



# **CENTURY IRON MINES CORPORATION**

(An exploration stage mining company)

Management's Discussion and Analysis  
of Financial Conditions and Results of Operations  
for the Three Months Ended June 30, 2013

This Management's Discussion and Analysis ("MD&A") of Century Iron Mines Corporation (TSX: FER) (the "Company" or "Century Iron") was prepared as of August 9, 2013. The MD&A provides a review of the financial conditions and results of operations of the Company to assist readers in understanding and evaluating the significant changes in the Company as at and for the three months ended June 30, 2013. This MD&A should be read in conjunction with the condensed consolidated interim financial statements and notes thereto of the Company for the three months ended June 30, 2013.

Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), including the Company's most recent Annual Information Form.

Management is responsible for the preparation of the financial statements and MD&A. The Company's condensed consolidated interim financial statements for the three months ended June 30, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Notes 2 to 3 of the Company's condensed consolidated interim financial statements for the three months ended June 30, 2013 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 discussions in the "Risks and Uncertainties" and "Cautionary Statement Regarding Forward-Looking Statements" sections at the end of this MD&A. This MD&A also contains technical information, which should be read in conjunction with the "Cautionary Statement Regarding Technical Information" section at the end of this MD&A.

## COMPANY INFORMATION

In this Management's Discussion and Analysis, the terms "Company" or "Century Iron" refer to Century Iron Mines Corporation and all its subsidiaries together unless the context otherwise clearly requires. Certain terms used herein are defined in the technical report from the applicable disclosure was taken.

Century Iron Mines Corporation is incorporated under the *Canada Business Corporations Act*. It was originally incorporated under the name "Red Rock Capital Corp." and changed its name to "Century Iron Mines Corporation" on May 16, 2011, upon the completion of the Qualifying Transaction through which it ceased being a capital pool company and became an active company listed on the TSX Venture Exchange. In September 2011, the Company graduated to the Toronto Stock Exchange.

Century Iron owns its mineral properties and conducts mineral exploration activities on its Altius properties ("Altius Properties") itself, and all other properties through the following direct and indirect wholly-owned subsidiaries:

- Century Iron Ore Holdings Inc. ("Century Holdings"), a holding company;
- Grand Century Iron Ore Inc. ("Grand Century"), a holding company;
- Canadian Century Iron Ore Corporation ("Canadian Century"), a holding company and the owner of the Company's 65% interest in its Duncan Lake property ("Duncan Lake Property"); and
- 0849873 B.C. Ltd. ("B.C. Ltd."), the owner of the Company's interest in the Sunny Lake Joint Venture (as defined hereinafter) and a 60% interest in WISCO Century Sunny Lake Iron Mines Limited, the operator of the Sunny Lake Joint Venture (as defined hereinafter), which is the registered owner of a 100% interest in Sunny Lake property ("Sunny Lake Property").

Century Holdings is also the majority shareholder of Labec Century Iron Ore Inc. ("Labec Century"), a joint venture company owned by Century Holdings and WISCO Attikamagen. Labec Century holds a 56% registered interest in the Attikamagen property ("Attikamagen Property") and has funded sufficient expenditures to increase its interest in the Attikamagen Property to 60%. Each of Century Holdings, Grand Century, Canadian Century, Labec Century and B.C. Ltd. are incorporated under the *Business Corporations Act* (British Columbia) (the "BCBCA").

The head and registered office of the Company is located at Suite 1301, 200 University Avenue, Toronto, Ontario, Canada M5H 3C6, telephone (416) 977-3188, facsimile (416) 977-8002. The Company's website address is [www.centuryiron.com](http://www.centuryiron.com).

## **MINERAL EXPLORATION PROPERTIES OVERVIEW**

The Company is the direct/indirect owner of interests in four properties on which it conducts exploration activities. Three of these properties are currently material to the Company, namely the Attikamagen Property and the Sunny Lake Property, both of which are located in the area of Northeastern Québec and Western Labrador known as the "Labrador Trough", and the Duncan Lake Property, which is located in the James Bay region of Northwestern Québec. The fourth property, which the Company refers to as the Altius Properties, is also located in the Labrador Trough and is described below under "Other Properties". Presently, the Altius Properties are not considered material to the Company.

During the three months ended June 30, 2013, Century Iron released the preliminary economic assessment reports on the Joyce Lake property ("Joyce Lake Property") located on Century Iron's Attikamagen Property (report dated May 8, 2013) and Duncan Lake Property (report issued May 6, 2013). In addition, during the same period a mineral resource evaluation report was prepared on Joyce Lake Property (issued April 18, 2013). These reports and the exploration work and results underlying them have helped to solidify the Company's position as one of the largest holders of mineral resource claims over identified and potential iron deposits in Canada held in a public company.

### **Attikamagen Property**

#### Joyce Lake Property

##### *Joyce Lake PEA Results*

The Company received a report entitled "Preliminary Economic Assessment (PEA) Study Report for the Joyce Lake DSO Project" dated May 8, 2013 ("Joyce Lake PEA"). The report was prepared by CIMA+. The Joyce Lake Property is located in the Province of Newfoundland and Labrador near Schefferville, Québec.

A summary of the Joyce Lake PEA results (based on 100% ownership of the Joyce Lake Property) is as follows:

- Net Present Value (“NPV”) of \$90.4 M (pre-tax) and \$51.8M (after-tax) at 8% discount rate
- Internal Rate of Return (“IRR”) of 37% (pre-tax) and 27.1% (after-tax)
- Pre-tax Payback estimated at 2.5 years (pre-tax) and 2.6 years (after-tax) (years from production start-up)
- Mine life 4 years at 2 million tonnes per year (“Mtpy”) of lump and sinter fines
- Initial Project Capex of \$96.6 M
- Average total operating cost of \$62.80/tonne of product (lump and sinter fines)
- Estimate with an accuracy of -15% and +30%

The Joyce Lake PEA results are based on production of 1 Mtpy for the first year and 2 Mtpy of product for the remaining years (35% of lump and 65% sinter fines). The mining activities will be year-round, but mineralized rock will be hauled across Iron Arm Bay of Lake Attikamagen by an ice bridge during winter. The mineralized rock will be sized using crushing and screening equipment (dry process). The lump and sinter fines will be hauled by truck 28 kilometres to a new rail loop. The two products will be loaded by wheeled loader into rail cars. The Project envisaged is a mix of local and fly-in/fly-out operations, with camps near the crushing and screening plant.

*Important caution regarding the economic analysis*

The economic analysis contained in this report is preliminary in nature. It incorporates inferred mineral resources that are considered too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. It should not be considered a prefeasibility or feasibility study. There can be no certainty that the estimates contained in this report will be realized. In addition, mineral resources that are not mineral reserves do not have demonstrated economic viability.

The results of the economic analysis are forward-looking information that is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here.

For further information regarding the results of the Joyce Lake PEA, please refer to the full report as filed on the Company's website ([www.centuryiron.com](http://www.centuryiron.com)) or under the Company's profile at [www.sedar.com](http://www.sedar.com).

*Joyce Lake Report-Mineral Resource Statement*

On April 18, 2013, the NI 43-101 compliant technical report on the mineral resources of the Joyce Lake Property was filed on SEDAR. The report was prepared by SGS Canada Inc. The report is entitled "NI 43-101 Technical Report, Joyce Lake DSO Iron Project, Newfoundland & Labrador" dated April 18, 2013 prepared by SGS Canada Inc. – SGS Geostat Group ("Joyce Lake Report"). The Joyce Lake Property shows 10 million tonnes of measured and indicated mineral resources at an average grade of 59.45% total iron (Fe) plus an additional 5.6 million tonnes of inferred minerals resources, at a cutoff grade of 50% total iron.

**Mineral Resource Statement of the Joyce Lake Property**

<b>Cut-Off 55% Fe</b>	<b>Tonnes</b>	<b>%Fe</b>	<b>%SiO<sub>2</sub></b>	<b>%Al<sub>2</sub>O<sub>3</sub></b>	<b>%Mn</b>
<b>Measured</b>	4,050,000	62.31	7.42	0.58	0.93
<b>Indicated</b>	3,500,000	60.82	9.28	0.60	1.06
<b>M+I</b>	7,550,000	61.62	8.29	0.59	0.99
<b>Inferred</b>	2,700,000	59.62	11.82	0.49	0.48

<b>Cut-Off 50% Fe</b>	<b>Tonnes</b>	<b>%Fe</b>	<b>%SiO<sub>2</sub></b>	<b>%Al<sub>2</sub>O<sub>3</sub></b>	<b>%Mn</b>
<b>Measured</b>	5,050,000	60.44	10.21	0.58	0.88
<b>Indicated</b>	4,950,000	58.44	12.77	0.62	0.98
<b>M+I</b>	10,000,000	59.45	11.48	0.60	0.93
<b>Inferred</b>	5,600,000	55.78	17.50	0.47	0.46

**Note:** The resource estimate was restricted within the interpreted mineralized envelop. Specific gravity of 3.2 was used. All numbers are rounded. The base case for public disclosure is the statement with Fe cut-off of 50%.

Mineral resources are not mineral reserves and do not have a demonstrated economic viability. The mineral resource estimates discussed herein may be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, legal, political and other factors. There is insufficient information available to assess the extent to which the potential development of the mineral resources described herein may be affected by these risk factors and the other risk factors discussed in the Company's most recent Annual Information Form.

For further information regarding the results of the Joyce Lake Report, please refer to the full report as filed on the Company's website ([www.centuryiron.com](http://www.centuryiron.com)) or under the Company's profile at [www.sedar.com](http://www.sedar.com).

Hayot Lake Property

**Mineral Resource Evaluation\* Hayot Lake Taconite Iron Project,  
Schefferville, Québec, SRK Consulting (Canada), September 25, 2012**

	<b>Tonnes (in millions)</b>	<b>Specific Gravity</b>	<b>Total Iron Fe (%)</b>
Inferred Mineral Resources	1,723	3.25	31.25

- \* Reported at a cut-off grade of 20 percent total iron inside a conceptual pit envelope optimized considering reasonable open pit mining, processing and selling technical parameters and costs benchmark against similar taconite iron projects and a selling price of US\$110 per dry metric tonne of iron concentrate. All figures are rounded to reflect the relative accuracy of the estimates.

Mineral Resources are not Mineral Reserves and do not have a demonstrated economic viability. The mineral resource estimates discussed herein may be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, legal, political and other factors. There is insufficient information available to assess the extent to which the potential development of the mineral resources described herein may be affected by these risk factors and the other risk factors discussed in the Company's most recent Annual Information Form.

For further information regarding the results of the Hayot Lake Report, please refer to the full report as filed on the Company's website ([www.centuryiron.com](http://www.centuryiron.com)) or under the Company's profile at [www.sedar.com](http://www.sedar.com).

Attikamagen Property Ownership

The Company's interests in the Attikamagen Property are held through Labec Century, a joint venture company in which it shares ownership with WISCO Attikamagen Resources Development and Investment Limited ("WISCO Attikamagen"), a subsidiary of WISCO International Resources Development & Investment Limited ("WISCO"). Labec Century has a registered 56% interest in the Attikamagen Property, and sufficient exploration expenditures on this project have been funded for Labec Century to hold a 60% interest in the project pursuant to the Company's option and joint venture agreement with Champion Iron Mines Limited (formerly Champion Minerals Inc.). The ownership and management of Labec Century is governed by a shareholders agreement dated December 19, 2011 among the Company, Century Holdings, WISCO and WISCO Attikamagen ("Attikamagen Shareholders Agreement"). This shareholders agreement contemplates an aggregate investment of \$40 million by WISCO into Labec Century in consideration for a 40% equity interest in Labec Century. WISCO Attikamagen completed its initial \$20 million investment into Labec Century on September 26, 2012 and is the owner of 40%

of the outstanding voting non-equity shares of Labec Century and 25% of the non-voting equity common shares of Labec Century as of the date of this MD&A. The balance of the \$20 million investment is to be advanced by WISCO to Labec Century by September 26, 2013, upon which WISCO (or WISCO Attikamagen) will be entitled to a further 15% of the non-voting equity common shares of Labec Century (for a total of 40%).

## Sunny Lake Property

### Full Moon Taconite Deposit

**Mineral Resource Evaluation\* Full Moon Taconite Iron Deposit,  
Rainy Lake Property, Schefferville, Québec, SRK Consulting (Canada) Inc.,  
October 22, 2012**

	Tonnes (in millions)	Total Iron Fe (%)
Indicated Mineral Resources	7,260	30.18
Inferred Mineral Resources	8,694	29.86

\* Reported at a cut-off grade of 20 percent total iron inside a conceptual pit envelope optimized considering reasonable open pit mining, processing and selling technical parameters and costs benchmark against similar taconite iron projects and a selling price of US\$110 per dry metric tonne of iron concentrate. All figures are rounded to reflect the relative accuracy of the estimates.

Mineral Resources are not Material Reserves and do not have a demonstrated economic viability. The mineral resource estimates discussed herein may be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, legal, political and other factors. There is insufficient information available to assess the extent to which the potential development of the mineral resources described herein may be affected by these risk factors and the other risk factors discussed in the Company's most recent Annual Information Form.

For further information regarding the results of the Full Moon Report, please refer to the full report as filed on the Company's website ([www.centuryiron.com](http://www.centuryiron.com)) or under the Company's profile at [www.sedar.com](http://www.sedar.com).

### Sunny Lake Property Ownership

On December 19, 2011, the Company entered into a definitive joint venture agreement (the "Sunny Lake JV Agreement") with B.C. Ltd., WISCO and WISCO Canada Sunny Lake Resources



Development & Investment Limited (“WISCO Sunny Lake”), a wholly-owned subsidiary of WISCO, in respect of the contractual joint venture (the “Sunny Lake Joint Venture”) to be formed between B.C. Ltd. and WISCO Sunny Lake for the exploration and development of the Sunny Lake Property. Under the terms of the Sunny Lake JV Agreement, the Company agreed to contribute its interest in the Sunny Lake Property for a 60% voting and participating interest in the Sunny Lake Joint Venture. WISCO, in turn, agreed to invest \$40 million in exchange for a 40% voting and participating interest.

Further to the Sunny Lake JV Agreement, the parties incorporated WISCO Century Sunny Lake Iron Mines Limited as the operator of the Sunny Lake Joint Venture (the “Sunny Lake Operator” or “WISCO Century Sunny Lake”) in advance of the formation of the Sunny Lake Joint Venture. The Sunny Lake Operator is owned 60% as to B.C. Ltd. and 40% as to WISCO Sunny Lake.

The mineral claims comprising the Sunny Lake Property were transferred to the Sunny Lake Operator in advance of the formation of the Sunny Lake Joint Venture. Effective upon formation of the Sunny Lake Joint Venture, the Sunny Lake Operator executed a trust deed confirming that it holds the mineral claims comprising the Sunny Lake Property in trust for B.C. Ltd. and WISCO Sunny Lake in accordance with their respective interests in the Sunny Lake Joint Venture, which are currently 82.9% in favour of B.C. Ltd. and 17.1% in favour of WISCO Sunny Lake.

## **Duncan Lake Property**

### *Duncan Lake PEA Results*

A preliminary economic assessment was completed on the Duncan Lake Property in 2013. The report, entitled “Preliminary Economic Assessment of the Duncan Lake Iron Property, James Bay, Québec, Canada” with an effective date of March 22, 2013 and an issue date of May 6, 2013, was prepared by Met-Chem Canada Inc. (“Duncan Lake PEA”). The economic analysis results presented in the Duncan Lake PEA are as follows:

### *Economic Analysis*

The pre-tax economic analysis results are summarized as:

- Net Present Value (“NPV”) of \$4.1 billion at an 8% discount;
- Internal Rate of Return (“IRR”) of 20.1 %;
- Payback period of 4.2 years;
- Mine life of 20 years at 12 Mtpy of pellet production;

- Cost estimate accuracy of  $\pm 35\%$ .

The post-tax economic analysis results are summarized as:

- Net Present Value of \$2.2 billion at an 8% discount;
- Internal Rate of Return ("IRR") of 15.9 %;
- Payback period of 4.8 years;
- Mine life of 20 years at 12 Mtpy of pellet production;
- Cost estimate accuracy of  $\pm 35\%$ .

The economic assumptions used in the analyses presented in the Duncan Lake PEA are summarized as:

- USD 125 per tonne of 62% iron concentrate, CFR China (basis);
- USD 134 per tonne for 66.3% Fe grade of Duncan Lake Pellet;
- Iron Pellet Premium of USD 35 per tonne;
- Transport cost to China USD 35 per tonne;
- Transport cost to Europe USD 15 per tonne;
- Ship loading costs USD 2 per tonne;
- Market split LOM tonnage of pellets shipped to China: Europe assumed at 70:30;
- Weighted average CFR price of USD 169 per tonne of Duncan Lake pellet;
- Life of Mine for financial analysis 20 years;
- Exchange rate at par for 2013 to 2017 and 0.95 USD/CAD for 2018 and beyond;
- Fuel prices of \$1.05 per liter of diesel and \$0.62 per liter of bunker C (pellet plant);
- Electricity rate of \$0.09 per kWh for mine and concentrator (primary transformation) and \$0.045 per kWh for secondary transformation and pellet plant;
- Mine mobile production and auxiliary equipment are leased;
- Camp facilities are leased.

*Important caution regarding the economic analysis*

The economic analysis contained in this report is preliminary in nature. It incorporates inferred mineral resources that are considered too geologically speculative to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. It should not be considered a prefeasibility or feasibility study. There can be no certainty that the estimates contained in this report will be realized. In addition, mineral resources that are not mineral reserves do not have demonstrated economic viability.

The results of the economic analysis are forward-looking information that is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here.

For further information regarding the results of the Duncan Lake PEA, please refer to the full report as filed on the Company's website ([www.centuryiron.com](http://www.centuryiron.com)) or under the Company's profile at [www.sedar.com](http://www.sedar.com).

### *Duncan Lake Report*

#### **Summary of the Mineral Resource (Cut-Off of 16% Head Fe),**

#### **Met-Chem Canada Inc.,**

**Effective date August 24, 2012, issue date October 11, 2012**

<b>Mineral Resource Category</b>	<b>Tonnes (Million)</b>	<b>Fe (%)</b>	<b>DTWR (%)</b>	<b>DT Fe (%)</b>	<b>DT SiO<sub>2</sub> (%)</b>
Measured	405.6	23.92	26.78	67.26	5.25
Indicated	644.9	24.73	28.09	66.87	5.60
<b>Measured + Indicated</b>	<b>1,050.5</b>	<b>24.42</b>	<b>27.58</b>	<b>67.02</b>	<b>5.46</b>
Inferred	563.1	24.69	27.97	66.46	6.03

Note 1: DTWR % is the Davis Tube Weight Recover; DT Fe % is the Davis Tube Fe Concentrate Grade.

Note 2: Total tonnage may vary due to rounding.

Note 3: Resource estimate is based on all six Duncan Lake zones.

Mineral Resources are not Mineral Reserves and do not have a demonstrated economic viability. The mineral resource estimates discussed herein may be affected by subsequent assessments of mining, environmental, processing, permitting, taxation, socio-economic, legal, political and other factors. There is insufficient information available to assess the extent to which the potential development of the mineral resources described herein may be affected by these risk factors and the other risk factors discussed in the Company's most recent Annual Information Form.

For further information regarding the results of the Duncan Lake Report, please refer to the full report as filed on the Company's website ([www.centuryiron.com](http://www.centuryiron.com)) or under the Company's profile at [www.sedar.com](http://www.sedar.com).

### *Duncan Lake Property Ownership*

The Duncan Lake Property is the subject of an option and joint venture agreement between Canadian Century and Augyva Mining Resources Inc. ("Augyva") dated May 20, 2008 ("Duncan Lake Joint Venture Agreement"). In October 2012, Canadian Century notified Augyva that it has spent a further \$14 million on the project. Pursuant to the Duncan Lake Joint Venture Agreement,

Canadian Century has now earned a cumulative 65% interest in the Duncan Lake Property. Augyva holds a 35% interest in the Duncan Lake Property. Canadian Century and Augyva formed a contractual joint venture for the exploration, and if warranted, development and exploitation of the Duncan Lake Property and the operation of any mine or mines to be constructed on the property.

The Company has been engaged in discussions with WISCO regarding a shareholders agreement proposed to be entered into for the Duncan Lake Property. This shareholders agreement would govern WISCO's investment in the Duncan Lake Property ("Duncan Lake Shareholders Agreement"). The Company presently anticipates that the ultimate Duncan Lake Shareholders Agreement will include certain terms that are different from the proposed material terms originally disclosed in the Company's Annual Information Form for the year ended March 31, 2012 available on SEDAR ("2012 AIF") and as more fully described in the Company's Annual Information Form for the year ended March 31, 2013 available on SEDAR ("2013 AIF"). The Company cautions that these discussions are still in progress and subject to finalization. Currently, the Duncan Lake Property is not held under a joint venture with WISCO.

### **Altius Properties**

The Altius Properties were acquired in 2011 from a party that retains a 1% to 4% sliding scale gross sales royalty on the properties. On November 18, 2011, the Company issued 2,000,000 common shares to the party from whom it acquired this property. A further 3,000,000 common shares are issuable by November 18, 2013.

In November 2012, the Company sold an 80% interest in a substantial portion of the Astray property (which is part of the Altius Properties) to Northern Star Minerals Ltd., and retained a 20% interest in that property.



## SELECTED EXPLORATION EXPENDITURES

The following is a summary of the exploration expenditures incurred by the Company on its properties during the three months ended June 30, 2013.

	<b>Duncan Lake Property</b>	<b>Sunny Lake Property</b>	<b>Altius Properties</b>	<b>Other</b>	<b>Total</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Balance - March 31 and April 1, 2013	15,729,444	15,983,419	7,283,494	632,729	39,629,086
Additions, net of investment tax credits	151,294	410,592	83,719	109,016	754,621
Reimbursement of exploration expenditures	-	(8,612,875)	-	-	(8,612,875)
Balance - June 30, 2013	<u>15,880,738</u>	<u>7,781,136</u>	<u>7,367,213</u>	<u>741,745</u>	<u>31,770,832</u>

## OUTLOOK

The Company's plans to advance its DSO projects toward production, as its priority and direction of development, commencing with the Joyce Lake DSO Project for shareholder value creation and building. Accordingly, it will focus its activities in fiscal year of 2013/14 as follows:

### *Attikamagen Property*

- Joyce Lake DSO Project: The Company completed its winter drilling program with encouraging preliminary results. Final assay results are expected in the coming months. A further summer exploration program is being executed to increase the current resource of the deposit and test additional DSO targets in the area. This summer exploration program will include in-fill drilling of the currently defined ore body and resource definition drilling of its extension as a priority, and orientation drilling of its surrounding area with the hope of expanding its current resource boundaries and increasing the DSO resource base, with the objective of sustaining and growing the operation. The Company plans to initiate a feasibility study through its joint venture, Labec Century, in the fiscal year 2013/14.
- Century Iron anticipates that the study and program will be fully covered by Labec Century's financial resources and by the additional capital contribution from WISCO which Labec Century should receive according to the Attikamagen Shareholders Agreement.

### *Sunny Lake Property*

- Both the Company and WISCO plan to develop this property and Attikamagen on a well-coordinated basis with the strategy of advancing toward production DSO projects as a priority in an order fashion.
- DSO targets: The Company also plans to commence the resource definition drilling of Prospect #3 and #8 DSO targets of Lac Le Fer in the 2013 field season.
- Full Moon iron deposit (taconite): The Company is targeting the completion of a preliminary economic assessment of the Full Moon iron deposit by the end of the current fiscal year.
- These activities are to be funded by WISCO to earn a 40% voting and participating interest in the Sunny Lake Property under the terms of the Sunny Lake JV Agreement.

### *Altius Properties*

- During the 2013 field season, the Company plans to continue the next phase of active exploration programs of the projects by conducting orientation drilling. DSO focus is also the guiding direction of exploration.



- Century Iron expects that the exploration programs on these properties will be funded from the available cash reserves of the Company.

## SUMMARY OF FINANCIAL RESULTS

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

### Summary of Quarterly Results

<b>Quarters ended</b>	<b>June 30, 2013</b>	<b>March 31, 2013</b>	<b>December 31, 2012</b>	<b>September 30, 2012</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Other operating income	59,237	83,511	117,379	169,321
Profit / (loss) for the period	(2,068,542)	(9,042,478)	(3,099,934)	49,891,901
Basic and diluted earnings / (loss) per share	(0.022)	(0.096)	(0.033)	0.526
Total assets	147,915,000	151,376,737	160,736,736	173,692,875
Shareholder's equity	146,101,982	147,858,630	156,763,653	159,178,114

<b>Quarters ended</b>	<b>June 30, 2012</b>	<b>March 31, 2012</b>	<b>December 31, 2011</b>	<b>September 30, 2011</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Other operating income	206,613	372,654	252,725	290,690
Loss for the period	(2,599,263)	(1,294,672)	(4,143,245)	(3,456,772)
Basic and diluted loss per share	(0.027)	(0.014)	(0.044)	(0.037)
Total assets	121,069,302	123,154,655	122,532,798	122,759,857
Shareholder's equity	107,955,831	109,369,932	109,248,530	107,640,143



## RESULTS OF OPERATIONS

This section should be read in conjunction with the condensed consolidated interim statement of comprehensive loss for the three months ended June 30, 2013 and the notes associated therewith.

### *Overview*

The Company does not have any material revenues as it is an exploration stage company.

### *Analysis of Results of Operations for the first quarter ended June 30, 2013 compared with the first quarter ended June 30, 2012*

For the quarter ended June 30, 2013 (2013 Q1), the Company reported a loss of \$2,068,542 compared to a loss of \$2,599,263 for the comparable quarter in 2012 (2012 Q1). The loss for 2013 Q1 is \$530,721 less than the loss for 2012 Q1. The principal factors for this decrease are as follows:

- Administrative expenses were \$2,127,779 in 2013 Q1 compared to \$2,805,876 in 2012 Q1. The decrease was mainly attributable to the following major changes: a decrease in salaries expense, an increase in consulting and professional fees, an increase in exchange gain and a decrease in stock option expense (as further explained below). Salaries expense decreased as a bonus was paid in 2012 Q1. Consulting and professional fees increased due to more spending on financial advisory services, corporate governance improvement and logistics studies. Exchange difference mainly arose from translation of foreign currency monetary items of the Company's overseas subsidiaries. Exchange gain increased in 2013 Q1 due to the depreciation of Canadian Dollars against Hong Kong Dollars.

Stock option expense was \$513,115 in 2013 Q1 compared to \$1,231,880 in 2012 Q1. The lower stock option expense in 2013 was mainly due to the lower option value calculated from the Black-Scholes option pricing model for the Company's more recent grants as the market price of the Company's shares was lower.

- Other operating income was \$59,237 in 2013 Q1 compared to \$206,613 in 2012 Q1. The decrease was mainly due to the reduction of bank interest income as the Group's bank balance decreased.

## **CONSOLIDATED FINANCIAL POSITION**

This section should be read in conjunction with the condensed consolidated interim statement of financial position as at June 30, 2013, and the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the three months ended June 30, 2013.

### ***Consolidated Assets***

Consolidated assets decreased by \$3,461,737 from \$151,376,737 as at March 31, 2013 to \$147,915,000 as at June 30, 2013. The major reasons for the decrease were as follows:

- The decrease in accounts receivable by \$9,820,295 from \$13,859,635 as at March 31, 2013 to \$4,039,340 as at June 30, 2013. The decrease was mainly due to the repayment of \$11,429,435 from the Group's joint venture Labec Century in relation to Labec Century's audited exploration expenditures previously funded by the Group and reimbursed pursuant to the Attikamagen Shareholders Agreement.
- The decrease in exploration and evaluation assets by \$7,858,254 from \$39,629,086 as at March 31, 2013 to \$31,770,832 as at June 30, 2013. This decrease was primarily due to reimbursement of exploration expenditures of the Sunny Lake property received from WISCO Sunny Lake pursuant to the Sunny Lake JV Agreement and the Sunny Lake closing agreement.
- The increase in cash and cash equivalents by \$14,787,661 from \$19,359,987 as at March 31, 2013 to \$34,147,648 as at June 30, 2013. The increase was primarily due to the collection of accounts receivable and exploration expenditures explained above, less consumption of cash in the investment of exploration and evaluation assets and in operations.

### ***Consolidated Liabilities***

Consolidated liabilities decreased by \$1,705,089 from \$3,518,107 as at March 31, 2013 to \$1,813,018 as at June 30, 2013. The decrease in liabilities was mainly due to the payment of the Company's accounts payable with vendors. The liabilities were repaid using Company funds.

### ***Shareholder's Equity***

Shareholder's equity decreased by \$1,756,648 from \$147,858,630 as at March 31, 2013 to \$146,101,982 as at June 30, 2013. The decrease is mainly due to the loss recorded by the Company for 2013 Q1.

The following table summarizes changes in share capital during the three months ended June 30, 2013:

	<b>Number of common shares</b>	<b>Value \$</b>
Balance - April 1, 2013	94,474,158	115,023,227
Repurchase of common shares (a)	(168,587)	(77,565)
Balance - June 30, 2013	<u>94,305,571</u>	<u>114,945,662</u>

- (a) The Company initiated an automatic purchase plan under a normal course issuer bid beginning on September 12, 2012. The number of common shares authorized for purchase during the period of the bid from August 22, 2012 to August 21, 2013 would not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares of the Company. Daily purchases were limited to 4,503 common shares, save and except that the Company was permitted to make block purchases. The purchase of 500,000 common shares under the NCIB was completed in June 2013. All purchases made pursuant to the bid were made through the facilities of the TSX or other Canadian market places. Common shares so purchased were cancelled.

In May 2013, the Company amended the normal course issuer bid (the "Amended NCIB") to increase the maximum number of shares purchasable thereunder to 2,500,000 common shares, as well as to increase the maximum number of shares that may be bought under the Amended NCIB on any given day (other than under a block purchase) to 16,167 from 4,503 common shares.

During the three months ended June 30, 2013, the Company repurchased for cancellation 168,587 common shares under the plan with an aggregate cost of \$77,565.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company had 94,226,071 common shares issued and outstanding and 9,870,000 stock options outstanding under the Company's Incentive Stock Option Plan.

## SIGNIFICANT EQUITY INVESTEE

As of June 30, 2013, the Group owns 60% interest in the Labec Century Joint Venture. The summarized financial information of Labec Century is disclosed in the condensed consolidated interim financial statements of the Company for the three months ended June 30, 2013.

## LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2013, the Company had cash and cash equivalents of \$34,147,648 to settle current accounts payables and accrued liabilities of \$1,578,895. The net working capital of the Company was \$50,046,122 as at June 30, 2013. The Company's cash and cash equivalents are deposited with major Canadian banks.

The additional capital contribution by WISCO pursuant to the Sunny Lake JV Agreement and Attikamagen Shareholders Agreement are anticipated to be adequate to cover the respective project costs of WISCO and the Company for this fiscal year on the Attikamagen Property and the Sunny Lake Property. The current cash position of the Company is sufficient to cover corporate administrative expenditures over the next 12 months, projected at approximately \$8 million, and the exploration commitments relating to the Altius Properties.

Given the current equity market conditions, the Company is pursuing non-equity financing opportunities and potential further joint venture arrangement with third parties to support the future development of the projects.

The Company's contractual obligations for the next five years and beyond are as follows:

	<b>Payments due by period</b>				
	<b>Total</b>	<b>Less than 1</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>After 5</b>
<b>Contractual obligations</b>	<b>(\$)</b>	<b>year</b>	<b>(\$)</b>	<b>(\$)</b>	<b>years</b>
		<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Operating lease commitments	2,122,400	855,390	1,267,010	-	-
Capital commitments	16,418,885	1,500,000	3,000,000	11,918,885	-
<b>Total</b>	<b>18,541,285</b>	<b>2,355,390</b>	<b>4,267,010</b>	<b>11,918,885</b>	<b>-</b>

The operating lease commitments are the minimum monthly lease payments due on the Company's offices, warehouses and staff quarters.

The above capital commitments are the minimum exploration expenditures for the Astray, Grenville, Menihek and Schefferville Properties, excluding Astray-X project, pursuant to the Altius Agreement.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

### *Transactions with related parties*

In addition to transactions detailed elsewhere in this MD&A, the Company has the following related party transactions:

- (i) As of June 30, 2013, the Group had accounts receivable of \$3,864,361 from Labec Century (March 31, 2013: \$13,697,158). The balance represents exploration expenditure of the Attikamagen property incurred and paid by the Group on behalf of Labec Century after Labec Century becomes the Group's joint venture. In June 2013, the Group received the repayment of \$11,429,435 from Labec Century in relation to Labec Century's audited exploration expenditures previously funded by the Group and reimbursed pursuant to the Attikamagen Shareholders Agreement.
- (ii) As of June 30, 2013, the Group had accounts receivable of \$2,817 from WISCO Century Sunny Lake (March 31, 2013: Nil). The balance represents exploration expenditure of the Sunny Lake property paid by the Group on behalf of WISCO Century Sunny Lake.
- (iii) As of June 30, 2013, the Group had accounts receivable of \$16,950 (March 31, 2013: \$16,950) from Augyva, which the President and CEO and a key management personnel of the Group are directors of Augyva.

These related party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. It is management's estimation that these transactions were undertaken under the same terms and conditions as transactions with non-related parties.

*Remuneration of key management personnel*

	<b>Three months ended</b>	
	<b>June 30,</b>	
	<b>2013</b>	<b>2012</b>
	\$	\$
Salaries	325,319	932,031
Share option expenses	341,537	936,865
	<u>666,856</u>	<u>1,868,896</u>

**CAPITAL COMMITMENTS**

- (i) 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.

In connection with the transfer of Astray-X project to Northern Star, on November 30, 2012, Altius agreed to amend the provisions of the Altius Agreement to provide for an option to replace the remaining 750,000 common shares of the Company issuable to Altius for the acquisition of the Astray project, and up to a maximum of 8 million "bonus" shares for the project, with common shares issuable by Northern Star as adjusted by certain equivalence formulae stipulated in an assignment agreement. Pursuant to the X-Star Agreement, the Company has transferred the associated obligations of the Astray-X project to Northern Star.

- (ii) The Company initiated an automatic purchase plan under a normal course issuer bid (the "NCIB") beginning on September 12, 2012. The number of common shares authorized for purchase during the period of the bid from August 22, 2012 to August 21, 2013 would not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares of the Company. Daily purchases were limited to 4,503 common shares, save and except that the Company was permitted to make block purchases. The purchase of

500,000 common shares under the NCIB was completed in June 2013. All purchases made pursuant to the bid were made through the facilities of the TSX or other Canadian market places. Common shares so purchased were cancelled.

In May 2013, the Company amended the normal course issuer bid to increase the maximum number of shares purchasable thereunder to 2,500,000 common shares, as well as to increase the maximum number of shares that may be bought under the Amended NCIB on any given day (other than under a block purchase) to 16,167 from 4,503 common shares.

## **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.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for the establishment and maintenance of a system of internal control over financial reporting. 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 condensed consolidated interim financial statements for the three months ended June 30, 2013.

There has been no change in the Company's internal control over financial reporting during the three months ended June 30, 2013 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **DISCLOSURE CONTROLS AND PROCEDURES**

The Company has established and maintained disclosure controls and procedures over financial reporting. Management has designed and implemented the disclosure controls and procedures to provide reasonable assurance that material information relating to the Company and its subsidiaries is made known to the CEO and the CFO.

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. Future events and risk factors inherent in the mining industry could result in changes in these estimates and assumptions. 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) Valuation of accounts receivable

The fair value of accounts receivable is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. A degree of judgment is required in establishing the fair value. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of accounts receivable.

(iii) 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.

(iv) Classification of joint arrangements

The Group now owns 60% interest in Labec Century. Pursuant to the agreement between the shareholders of Labec Century, the approval of significant financial and operating policies of Labec Century requires consent from both shareholders. Consequently, the Group is deemed to have joint control over Labec Century. Per application of IFRS 11 *Joint Arrangements*, the Group has the right to the net assets of Labec Century and as such, Labec Century is accounted for as a joint venture in accordance with IFRS 11.

## **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**

In addition to considering the discussion provided in this report as to certain risks that are faced by, or that could be faced by, the Company in pursuing its plans for its properties, and more generally in implementing those plans, readers and investors are encouraged to consider the risk factors set out in the Company's Annual Information Form for the fiscal year ended March 31, 2013.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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. Generally, forward-looking statements are identified by the use of forward-looking language such as "plans", "targets", "expects", "estimates", "intends", "anticipates", "believes", or the negative connotation thereof, or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", or "will", "occur" or the negative connotation thereof. Forward-looking statements included in this MD&A include statements made with respect to future exploration expenditure or other plans, conducting and completing preliminary economic assessments or feasibility studies with respect to certain of its properties, the publication of further resource estimates and the progress of joint venture arrangements with WISCO, including, but not limited to, those Company objectives as described above under "Outlook". Forward-looking statements are 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 Company's properties may not be available on satisfactory terms, or at all; (iii) regulatory risks, including risks relating to the acquisition of 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 could 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 Company's properties including access and supply risks and reliance on key personnel; (ix) environmental risks, including risks relating to climate change and the potential impact of global warming on project timelines and on construction and operating costs; (x) the risk of fluctuations in the Canadian/U.S. dollar exchange rate; (xi) insurance risks; and (xii) volatility in the Company's stock price. See "*Risks and Uncertainties*".

These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Actual

outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

Such forward-looking statements are necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The assumptions underlying the forward looking information in this MD&A, which may prove to be incorrect, include, but are not limited to, assumptions relating to:

- the Company's business and exploration and development plans;
- the costs of implementation of the Company's exploration and development plans;
- the availability of sufficient capital to enable the Company to carry out its exploration and development plans;
- the completion of the financings and transactions contemplated by the Company's joint venture agreements with WISCO;
- the state of the economy and the mineral exploration industry in general and global demand for iron ore;
- the provision of goods and services by contracted parties on agreed timeframes, plant and equipment work being advanced or otherwise functioning as anticipated;
- the accuracy of the estimates of mineral resource included in the NI 43-101 compliant technical reports on the Company's material properties;
- the accuracy of the projections derived from the preliminary economic analysis of the Company's Duncan Lake and Joyce Lake properties included in the NI 43-101 compliant technical reports on those properties;
- the results of future exploration and development programs will be consistent with results and estimates included in the Company's NI 43-101 technical reports on the Company's material properties;
- that aboriginal rights will be settled in a manner that will enable the Company to proceed with its planned exploration and development programs;
- the Company will be able to obtain the required regulatory approvals necessary to enable it to proceed with its exploration and development programs;
- the Company will not encounter any unanticipated geological or technical problems in carrying out its exploration and development programs;
- the price of iron ore remaining consistent with the Company's expectations; and
- there being no material adverse events or changes outside of the normal course of business for the Company.

No assurance can be given that these assumptions will prove to be correct. These assumptions should be considered carefully by readers. Readers are cautioned not to place undue reliance on the forward-looking information and statements or the assumptions on which the Company's forward-looking information and statements are based.

Investors are advised to carefully review and consider the discussion in this MD&A regarding risks that are faced by, or could be faced by, the Company in pursuing its plans for its properties, as well as the risk factors provided in the Company's Annual Information Form for the year ended March 31, 2013. The forward-looking 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 statements except in accordance with applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

## **CAUTIONARY STATEMENT REGARDING TECHNICAL INFORMATION**

This MD&A contains disclosure of scientific or technical information for the Company's mineral projects that is based on technical reports, as disclosed above, for each of the Company's material properties. It also contains disclosure derived from public announcements of exploration results issued by the Company. Each of these reports and public announcements was prepared in accordance with National Instrument 43-101 – Standards for Disclosure for Mineral Projects of the Canadian Securities Administrators, by or under the supervision of “qualified persons” (as defined in that National Instrument).

Any mineral resource figures referred to in this MD&A are estimates, and no assurances can be given that the indicated levels of iron will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this MD&A are well established, resource estimates are by their nature imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

This MD&A uses the terms “measured”, “indicated” and “inferred” mineral resources. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Furthermore, “inferred mineral resources” have a great amount of uncertainty as to their existence, are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied, and are subject to great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. Readers are cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable. Readers are also cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into reserves.

Pursuant to NI 43-101, Wenlong Gan, P.Geo., an employee of the Company and a Qualified Person as defined in NI 43-101, has reviewed and approved all of the technical disclosure contained in this MD&A.