



# **CENTURY IRON MINES CORPORATION**

(formerly "Red Rock Capital Corp.")  
(an exploration stage mining company)

Management's Discussion and Analysis  
of Financial Conditions and Results of Operations  
for the Year Ended March 31, 2012

This Management's Discussion and Analysis ("MD&A") dated June 20, 2012 provides a review of the financial conditions 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 year ended March 31, 2012. This MD&A should be read in conjunction with the consolidated financial statements and notes thereto of the Company for the year ended March 31, 2012. 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 consolidated financial statements for the year ended March 31, 2012 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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, 2010 and therefore the comparative information for 2011 and 2010 included in this MD&A has been restated in accordance with the Company's IFRS accounting policies. Notes 2 to 5 of the Company's consolidated financial statements for the year ended March 31, 2012 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.

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.

## COMPANY INFORMATION

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 exploration projects, 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 *Business 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 exploration projects 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 B.C. Limited ("BC Limited").

The Company's head and registered offices are located at Suite 602, 170 University Avenue, Toronto, Ontario, Canada M5H 3B3. The Company's ultimate holding company is Century Eagle Holdings Limited.

## MINERAL EXPLORATION PROPERTIES OVERVIEW

### *Duncan Lake Property*

#### Current Development

Phase II drilling program was commenced during the year.

Under the Phase II drilling program, Augyva Mining Resources Inc. (TSXV: AUV) ("Augyva") completed 8,404 meters of diamond drilling in 25 NQ sized drill holes.

In July 2011, the Company has commenced to manage the Phase II interim drilling program and completed an additional 29,651 meters of drilling in 82 NQ sized drill holes.

Up until December 1, 2011, the Company and Augyva completed a drilling of 38,055 meters under the Phase II drilling program.

The Phase II drilling program was resumed after the freeze-up in 2012. The drilling results will be used to provide information for an NI 43-101 updated mineral resource estimate and to perform a preliminary economic assessment (PEA).

In February 2012 and December 2011, the Company have announced the Phase II drilling results.

*Drill results as disclosed in the news release dated February 10, 2012*

### **Deposit 3 - Duncan Lake Iron Ore Project Phase II Drilling, Update #I - Results**

The following intercepts were defined by a 16% Fe cut off and an 8m minimum core length. True widths have yet to be determined. Drill results indicate that the geometry of folding within zone 3 is relatively complex. The reader is cautioned that true widths may vary significantly from the reported drilled core lengths.

HOLE NUMBER	NORTHING	EASTING	ELEVATION	DIP	AZIMUTH	FROM (M)	TO (M)	Core Length (M)	FE %
DUN-11-228	5935588	323956	153	-54	315	90	108	18	25.8
						126	138	12	23.1
						216	225	9	29.9

DUN-11-229	5935864	323960	165	-52	315				NSA
DUN-11-232	5935973	324134	155	-50	315	43.9	341.4	297.5	32.6
DUN-11-233	5935837	324273	153	-50	316	45.8	86.4	40.6	27.7
DUN-11-234	5936376	324015	173	-50	315	167	194.8	27.8	30.8
DUN-11-235	5936140	324252	163	-50	315	138	210	72	24.6
						228	291	63	23.8
						294	318	24	18.9
						321	333	12	24.6
						336	501	165	29.2
						507	552	45	26.7
						555	567	12	27.7
DUN-11-236	5935951	324440	156	-52	315	64.5	156	91.5	25.2
						236.5	273	36.6	23.7
DUN-11-237	5936441	324232	178	-50	315	42.3	149.8	107.5	26.4
						209.6	396	186.4	27.6
DUN-11-238	5936167	324537	160	-50	315	13.8	135	121.3	26.1
DUN-11-240	5936484	324471	172	-51	315	21.9	35.2	13.3	28.5
						51	66	15	20.1
						86.7	97.8	11.1	20.3
						399	493.2	94.2	24.3
DUN-11-242	5936294	324948	153	-51	315	56	96	40	26.8
						117	201	84	22.3
DUN-11-245	5936584	324938	151	-53	315	159	168	9	23.4
						198	372	174	25.4
DUN-11-246	5936359	325163	152	-51	315	183	270	87	23.3
						296	336	40	29.8
DUN-11-247	5937051	324753	153	-53	319	153	165	12	22.4
						309	384	75	24.8
DUN-11-248	5936811	325010	151	-52	316	78	87	9	24.7
						114	123	9	22.9
DUN-11-251	5937229	324859	154	-52	314	324	387.3	63.3	23.1
DUN-11-252	5936706	325394	149	-51	315	24.6	63	38.4	30.2
						78	99	21	33.7
DUN-11-255	5936802	325566	155	-50	320				NSA
DUN-11-256	5936583	325784	147	-52	315	75	88	13	26.2

DUN-11-259	5937585	325069	164	-50	315	294	330	36	23.5
DUN-11-260	5937105	325545	165	-51	315	5.5	48	42.5	28.9
DUN-11-261	5936957	325695	155	-52	312	112	253	141	25.8
						357	375	18	19.2
DUN-11-263	5937104	325830	163	-50	315				NSA
DUN-11-334	5935541	324001	153	-54	308	146	165	19	31
						186	195	9	18.9
						356	364	8	20.5
DUN-11-340	5936264	324126	172	-43	320	162.8	174.4	11.6	36.3
						304	375	71	31.9
DUN-11-343	5936318	324357	169	-50	315	173.5	197.4	23.9	22.5
						211.9	263.5	51.7	25.8
						279.1	320.1	41	23.7
						340.8	355.4	14.7	21.5
						366.3	492.4	126.2	23.8
						505.7	620.8	115.1	23.6
DUN-11-345	5936626	324332	176	-47	312	43.9	140.8	96.9	24.4
						167.9	248.5	80.7	20.7
						263.1	436	172.9	22.9
						447.6	456.3	8.7	17.8
DUN-11-351	5936219	325024	155	-49	313	129	204	75	21.2
						231	291	60	24
DUN-11-360	5937413	324956	159	-50	314	290.1	339	48.9	21.4
DUN-11-362	5936513	325857	148	-51	315	6	42	36	22.5
DUN-11-364	5937675	324982	161	-51	315	171	183	12	25.2
DUN-11-367	5937891	324910	163	-51	315	6	30	24	22.4
DUN-11-368	5937177	325754	160	-52	315				NSA

(NSA - No Significant Assays)

### Deposit 4 - Duncan Lake Iron Ore Project Phase II Drilling, Update # I – Results

The following intercepts were defined by a 16% Fe cut off and an 8m minimum core length. True widths have yet to be determined. Drill results indicate that the geometry of zone 4 is controlled by a thrust fault, which hinders the accurate interpretation of the true width of the mineralized intersections. The reader is cautioned that true widths may vary significantly from the reported drilled core lengths.

HOLE NUMBER	NORTHING	EASTING	ELEVATION	DIP	AZIMUTH	FROM (M)	TO (M)	Core Length (M)	FE %
DUN-11-212	5941639	329388	149	-67	320	38	286	248	25.5
						345.6	444.3	96.5	22.4
DUN-11-213	5941589	329428	147	-51	320	105.85	298	192.1	24.2
						302	330.3	28.4	24
DUN-11-214	5941795	329520	152	-60	320	56.8	73.6	16.8	25.8
						89.7	191.5	101.8	25.6
						210.3	230.2	19.9	22.7
						296.5	397.6	101.1	21.5
						450.4	459.6	9.2	21.9
DUN-11-215	5941985	329361	156	-61	320	14.7	130.7	116	21.1
DUN-11-216	5942086	329525	156	-61	320	37.8	48.6	10.8	19.1
						65.5	91.6	26.1	19.2
DUN-11-217	5941911	329684	149	-61	320	106.5	116.2	9.7	20.9
						122.3	234	111.7	25.8
DUN-11-218	5942138	329751	148	-61	320	28.1	46.6	18.5	18.4
						72.4	84.3	11.9	24.4
						90.4	103.7	13.3	17.5
DUN-11-219	5942043	329834	147	-64	320	60	187.6	127.6	23.3
						221.3	240	18.7	22.2
DUN-11-221	5942076	330067	143	-62	320	155.8	241	85.2	27
						259.4	270	10.6	23.8
DUN-11-222	5942143	330267	144	-61	320	187.1	200.5	13.4	20.8
						219.4	227.5	8.1	22.3
						238.1	265.4	27.3	18.3
DUN-11-223	5942306	330394	144	-61	320	133	143.5	10.5	25.9



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DUN-11-224	5942451	330535	145	-61	320	83.2	97.7	14.5	27.1
DUN-11-320	5941932	329399	156	-60	320	8.6	17.5	8.9	18.7
						91.9	206.3	114.4	23.5
DUN-11-321	5941838	329483	152	-60	320	16.9	165.8	148.9	22.4
						231.2	337.6	106.4	22.3
						375.5	391.6	16.2	18.4
DUN-11-331	5942393	330584	146	-62	320	188	203.4	15.4	28.5
DUN-11-332	5942593	330667	146	-54	320				NSA

(NSA - No Significant Assays)



## Deposit 6 - Duncan Lake Iron Ore Project Phase II Drilling, Update # I - Results

The following intercepts were defined by a 16% Fe cut off and an 8m minimum core length. True widths have yet to be determined. Zone 6 is intruded by an irregular network of granitic intrusives which hinder the estimation of true width. The reader is cautioned that true widths may vary significantly from the reported drilled core lengths.

HOLE NUMBER	NORTHING	EASTING	ELEVATION	DIP	AZIMUTH	FROM (M)	TO (M)	Core Length (M)	FE %
DUN-11-272	5936321	326757	154	-51	340	16.2	65.2	49	23.2
						118.2	127.3	9.1	24.1
						173.4	196.5	23.1	24.5
						312.3	321.2	8.9	22.3
DUN-11-273	5936163	326814	156	-52	340	4.8	42.4	37.6	30.5
						273.7	346.6	72.9	31.2
						366.3	384.5	18.2	23.3
						450.7	466.5	15.8	21.9
DUN-11-383	5936395	327263	153	-52	340	146.2	224.8	78.6	20.1
						236.8	245.3	8.5	27.8
DUN-11-384	5936545	327313	152	-52	340	9.5	45.5	36	19.3
						115.8	127.9	12.1	32.9
DUN-11-386	5936641	327492	152	-50	340	8	34.8	26.8	19.2
						64.1	156	91.9	25.7

*Drill results as disclosed in the news release dated December 19, 2011*

The following intercepts were defined by a 16% Fe cut off and with a 6 meter minimum mining width. Collar coordinates are in UTM coordinate system Zone 18N NAD83 and were surveyed with a Differential GPS. Down hole surveys were completed with a gyroscope and cross-checked with a DeviFlex survey. In the following table the column title "width (m)" is drill interception width and the Company's ongoing drill program will be used to determine true widths.

Hole ID	Block	Northing	Easting	Elevation (m)	Dip	Azimuth	From (m)	To (m)	Width (m)	Fe %
DUN-11-39	3	323925	5937033	159	-50	135				NSA
DUN-11-41	3	324227	5937013	161	-50	135	63.2	76.4	13.2	26.0
							135.7	159.3	23.6	23.6
							250	261.7	11.7	23.1
							302.4	327.2	24.8	29.8
							329.8	342	12.2	21.8
							351	363.7	12.7	21.4
							382.5	425.6	43.1	27.2
DUN-11-44	3	324366	5937156	157	-50	135	119.5	154	34.5	30.9
							172.8	205.7	32.9	27.4
							244.6	294.7	50.1	30.3
							303.7	326.1	22.4	30.4
							330.1	340	9.9	33.1
							343.1	380.2	37.1	28.0
							388.7	401.6	12.9	25.6
DUN-11-51	3	324691	5937681	155	-50	135	200.4	274.4	74.0	25.8
DUN-11-54	3	324877	5937494	158	-50	315	140.1	161.1	21.0	26.3
							177.9	195	17.1	29.5
DUN-11-58	3	324779	5937797	158	-50	135	186.4	240.8	54.4	27.3
DUN-11-59	3	324777	5938159	157	-50	135				NSA
DUN-11-62	3	324987	5937805	160	-50	315				NSA
DUN-11-239	3	324174	5936782	165	-50	315	56.2	99	42.8	21.9
							118.5	208.75	90.3	21.5
DUN-11-241	3	324480	5936760	166	-50	315	97.4	141.8	44.4	21.1
							146.8	164.5	17.7	24.3
							178.3	211.8	33.5	24.7
							214.1	240.6	26.5	28.1
							311.5	331.7	20.2	24.6
							361	382.2	21.2	31.6
DUN-11-243	3	324474	5937046	156	-50	315	31.5	73	41.5	25.5
							95.4	122.5	27.1	27.0

							132	143.25	11.3	22.7
							206.3	229.6	23.3	18.2
DUN-11-244	3	324681	5936840	159	-50	315	234.2	245.7	11.5	21.7
							253.1	385.5	132.4	31.3
							388.6	411.4	22.8	25.8
							438.5	476.8	38.3	27.7
							481.5	527.1	45.6	31.3
DUN-11-342	3	324109	5936564	168	-50	315	63	102	39.0	28.1
DUN-11-349	3	324567	5936672	169	-50	315	285.9	449.3	163.4	23.4
							505.5	530.6	25.1	23.6
DUN-11-64	6	326523	5935203	166	-50	340	131.5	154.3	22.8	26.1
DUN-11-67	6	326714	5935272	156	-50	340				NSA
DUN-11-74	6	326942	5936398	152	-50	340	13.4	84.7	71.3	23.5
							99.3	163.1	63.8	31.4
							194.8	233.1	38.3	31.5
							239.5	277.8	38.3	27.7
DUN-11-75	6	327012	5936209	156	-50	340	158.6	171.4	12.8	17.0
							189	208.5	19.5	25.4
							219.5	283.3	63.8	26.7
							321.5	340.9	19.4	26.4
DUN-11-76	6	327086	5936003	158	-50	340	170.4	250.5	80.1	21.7
							321.1	341.9	20.8	26.5
DUN-11-77	6	327168	5936364	154	-50	340	70.1	85.5	15.4	29.7
							131.4	150.8	19.4	27.2
							177.5	192.9	15.4	31.3
DUN-11-78	6	327239	5936168	152	-50	340				NSA
DUN-11-79	6	327212	5936537	152	-50	340	76.5	95.5	19.0	34.4
DUN-11-80	6	327363	5936416	152	-50	340	189.3	202.2	12.9	24.6
							267.3	277.9	10.6	32.0
							370.8	400	29.2	29.1
DUN-11-81	6	327524	5936555	151	-50	340	46.4	67.8	21.4	27.5
							83.2	131.4	48.2	24.2
							170.4	258.8	88.4	30.2
DUN-11-82	6	327684	5936697	147	-50	340	63.2	95	31.8	32.2
							115.5	133.1	17.6	26.1

(NSA – no significant assay)

The Duncan Lake deposits have been relatively well outlined by drilling and geophysical surveys completed during the 2008-2009 drilling program.

The Company has also commissioned a bathymetry study to determine water depth and currents in the proposed James Bay transportation route. An environmental baseline study was also commenced during the year by Roche Ltd after the completion of an environmental scoping study ("ESS").

The objectives of the ESS were to identify early on, key environmental and socio-economic issues, constraints and opportunities for the development of the project. The report from Roche Ltd. is an internal document for management and was delivered in May 2011. A transportation study has also been commissioned.

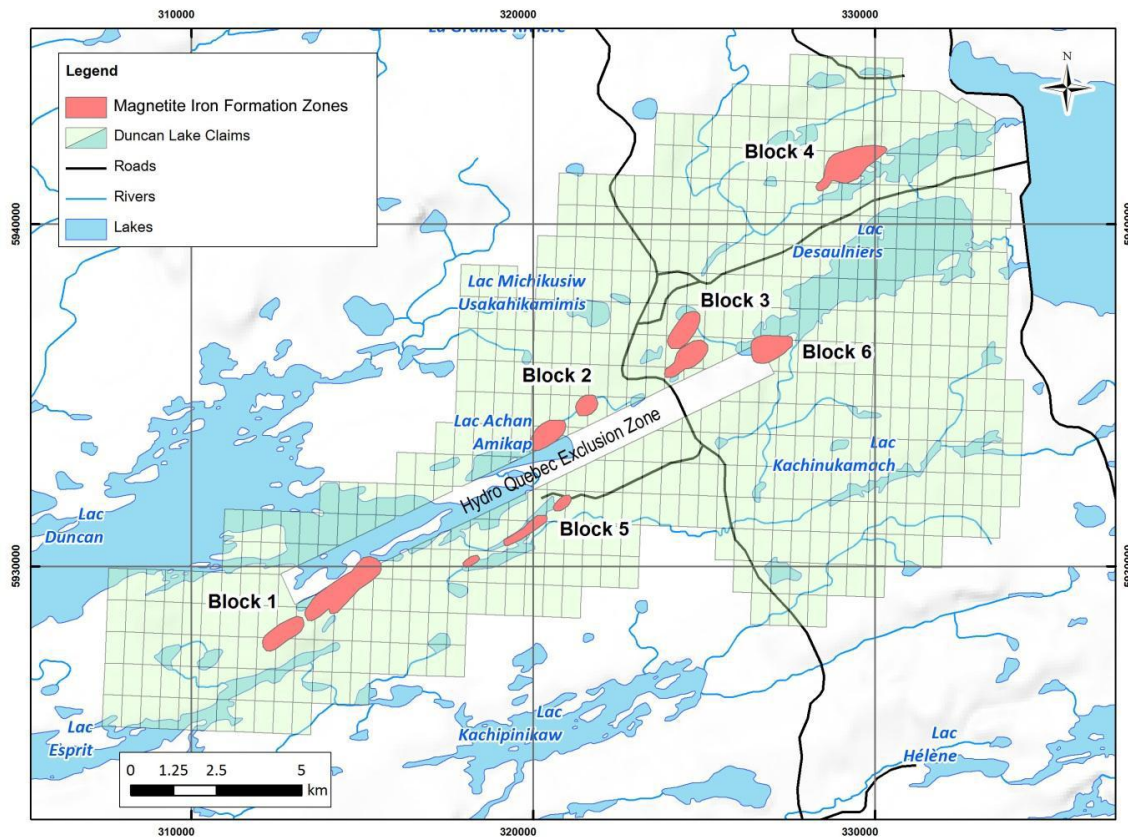
#### About the Property

The Company is the owner of a 51% interest in 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. Pursuant to the terms of the agreement, the Company may increase its interest in the property to 65% by expending a further \$14 million by May 20, 2016. The Company completed the taking over of the operatorship of the Duncan Lake Property in July 2011.

The Duncan Lake Property has recently been expanded to 528 exploration claims covering 25,448.8 hectares.

The Duncan Lake Project 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. The project is subdivided into 6 different blocks (Deposits 1 to 6), elongated southwest to northeast on a 28 kilometre strike. James Bay Road goes through the property and splits it in two. Deposits 1, 2 and 5 are located on the west side of the road and the other deposits on the eastern part. The Duncan Lake Project is located approximately 575 kilometres north of Matagami, Quebec, which is the nearest mining community. James Bay Road connects Matagami to Radisson. The property is located 50 kilometres south of Radisson and 10 kilometres south of LG2 regional airport. Road distance from Montreal to the property is estimated at 1,350 kilometres. Hydroelectric power lines are located very close to the property.

### *Duncan Lake Project Claim Block and Immediate Area*



### *2008-2009 Drilling Program*

Duncan Lake 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. 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 and analytical procedures.

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 Property. In total, 10,461 meters of drilling was completed. Five magnetite deposits were tested: Deposit 1, 2, 3, 4 and 5 within a 20 km radius of the Duncan Lake Deposit 1. Highlights of the results include: 226.46 meters at 25.45% Fe in hole Dun 09-33; 90.18 meters at 27.12% Fe in hole Dun 09-39; 75.67 meters at 28.8% Fe in hole Dun 09-49 and 130.91 meters at 26.79% Fe in hole Dun 09-52.

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.

The 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:*

- 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 a resource estimate was 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 Project see: Technical Report NI 43-101 on Mineral Resources of the Duncan Lake Iron Ore Project – James Bay Area – Quebec – Canada, December 2, 2010.*

#### *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.

## **MINERAL EXPLORATION PROPERTIES OVERVIEW (CONT'D)**

### ***Attikamagen Property***

#### Current Development

A total of 10,884 meters of combined diamond and reverse circulation (RC) drilling was completed during the 2011 drilling program at Attikamagen Property. The drilling program focused on potential taconite and "direct shipping ore" ("DSO") targets near Hayot Lake, in northeastern Quebec and Joyce Lake, in western Labrador, respectively.

#### *Hayot Lake Property*

Up to October 31, 2011, 41 diamond drill holes were completed at Hayot area, for a total of approximately 5,700 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.

#### *Joyce Lake Property*

The RC drilling at Joyce Lake encountered a potential DSO target. Up to October 31, 2011, 32 RC holes were completed for a total of 3,917 meters, and 8 diamond core drill holes, totaling 1,242 meters were completed at southern part of Joyce Lake area. 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.

The details of the assay results from the 2011 winter drilling program and the summer drilling program of the Attikamagen Project were published in a press release announced on July 6, 2011 and December 8, 2011, respectively.



*Drill results as disclosed in the news release dated December 8, 2011*

Assay results from the 2011 summer drilling program on the DSO targets at Joyce Lake are presented in the following table:

Hole Number	From (m)	To (m)	Core Length* (m)	Fe% Total
<b>JOY-11-10</b>	3	123	120	<b>42.63</b>
<b>includes</b>	66	78	12	<b>67.70</b>
<b>JOY-11-11</b>	3	105	102	<b>35.21</b>
<b>JOY-11-12</b>	3	156	153	<b>45.12</b>
<b>includes</b>	129	156	27	<b>60.15</b>
<b>JOY-11-13</b>	3	105	102	<b>39.70</b>
<b>includes</b>	3	36	33	<b>46.52</b>
<b>JOY-11-14</b>	3	63	60	<b>45.68</b>
<b>includes</b>	15	30	15	<b>64.47</b>
<b>JOY-11-15</b>	3	129	126	<b>39.68</b>
<b>includes</b>	81	93	12	<b>53.45</b>
<b>JOY-11-16</b>	2	120	118	<b>43.78</b>
<b>includes</b>	9	21	12	<b>52.54</b>
<b>JOY-11-17</b>	3	99	96	<b>41.64</b>
<b>includes</b>	3	12	9	<b>50.00</b>
<b>and</b>	21	42	21	<b>47.54</b>
<b>JOY-11-18</b>	1	114	113	<b>39.43</b>
<b>JOY-11-19</b>	3	147	144	<b>34.36</b>
<b>JOY-11-20</b>	6	142	136	<b>35.51</b>
<b>JOY-11-21</b>	3	117	114	<b>39.76</b>
<b>Includes</b>	63	81	18	<b>49.45</b>
<b>JOY-11-23</b>	2	129	127	<b>50.65</b>
<b>includes</b>	48	81	33	<b>61.15</b>
<b>and</b>	102	114	12	<b>66.28</b>
<b>JOY-11-25</b>	3	33	30	<b>40.83</b>
<b>JOY-11-26</b>	0	144	144	<b>38.04</b>
<b>includes</b>	90	99	9	<b>58.80</b>
<b>JOY-11-27</b>	3	99	96	<b>39.20</b>
<b>includes</b>	42	75	33	<b>46.27</b>

*\*Note: All reported intervals are down-hole core lengths and not true thickness.*

Assay results from the 2011 summer drilling program on the taconite target at Hayot Lake are presented in the following table:

Hole Number	From (m)	To (m)	Core Length* (m)	Fe% Total
<b>HAY-11-16A</b>	27.0	160.9	133.9	<b>33.52</b>
<b>HAY-11-17</b>	1.8	93.4	91.6	<b>32.33</b>
<b>HAY-11-18</b>	151.4	300.7	149.3	<b>33.15</b>
<b>HAY-11-20</b>	63.8	150.9	87.1	<b>31.89</b>
<b>HAY-11-21A</b>	155.4	249.0	93.6	<b>33.58</b>
<b>HAY-11-22</b>	4.2	48.4	44.2	<b>31.34</b>
<b>HAY-11-23</b>	10.1	92.7	82.6	<b>31.54</b>
<b>HAY-11-24</b>	126.3	207.0	80.7	<b>29.81</b>
<b>HAY-11-25</b>	3.5	86.8	83.3	<b>33.65</b>
<b>HAY-11-26</b>	3.5	94.3	90.8	<b>33.00</b>
<b>HAY-11-27</b>	80.7	189.0	108.3	<b>32.54</b>
<b>HAY-11-28A</b>	19.9	149.0	129.1	<b>32.16</b>
<b>HAY-11-29</b>	1.2	13.9	12.7	<b>31.30</b>
<b>HAY-11-30</b>	8.0	137.0	129.0	<b>32.98</b>
<b>HAY-11-31</b>	128.0	238.3	110.3	<b>31.71</b>
<b>HAY-11-32</b>	3.0	161.0	158.0	<b>31.17</b>
<b>HAY-11-33</b>	2.0	29.0	27.0	<b>30.86</b>
<b>HAY-11-34</b>	1.5	46.3	44.8	<b>31.99</b>
<b>HAY-11-35</b>	51.0	151.3	100.3	<b>32.98</b>
<b>HAY-11-36A</b>	41.7	142.3	100.6	<b>32.33</b>
<b>HAY-11-37</b>	7.8	112.3	104.5	<b>32.98</b>

*\*Note: All reported intervals are down-hole core lengths and not true thickness.*

*Drill results as disclosed in the news release dated July 6, 2011*

Assay results from the 2011 winter drilling program on the DSO targets at Joyce Lake are presented in the following table:

Hole Number	From (m)	To (m)	Core Length* (m)	Fe% Total
<b>JOY-11-06</b>	3.00	142.00	139.00	<b>52.80</b>
includes	96.00	138.00	42.00	<b>64.19</b>
<b>JOY-11-07</b>	12.00	93.00	81.00	<b>52.46</b>
includes	12.00	54.00	42.00	<b>65.26</b>
<b>JOY-11-08</b>	3.00	114.00	111.00	<b>37.20</b>
includes	60.00	66.00	6.00	<b>59.85</b>
<b>JOY-11-09</b>	3.00	126.00	123.00	<b>45.33</b>
includes	9.00	18.00	9.00	<b>61.26</b>
and	54.00	69.00	15.00	<b>64.80</b>

*\*Note: All reported intervals are down-hole core lengths and not true thickness.*

Assay results from the 2011 winter drilling program on the taconite target at Hayot Lake are presented in the following table:

Hole Number	From (m)	To (m)	Core Length* (m)	Fe% Total
<b>HAY-11-07</b>	71.2	163.1	91.9	<b>32.34</b>
<b>HAY-11-08</b>	12.8	109.5	96.7	<b>32.46</b>
<b>HAY-11-09</b>	102	232	130	<b>31.55</b>
<b>HAY-11-10</b>	86.7	197.6	110.9	<b>32.3</b>
<b>HAY-11-11</b>	2	69	67	<b>33.01</b>
<b>HAY-11-12</b>	No significant mineralization			
<b>HAY-11-13</b>	3.2	39.6	36.4	<b>32.19</b>
<b>HAY-11-14</b>	2.6	74.2	71.6	<b>32.56</b>
<b>HAY-11-15</b>	109	188.1	79.1	<b>32.44</b>

*\*Note: All reported intervals are down-hole core lengths and not true thickness.*

### About the Property

The Company is the owner of a 56% interest in the Attikamagen Property and has 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) ("Champion") dated May 12, 2008, as amended on July 9, 2009 and further amended on March 25, 2010.

In June 2012, Champion has signed, and delivered to the Company transfers conveying an additional 5% to Century's existing 51% interest in the Attikamagen Project. The Company has the further right to earn an additional 4% interest to a 60% interest in the property.

The Attikamagen Property includes 405 designated claims located in Quebec and 617 claims located in Newfoundland and Labrador, covering an aggregated area of approximately 34,348 hectares.

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 Project 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).

## **MINERAL EXPLORATION PROPERTIES OVERVIEW (CONT'D)**

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

#### Current Development

#### *Rainy Lake Property – Full Moon Prospect*

The Company announced a large taconite iron discovery ("Full Moon Prospect") on Rainy Lake property, part of the Sunny Lake Property on January 17, 2012. The announcement was based on assay results from the Company's 2011 summer drilling program at the Sunny Lake Property.

During the 2011 drilling program, the Company completed 31 diamond drill holes in 5 sections, in total 6,387 meters, covering an area of 6.5 km long and 1.5 km-3.2 km wide taconite iron mineralized zones, at Full Moon Prospect, 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 Prospect is generally flat bedded, 5 degrees-10 degrees, and doubled thickness due to the thrust fault in the area.

The 2012 winter program which began in February 2012 has resulted in 10,337 meters being drilled comprising 41 holes up to May 31, 2012, intercepting 7,268 meters of moderate to strongly magnetic mineralized zones. The winter drilling program extended the strike length to approximately 9 km.

*Drill results as disclosed in the news release dated January 17, 2012*

The results of the 2011 drilling program at the Full Moon Prospect are summarized in the following table and the maps.

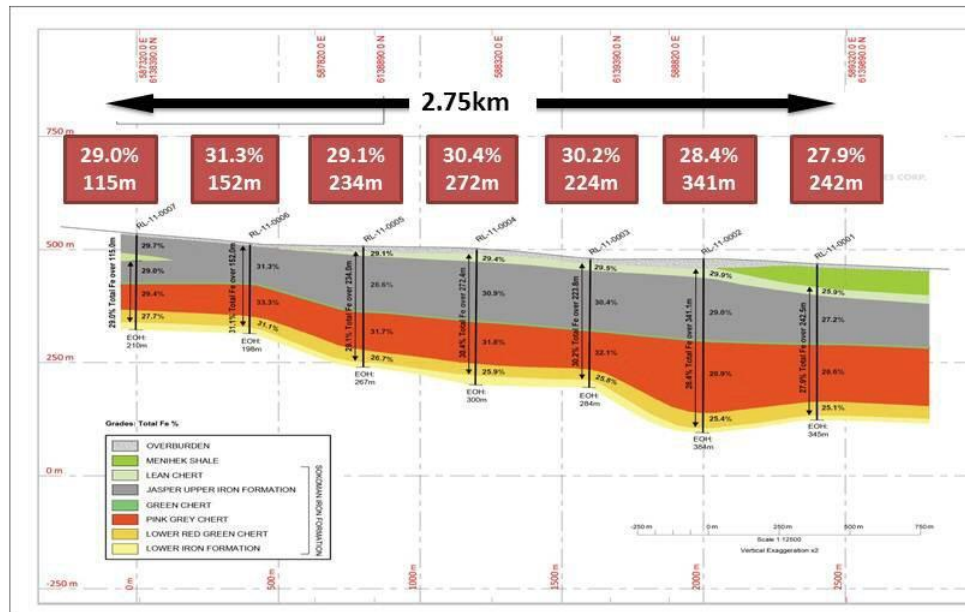
Hole Number*	From (m)	To (m)	Core Length (m)	Fe%
RL 11-2601	27.0	231.0	204.0	28.4
RL 11-2602	1.3	137.0	135.7	29.7
RL 11-2603	2.5	99.0	96.5	29.5
RL 11-2604	1.8	128.1	126.3	31.1
RL 11-2201	164.4	273.0	108.6	29.8
RL 11-2202	69.7	233.5	163.8	30.6
RL 11-2203	5.7	123.0	117.3	29.6
RL 11-2204	12.1	112.0	99.9	30.4
RL 11-2205	1.5	82.5	81.0	31.0
RL 11-1401	15.0	152.7	137.7	30.1
RL 11-1402	10.4	221.2	210.8	29.4
RL 11-1403	6.9	159.0	152.1	30.4
RL 11-1404	6.4	71.7	65.3	30.2
RL 11-1406	5.2	56.2	51.0	32.0
RL 11-1407	6.0	154.6	148.6	29.5
RL 11-1408	4.8	85.0	80.2	30.6
RL 11-0801	67.2	304.0	236.8	30.1
RL 11-0401	5.4	323.6	318.2	29.5
RL 11-0402	4.5	269.3	264.8	31.0
RL 11-0403	8.0	138.2	130.2	29.0
RL 11-0404	15.0	267.0	252.0	30.3
RL 11-0406	24.0	193.7	169.7	28.3
RL 11-0407	7.2	79.6	72.4	29.7
RL 11-0408	6.7	33.3	26.6	28.4
RL 11-0001	75.5	318.0	242.5	27.9
RL 11-0002	30.9	372.0	341.1	28.4
RL 11-0003	24.2	248.0	223.8	30.2
RL 11-0004	13.0	285.4	272.4	30.4
RL 11-0005	19.3	253.3	234.0	29.1
RL 11-0006	13.7	165.7	152.0	31.1
RL 11-0007	81.8	196.8	115.0	29.0

Note: \*Hole Number RL 11-2201: RL – Rainy Lake, 11 – year 2011; 22 – Section L22; 01- First hole on section L22

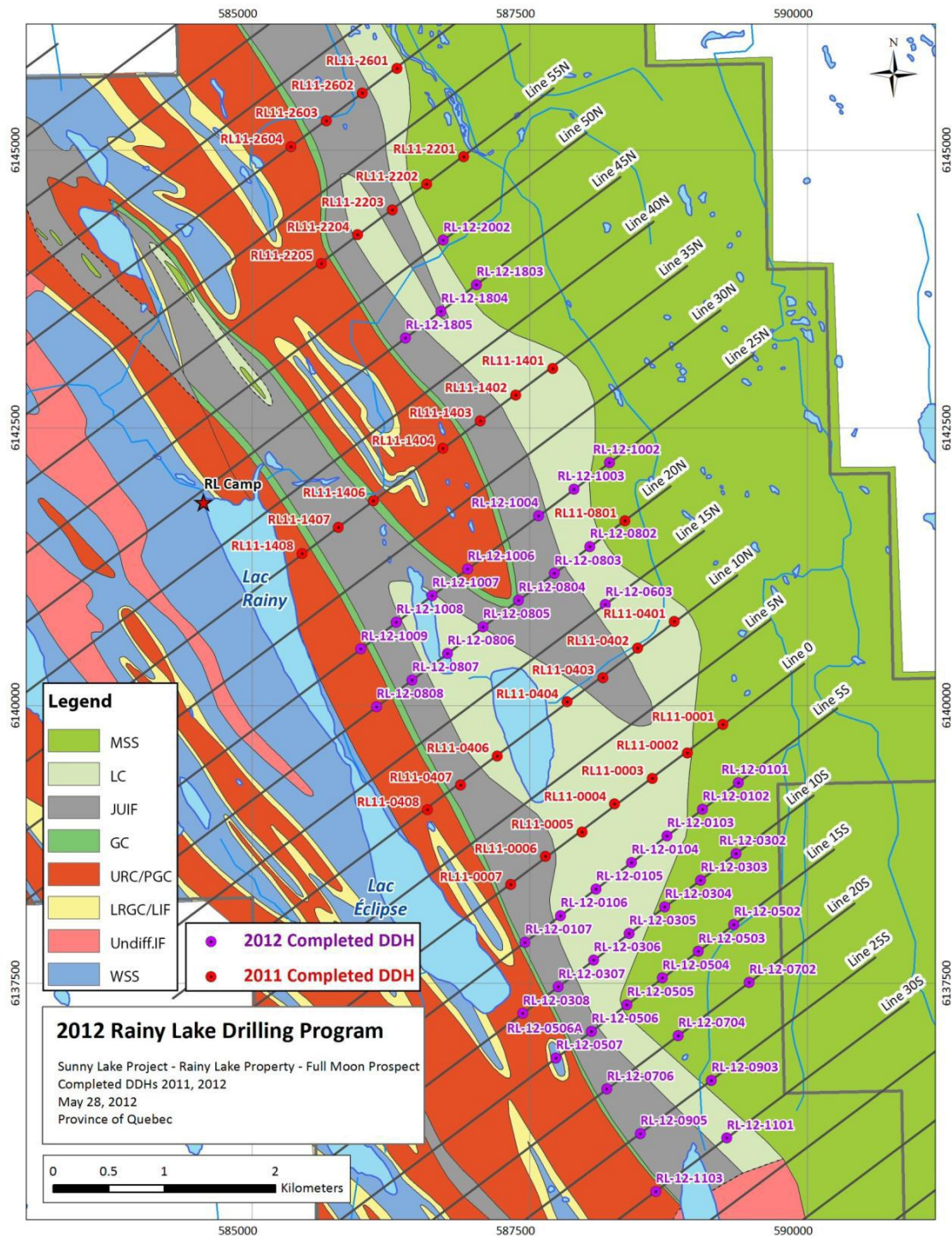
True thickness is estimated at 90% to 95% core length.

## Full Moon (Sunny Lake Iron Project)

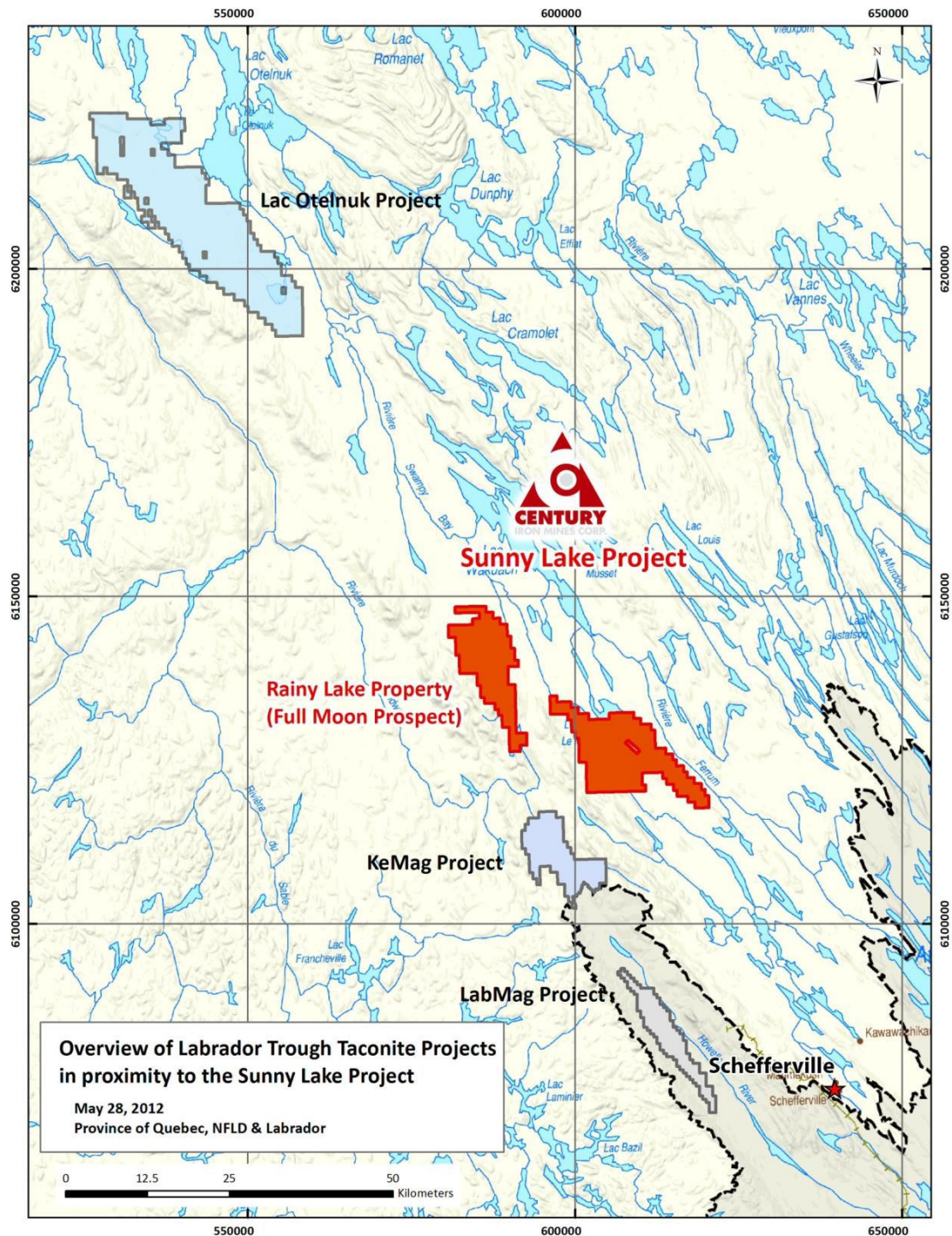
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### *Lac Le Fer Property – Prospect 3 DSO Target*

Seven drill holes, in total of 826 meters were completed at Lac Le Fer property, part of the Sunny Lake Property, to test the proposed DSO and taconite potentials at Lac Le Fer property during the 2011 summer program. Sample analysis is in progress, and the results will be released in due course.

### About the Property

The Sunny Lake Property is 100% owned by the Company.

The Sunny Lake Property includes two separate group of claims (Lac Le Fer and Rainy Lake) comprising 335 and 195 designated claims covering an aggregate area of approximately 25,962 hectares. It was acquired in 2009 by staking for its potential to host iron mineralization. The Lac Le Fer and Rainy Lake properties are located respectively 65 km and 85 km northwest of the town of Schefferville, Quebec and are accessible by air.

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.

## **MINERAL EXPLORATION PROPERTIES OVERVIEW (CONT'D)**

### ***Altius Properties***

#### About the Project

The Company and Altius Minerals Corporation (TSX: ALS) ("Altius") signed a principal agreement (the "Altius Agreement") covering four of Altius' regional iron ore projects (collectively the "Altius Projects") in the Labrador Trough: Astray, Grenville, Menihek and Schefferville on September 19, 2011. Under the Agreement, Century will acquire a 100% interest in the Altius Properties for exploration expenditures of \$7 million per project cumulatively over a 5-year period and the issuance of 5 million common shares of the Company over a 2-year period. Altius will retain a 1% to 4% sliding scale gross sales royalty on the Altius Properties as well as additional consideration of "bonus" common shares of the Company as NI 43-101 compliant iron ore resources are defined above various thresholds.

The Altius Properties cover 1,647 square kilometers and a significant portion of the indicated iron formation within the Newfoundland and Labrador portion of the Labrador Trough. Preliminary results from a recently completed 22,000 line kilometer airborne horizontal gradient and magnetic total field survey and initial ground follow-up work, indicate the multiple targets for each of the major recognized iron ore types (i.e. taconite, meta-taconite, and DSO) that are presently being mined or are under development in the region are present throughout this extensive land package. A minimum \$4.3 million program is underway for the year 1 program.

On November 18, 2011, the Company issued 2,000,000 common shares to Altius pursuant to the Altius Agreement. The remaining 3,000,000 common shares are issuable on or before November 18, 2013. The transfer of the titles of the Altius Properties from Altius to the Company was completed on November 22, 2011.

## MINERAL EXPLORATION PROPERTIES OVERVIEW (CONT'D)

### *Selected Exploration Expenditures*

	<b>Duncan Lake</b>	<b>Attikamagen</b>	<b>Sunny Lake</b>	<b>Altius</b>	<b>Other</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</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
Additions	10,560,601	9,759,059	6,688,925	5,336,228	110,683	32,455,496
Balance - March 31, 2012	16,989,318	16,569,824	7,575,756	5,336,228	215,377	46,686,503

## QUALIFIED PERSON

Pursuant to NI 43-101 – Standards of Disclosure for Mineral Projects, Wenlong Gan, P.Geo., is the Qualified Person responsible for the technical disclosure in this MD&A.

## **WISCO JOINT VENTURE ARRANGEMENT**

On December 19, 2011, the Company and WISCO International Resources Development & Investment Limited ("WISCO") have entered into the definitive joint venture agreements (the "Definitive Joint Venture Agreements") for the Attikamagen and Sunny Lake Projects. Execution of the Definitive Joint Venture Agreement for the Duncan Lake project remains pending upon the completion of WISCO's internal processes.

According to the Definitive Joint Venture Agreement of the Attikamagen Project (the "Attikamagen Shareholders Agreement"), the Company and WISCO agreed to establish and capitalize Labec Century on a 60:40 equity basis. WISCO will invest \$40 million in exchange for a 40% voting and participating interest in Labec Century. WISCO's investment will be comprised of: (i) a \$20 million investment on the closing date in accordance with the Attikamagen Shareholders Agreement, and (ii) a \$20 million investment on the first anniversary of the closing date. The investment in Labec Century by WISCO will be executed once the due diligence review on Labec Century as a prescribed closing procedure provided for in the Attikamagen Shareholders Agreement is completed by WISCO.

According to the Definitive Joint Venture Agreement of the Sunny Lake Project, BC Limited will contribute its interest in the Sunny Lake Project for a 60% voting and participating interest in a new joint venture with WISCO. WISCO will invest \$40 million in exchange for a 40% voting and participating interest. The formation of the joint venture is being completed.

## OUTLOOK

The management of the Company is now working on the 2012 detailed planning. The major objectives are as follows:

- *Duncan Lake Property:* In 2012, the Company intends to update the Project's NI 43-101 compliant resource estimate based on the results of the 2011 drilling and 2012 winter drilling and to perform a preliminary economic assessment. Met-Chem Canada Inc. has been the qualified person on the Project.
- *Attikamagen Property:* The Company continues to carry out RC drilling at the Joyce Lake DSO target. The results will be used for the resources calculation which is planned to be completed by end of 2013, to be followed with the preliminary economic assessment immediately.
- *Sunny Lake Property:* The Company continues the exploration program and expect to drill over 5,000 metres in June and July 2012. The results of the 2012 drilling program will be used for the resource calculation and preliminary economic assessment, which is planned to be completed at the end of 2012 and the beginning of 2013.
- *Altius Properties:* Over the next 12 months, the Company will carry out an active exploration program in order to complete the geophysical preparation to bring the project to a drill ready stage for targets of high priority to be followed by a comprehensive drilling program as soon as feasible.
- *Appointment of mine development executive*  
Mr. Ghislain Arel has been appointed as mine development executive, reporting directly to Hubert Vallée, Senior Vice President, Logistics, Mine Development and Operations. Mr. Arel will be based in Montreal, and will lead, supervise and oversee mining development and mining implementation to bring its major iron ore bodies into production over the next five years and beyond. His initial responsibilities will focus on formulating mining development plans for the production of DSO.



## SUMMARY OF FINANCIAL RESULTS

The Company's financial statements are presented in Canadian Dollars and are prepared in accordance with IFRS.

### Selected Annual Information

<b>Years ended</b>	<b>March 31, 2012</b> <b>(\$)</b>	<b>March 31, 2011</b> <b>(\$)</b>	<b>March 31, 2010</b> <b>(\$)</b>
Other operating income	1,015,404	77,500	150,000
Loss for the year	(15,655,283)	(1,643,156)	(227,811)
Basic and diluted loss per share	(0.18)	(0.05)	(0.01)
Total assets	123,154,655	20,357,460	6,291,125
Total non-current liabilities	37,722	280,979	664,973
Shareholder's equity	109,369,932	2,054,409	(302,431)

### Summary of Quarterly Results

<b>Quarters ended</b>	<b>March 31, 2012</b> <b>(\$)</b>	<b>December 31, 2011</b> <b>(\$)</b>	<b>September 30, 2011</b> <b>(\$)</b>	<b>June 30, 2011</b> <b>(\$)</b>
Other operating income	372,654	252,725	290,690	99,335
Loss for the period	(1,294,672)	(4,143,245)	(3,456,772)	(6,760,594)
Basic and diluted loss per share	(0.014)	(0.044)	(0.037)	(0.096)
Total assets	123,154,655	122,532,798	122,759,857	118,840,927
Shareholder's equity	109,369,932	109,248,530	107,640,143	109,749,824

<b>Quarters ended</b>	<b>March 31, 2011</b> <b>(\$)</b>	<b>December 31, 2010</b> <b>(\$)</b>	<b>September 30, 2010</b> <b>(\$)</b>	<b>June 30, 2010</b> <b>(\$)</b>
Other operating income	(30,405)	27,055	37,500	43,350
Loss for the period	(755,358)	(635,861)	(107,539)	(144,398)
Basic and diluted loss per share	(0.015)	(0.014)	(0.004)	(0.006)
Total assets	20,357,460	12,693,152	7,437,300	5,402,642
Shareholder's equity	2,054,409	5,523,228	(554,368)	(365,056)

## RESULTS OF OPERATIONS

This section should be read in conjunction with the consolidated statements of comprehensive loss for the year ended March 31, 2012 and the notes associated therewith. All references to 2012 and 2011 refer to those years ended March 31, unless otherwise stated. Note, the Company does not have any material revenues as it is an exploration stage company.

### ***Analysis of Results of Operations for the year ended March 31, 2012 compared with the year ended March 31, 2011***

The Company reported a loss of \$15,655,283 for the year ended March 31, 2012 compared to a loss of \$1,643,156 for the comparable year of 2011.

During the year ended March 31, 2012, there were significant changes included in the consolidated statement of comprehensive loss as compared to the comparable year for 2011. Some of the major changes are explained below.

Administrative expenses amounted to \$16,167,342 in 2012 compared to \$2,104,650 in 2011. The increase was mainly attributable to the following major changes: an increase in salaries expense, an increase in rental and office expenses, an increase in consulting and professional fees, an increase in listing fees and an increase in stock option expense. In the current year, salaries expenses increased as a result of expansion, while rental and office expenses increased following the leasing of new offices and setting and expansion of offices to handle increasing corporate activities and the exploration activities of the Company. More consulting and professional fees were paid in the current year for the completion of the Qualifying Transaction of the Company during the first quarter and the negotiation of joint venture arrangements with WISCO. Listing fees were paid to TSX upon the Company's listing in May 2011. A stock option expense of \$8,469,210 was recorded in 2012 in connection with the granting of 5,935,000 stock options for the period from the completion of the Qualifying Transaction to March 31, 2012. There was no such expense in 2011.

Other operating expense of \$746,602, being the Qualifying Transaction cost, was incurred in 2012 (2011: nil).



Income tax recovery was \$243,257 in 2012 compared to \$383,994 in 2011. The change in income tax recovery was a result of the movements in deferred tax liabilities.

***Analysis of Results of Operations for the fourth quarter ended March 31, 2012 compared with the fourth quarter ended March 31, 2011***

For the quarter ended March 31, 2012 (2012 Q4), the Company reported a loss of \$1,294,672 compared to a loss of \$755,358 for the comparable quarter in 2011 (2011 Q4).

During 2012 Q4, there were significant changes included in the consolidated statement of comprehensive loss as compared to 2011 Q4. Some of the major changes were explained below.

Administrative expenses amounted to \$1,910,583 in 2012 Q4 compared to \$1,108,947 in 2011 Q4. The increase was a net result of the following major changes: a decrease in salaries expense, a decrease in consulting and professional fees and an increase in stock option expense. In 2012 Q4, despite salaries expense increased as a result of expansion, the higher salaries expense was substantially offset by the amount reallocated to the Company's projects during the quarter, leaving a net decrease in salaries expense in the current quarter compared to 2011 Q4. Consulting and professional fees were higher in 2011 Q4 because of the fees paid for the preparation of the Company's listing in the TSX Venture Exchange in 2011 Q4. A stock option expense of \$1,395,345 was recorded in 2012 Q4 in connection with the granting of 5,935,000 stock options for the period from the completion of the Qualifying Transaction to March 31, 2012. There was no such expense in 2011 Q4.

Income tax recovery was \$243,257 in 2012 Q4 compared to \$383,994 in 2011 Q4. The change in income tax recovery was a result of the movements in deferred tax liabilities.

## **CONSOLIDATED FINANCIAL POSITION**

This section should be read in conjunction with the consolidated statement of financial position and the consolidated statement of changes in equity as at March 31, 2012 and the consolidated statement of cash flows for the year ended March 31, 2012.

### ***Consolidated Assets***

Consolidated assets were \$123,154,655 as at March 31, 2012 as 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 \$67,391,504. This increase was primarily due to a net increase in financing activities of \$100,194,129 offset mainly by a net investment in the exploration and evaluation assets of \$28,049,201 and cash used in operations.

### ***Consolidated Liabilities***

Consolidated liabilities were \$13,784,723 as at March 31, 2012 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 \$107,315,523 from \$2,054,409 as at March 31, 2011 to \$109,369,932 as at March 31, 2012. 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 year ended March 31, 2012:

	<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
Common shares issued on exercise of warrants (g)	10,796	34,576
Common shares issued to Altius (h)	2,000,000	4,200,000
Balance - March 31, 2012	<u>94,864,071</u>	<u>115,310,770</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 and August 17, 2011, 6,859 and 13,718 share options were exercised respectively at an exercise price of \$2 per share, resulting in the issue of 6,859 and 13,718 common shares respectively for a total consideration of \$41,154. An amount of \$29,511 was transferred from the share option reserve to share capital upon the exercise of the share options.
- g) On November 17 and 24, 2011, 2,796 and 8,000 warrants were exercised respectively at an exercise price of \$2 per share, resulting in the issue of 2,796 and 8,000 common shares respectively for a total consideration of \$21,592. An amount of \$12,984 was transferred from the warrants reserve to share capital upon the exercise of the share options.

- h) On November 18, 2011, the Company issued 2,000,000 common shares to Altius for the acquisition of the Altius Projects pursuant to the Altius Agreement. The common shares are subject to a 12 months lock-up.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company had 94,864,071 common shares issued and outstanding, 6,535,000 stock options outstanding, and 2,479,027 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 March 31, 2012, the Company had cash and cash equivalents of \$67,391,504 to settle current accounts payables and accrued liabilities of \$5,773,953. The net working capital of the Company was \$58,718,626 as at March 31, 2012. Included in current liabilities is an advance from a related party pertaining to an off-take deposit of US\$8,000,000 (CDN equivalent \$7,973,048 as at March 31, 2012).

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 12 months.

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## RELATED PARTY TRANSACTIONS

### *Transactions with related parties*

As at March 31, 2012 and 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 incurred accounting expenses of \$45,457 for the year ended March 31, 2012 (2011: \$31,680) from Chim and Seto Consulting Services Inc., of which an immediate family member of the President and CEO of the Company is a shareholder.

The off-take deposit of US\$8 million (which amounted to \$7,973,048 as at March 31, 2012) 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*

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Salaries	869,044	-
Share option expenses	5,797,242	-
	<u>6,666,286</u>	<u>-</u>

## CAPITAL COMMITMENTS

Pursuant to the Altius Agreement, the Company agreed to issue (i) an aggregate of 5,000,000 common shares at nil price (with 2,000,000 common shares issued on November 18, 2011 and 3,000,000 common shares issuable on or before November 18, 2013), and (ii) up to a maximum of 35,000,000 common shares upon satisfaction of certain

milestones related to the definition of National Instrument 43-101 compliant iron ore resources above specific thresholds to acquire a 100% interest in four of Altius' regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville. In addition, the Company agreed to incur minimum exploration expenditures of \$7 million per project cumulatively over a 5-year 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.

### ***MinMetals Off-take Arrangement***

Pursuant to the terms of a subscription agreement with MinMetals Exploration & Development (Luxembourg) Limited S.à.r.l. ("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 Project.

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 Project (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.



## 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 purchased a total of 23,197,768 common shares of the Company for gross proceeds of \$60,877,653 on May 18, 2011;
- 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.

## 2011 FINANCING ACTIVITIES

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 services 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>

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. During the year, 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 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 year ended March 31, 2012.

## **DISCLOSURE CONTROLS AND PROCEDURES**

The Company has established and maintained disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issue's disclosure controls and procedures as of March 31, 2012 and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in public filings.

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 are believed to be reasonable under the circumstances. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations about future events. The following are the estimates and judgments applied by management that most significantly affect the Company's financial statements.

### **i) Valuation of exploration and evaluation assets**

The Company carries its exploration and evaluation assets at cost less provision for impairment. The Company reviews the carrying value of its exploration and

evaluation assets 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 value of the exploration and evaluation assets.

ii) Share option expenses

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**

### ***Transition to International Financial Reporting Standards***

The Company's date of transition to IFRS is April 1, 2010.

The Company's IFRS accounting policies presented in notes 2 to 5 of the Company's consolidated financial statements for the year ended March 31, 2012 have been applied in preparing the financial statements for the year ended March 31, 2012 and have been used throughout all periods presented. The Company has applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* in preparing these financial statements.

The Company has provided a detailed explanation of the impact of this transition in note 5 of the Company's consolidated financial statements.

## **FINANCIAL AND OTHER INSTRUMENTS**

The Company's financial liabilities consist of accounts payable and accrued liabilities. 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 Exploration Projects, 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 Exploration Projects 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 Exploration Projects. 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 required consultants, personnel and equipment associated with advancing exploration, development and commercial production, if any, of the Mineral Exploration Projects 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 Exploration Projects 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 Exploration Projects 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 Exploration Projects, there is no guarantee that title to any of the claims comprising the Mineral Exploration Projects will not be challenged or impaired. No assurances can be given that title defects to the Mineral Exploration Projects do not exist. The Mineral Exploration Projects 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 Exploration

Projects 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 Exploration Projects 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 Exploration Projects to be impracticable.

The market price of iron ore affects the economics of any potential development project, the Mineral Exploration Projects, 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 Exploration Projects. 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 Exploration Projects will require additional capital. In addition, a positive production decision at the Mineral Exploration Projects 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 Exploration

Projects. 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 Exploration Projects, 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 Exploration Projects. 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 Exploration Projects.

#### *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 Exploration Projects. 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 affect 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 (Netherlands) Enterprises Coöperatie U.A., a substantial shareholder of the Company, and a director of Augyva. Mr. Michael R. Skutezky, the General Counsel & Secretary of the Company, is 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 mainly maintained in Canadian dollars and its operations and costs incurred are mainly 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 Hong Kong 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 Exploration Projects 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 Exploration Projects 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 Exploration Projects. 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 Exploration Projects 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 Exploration Projects 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 Exploration Projects 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 Exploration Projects 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 Exploration Projects, 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 Exploration Projects, 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. 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.