2008	<u>\$ 7,781</u>	<u>\$ 1,561</u>

a) In February 2009, the Company participated in a private financing to acquire 16,666,667 common shares of Largo at a price of \$0.06 per common share for a total of \$1,000,000. Largo is a Canadian natural resource development and exploration company with two advanced stage projects in Brazil (Platinum-Vanadium) and in the Yukon in Canada (Tungsten-Molybdenum). The shares of Largo are traded on TSX Venture Exchange under the symbol "LGO". The shares are subject to a four month resale restriction from the closing date. Consolidated Thompson and Largo have two directors and one officer in common.

b) In January 2008, the Company purchased five million units of Quinto, at a price of \$0.65 per unit. Each unit was comprised of one common share of Quinto and one-half of one common share purchase warrant. Each whole common share purchase warrant entitled the Company to acquire one common share of Quinto at a price of \$1.00 per common share at any time prior to January 10, 2010. On June 27, 2008, the Company completed the acquisition of 100% of the outstanding shares of Quinto. The Quinto common shares and common share purchase warrants held by the Company were included in the purchase price on June 27, 2008.

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(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2009 and 2008

6. MINERAL EXPLORATION AND DEVELOPMENT PROPERTIES

	Three months ended March 31, 2009	Year ended December 31, 2008
<u>Bloom Lake Property</u>		
<u>Acquisition costs</u>		
Balance, beginning of period	\$ 568	\$ 441
Property, permits and mining claims	14	127
Balance, end of period	\$ 582	\$ 568
<u>Exploration and development expenditures</u>		
Balance, beginning of period	\$ 188,976	\$ 39,158
Process plant	8,827	57,001
Services and infrastructure	12,057	36,875
Engineering, procurement, construction, management	3,623	18,237
Direct field costs	5,410	15,660
Mine site preparation	3,161	13,950
Owner's costs	734	4,359
Auxiliary services	429	2,407
Exploration costs	154	1,934
	223,371	189,581
Government assistance	(35)	(605)
Transfers to property and equipment (Note 11)	(2,248)	-
Balance, end of period	\$ 221,088	\$ 188,976
<u>ITUM⁽ⁱ⁾ agreement</u>		
Balance, beginning of period	\$ 6,175	\$ -
Impact and benefits agreement	-	6,175
Balance, end of period	\$ 6,175	\$ 6,175
<u>Railroad infrastructure</u>		
Balance, beginning of period	\$ 5,887	\$ -
Investments during the period	1,126	5,887
Balance, end of period	\$ 7,013	\$ 5,887
<u>Port infrastructure</u>		
Balance, beginning of period	\$ 3,337	\$ -
Investments during the period	2,895	3,337
Balance, end of period	\$ 6,232	\$ 3,337
TOTAL – Bloom Lake Property	\$ 241,090	\$ 204,943

CONSOLIDATED THOMPSON IRON MINES LIMITED

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(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

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6. MINERAL EXPLORATION AND DEVELOPMENT PROPERTIES (continued)

	<u>Three months ended March 31, 2009</u>	<u>Year ended December 31, 2008</u>
<u>Peppler Lake / Lamelee Properties</u>		
Balance, beginning of period	\$ 1,860	\$ -
Property costs	104	73
Exploration costs	467	4,887
Government assistance	(165)	(3,100)
Balance, end of period	<u>\$ 2,266</u>	<u>\$ 1,860</u>
Allocated cost on acquisition of Quinto Mining Corporation	<u>\$ 188,211</u>	<u>\$ 188,211</u>
TOTAL – Peppler Lake / Lamelee Properties	<u>\$ 190,477</u>	<u>\$ 190,071</u>
Other properties	<u>\$ 6</u>	<u>\$ -</u>
TOTAL – Mineral exploration and development properties	<u>\$ 431,573</u>	<u>\$ 395,014</u>

(i) La Bande Innue TakuaiKAN Uashat Mak Mani-Utenam N° 80

7. COMMON SHARES

Authorized:

Unlimited common shares

Unlimited Class A preferred shares, issuable in series

Common shares issued:

At March 31, 2009 and December 31, 2008, there were 119,378,917 common shares outstanding for an aggregate carrying value of \$542,749,000.

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(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

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8. WARRANTS

At March 31, 2009 and December 31, 2008, there were 1,359,350 warrants outstanding for an aggregate carrying value of \$6,751,000 and a weighted average exercise price of \$4.04.

The following common share purchase warrants were outstanding and exercisable at March 31, 2009:

Exercise Prices	Number of warrants	Weighted average remaining contractual life (in years)
\$2.75	405,300	0.2
\$3.25	223,700	0.8
\$5.00	730,350	0.8
\$4.04	1,359,350	0.6

9. STOCK-BASED COMPENSATION

The Company has a stock option plan established with the intent of advancing the interests of the Company by encouraging and enabling the acquisition of an equity interest by directors, officers, key employees and consultants. The maximum number of share purchase options to be granted shall not exceed 10% of the issued and outstanding shares. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the board of directors of the Company and such exercise price shall not be lower than the closing market price at the time of grant, subject to all applicable regulatory requirements.

The following are the stock option transactions during the three months ended March 31, 2009:

	Number of options	Weighted average exercise price
Balance, December 31, 2008	9,915,000	\$ 5.70
Expired	(625,000)	3.25
Balance, March 31, 2009	9,290,000	\$ 5.87

As of March 31, 2009, the following stock options were outstanding:

Options outstanding / exercisable			
Exercise price ranges	Number of options outstanding and exercisable	Weighted average exercise price	Weighted average remaining contractual life (in years)
\$0.46 - \$1.65	425,000	\$ 0.72	1.6
\$2.75 - \$3.35	1,330,000	\$ 2.85	2.4
\$4.84 - \$6.65	4,690,000	\$ 5.89	3.5
\$8.00 - \$9.23	2,845,000	\$ 8.03	4.0
	9,290,000	\$ 5.87	3.4

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9. STOCK-BASED COMPENSATION (continued)

During the three months ended March 31, 2009, no stock options were granted (1,830,000 during the three months ended March 31, 2008). The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>Three months ended March 31, 2009</u>	<u>Three months ended March 31, 2008</u>
Expected dividend yield	-	0 %
Expected volatility	-	77 %
Risk-free interest rate	-	3.20 %
Expected life	-	3 years
Weighted average grant date fair value	-	\$ 2.86

10. EARNINGS PER SHARE

Earnings per share ("EPS") has been calculated using the weighted average number of shares outstanding during the period. Diluted EPS is calculated based on the treasury stock method. As a result of the net loss for the three months ended March 31, 2009 and 2008, diluted EPS was calculated from the basic weighted average shares outstanding because to do otherwise would be anti-dilutive.

11. SUPPLEMENTAL INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Supplemental information on the consolidated statement of cash flows for the three months ended March 31, 2009 and 2008 are as follows:

	<u>Three months ended March 31, 2009</u>	<u>Three months ended March 31, 2008</u>
Interest paid	\$ (33)	\$ (6)
	<u>As at March 31, 2009</u>	<u>As at Dec. 31, 2008</u>
Amounts included in accounts payable and accrued liabilities at the end of the period:		
Investments in mineral exploration and development properties	\$ 19,563	\$ 39,355
Quinto acquisition	63	63
Other payables	676	588
	<u>\$ 20,302</u>	<u>\$ 40,006</u>

At January 1, 2009, the apartments built by the Company to accommodate the employees once the Bloom Lake mine will be in operation as well as the automobiles and pick-up trucks that will be used during the operation phase were transferred from the Mineral exploration and development properties account to the Property and equipment account. The cost of the apartments and the mobile equipment at January 1, 2009 were \$1,909,000 and \$339,000, respectively.

CONSOLIDATED THOMPSON IRON MINES LIMITED

(A Development Stage Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(unaudited, tabular amounts expressed in thousands of Canadian dollars, except per share amounts)

For the three months ended March 31, 2009 and 2008

12. RELATED PARTY TRANSACTIONS

As detailed in Note 5, the Company participated during the three months ended March 31, 2009 in a private financing to acquire 16,666,667 common shares of Largo at a price of \$0.06 per common share for a total price of \$1,000,000. Consolidated Thompson and Largo have two directors and one officer in common.

During the three months ended March 31, 2009 and 2008, the Company paid consulting fees of \$18,750 to one of its directors. In addition, the Company shares its premises with other companies that have common directors and officers. The Company reimburses the related companies for its proportional share of the expenses. For the three months ended March 31, 2009, expenses of \$44,430 have been incurred on the Company's behalf by these related companies.

The Company is party to an agreement expiring in December 2009 for the use of a corporate aircraft that is owned by one of the directors. The Company is committed to chartering the aircraft for a minimum of twenty hours per month, with the expectation that the aircraft would primarily be to travel between the Bloom Lake property in northern Québec and the Company's offices in Toronto and Montreal. During the three months ended March 31, 2009, the Company paid \$75,000 for the use of this aircraft. The Company has an option to terminate the contract upon 30 days notice.

All of the above transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties, which represents the fair value.

13. COMMITMENTS AND CONTINGENCIES

As of March 31, 2009 and December 31, 2008, outstanding purchase orders amounted to approximately \$166.7 million. In addition, the Company has also an order placed for mobile mining equipment for US\$49.6 million (\$62.5 million). Subsequent to March 31, 2009, the supplier of mobile mining equipment has completed its credit approval process and has approved up to US\$61 million in lease financing. The completion of the financing facility is subject to signing a final agreement.

There were no other significant changes in the commitments and contingencies during the three months ended March 31, 2009.

14. SUBSEQUENT EVENTS

Issue of common shares

On April 27, 2009, the Company closed a public offering of 35,650,000 common shares at a price of \$2.60 per common share, including the exercise of an over-allotment option of 4,650,000 common shares, for aggregate gross proceeds of \$92,690,000 (net proceeds of \$87,869,000). The net proceeds from this offering are intended to be used to complete construction of the Bloom Lake project and for general working capital and corporate purposes.

Grant of stock options

On April 6, 2009, 2,600,000 stock options were granted to directors, officers, employees and consultants. The options were issued at an exercise price of \$2.80 and vested immediately, subject to a four-month hold, and will expire five years from the date of issue. The fair value of these options was estimated at \$3,691,000 on the date of grant using the Black-Scholes option pricing model.