

**Century Iron Mines Corporation**  
(formerly “Red Rock Capital Corp.”)

(an exploration stage company)

Management’s discussion and analysis of  
Financial condition and results of operations  
for the three and six month periods ended September 30, 2011

## **Introduction**

This Management's Discussion and Analysis ("MD&A") dated November 11, 2011 provides a review of the financial condition and results of operations of Century Iron Mines Corporation (TSX: FER) (formerly "Red Rock Capital Corp.") (the "Company") to enable a reader to assess the significant changes in the financial condition of the Company as at and for the three and six months ended September 30, 2011 and 2010. This MD&A should be read in conjunction with the condensed consolidated interim financial statements and notes thereto of the Company for the three and six months ended September 30, 2011 and 2010. Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Management is responsible for the preparation of the financial statements and MD&A. The Company's condensed consolidated interim financial statements for the three and six months ended September 30, 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. For all periods up to and including the year ended March 31, 2011, the Company prepared its financial statements in accordance with Canadian generally accepted accounting principles "Canadian GAAP". In accordance with the standard related to first-time adoption of IFRS, the Company's transition date to IFRS was April 1, 2011 and therefore the comparative information for 2010 and 2009 included in this MD&A has been restated in accordance with the Company's IFRS accounting policies. Notes 2 – 4 of the Company's unaudited condensed interim financial statements for the three and six months ended September 30, 2011 set out in the IFRS accounting principles applied in preparing the financial statements. The Company's reporting currency is Canadian dollars. Unless stated otherwise, all dollar figures in this MD&A are expressed in Canadian dollars.

The accounting policies applied are based on IFRS issued and effective as of November 11, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2012 could result in the restatement of these financial statements.

This MD&A contains forward-looking statements and should be read in conjunction with the risk factors described in the "Risks and Uncertainties" and "Cautionary Statement on Forward-Looking Information" sections at the end of this MD&A.

## **Overview**

The Company, formerly a Capital Pool Company (as defined in the Corporate Finance Manual of the TSX Venture Exchange), is primarily engaged in the acquisition, exploration and

development of mineral properties, with a focus on projects with the potential for iron ore recovery.

The Company was incorporated under the *Canada Business Corporations Act* on July 10, 2007 and completed its Qualifying Transaction (as defined in the Corporate Finance Manual of the TSX Venture Exchange) on May 18, 2011. The Qualifying Transaction involved the acquisition of Century Iron Ore Holdings Inc. (“Century Holdings”), a privately-held company incorporated under the *British Columbia Corporations Act* (the “BCBCA”) through an amalgamation (the “Amalgamation”) completed on May 18, 2011 between Century Holdings and Red Rock Acquisition Corp., a wholly-owned subsidiary of the Company created for the purposes of completing the Amalgamation. Upon completion of the Qualifying Transaction, the Company’s stock symbol was changed from “RRD.P” to “FER”. On September 19, 2011, the Company completed its graduation from the TSX Venture Exchange to the Toronto Stock Exchange (the “TSX”) and the shares of the Company commenced trading on the TSX under the symbol “FER”.

The Company owns its mineral properties and conducts mineral exploration activities through the following wholly-owned subsidiaries incorporated under the BCBCA: Grand Century Iron Ore Inc. (“Grand Century”), Canadian Century Iron Ore Corporation (“Canadian Century”), Labec Century Iron Ore Inc. (“Labec Century”) and 0849873 BC Limited.

The Company’s head and registered offices are located at 170 University Avenue, Suite 602, Toronto, Ontario, M5H 3B3.

#### *Summary of Qualifying Transaction*

The Qualifying Transaction was completed on the following basis:

- the outstanding common shares of the Company were consolidated on the basis of one post-consolidation share for each previously outstanding ten common shares of the Company effective May 16, 2011;
- the Company changed its name from “Red Rock Capital Corp.” to “Century Iron Mines Corporation” effective May 16, 2011;
- the subscription receipts issued by Century Holdings (the “Subscription Receipts”) at a price of \$2.50 per Subscription Receipt in connection with its brokered private placement completed on March 9, 2011 (the “Offering”) were converted into common shares of Century Holdings on a one-for-one basis and the gross proceeds of \$32.5 million from the Offering, less agents’ fees and expenses, were released to Century Holdings;

- the Amalgamation was completed effective May 18, 2011 with the amalgamated company being named “Century Iron Ore Holdings Inc.” and becoming a wholly-owned subsidiary of the Company upon completion of the Amalgamation;
- former shareholders of Century Holdings were issued common shares of the Company upon completion of the Amalgamation on the basis of an exchange ratio of 0.857375 common shares of the Company for each common share of Century Holdings held;
- WISCO International Resources Development & Investment Limited (“WISCO”) purchased a total of 23,197,768 common shares of the Company for gross proceeds of \$60,877,653 on May 18, 2011;
- MinMetals Exploration & Development (Luxembourg) Limited S.à.r.l. (“MinMetals”) purchased a total of 4,641,410 common shares of the Company for gross proceeds of \$12,180,403 on May 18, 2011;
- the Company and Century Holdings completed non-brokered private placement offerings of common shares for approximate aggregate gross proceeds of \$7,000,000 effective May 18, 2011, pursuant to which the Company and Century Holdings issued an aggregate of 2,405,158 common shares;
- the Company and Century Holdings completed a private placement offering of common shares to certain employees and consultants for approximate gross proceeds of \$3,000,000 effective May 18, 2011, pursuant to which the Company issued an aggregate of 1,286,060 common shares; and
- on May 18, 2011, following completion of the Qualifying Transaction, the Company granted options to purchase an aggregate of 5,500,000 common shares pursuant to the Company’s stock option plan, of which each stock option is exercisable at a price of \$2.92 per share for a term of five years and vested as to one-third on the date of grant and will vest as to one-third on each of the first and second anniversary thereof.

*Financing Summary*

The following table presents the approximate aggregate gross proceeds raised by the Company in connection with the completion of the Qualifying Transaction:

<b>Shareholders</b>	<b>Approximate Gross Proceeds Raised (\$)</b>
Employee Offering Investors	3,000,000
Brokered Private Placement Investors	32,500,000 <sup>(1)</sup>
Non-Brokered Private Placement Investors	7,000,000 <sup>(1)</sup>
WISCO	60,900,000 <sup>(1)</sup>
MinMetals	12,200,000 <sup>(1)</sup>
<b>Total</b>	<b>115,600,000</b>

(1) Figures reflect gross proceeds prior to the payment of applicable agents' fees and finders' fees.

## **Reverse Takeover**

On May 18, 2011, the Company completed its Qualifying Transaction pursuant to the terms of an acquisition agreement dated February 17, 2011 among the Company, Red Rock Acquisition Corp., Century Holdings and Century Iron Ore Corporation. The acquisition of Century Holdings by the Company is considered a “reverse takeover” (the “RTO”) within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*.

As a result of the transaction, the former shareholders of Century Holdings owned 99.55% of the outstanding shares of the Company upon completion of the Qualifying Transaction. In accordance with IFRS 3, *Business Combination*, the Qualifying Transaction constituted a reverse acquisition of a non-operating company. The Qualifying Transaction does not constitute a business combination as, prior to the completion of the RTO, the Company did not meet the definition of a business under that standard. As a result, the Qualifying Transaction is accounted for as a capital transaction with Century Holdings being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Century Holdings and accordingly the comparative figures presented in the financial statements after the RTO are those of Century Holdings.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or service received in return. Because the Company has issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognized in comprehensive loss as reverse acquisition transaction cost. The amount assigned to reverse acquisition transaction cost of \$746,602 is the difference between the fair value of the consideration and the net identifiable assets of the Company acquired by Century Holdings and included in the consolidated statement of comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent’s shareholders have in the combined entity after the reverse acquisition transaction. This represents the fair value of the shares that Century Holdings would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Century Holdings acquiring 100% of the shares in the Company. The percentage of ownership the legal parent’s shareholders had in the combined entity is 0.45% after the issuance of 61,370,738 shares of the Company to shareholders of Century Holdings. As the options and warrants of the Company granted prior to the completion of the RTO remain exercisable following completion of RTO, the fair value of the options and warrants as at the date of RTO are also included as part of the consideration transferred.

Based on the statement of financial position of the Company at the time of the RTO, the net assets at estimated fair value that were acquired by Century Holdings were \$110,710 and the resulting reverse acquisition cost charged to the profit or loss is as follows:

	(\$)
Consideration:	
Deemed issue of share by Century Holdings	800,000
Deemed replacement of options	39,349
Deemed replacement of warrants	17,963
	<u>857,312</u>
Identifiable assets acquired	
Cash	76,797
Taxes recoverable	9,024
Prepayments and deposits	74,643
Accounts payable and accrued liabilities	(48,224)
Others	(1,530)
	<u>110,710</u>
Unidentifiable assets acquired	
Reverse takeover transaction cost	<u>746,602</u>
Total net identifiable assets and reverse takeover transaction cost	<u>857,312</u>

## **Mineral Properties**

### ***Duncan Lake Property***

The Company is currently the owner of a 51% interest in the Duncan Lake property (the “Duncan Lake Property”) and has an option to increase its ownership interest to a 65% interest in the Duncan Lake Property pursuant to an option and joint venture agreement dated May 20, 2008 with Augyva Mining Resources Inc. (TSXV: AUV) (“Augyva”). Pursuant to the terms of the agreement, Canadian Century may increase its interest in the property to 65% by expending a further \$14 million within five years. The Company completed the taking over of the operatorship in July 2011.

Duncan Lake Property is located at the Western Part of the La Grande Greenstone Belt and hosts iron ore deposits of the Algoma type, hosted by a volcano-sedimentary sequence. Duncan Lake Property is directly accessible by road and is located in the James Bay region in the Province of Quebec, 45 km south of Radisson, and covers 5,848 hectares. Local infrastructure, including well maintained roads, is in place nearby. Conditions favourable to the development of Duncan Lake include availability of a well trained labour force and abundant power supply.

Duncan Lake Property was discovered in the 1960s, and explored sporadically until 1976. In 2005, Augyva initiated field reconnaissance, magnetic field surveys, and grab samples of iron ore occurrences mainly on deposit 1. Duncan Lake Property consists of six different deposits identified as deposits 1 to 6. A magnetic field survey was carried out systematically on all deposits, followed by a major drilling campaign consisting of 52 diamond drill holes totalling 10,461 meters, which was initiated in 2008 and completed in 2009. The drilling program was carried out on five of the deposits, focusing on deposit 1. The objectives of the 2008-2009 drilling program were to validate historical results from boreholes drilled in 1973, to increase the mineral resources on all the deposits, to convert historical mineral resources into NI 43-101 compliant resources and to identify additional potential tonnage. A systematic QA/QC program was followed in the sampling method and approach.

In the fall of 2009, Met-Chem Canada Inc. of Montreal, Quebec was retained to prepare an independent NI 43-101 compliant Technical Report on the mineral resources of Duncan Lake Property which was completed and filed on SEDAR in May 11 2011. This report is also available on our website at [www.centuryiron.com](http://www.centuryiron.com).

#### NI 43-101 Resource Estimates

In June 2009, Augyva announced the final results from the first phase drilling for Duncan Lake. In total, 10,461 meters of drilling was completed. Five magnetite deposits were tested: Duncan Lake 1, 2, 3, 4 and 5 within a 20 km radius of the Duncan Lake 1 deposit. Highlights of the results include: 226.46 meters at 25.45% Fe in hole 33; 90.18 meters at 27.12% Fe in hole 39; 75.67 meters at 28.8% Fe in hole 49 and 130.91 meters at 26.79% Fe in hole 52.

Metallurgical test work was carried out by COREM (Quebec, Canada). Davis tube results based on 144 samples from 4 separate deposits indicate average concentrate grades ranging from 65.83% to 68.93% FeT with weight recoveries ranging between 31.08% and 38.77% on head grades ranging between 27.11% and 31.01% FeT.

Following is a summary of the mineral resource estimate based on the 2008-2009 drilling program, using a cut-off grade of 16% Fe:

Summary of the mineral resource estimate (see notes below)		
Resource classification	Tons	Fe %
Measured	5,700,000	23.29
Indicated	25,615,000	23.84
Inferred	821,135,000	24.56



*Notes:*

- 1. The stated mineral resources that are not mineral reserves and do not have demonstrated economic viability.*
- 2. The stated mineral resources have been prepared in accordance with NI 43-101 and are classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum's "CIM Definition Standards – for Mineral Resources and Mineral Reserves".*
- 3. The February, 2010 resource estimate were prepared by Raynald Jean (Geo), Senior Geologist of Met-Chem Canada Inc. who is a "Qualified Person" as defined in NI 43-101.*
- 4. For more detailed information regarding Duncan Lake Property see: Technical Report NI 43-101 on Mineral Resources of the Duncan Lake Iron Ore Project – James Bay Area – Quebec – Canada, December 2, 2010.*

The Duncan Lake deposits have been relatively well outlined by drilling and geophysical surveys completed during the 2008-2009 drilling program. However, additional drilling is required in order to convert Inferred Resources into a Measured and/or Indicated Mineral Resource category. In addition, there is potential to define additional resource tonnage in extensions of the deposits. The Company has amended the 50,000 meter Phase II Drill program which commenced in January, 2011. The program has been adjusted to comprise of an initial 40,000 meter Phase II-A drill program to be included in a Preliminary Economic Assessment which is planned to be completed by Met-Chem in 2012. This will be followed by a Phase II-B drill program to be comprised of the remaining 10,000 meters and if required, a possible drill program expansion which will be used for a Feasibility Study. In preparation for a Feasibility Study, the Company has commissioned a bathymetry study to determine water depth and currents in the proposed James Bay transportation route and an environmental baseline study to be completed by Roche Ltd.

The Company engaged Roche Ltd. to perform an environmental scoping study ("ESS"). The objectives of the ESS are to identify early on, key environmental and socio-economic issues, constraints and opportunities for the development of the project. This will further advance the project by providing valuable data and analyses so that the Company can develop the project to the next stage. The report from Roche Ltd. is an internal document for management and was delivered in May 2011. A transportation study has also been commissioned.

## Agreement with Virginia Mines

Under the terms of an agreement concluded between Augyva and Virginia Mines Inc. (“Virginia”) in February 2005, a perpetual production royalty of \$0.40 per short ton of iron concentrate is payable to Virginia. The agreement provides for a buyback right to purchase 50% (\$0.20 per short ton of concentrate) of the royalty for a total payment of \$4 million and an additional option of buying back a further 20% royalty (\$0.08 per short ton of concentrate) for an additional payment of \$4 million. Any additional resources of iron ore covered by any titles, within a one kilometre area surrounding the property are subject to the royalty. A 2% net smelter return (NSR) royalty, on any metal other than iron is to be paid to Virginia, which royalty is subject to a buyback right to purchase 50% (1% NSR) for a total payment of \$5 million.

## *Attikamagen Property*

The Attikamagen property (the “Attikamagen Property”) is an early-stage exploration property comprised of approximately 946 mining claims covering approximately 31,000 hectares in the Labrador Trough region of Quebec and Newfoundland and Labrador.

The Company is the owner of an option to acquire up to a 60% interest in the Attikamagen Property pursuant to an option and joint venture agreement with Champion Minerals Inc. (TSX: CHM) dated May 12, 2008, as amended on July 9, 2009 and further amended on March 25, 2010 exercisable as follows:

- to earn a 51% interest, an aggregate of \$7.5 million in exploration expenditures by March 26, 2012;
- to increase to a 56% interest, \$2.5 million in exploration expenditures by March 26, 2013, and
- to increase to a 60% interest, \$3.0 million in exploration expenditures by March 26, 2014.

The Attikamagen Property hosts a Superior-type iron formation with significant potential, characterized by massive hematite/magnetite iron oxide, upon which only limited geological mapping and surficial sampling has been carried out since its discovery 80 years ago. Since 2008, geological mapping, sampling and exploratory drilling were carried out in the property, which proved that the property has potential to host a large open pit taconite type deposit and local high grade Direct Shipping Ore (“DSO”) deposits in several targets.

In 2010, fourteen core boreholes (1,182 meters) were drilled on four targets. Three potential DSO targets were tested at the Jennie Lake, Joyce Lake and Lac Sans Chef Areas and one

taconite target at the Hayot Lake Area. All targets were selected based on geological and geophysical data.

In the fall of 2010, the Company retained SRK Consulting (Canada) Inc. to prepare an updated NI43-101 compliant Technical Report of Attikamagen which was completed and filed on SEDAR in February 2011. This report is also available on our website at [www.centuryiron.com](http://www.centuryiron.com). Recommended work program by SRK included 12,000 meters of core drilling to investigate taconite targets in three areas, including Hayot area, and approximately 6000 meters of reverse circulation drilling to investigate DSO targets identified at Joyce Lake and Lac Sans Chef.

Since March 2011 and up to October 31, 2011, 41 DDH holes were completed at Hayot area, for a total of approximately 5,600 meters with 1,200 samples were sent to ActLab for the analysis. These drilling corroborate results of 2010 drilling, proved that the taconite iron target at Hayot area is over 5 km long, 0.8km-1.2 km wide, weakly plunging at 10-15 degrees, open to locally tight, whale-back-shaped structure, with thickened hinges zones. The average thickness of the iron bed is at 80 meters-120 meters, grading at 31%-34% FeT. Drill hole HAY-11-10 intersected 110.9 meters grading 32.3% FeT.

The reverse circulation (RC) drilling at Joyce Lake encountered a potential direct shipping iron ore (DSO) target. Drill hole JOY-11-06 intersected 139.0 meters grading 52.8% Total Iron (FeT), including 42 meters grading 64.19% FeT; and drill hole JOY-11-07 intersected 81.0 meters grading 52.46% FeT, including 42.0 meters grading 65.35% FeT. Up to October 31, 2011, 31 RC holes were completed for a total of 3,745 meters.

The details of the initial assay results from the winter 2011 exploration program of the Attikamagen Property were published in a press release announced on July 6, 2011. More assay results are being received and will be released in due course.

The mineralogical and metallurgical study is in progress for the iron ore samples for both Joyce DSO target and Hayot taconite target. The data compilation is on the way, will be followed by infill drilling program to be comprised of 6,000 meters RC drilling at Joyce lake and, if required, more DDH drilling at Hayot early next year, which will be used for the resources calculation and preliminary economic assessment which is planned to be completed by SRK Consulting (Canada) Inc. in 2012.

### ***Sunny Lake Property***

The Sunny Lake property (the “Sunny Lake Property”) is an early-stage exploration property comprised of approximately 530 mining claims covering approximately 26,000 hectares in the Labrador Trough region of North-Eastern Quebec. It was acquired in 2009 by staking for its potential to host iron mineralization.

In 2009, the reconnaissance work on the property indicates that the properties are underlain by geology favourable for both low-grade high volume taconite and high-grade low volume DSO iron deposit types, while the geological mapping and sampling program in 2010 delineated the taconite and DSO targets in the property, which warranted the drilling program in 2011.

In the fall of 2010, the Company retained SRK Consulting Inc. of Toronto, Ontario to prepare a NI43-101 compliant Technical Report of Sunny Lake Property which was completed and filed on SEDAR in May 2011. This report is available on our website at [www.centuryiron.com](http://www.centuryiron.com). In the technical report, SRK concludes that the Lac Le Fer and Rainy Lake properties have merit and offer good exploration potential for taconite and DSO iron mineralization similar to the iron mineralization of the world class iron ore district of the Schefferville area. The recommended exploration program comprises field geological mapping followed by trenching, sampling and parametric core drilling on the more promising targets. The proposed work program also includes a provision for approximately 5,000 meters of core drilling to test the lateral continuity of the iron mineralization at selected targets, delineate its potential size for supporting and initial mineral resource evaluation.

Since August 2011, the Company completed 22 DDH holes in 5 sections, in total 5,400 meters, covers an area of 6.5 km long and 1.5 km-3.2 km wide taconite iron mineralized zones, at Full Moon Iron target, eastern part of Rainy lake area. The average thickness of the iron bed is at 120 meters-340 meters, grading at 27.9%-31.2% FeT. The preliminary drilling indicates the iron formation at Full Moon target is generally flat bedded, 5 degrees-10 degrees, and doubled thickness due to the thrust fault in the area.

The drilling is still in progress and the Company targets to complete 6,500 meters by the end of season. The mineralogical and metallurgical study (Davis Tube test etc.) will be followed on the iron ore samples. Further extensive drilling programs, targeting about 20,000 meters core drilling is planned to cover the whole 13.5 km mineralized zone at Full Moon target, which will be used for the resources calculation and preliminary economic assessment, which is planned to be completed by SRK Consulting (Canada) Inc. in 2012.

### ***Additional Properties in the Trough***

The Company and Altius Minerals Corporation (“Altius”) have signed a principal agreement (the “Agreement”) covering four of Altius’ regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihék and Schefferville on September 19, 2011

Under the Agreement, Century will acquire a 100% interest in the four projects for exploration expenditures of \$7 million per project and the issuance of 5 million Century shares cumulatively over a 5-year period. Altius will retain a 1% to 4% sliding scale Gross Sales

Royalty ("GSR") on the properties as well as additional consideration of "bonus" Century shares as National Instrument 43-101 compliant iron ore resources are defined above various thresholds. The Agreement is subject to receipt of formal approval by Century's board of directors and acceptance by the TSX. See "Outlook and Proposed Transactions".

*Selected Exploration Expenditures*

	<b>Duncan Lake</b> <b>(\$)</b>	<b>Attikamagen</b> <b>(\$)</b>	<b>Sunny Lake</b> <b>(\$)</b>	<b>Other</b> <b>(\$)</b>	<b>Total</b> <b>(\$)</b>
Balance - April 1, 2010	1,873,940	3,160,765	161,698	35,215	5,231,618
Additions	4,554,777	3,650,000	909,435	69,479	9,183,691
Reallocation to property, plant and equipment	-	-	(184,302)	-	(184,302)
Balance - March 31, 2011	6,428,717	6,810,765	886,831	104,694	14,231,007
Transfer in (out)	-	100,000	(100,000)	-	-
Additions	5,022,236	6,118,461	2,123,437	25,935	13,290,069
Balance - September 30, 2011	11,450,953	13,029,226	2,910,268	130,629	27,521,076

## Selected Quarterly Financial Information

The following table shows selected financial information related to the Company for the period ended as noted. The information contained in this table should be read in conjunction with Company's condensed consolidated interim financial statements for the three and six months ended September 30, 2011 and 2010, and the Company's audited consolidated financial statements for the years ended March 31, 2011 and March 31, 2010. The financial results are not necessarily indicative of the results that may be expected for any other comparative periods. The Company's financial statements are presented in Canadian dollars and are prepared in accordance with IFRS.

	Three months ended Sept 30, 2011 (\$)	Three months ended Sept 30, 2010 (\$)	Six months ended Sept 30, 2011 (\$)	Six months ended Sept 30, 2010 (\$)	Year ended March 31, 2011 (\$)	Year ended March 31, 2010 (\$)
<b>Other income</b>	290,690	37,500	390,025	80,850	151,002	147,728
<b>General and Administrative Expenses</b>	1,497,332	113,577	2,161,506	210,504	858,713	221,762
<b>Consulting and professional fees</b>	282,766	31,462	1,596,881	122,283	1,319,439	153,777
<b>Loss and Comprehensive Loss for the Period/Year</b>	(3,456,772)	(107,539)	(10,217,366)	(251,937)	(1,643,156)	(227,811)
			As at Sept 30, 2011 (\$)	As at Sept 30, 2010 (\$)	As at Mar 31, 2011 (\$)	As at Mar 31, 2010 (\$)
<b>Total Assets</b>			122,759,857	7,437,300	20,357,460	6,291,125
<b>Total Long Term Financial Liabilities</b>			(280,979)	(664,973)	(280,979)	(664,973)
<b>Shareholders' Equity</b>			107,640,143	(554,368)	2,054,409	(302,431)

## **Results of Operations**

### *Consolidated Operating Results*

This section should be read in conjunction with the condensed consolidated interim statements of comprehensive loss for the six months ended September 30, 2011 and 2010 and the notes associated therewith. All references to 2011 and 2010 refer to those periods ended September 30, unless otherwise stated. Note, the Company does not have any material revenues as it is an exploration stage company.

The Company reported a comprehensive loss of \$10,217,366 for the six months ended September 30, 2011 compared to a loss of \$251,937 for the comparable 2010 quarter.

During the six months ended September 30, 2011, there were significant changes included in the condensed consolidated interim statements of comprehensive loss as compared to the comparable period for 2010. Some of the major changes were as follows: a stock option expense of \$5,545,346 for the period from April 1 to September 30, 2011 in connection with the granting of 5,500,000 stock options following completion of the Qualifying Transaction (nil – 2010); Qualifying Transaction cost of \$746,602, as discussed above (nil – 2010); an increase in consulting and professional fees from \$122,283 in 2010 to \$1,596,881 in 2011 (primarily due to the increase in consulting and professional fees paid for the completion of the Qualifying Transaction of the Company during the first quarter of 2011); an exchange loss of \$557,056 arising mainly from converting the PHIL Off-take Agreement deposit; and general and administrative expenses in 2011 of \$2,161,506 compared to \$210,504 (primarily due to the increase in salaries and benefits as a result of expansion, leasing of new offices and setting and expansion of offices to handle increasing corporate activities and the exploration activities of the Company).

For the three months ended September 30, 2011, the Company reported a comprehensive loss of \$3,456,772 compared to a loss of \$107,539 for the comparable 2010 quarter.

During the quarter ended September 30, 2011 there were significant changes included in the condensed consolidated interim statement of comprehensive loss as compared to the comparable period for 2010. Some of the major changes were as follows: a stock option expense of \$1,346,488 for the period from July 1 to September 30, 2011 in connection with the granting of 5,500,000 stock options following completion of the Qualifying Transaction (nil – 2010); an increase in consulting and professional fees from \$31,462 in 2010 to \$282,766 in 2011 (primarily due to the increase in consulting and professional fees paid for the TSX graduation of the Company and the review of the Company's interim financial statements); an exchange loss of \$620,876 arising mainly from translating the PHIL Off-take Agreement deposit; and general and administrative expenses in 2011 of \$1,497,332 compared to \$113,577 (primarily due to the increase in salaries and benefits as a result of expansion, leasing of new offices and setting and expansion of offices to handle increasing corporate activities and the exploration activities of the Company).

#### *Consolidated Financial Position*

This section should be read in conjunction with the condensed consolidated interim statement of financial position and the condensed consolidated interim statement of changes in equity as at September 30, 2011 and the condensed consolidated interim statement of cash flows for the six months ended September 30, 2011.

Consolidated assets were \$122,759,857 as at September 30, 2011 compared to \$20,357,460 as at March 31, 2011. The major increase was in cash and cash equivalents, which increased from \$4,958,672 to \$90,423,441. This increase was primarily due to a net increase in financing activities of \$100,172,537 offset mainly by a net investment in the exploration and evaluation assets of \$13,290,069 and cash used in operations.

#### *Consolidated Liabilities*

Consolidated liabilities were \$15,119,714 as at September 30, 2011 as compared to \$18,303,051 as at March 31, 2011. The decrease in liabilities was due to the repayment of a shareholder loan in the amount of \$2,713,461 and the repayment of a loan repayable to a related party in the amount of \$6,500,000. The liabilities were repaid using cash realized from the Company's recent financing activities.

#### *Shareholder's Equity*

Shareholder's equity increased by \$105,585,734 from \$2,054,409 as at March 31, 2011 to \$107,640,143 as at September 30, 2011. The increase is mainly the result of the various financings undertaken in connection with the completion of the RTO.



The following table summarizes changes in share capital during the six months ended September 30, 2011:

	<b>Number of common shares</b>	<b>(\$)</b>
Balance - April 1, 2011 (a)	49,882,078	4,000,000
Common shares issued upon conversion of the Subscription Receipts prior to the completion of the RTO (a)	11,488,660	30,771,964
Capital movement pursuant to RTO	274,360	800,000
Common shares issued to WISCO (b)	23,197,768	55,743,617
Common shares issued to MinMetals (c)	4,641,410	11,153,185
Common shares issued to non-brokered subscribers (d)	2,075,221	5,566,763
Common shares issued to employees and consultants (e)	1,273,201	2,970,000
Common shares issued on exercise of options (f)	20,577	70,665
	<hr/>	<hr/>
Balance - September 30, 2011	<u>92,853,275</u>	<u>111,076,194</u>

- a) The equity structure of Century Holdings was restated to reflect the equity structure of the Company prior to the completion of the RTO using an exchange ratio of 0.857375 shares of the Company for each share of Century Holdings.
- b) On May 18, 2011, the Company issued 23,197,768 common shares to WISCO at an issue price of \$2.624 per common share for total gross proceeds of \$60,877,653 (the “WISCO Private Placement”). The common shares issued to WISCO are subject to contractual lock-up for a period of 18 months from the date of issuance.

The net proceeds of \$55,743,617 raised in connection with the WISCO Private Placement were allocated to share capital after the deduction of a cash finder’s fee in the amount of \$3,348,271 and a total of 1,391,866 finder’s warrants with an attributed value of \$1,785,765 issued to a finder in connection with the WISCO Private Placement.

- c) On May 18, 2011, the Company issued 4,641,410 common shares to MinMetals at an issue price of \$2.624 per common share for total gross proceeds of \$12,180,403 (the “MinMetals Private Placement”). The common shares issued to MinMetals are subject to contractual lock-up for a period of 18 months following the date of issuance.

The net proceeds of \$11,153,185 raised in connection with the MinMetals Private Placement were allocated to share capital after the deduction of cash finder’s fee in the amount of \$669,922 and a total of 278,485 finder’s warrants with an attributed value of \$357,296 issued to a finder in connection with the MinMetals Private Placement.

- d) On May 18, 2011, the Company issued 2,075,221 common shares to subscribers to a non-brokered private placement at an issue price of \$2.916 per common share for total gross proceeds of \$6,051,094 (the “Non-Brokered Private Placement”).

The net proceeds of \$5,566,763 raised in connection with the Non-Brokered Private Placement were allocated to share capital after the deduction of cash finder’s fee in the amount of \$327,250 and a total of 122,433 finder’s warrants with an attributed value of \$157,081 issued to a finder in connection with the Non-Brokered Private Placement.

- e) On May 18, 2011, the Company issued 1,273,201 common shares to employees and consultants at an issue price of \$2.333 per common share for net proceeds of \$2,970,000, which were allocated to the share capital.
- f) On May 31, 2011, 6,859 share options were exercised at an exercise price of \$2 per share, resulting in the issue of 6,859 common shares for a total consideration of \$13,718. An amount of \$9,837 was transferred from the share option reserve to share capital upon the exercise of the share options.

On August 17, 2011, 13,718 share options were exercised at an exercise price of \$2 per share, resulting in the issue of 13,718 common shares for a total consideration of \$27,436. An amount of \$19,674 was transferred from the share option reserve to share capital upon the exercise of the share options.

### **Disclosure of Outstanding Share Data**

As at the date of this MD&A, the Company had 92,853,275 common shares issued and outstanding, 5,506,859 stock options outstanding, and 2,493,963 common share purchase warrants outstanding.

### **Liquidity**

The Company’s primary source of funding has been the issuance of equity securities for cash, principally through private placement financings to sophisticated investors and institutions.

As at September 30, 2011, the Company had cash and cash equivalents of \$90,423,441 to settle current accounts payables and accrued liabilities of \$6,482,095. The net working capital of the Company was \$78,684,955 as at September 30, 2011. Included in current liabilities is an advance from a related party pertaining to an off-take deposit of US\$8,000,000 (CDN equivalent \$8,356,640 as at September 30, 2011).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when due. See "Risks and Uncertainties – Liquidity Risk", below. It is the Company's intention to fund its liabilities and obligations through equity financing and shareholder loans.

The current cash position is adequate to cover the Company's exploration and other expenditures over the next 18 months.

### Summary of Quarterly Results

	<b>Three months ended September 30, 2011 (\$)</b>	<b>Three months ended June 30, 2011 (\$)</b>	<b>Three months ended March 31, 2011 (\$)</b>	<b>Three months ended December 31, 2010 (\$)</b>
Other income	290,690	163,155	41,053	29,099
Loss and comprehensive loss	(3,456,772)	(6,760,594)	(755,358)	(635,861)
Basic and diluted Loss per share	(0.037)	(0.085)	(0.011)	(0.011)
	<b>Three months ended September 30, 2010 (\$)</b>	<b>Three months ended June 30, 2010 (\$)</b>	<b>Three months ended March 31, 2010 (\$)</b>	<b>Three months ended December 31, 2009 (\$)</b>
Other income	37,500	43,350	35,214	37,514
Loss and comprehensive loss	(107,539)	(144,398)	(43,483)	(172,295)
Basic and diluted Loss per share	(0.003)	(0.004)	(0.001)	(0.005)

### Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements during the period.

## **Off-take Arrangements**

### *WISCO Off-take Arrangement*

On February 18, 2011, Century Holdings entered into a joint venture framework agreement with WISCO (the “WISCO JV Framework Agreement”). WISCO will be entitled to a right of first refusal of purchase up to 40% of the production attributable to the joint venture company to be set up by the Company and WISCO at cost and will have a right of first refusal to purchase an additional 20% at market according to one of the terms of the WISCO JV Framework Agreement. On August 30, 2011, the Company entered into an agreement with WISCO, discussed below under “Outlook and Proposed Transactions” that will govern the joint ventures between the Company and WISCO for the exploration and development of the Company’s Duncan Lake, Attikamagen and Sunny Lake Properties.

### *MinMetals Off-take Arrangement*

Pursuant to the terms of a subscription agreement with MinMetals dated May 10, 2011, Century Holdings and the Company have agreed, at least 180 days prior to the anticipated date of commencement of commercial production, to negotiate in good faith and use commercially reasonable efforts to enter into a definitive off-take agreement in favour of MinMetals in respect of iron ore produced from the Duncan Lake Property.

Under this off-take agreement, MinMetals will have a right to purchase 10% of Canadian Century’s interest in all iron ore produced from the Duncan Lake Property (the “Product”) from the first shipment of Product until the termination of production at a price equal to the price at which the Product is sold to WISCO pursuant to the terms of the WISCO JV Framework Agreement, which price will be based on market price, provided that if such price is not applicable, then the price of the Product will be agreed to by the parties and based on market price of iron ore of similar quantity and quality.

### *PIHL Off-take Agreement*

Century Holdings, a subsidiary of the Company, has entered into an off-take agreement (the “PIHL Off-take Agreement”) on March 14, 2011 with Prosperity Materials Macao Commercial Offshore Limited (the “Prosperity Macao”), a subsidiary of Prosperity Minerals Holdings Limited (“Prosperity Minerals”). Prosperity Minerals and the Company share common significant shareholders.

The PIHL Off-take Agreement relates to the Duncan Lake, Attikamagen and Sunny Lake Properties. Subject to certain conditions, the PIHL Off-take Agreement provides for the potential supply of one million metric tonnes of iron ore to Prosperity Macao over a three year

period commencing in 2011. Under the PIHL Off-take Agreement, the consignment of iron ore is anticipated to be purchased at the prevailing market price in the region, and Prosperity Macao has agreed to make a prepayment of US\$10 million (the “Prepayment”) to Century Holdings to secure such potential supply of iron ore. The potential annual off-take to be allocated to the Purchaser will be capped at 50% of the remaining annual iron ore produced after the Company has satisfied its supply obligations to WISCO and MinMetals. As of the date of this MD&A, Century Holdings has drawn-down US\$8 million of the Prepayment. Century Holdings may be required to return the Prepayment if Prosperity Macao terminates the PIHL Off-take Agreement or assigns to a third party all or part of its rights thereunder, at any time on giving written notice to Century Holdings, and Century Holdings will then be obligated to repay to Prosperity Macao the Prepayment that remains outstanding within 14 days of receipt of such written notice. The Prepayment may be applied to the purchase price under the PIHL Off-take Agreement, but if no iron ore is delivered, Century Holdings must return the Prepayment to Prosperity Macao.

### **Related Party Transactions**

#### *Transactions with related parties*

As at September 30, 2011 and March 31, 2011, the Company had accounts receivable of \$16,950 and \$16,950, respectively, from Augyva, of which the President and CEO of the Company is a director.

The Company received a management fee of \$37,500 for the three months ended September 30, 2010 and \$80,850 for the six months ended September 30, 2010 from Augyva.

The Company incurred accounting expenses of \$16,780 for the three months ended September 30, 2011 (for the three months ended September 30, 2010: Nil) and \$32,212 for the six months ended September 30, 2011 (for the six months ended September 30, 2010: \$4,140), from Chim and Seto Consulting Services Inc., of which an immediate family member of the chairman and CEO of the Company is a shareholder.

The off-take deposit of US\$8 million (which amounted to \$8,356,640 as at September 30, 2011) from Prosperity Macao is non-interest bearing and repayable on demand.

On May 25, 2011, the Company repaid \$6.5 million to a related party. The loan was non-interest bearing and repayable on demand.

On May 25, 2011, the Company repaid \$2,713,461 to the shareholder. The loan was non-interest bearing and repayable on demand.

On June 30, 2011, the Company repaid \$41,277 to a director. The loan advance was non-interest bearing and repayable on demand.

*Remuneration of key management personnel*

	Three months ended September 30		Six months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
Salaries benefits	130,000	-	260,000	-
Share option expenses	391,705	-	1,613,191	-
	<u>521,705</u>	<u>-</u>	<u>1,873,191</u>	<u>-</u>

**Outlook and Proposed Transactions**

i) WISCO Joint Venture Agreement

On August 30, 2011, the Company entered into an agreement with WISCO (the “Joint Venture Agreement”) that will govern the joint ventures between the Company and WISCO for the exploration and development of the Company’s Duncan Lake, Attikamagen and Sunny Lake Properties. The Joint Venture Agreement was executed further to the Joint Venture Framework Agreement as supplemented on February 18, 2011. The Joint Venture Agreement contemplates separate joint ventures for each of the Duncan Lake, Attikamagen and Sunny Lake Properties, with the definitive structures to be determined and definitive agreements to be executed within 60 days of signing of the Joint Venture Agreement, which deadline was subsequently extended until November 29, 2011, as described below.

The Joint Venture Agreement contemplates that Canadian Century will contribute its interest in the Duncan Lake joint venture for a 60% voting and participating interest in the joint venture with WISCO. WISCO will invest \$40 million in exchange for a 40% voting and participating interest. WISCO’s investment will be comprised of: (i) a \$20 million investment within 15 days of execution of the definitive agreement in respect of the Duncan Lake joint venture, and (ii) a \$20 million investment on the one year anniversary of the execution of the definitive agreement. It is further anticipated that pursuant to the joint venture agreements to be entered into in respect of the Attikamagen and Sunny Lake Properties, the Company’s subsidiaries will retain a 60% voting and participating interest in each of the respective projects, with WISCO investing an additional \$40 million into each project over an initial two year period in exchange for a 40% voting and participating

interest. It is anticipated that in the aggregate, WISCO will invest \$120 million in the three joint ventures over a two-year period.

On October 30, 2011, the Company and WISCO agreed to extend the signing dates for the individual definitive joint venture agreements with respect to the Duncan Lake, Sunny Lake and Attikamagen iron-ore projects until November 29, 2011.

The Joint Venture Agreement is and the definitive joint venture agreements will be subject to receipt of all applicable regulatory approvals, including the approval of the TSX and regulatory approvals from the People's Republic of China.

ii) Principal Agreement and Royalty Agreement

On September 19, 2011 the Company and Altius Minerals Corporation ("Altius") entered into a principal agreement (the "Principal Agreement") pursuant to which the Company will acquire four of Altius' regional iron ore projects (the "Projects") located in the Labrador Trough region of western Labrador known as the Astray, Grenville, Menihok and Schefferville projects (the "Transaction"). It is anticipated that the Company will acquire the Projects using either an existing or to-be-incorporated subsidiary.

The Principal Agreement contemplates that Century will acquire the Projects for the consideration of the issuance of (i) an aggregate of 5 million common shares of the Company issuable as to 2 million common shares upon closing and 3 million common shares on or before the second anniversary of the closing date, and (ii) up to a maximum of 35,000,000 common shares of the Company upon satisfaction of certain milestones related to the definition of National Instrument 43-101-compliant iron ore resources above specific thresholds. In addition, the Company has agreed to incur aggregate exploration expenditures on the Projects in a minimum amount of \$28,000,000 over a five-year period following the closing date. It is also anticipated that the parties will enter into a royalty agreement (the "Royalty Agreement") upon closing pursuant to which the Company will grant and pay to Altius a 1% to 4% sliding scale gross sales royalty in respect of iron ore produced from the Projects on terms and conditions to be set out in the Royalty Agreement and anticipated to be a percentage between 1% and 4% based on the average benchmark iron ore price for the applicable calendar quarter.

The Transaction is subject to receipt of all applicable regulatory approvals, including the approval of the TSX.

## **Internal Control over Financial Reporting**

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. During the period, management has designed and implemented the internal control system to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The condensed consolidated financial statements have been prepared by management in accordance with IFRS and in accordance with accounting policies set out in the notes to the consolidated financial statements for the three and six months ended September 30, 2011.

## **Disclosure Controls and Procedures**

The Company has established and maintained disclosure controls and procedures over financial reporting.

There are inherent limitations in all control systems and no disclosure controls and procedures can provide complete assurance that no future errors or fraud will occur. An economically feasible control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

## **Critical Accounting Estimates**

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal to the actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### **i) Valuation of Mineral Properties and exploration and development properties**

The Company carries its Mineral Properties at cost less a provision for impairment. The Company capitalizes exploration costs, which are related to specific projects, until the commercial feasibility of the project is determinable. The costs of each property and related capitalized exploration and development expenditures are amortized over the economic life of the property on a units-of-production basis. Costs are charged to operations when a property is abandoned or when impairment in value that is other than temporary has been determined.



The Company reviews the carrying values of mining properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates of, amongst other things, future production and sale values, unit sales prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the Mineral Properties and related expenditures.

ii) Share-based payment transactions

The Company grants share options to directors, officers, employees and consultants of the Company under its incentive stock option plan. The fair value of share options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility and forfeiture rates. Changes in assumptions used to estimate fair value could result in materially different results.

### **Changes in Accounting Policies**

The Company implemented no new policies in the current quarter. Accounting standards effective for periods beginning on or after April 1, 2011 have been adopted as part of the transition to IFRS.

### **Financial and Other Instruments**

The Company's financial liabilities consist of accounts payable and accrued liabilities and advances from a related party pertaining to an offtake deposit. It is management's opinion that Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these instruments approximates their carrying value due to the short-term nature of their maturity.

### **Risks and Uncertainties**

Due to the nature of the Company's business and the present stage of exploration and development of the Mineral Properties, the Company may be subject to significant risks,

including those set out below, and the Company's actual exploration and operating results may be materially different from those expected as at the date of this MD&A. Readers are encouraged to carefully consider all such risks, including those set out in the discussion below.

#### *Nature of the Company's Exploration Activities*

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not mitigate. Few properties that are explored are ultimately developed into producing mines. The Mineral Properties are still in the exploration and development stages. Significant expenditures will be required to establish ore reserves and to construct mining and material handling facilities at the Mineral Properties. It is impossible to provide any assurance that the exploration programs completed and further planned by the Company will result in a profitable commercial mining operation.

No assurance can be given that the Company's exploration activities will result in the discovery of minerals in sufficient quantities and/or grades to justify commercial operations or that funds required for additional exploration or development can be obtained on a timely basis. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot accurately be predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company will rely upon consultants and others for exploration, development, construction and operating expertise. Substantial expenditures will be required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

#### *Future Profits/Losses and Production Revenues/Expenses*

There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production, if any, of the

Mineral Properties and any other properties the Company may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of joint venture agreements with strategic partners and other factors, many of which are beyond the Company's control. The Company does not expect to receive revenues from operations in the foreseeable future, if at all. The Company expects to incur losses unless and until such time as the Mineral Properties and any other properties the Company may acquire enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Mineral Properties and any other properties the Company may acquire will require the commitment of substantial resources to conduct the time-consuming exploration and development of properties. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

#### *Title to Properties*

The acquisition of title to resource properties is a very detailed and time-consuming process. Title to, and the area of, resource claims may be disputed. Although the Company believes it has taken reasonable measures to ensure that title to its Mineral Properties, there is no guarantee that title to any of the claims comprising the Mineral Properties will not be challenged or impaired. No assurances can be given that title defects to the Mineral Properties do not exist. The Mineral Properties may be subject to prior unregistered agreements, interests or native land claims and title may be affected by undetected defects. There may be valid challenges to the title of any of the concessions and licence agreements comprising the Mineral Properties that, if successful, could impair development and/or operations. A defect could result in the Company losing all or a portion of its right, title, estate and interest in and to the properties to which the title defect relates.

#### *Iron Ore Prices*

The development and success of the Mineral Properties will be dependent, in part, on the future price of iron ore. Iron ore prices are subject to fluctuation and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, global and regional supply and demand and the political and economic conditions of major steel producing countries throughout the world. Any future significant price declines could cause continued exploration and development of the Mineral Properties to be impracticable.

The market price of iron ore affects the economics of any potential development project, the Mineral Properties, and the ability of the Company to raise capital. A decrease in the market

price of iron ore could affect the Company's ability to finance the continued exploration and the development of the Mineral Properties. There can be no assurance that the market price of iron ore will remain at current levels or that such prices will improve or that market prices will not fall.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company has a planning and budgeting process to help determine the funds required to support its normal operating requirements on an ongoing basis as well as its expansion plans.

#### *Capitalization, Additional Funding Requirements and Dilution*

The operating and capital expenditures of the Company are expected to substantially increase in subsequent years with the advancing of exploration and development activities. Further exploration and development of the Mineral Properties will require additional capital. In addition, a positive production decision at the Mineral Properties or any other development projects acquired in the future would require significant capital for project engineering and construction. The Company does not currently have sufficient funding to commence or complete the development of the Mineral Properties. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. The Company's historical capital needs have been met by the issuance of common shares and shareholder loans. In order to finance the development of the Mineral Properties, the Company will have to pursue one or more financing alternatives including issuing additional equity, borrowing sufficient funds from third party lenders, or completing arrangements with one or more strategic partners. Failure to obtain such additional financing could result in a further delay or indefinite postponement of the development of the Mineral Properties. The terms of any additional financing obtained by the Company could result in substantial dilution to the shareholders of the Company.

The continuation of adverse market conditions experienced in 2009 could have negative implications for the Company in terms of the ability to continue as a going concern and to continue the development of the Mineral Properties.

#### *Regulatory Requirements*

Mining operations, development and exploration activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, environmental protection and remediation, protection of

endangered and protected species, mine safety, toxic substances and other matters. Changes in these regulations or in their application are beyond the control of the Company and could adversely affect its operations, business and results of operations.

Government approvals and permits are currently, and may in the future be, required in connection with the Mineral Properties. To the extent such approvals are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

#### *Enforcement of Civil Liabilities*

Certain of the directors of the Company are nationals and residents of countries other than Canada. As a result, it may be difficult or impossible for shareholders to bring an action against the Company or against these individuals in Canada in the event that shareholders believe that their rights have been infringed under the relevant Canadian securities laws or otherwise. In addition, it may not be possible to enforce against the Company and certain of its directors judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

#### *Environmental and Health Matters*

All of the Company's operations will be subject to environmental regulations and health standards, which can make operations expensive or prohibit them altogether.

To the extent the Company is subject to environmental liabilities, the payment of such liabilities or the costs that it may incur to remedy environmental pollution would reduce funds otherwise available to it and could have a material adverse effect on the Company. If the Company is unable to fully remedy an environmental problem, it might be required to suspend operations or enter into interim compliance measures pending completion of the required remedy. The potential exposure may be significant and could have a material adverse effect on the Company.

All of the Company's exploration, development and production activities will be subject to regulation under one or more of the various provincial, federal and other environmental laws and regulations and health standards. Many of the regulations require the Company to obtain permits for its activities. The Company must update and review its permits from time to time, and is subject to environmental impact analyses and public review processes prior to approval of the additional activities. It is possible that future changes in applicable laws, regulations and permits or changes in their enforcement or regulatory interpretation could have a significant impact on some portion of the Company's business, causing those activities to be economically re-evaluated at that time.

There is no assurance that future changes in environmental regulation or health standards, if any, will not adversely affect the Company's operations.

#### *Risks of Non-Availability of Insurance*

Where considered practical to do so, the Company will maintain insurance against risks in the operation of its business and in amounts that it believes to be reasonable. Such insurance, however, will contain exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. The Company may become subject to liability for pollution or hazards against which it cannot insure. In some cases, such as with respect to environmental risks, coverage is not available or considered too expensive relative to the perceived risk. The payment of such liabilities could result in an increase in the Company's operating expenses which could, in turn, materially effect the Company's financial position and results of operations.

#### *Competition*

The Company's business is intensely competitive and the Company will compete with other mining companies, many of which have greater resources and experience. Competition in the metals mining industry is primarily for mineral rich properties which can be developed and can produce economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals, but also conduct refining and marketing operations on a world-wide basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

### *Loss of Key Employees*

The Company will depend on a number of key employees, the loss of any one of whom could have an adverse effect on the Company. The Company is not expected to purchase key person insurance on such individuals, which insurance would provide the Company with insurance proceeds in the event of their death. Without key person insurance, the Company may not have the financial resources to develop or maintain its business until it replaces the individual. The development of the business of the Company will be dependent on its ability to attract and retain highly qualified management and mining personnel. The Company will face competition for personnel from other employers. If the Company is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement its business plan.

### *Conflicts of Interest*

The Company's directors and officers may serve as directors or officers of other natural resource companies or companies providing services to the Company, or they may have significant shareholdings in other resource companies. Specifically, Mr. Sandy Chim, the President and Chief Executive Officer of the Company, is a director and control person of Century Iron Ore Corporation, a substantial shareholder of the Company, and a director of Augyva.

Situations may arise where the directors and/or officers of the Company may be in competition with the Company. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. From time to time, several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

### *Current Global Financial Conditions*

Current global financial conditions have been characterized by increased volatility and several financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. These factors may impact the ability of the Company to obtain

equity or debt financing in the future on terms favourable to it. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the operations of the Company could be adversely impacted and the price of the Company's shares may be adversely affected.

#### *Currency Exposure*

The Company is not exposed to material currency fluctuations insofar as its funds are maintained in Canadian dollars and its operations and costs incurred are in Canadian dollars and all of its exploration properties are in Canada. However the Company does have some exposure in that it has an administrative office in China and it has received a small advance pertaining to an off-take deposit that is repayable in US Dollars.

#### *Share Price Fluctuations*

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development stage companies (such as the Company), have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur.

#### *Limited Operating History and Financial Resources*

The Company has a limited operating history, no history of mining iron ore and is unlikely to generate any revenues from operations in the foreseeable future as the Mineral Properties are still in the exploration and development stage. The Company anticipates that its existing cash resources, together with the net proceeds of recent financing activities, will be sufficient to cover its projected funding requirements for the next two ensuing years. If its exploration program is successful, additional funds will be required for further exploration and development to determine if any deposits are economic and if economic, to bring such deposits to production. Additional funds will also be required for the Company to acquire and explore other mineral interests. The Company has limited financial resources and there is no assurance that sufficient additional funding will be available to enable it to fulfill its obligations or for further exploration and development on acceptable terms or at all. The future development of the Mineral Properties will require the construction and operation of mines and related infrastructure. The costs, timing and complexities of mine construction and development are increased by the remote northern location of the Mineral Properties. It is common in new mining operations to experience unexpected problems and delays during construction, development, and mine start-up. In addition, delays in the commencement of mineral production often occur. Accordingly, there are no assurances that the Company's activities will



result in profitable mining operations, that the Company will successfully establish mining operations or profitably produce iron ore, or that the Company will meet any of its current timelines or schedules. Failure to obtain additional funding on a timely basis could result in delay or indefinite postponement of further exploration and development and could cause the Company to forfeit its interests in some or all of its properties or to reduce or terminate its operations. Sources of funds now available to the Company are limited and may include the sale of equity capital, properties, royalty interests, the entering into of future joint ventures and the exercise of outstanding options. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

#### *Remote Northern Location and Access to Transportation Infrastructure*

The Mineral Properties, because of their remote northern location and limited accessibility, are subject to special climate and transportation risks. These risks include the inability to operate efficiently or at all during periods of extreme cold, the unavailability of materials and equipment, and unanticipated transportation costs. Adverse weather conditions may also prevent the operation of equipment on land, in the air or on the ocean. Such factors can add to the cost of mine exploration, development, production and operation, thereby affecting the Company's financial condition.

Access to transportation infrastructure to ship mineral products economically within Northern Quebec and Labrador, and to export mineral products internationally is currently limited. Lack of access to transportation may hinder the expansion of production at the Mineral Properties and the Company may be required to use more expensive transportation alternatives.

#### **Cautionary Statement Regarding Forward-Looking Information**

This MD&A contains forward-looking statements that reflect management's current expectations, estimates and projections with regard to future events regarding the Company's business and the economic environment in which it operates. Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements. Such risks include, but are not limited to: (i) risks inherent in the exploration for and development of mineral deposits; (ii) financing, capitalization and liquidity risks, including the risk that financing necessary to fund the exploration and development activities at the Mineral Properties may not be available on satisfactory terms, or at all; (iii) regulatory risks, including risks relating to the acquisition of

the necessary licenses and permits; (iv) uncertainties inherent in the estimation of mineral reserves and resources; (v) risks that production estimates may be inaccurate; (vi) construction and operational risks inherent in the conduct of mining activities, including the risk of increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the construction and development process; (vii) risks relating to changes in iron ore prices and the worldwide demand for and supply of iron ore; (viii) risks relating to the remoteness of the Mineral Properties including access and supply risks and reliance on key personnel; (ix) environmental risks, including risks relating to climate change and the potential impact of global warming on project timelines and on construction and operating costs; (x) the risk of fluctuations in the Canadian/U.S. dollar exchange rate; (xi) insurance risks; and (xii) volatility in the Company's stock price. See "*Risks and Uncertainties*".

These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources and the realization of such estimates, the timing and amount of future exploration expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing to develop the Mineral Properties in the short and long-term, the progress of construction and development activities, the receipt of necessary regulatory approvals, iron ore prices, the feasibility of constructing and operating a direct-shipping iron ore mine at the Mineral Properties, assumptions with respect to environmental risks, title disputes or claims, weather conditions, climate change and other similar matters. In particular, in stating that WISCO will provide an investment in respect of each of the Mineral Properties, the Company has assumed, among other things, that definitive agreements in respect of each of the Duncan Lake, Attikamagen and Sunny Lake Properties will be executed within the time-frame contemplated by the Joint Venture Agreement, or at all, and has assumed receipt of all applicable regulatory approvals including the approval from the TSX and the People's Republic of China in respect of the definitive joint venture agreements. In stating that Century will acquire a 100% interest in four of Altius' regional iron ore projects pursuant to the Altius Agreements, the Company has assumed, among other things, receipt of applicable regulatory approvals including that of the TSX, and that the Company will be able to meet requisite exploration expenditures pursuant to the Agreements. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect and there can be no assurance that such developments can be completed on satisfactory terms or at all.

Investors are advised to carefully review and consider the risk factors identified in this MD&A under the heading “*Risks and Uncertainties*” for a discussion of the factors that could cause the Company’s actual results, performance and achievements to be materially different from any anticipated results, performance or achievements expressed or implied by the forward-looking statements. Investors are further cautioned that the foregoing list of assumptions and risks factors is not exhaustive and it is recommended that prospective investors consult the more complete discussion of the Company’s business, financial condition and prospects included in this MD&A. The forward-looking information and statements contained in this MD&A are made as of the date hereof and, accordingly are subject to change after such date.

The Company does not undertake to update any forward-looking information, except as, and to the extent required by applicable securities laws. The forward-looking statements contained herein are expressly qualified by this cautionary statement.