Northfield Metals Inc.

Condensed Interim Financial Statements

June 30, 2012
(expressed in Canadian dollars)
(unaudited)

Management's Comments on Unaudited Condensed Interim Financial Statements

These unaudited condensed interim financial statements of Northfield Metals Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim financial statements have not been reviewed by the Company's external auditors.

Northfield Metals Inc.
Statements of Financial Position

(expressed in Canadian dollars)
(unaudited)

	Notes	As at June 30, 2012 $	As at December 31, 2011 $
Assets			
Current			
Cash		36,537	1,165
Receivables		10,660	26,634
Marketable securities	4	117,876	115,370
Prepaid expenses		10,000	20,000
		175,073	163,168
Exploration and evaluation	5, 13	25,000	-
		200,073	163,168
Liabilities			
Current			
Accounts payable and accrued liabilities	6, 12	1,468,176	1,348,805
Due to Champion Minerals Inc.	7	141,934	25,304
Due to Eloro Resources Ltd.	8	43,482	43,482
		1,653,592	1,417,591
Shareholders' equity			
Share capital	9	1,666,399	1,666,399
Contributed surplus		18,000	18,000
Deficit		(3,137,918)	(2,938,822)
		(1,453,519)	(1,254,423)
		200,073	163,168

Going concern 2
Subsequent events 13

Approved by the Board:

Paul Ankcorn, **Director**

Miles Nagamatsu, **Director**

The accompanying notes are an integral part of these financial statements.

Northfield Metals Inc.
Statements of Loss and Comprehensive Loss

(expressed in Canadian dollars)
(unaudited)

	Notes	3 months ended June 30, 2012 $	3 months ended June 30, 2011 $	6 months ended June 30, 2012 $	6 months ended June 30, 2011 $
Expenses					
Professional fees		3,500	3,500	7,000	7,000
Consulting fees	11	60,000	60,000	120,000	120,000
General and adminstrative		14,896	6,098	15,890	6,688
Loss on sale of marketable securities		7,900	-	7,900	-
Decrease in fair value of marketable securities		41,299	54,055	48,306	57,060
Loss and comprehensive loss		127,595	123,653	199,096	190,748
Loss per common share-basic and diluted		0.024	0.023	0.037	0.035
Weighted average number of common shares-basic and diluted		5,391,636	5,391,636	5,391,636	5,391,636

The accompanying notes are an integral part of these financial statements.

Northfield Metals Inc.
Statements of Changes in Equity
(expressed in Canadian dollars)
(unaudited)

	Share capital $	Contributed surplus $	Deficit $	Total $
Balance, December 31, 2011	1,666,399	18,000	(2,938,822)	(1,254,423)
Loss	-	-	(199,096)	(199,096)
Balance, June 30, 2012	1,666,399	18,000	(3,137,918)	(1,453,519)
Balance, December 31, 2010	1,666,399	18,000	(2,594,812)	(910,413)
Loss	-	-	(190,748)	(190,748)
Balance, June 30, 2011	1,666,399	18,000	(2,785,560)	(1,101,161)

The accompanying notes are an integral part of these financial statements.

Northfield Metals Inc.
Statements of Cash Flows

(expressed in Canadian dollars)
(unaudited)

	6 months ended June 30,	
	2012	2011
	$	$
Cash provided by (used in)		
Operating activities		
Loss	(199,096)	(190,748)
Item not affecting cash		
Loss on sale of marketable securities	7,900	
Decrease in fair value of marketable securities	48,306	57,060
Changes in non-cash working capital		
Receivables	15,974	(10,252)
Prepaid expenses	10,000	-
Accounts payable and accrued liabilities	119,371	125,719
	2,456	(18,221)
Financing activities		
Advances from Champion Minerals Inc.	116,630	-
Investing activities		
Proceeds on sale of marketable securities	25,860	-
Purchase of marketable securities	(84,572)	-
Acquisition of exploration and evaluation	(25,000)	-
	(83,712)	-
Net decrease in cash	35,374	(18,221)
Cash, beginning of period	1,165	46,909
Cash, end of period	36,538	28,688

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

Northfield Metals Inc. (the "Company") is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 20 Adelaide Street East, Suite 301, Toronto, Ontario, M5C 2T6.

2. Going concern

The Company is in the exploration stage and has no revenue. As at June 30, 2012, the Company had a working capital deficit of $1,478,519, which included cash of $36,537, which is not sufficient to enable the Company to fund its operations and the acquisition, exploration and development of mineral resource properties. Accordingly, there is significant doubt as to the Company's ability to continue as a going concern. The Company has reduced its operating expenditures and deferred the payment of management's consulting fees. The continued operations of the Company is dependent upon the support of its creditors and the Company's ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available.

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

3. Basis of presentation

Statement of compliance

These interim financial statements are prepared in accordance with IAS 34, *Interim Financial Reporting*, using accounting policies consistent with IFRS.

The policies applied in these interim financial statements are based on IFRS issued and outstanding as of June 30, 2012. Any subsequent changes to IFRS that are reflected in the annual financial statements for the year ending December 31, 2012 could result in the restatement of these interim financial statements.

These interim financial statements do not include certain information and disclosures normally included in annual financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2011.

The interim financial statements were approved and authorized for issue by the Board of Directors on August 29, 2012.

Initial adoption of accounting policies

Exploration and evaluation

Recognition and measurement

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

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

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

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation is first tested for impairment and then reclassified to property, plant and equipment or expensed to the statement of loss and comprehensive loss to the extent of any impairment. As at June 30, 2012, the Company had no property, plant and equipment.

Impairment
Exploration and evaluation is assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

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

Decommissioning liabilities
The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration. Decommissioning obligations are measured at the present value of management's best estimate of expenditures required to settle the present obligation at the balance sheet date. The fair value of the estimated obligation is recorded as a liability with a corresponding increase in the carrying amount of the related asset. The obligation is subsequently adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as accretion costs whereas increases or decreases due to changes in the estimated future cash flows or changes in the discount rate are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established. As at June 30, 2012, the Company had no decommissioning liabilities.

New standards and interpretations not yet adopted
The following new standards, amendments to standards and interpretations are effective for periods beginning on or after January 1, 2013:

IFRS 10, Consolidation ("IFRS 10")
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11, Joint Arrangements ("IFRS 11")
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12")
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off-balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13, Fair Value Measurement ("IFRS 13")
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement.

Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to other standards
In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10-13.

The following amendment to standards and interpretations is effective for periods beginning on or after January 1, 2015:

IFRS 9, Financial Instruments ("IFRS 9")
IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, *Financial Instruments - Recognition and Measurement*, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

Effect of new standards
IFRS 9, IFRS 10, IFRS 11 and IFRS 12 are expected to have an effect on the consolidated financial statements of the Company. The Company has not determined the extent of the impact of these standards and does not plan to early adopt these new standards.

4. Marketable securities

Marketable securities consists of the following investments in related parties:

	June 30, 2012		December 31, 2011	
	Fair value	**Cost**	**Fair value**	**Cost**
	$	**$**	**$**	**$**
Eloro Resources Ltd. (“Eloro”)	66,365	117,241	37,699	66,429
Champion Minerals Inc. (“Champion”)	51,060	27,461	77,145	27,461
Bear Lake Gold Ltd. (“Bear Lake”)	450	5,375	525	5,375
	117,875	150,077	115,369	99,265

Two directors of the Company are directors of Eloro, two directors of the Company are directors of Champion and one director of the Company is a director of Bear Lake.

5. Exploration and evaluation

	December 31, 2011 $	Acquisition costs $	June 30, 2012 $
Property			
Borel River	–	25,000	25,000

Acquistion of Borel River
On June 5, 2012, the Company agreed to acquire a 100% interest in the Borel River iron ore property ("Borel River"), which consists of 108 claims covering an area of 4,459 hectares situated on the western shore of Ungava Bay in northern Quebec, subject to vendor retaining a 2% royalty. In order to acquire its interest, the Company must pay $25,000 and issue 500,000 common shares. The Company has the right of first refusal on the sale of the royalty and has the option to reduce the royalty from 2% to 1% by making a payment of $1,000,000.

In the event that the Company does not complete a listing of its common shares on a Canadian stock exchange by December 31, 2012, the Company will make monthly payments of $5,000 to the vendor commencing January 1, 2013 until its common shares are listed or the agreement is terminated upon 30 days written notice given by either the Company or the vendor.

As at June 30, 2012, the Company had paid the $25,000 and subsequent to June 30, 2012, the Company completed the acquisition (note 13).

6. Accounts payable and accrued liabilities
Accounts payable and accrued liabilities have substantially been outstanding over 90 days.

7. Due to Champion Minerals Inc.
The amount due to Champion is unsecured, non-interest bearing and payable on demand. Two directors of the Company are also directors of Champion.

8. Due to Eloro Resources Ltd.
The amount due to Eloro is unsecured, non-interest bearing and payable on demand. Two directors of the Company are also directors of Eloro.

9. Share capital

Authorized
An unlimited number of Class A preferred shares 5% voting, redeemable, convertible, non-cumulative dividend, which are redeemable at $0.10 per share and convertible on the basis of one common share for each Class A preferred share.

An unlimited number of common shares.

Issued

	Number of shares	Amount $
Balance as at December 31, 2011	21,566,604	1,666,399
Effect of share consolidation	(16,174,968)	–
Balance as at June 30, 2012	5,391,636	1,666,399

Share consolidation
Effective May 4, 2012, the Company consolidated the issued common shares on the basis of 1 new common share for 4 old common shares. Following the share consolidation, there were 5,391,636 common shares outstanding.

Stock options
The Company may grant options to its directors and employees for up to 10% of the number of common shares outstanding. Options granted vest immediately and the maximum term of each option is 5 years. The exercise price shall not be less than the closing price of the common shares on a stock exchange in Canada on the last trading day immediately preceding the date of the grant, less any discount permissible under the rules of the principal stock exchange on which the common shares are listed for trading. In the event that the common shares are not listed for trading on any stock exchange, the exercise price shall be the fair market value as determined by the Board of Directors. As at June 30, 2012, there were 539,163 stock options available to be issued under the stock option plan and no stock options were outstanding.

10. Determination of fair values

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

Cash, accounts payable and accrued liabilities and due to Champion and Eloro
The fair values of cash, accounts payable and accrued liabilities and due to Champion and Eloro are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. At June 30, 2012, the fair value of these balances approximated their carrying value due to their short term to maturity.

Marketable securities
The fair value of marketable securities is estimated based on observable inputs.

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

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

Marketable securities are classified as Level 1 financial assets.

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

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

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

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company’s cash balances. The Company’s limits its exposure to credit risk on its cash balances by holding its cash balances in deposits with high credit quality Canadian chartered bank.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet is liabilities as they come due. Substantially all of the Company's accounts payable and accrued liabilities have been outstanding over 90 days and the amounts due to Eloro and Champion are payable on demand. The Company has limited its liquidity risk by suspending the acquisition of mineral resource properties, reducing its operating expenditures, deferring the payment of management's consulting fees and arranging for advances from related parties.

Market risk
Market risk is the risk that changes in market prices, such as equity prices, foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments.

Equity price risk
Equity price risk arises from the Company's marketable securities. The Company's approach to managing equity price risk is to optimize the return from it marketable securities within acceptable parameters for equity price risk. The Company estimates that if the fair value of its marketable securities as at June 30, 2012 had changed by 25%, with all other variables held constant, the net loss would have decreased or increased by $29,469.

Currency risk
Currency risk arises from the Company's financial instruments and purchases that are denominated in a currency other than the Canadian dollar, the Company's functional currency. As all of the Company's purchases are in Canadian dollars, the Company limits it exposure to currency risk by maintaining its cash balance in Canadian dollars.

Interest rate risk
The Company's exposure to interest rate risk is limited due to the short-term nature of its financial instruments.

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

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issue of common shares or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

12. Related party transactions

	6 months ended	June 30,	Outstanding as at	
			June 30,	December 31,
	2012	2011	2012	2011
	$	$	$	$
Consulting fees for key management personnel payable pursuant to consulting contracts to three companies controlled by three officers, two of whom are also directors	60,000	60,000	1,295,400	1,227,600

13. Subsequent events

Acquistion of Borel River
On July 5, 2012, the Company completed the acquisition of Borel River by issuing 500,000 common shares with a fair value of $100,000.

Private placement

The Company intends to complete a private placement financing of up to 3,500,000 common shares at a price of $0.20 per common share for gross proceeds of up to $700,000. As at August 29, 2012, the Company had received subscription agreements for 3,180,000 common shares. The Company anticipates closing the private placement on or about August 31, 2012.