



CENTURY IRON MINES CORPORATION

(An exploration stage mining company)

Management's Discussion and Analysis

of Financial Conditions and Results of Operations

for the Three and Nine Months Ended December 31, 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 February 14, 2014. 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 and nine months ended December 31, 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 and nine months ended December 31, 2013.

Additional information about the Company is available under the Company's profile on SEDAR at 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 and nine months ended December 31, 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 and nine months ended December 31, 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 which 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 properties acquired from Altius Resources Inc. ("Altius Properties"), 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 Resources Development and Investment Limited ("WISCO Attikamagen"). At the beginning of the quarter, Labec Century held a 56% registered interest in the Attikamagen property ("Attikamagen Property"). On September 30, 2013 a wholly owned subsidiary of the Company, Century Attikamagen Inc., entered into a purchase agreement with Champion Iron Mines Limited ("Champion") to purchase the remaining interest in the Attikamagen Property. On November 29, 2013 the transaction was completed in escrow pending the registration of the transfers of title to



the claims and licences in Quebec and Newfoundland & Labrador upon completion of which Labec Century would own 100% of the Attikamagen Property. By January 31, 2014, such registration of transfer was completed and Labec Century now owns 100% ownership of the Attikamagen Property. As a result, certain funds held in escrow were, respectively, released to Labec Century and the Company.

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.

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 contain areas of exploration and development that are 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 nine months ended December 31, 2013, Century Iron released preliminary economic assessment reports on the Joyce Lake property ("Joyce Lake Property"), which is located on Century Iron's Attikamagen Property (report dated May 8, 2013), and the Duncan Lake Property (report issued May 6, 2013). In addition, during the same period a mineral resource evaluation report was prepared on the Joyce Lake Property (issued April 18, 2013) (which forms part of the Attikamagen Property).

Attikamagen Property

The Company's Attikamagen Property includes two areas of exploration and development that are material to the Company: the Joyce Lake Property and the Hayot Lake Property.

Joyce Lake Deposit

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), FOB
- 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 proposed mining activities would be year-round, but mineralized rock would 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 for shipment. 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) or under the Company's profile at 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 base case cutoff grade of 50% total iron (shown below with comparison at 55% Fe cut off).

Mineral Resource Statement of the Joyce Lake Property

Cut-Off 55% Fe	Tonnes	%Fe	%SiO₂	%Al₂O₃	%Mn
Measured (M)	4,050,000	62.31	7.42	0.58	0.93
Indicated (I)	3,500,000	60.82	9.28	0.60	1.06
M+I	7,550,000	61.62	8.29	0.59	0.99
Inferred	2,700,000	59.62	11.82	0.49	0.48

Cut-Off 50% Fe	Tonnes	%Fe	%SiO₂	%Al₂O₃	%Mn
Measured (M)	5,050,000	60.44	10.21	0.58	0.88
Indicated (I)	4,950,000	58.44	12.77	0.62	0.98
M+I	10,000,000	59.45	11.48	0.60	0.93
Inferred	5,600,000	55.78	17.50	0.47	0.46

Note: The resource estimate was restricted within the interpreted mineralized envelope. 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 the foregoing 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) or under the Company's profile at www.sedar.com.

Hayot Lake Property

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

	Tonnes (in millions)	Specific Gravity	Total Iron Fe (%)
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 benchmarked 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 risks 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) or under the Company's profile at www.sedar.com.



Attikamagen Property Ownership

The Company's interests in the Attikamagen Property (including the Joyce Lake Property and the Hayot Lake Property) are held through Labec Century, a joint venture company in which it shares ownership with 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. 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 became 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. On September 19, 2013, WISCO (or WISCO Attikamagen) further increased its ownership from 25% to 40% of the non-voting equity common shares of Labec Century for a payment of \$20 million. After the completion of these transactions and as of the date of this MD&A, the Company and WISCO (or WISCO Attikamagen) share an ownership of 60% and 40% of Labec Century's voting non-equity and non-voting equity shares, respectively, in accordance with the Attikamagen Shareholders Agreement.

On September 30, 2013, the Company entered into an agreement to acquire from Champion its remaining interest in the Attikamagen property. Consideration for the purchase is 2 million common shares issued from the Company's treasury and 1 million warrants of the Company with variable exercise prices of \$0.75 to \$2.50 per share over the 5-year life of the warrants. In addition, Champion will receive a 2% net smelter return royalty on iron and minerals produced from the property. Upon completion of the transaction, the Company, indirectly and directly, together with Labec Century will own 100% interest in the property. The transaction has been approved by the Company's Board of Directors and the TSX. On November 29, 2013, the transaction was completed in escrow pending the registration of the transfers of the claims and licences in Quebec and Newfoundland & Labrador respectively the result of which is that Labec Century owns 100% of the Attikamagen project. Consideration for the transaction was the issue by Century to Champion of 2 million common shares and 1 million warrants. Labec Century paid to Century \$1.02 million as consideration for the issue of the shares and warrants which were released from



escrow on January 31, 2014 upon completion of the registration of the transfers.

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) or under the Company's profile at www.sedar.com.

Sunny Lake Property Ownership

The Company's Sunny Lake Property includes the Full Moon/Rainy Lake area, an area of exploration and development that is material to the Company.

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.

At December 31, 2013, Century owns 82.9% of the Sunny Lake property.

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) or under the Company's profile at 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**

Mineral Resource Category	Tonnes (Million)	Fe (%)	DTWR (%)	DT Fe (%)	DT SiO₂ (%)
Measured	405.6	23.92	26.78	67.26	5.25
Indicated	644.9	24.73	28.09	66.87	5.60
Measured + Indicated	1,050.5	24.42	27.58	67.02	5.46
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 risks 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) or under the Company's profile at 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 had 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 were issued on 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 nine months ended December 31, 2013 and 2012.

	Duncan Lake Property (\$)	Attikamagen Property (\$)	Sunny Lake Property (\$)	Altius Properties (\$)	Other (\$)	Total (\$)
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 and changes in accordance with the cost allocation proposal with WISCO	(769,434)	-	(6,019,608)	1,907,681	(33,882)	(4,915,243)
Reimbursement of exploration expenditures	-	-	(8,612,875)	-	-	(8,612,875)
Balance - December 31, 2013	14,960,010	-	1,350,936	9,191,175	598,847	26,100,968

	Duncan Lake Property (\$)	Attikamagen Property (\$)	Sunny Lake Property (\$)	Altius Properties (\$)	Other (\$)	Total (\$)
Balance - March 31 and April 1, 2012	16,989,318	16,569,824	7,575,756	5,336,228	215,377	46,686,503
Transfer in / (out)	-	-	18,027	-	(18,027)	-
Additions, net of investment tax credits	2,803,350	5,017,831	9,815,088	3,970,927	(5,196)	21,602,000
Deemed disposal of Labec Century	-	(21,587,655)	-	-	-	(21,587,655)
Balance - December 31, 2012	19,792,668	-	17,408,871	9,307,155	192,154	46,700,848



Analyses of the expenditures in the properties of the Company that contain material projects during the nine months ended December 31, 2013 and 2012 are as follows:

Duncan Lake Property

	2013	2012
	(\$)	(\$)
Balance – April 1	15,729,444	16,989,318
Drilling	-	35,250
Geology	160,312	2,261,500
Camp operations	8,559	388,233
Salaries	48,355	119,530
Investment tax credits	(986,660)	(1,163)
Balance – December 31	14,960,010	19,792,668

Sunny Lake Property

	2013	2012
	(\$)	(\$)
Balance – April 1	15,983,419	7,575,756
Drilling	-	6,872,688
Geology	-	1,382,044
Metallurgy testing	-	77,123
Camp operations	-	1,025,638
Salaries	-	730,044
Investment tax credits	(5,691,834)	(254,422)
Reimbursement of exploration expenditures	(8,612,875)	-
Changes in accordance with the cost allocation proposal with WISCO	(327,774)	-
Balance – December 31	1,350,936	17,408,871

Altius Properties

	2013	2012
	(\$)	(\$)
Balance – April 1	7,283,494	5,336,228
Drilling	25,117	914,507
Geology	162,912	2,226,183
Deposit returned	(170,311)	(153,950)
Camp operations	173,083	784,221
Salaries	216,880	199,966
Fair value of Company's common shares issued for acquisition of properties	1,500,000	-
Balance – December 31	9,191,175	9,307,155

OUTLOOK

The Company plans to advance its Direct Shipping Ore (“DSO”) projects toward production, as its priority and direction of development, commencing with the Joyce Lake DSO Project, to create shareholder value. Accordingly, it will focus its activities in fiscal year of 2013/14 as follows:

Attikamagen Property

- **Joyce Lake DSO Project:** The Company conducted Phase I of its 2013 drilling program between March 7 to July 15, 2013 and Phase II between September 15 to November 16, 2013. In these two phases, the Company completed a total of 6,320 meters of drilling with encouraging and positive assaying results. The results indicate the possible expansion and upgrade of the in-pit high-grade DSO resources and confirm the continuity of the mineralized lenses within the pit defined in the Joyce Lake PEA Study Report (the “PEA Pit”) dated May 8, 2013 with some intersections thicker and containing higher grade than the surrounding previous holes. These results also revealed the extension of a lower mineralized lens outside the PEA Pit with several high-grade intercepts. The data from Phase I and Phase II will be used to update the Mineral Resource Estimate which was previously prepared by SGS Canada Inc. and subsequently published in the NI 43-101 Technical Report dated April 18, 2013. Upon completion of the upgrade, the Company anticipates releasing an updated and expanded NI 43-101 Mineral Resources Estimate (the “Updated Estimate”) for the Project by the end of the first quarter of 2014. The Updated Estimate is anticipated to improve the results of the previously reported PEA in order to establish optimum economics for the project with the advancement of the feasibility study, which is expected to be completed by the end of 2014.
- Century Iron anticipates that the feasibility study and drilling program will be funded by Labec Century’s existing financial resources including the additional capital contribution of \$20 million received from WISCO on September 19, 2013 in accordance with the Attikamagen Shareholders Agreement.
- The acquisition of the remaining interest in the project from Champion was completed on November 29, 2013. Labec Century now owns a 100% interest in the Joyce Lake DSO Project consolidating ownership and simplifying the forthcoming project development.

Sunny Lake Property

- Both the Company and WISCO plan to develop this property and Attikamagen with the strategy of advancing the DSO projects towards production as a priority.



- DSO targets: The Company also plans to commence the extensive resource definition drilling of Prospect #3 and #8 DSO targets of Lac Le Fer in the 2014 field season.
- Full Moon iron deposit (taconite): The Company is targeting the completion of a preliminary economic assessment of the Full Moon iron deposit in 2014.
- 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 spring season, the Company continued the next phase of active exploration programs of the projects by conducting orientation drilling. The exploration program is primarily focused on DSO. The initial assay results on Red Dragon, one of the target areas in the Schefferville West project, indicate encouraging high grade DSO type mineralization. These assay results also indicates that the Schefferville West iron formation may have the potential of hosting several DSO deposits. The Altius Properties are in close proximity to the town of Schefferville and are accessible by road. A follow up retrenching was completed in the summer of 2013.
- A winter drilling program started between November 18 to December 5, completing 468 meters of exploratory drilling and focusing on some of the key geophysical anomalies to explore the Properties' DSO potential. Further exploration work based on the assay results of this winter program is anticipated in 2014.
- 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

Quarters ended	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
	(\$)	(\$)	(\$)	(\$)
Other operating income	2,112,516	98,324	59,237	83,511
Profit / (loss) for the period	148,276	(3,003,137)	(2,068,542)	(9,042,478)
Basic and diluted earnings / (loss) per share	0.002	(0.032)	(0.022)	(0.096)
Total assets	148,220,631	145,110,451	147,915,000	151,376,737
Shareholder's equity	145,842,113	143,290,712	146,101,982	147,858,630

Quarters ended	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
	(\$)	(\$)	(\$)	(\$)
Other operating income	117,379	169,321	206,613	372,654
Profit / (loss) for the period	(3,099,934)	49,891,901	(2,599,263)	(1,294,672)
Basic and diluted earnings / (loss) per share	(0.033)	0.526	(0.027)	(0.014)
Total assets	160,736,736	173,692,875	121,069,302	123,154,655
Shareholder's equity	156,763,653	159,178,114	107,955,831	109,369,932

RESULTS OF OPERATIONS

This section should be read in conjunction with the condensed consolidated interim statement of comprehensive loss for the three and nine months ended December 31, 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 nine months ended December 31, 2013 compared with the nine months ended December 31, 2012

For the nine months ended December 31, 2013 ("2013"), the Company reported a loss of \$4,923,403 compared to a profit of \$44,192,704 for the comparable period in 2012 ("2012").

In 2013, the Group and WISCO reached a preliminary agreement on the cost allocation for the ongoing exploration and evaluation expenditures of the Attikamagen and Sunny Lake projects incurred and paid by the Group on behalf of the joint ventures after the establishment of the joint ventures in September 2012 and November 2012 respectively. As such, the Group recognized a one-time management fee income of \$2,025,132 in relation to its management services provided to the joint ventures. Excluding the one-time income, the Company had a loss of \$6,948,535.

The Company recorded a gain of \$53,470,746 from the deemed disposal of Labec Century in 2012, as explained in the Management's Discussion and Analysis for the three and six months ended September 30, 2012. Excluding the one-time gain, the Company had a loss of \$9,278,042 for the nine months ended December 31, 2012.

The loss for 2013 is \$2,329,507 less than the loss for 2012 before the one-time income and gain. The principal factors for this decrease are as follows:

- Administrative expenses were \$7,162,529 in 2013 compared to \$9,771,355 in 2012. The decrease was mainly attributable to the following major changes: a decrease in consulting, legal and professional fees, a decrease in corporate promotion expenses, a decrease in travelling expenses, a decrease in share-based compensation expense and an increase in exchange gain, notwithstanding an increase in director's remuneration and salaries expense and an increase in depreciation (as further explained below).

Consulting, legal and professional fees decreased by \$362,683 from \$1,782,109 in 2012 to \$1,419,426 in 2013 due to more spending on WISCO joint ventures related legal matters and some technical consultancy services in 2012. Corporate promotion expense decreased by \$162,412 from \$501,998 in 2012 to \$339,586 in 2013 as the Company has paid more sponsorship on local community events to promote its corporate image in 2012. Travelling expenses decreased by \$90,382 from \$641,262 in 2012 to \$550,880 in 2013 as the Company incurred more site visits and meetings with its strategic shareholders in 2012 for the execution and closing of the joint venture agreements. Share-based compensation expense was \$841,232 in 2013 compared to \$3,352,177 in 2012. The expense mainly comprised stock option expense, which was lower in 2013 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. Besides, 2,955,000 options were granted in July 2012 with 1/3 of them vested on the grant date, resulting in a higher share option expense in 2012. Exchange difference mainly arose from the translation of foreign currency monetary items of the Company's overseas subsidiaries. Exchange gain was higher at \$203,133 in 2013 compared to \$24,732 in 2012 due to the greater extent of depreciation of Canadian Dollars against Hong Kong Dollars during 2013. In addition, an exchange loss was incurred in 2012 due to the depreciation of Canadian Dollars against US Dollars when the Group repaid a US\$8 million off-take deposit.

Director's remuneration and salaries expense increased by \$292,622 from \$2,146,435 in 2012 to \$2,439,057 in 2013 due to a general rise in salary level and a higher bonus payment in 2013. Depreciation increased by \$514,997 from \$121,481 in 2012 to \$636,478 in 2013 because of the release of depreciation previously capitalized under the Group's joint venture projects and the cessation of capitalization of depreciation for such projects, as the joint ventures will reimburse the Group its exploration and evaluation expenditures incurred on behalf of the joint ventures pursuant to the Group's preliminary agreement with WISCO.

Rental expense was \$399,416 in 2013 compared to \$415,612 in 2012. Other administrative expense items of \$739,587 in 2013 (\$835,013 in 2012) mainly comprised insurance, telecommunications and other office general expenses.

- Excluding the one-time income in 2013, other operating income was \$244,945 in 2013 compared to \$493,313 in 2012. The income mainly comprised interest earned from the Group's short term deposits. The decrease was mainly due to the reduction of bank interest

income from \$485,091 in 2012 to \$208,366 in 2013 as the Group's average bank balance and the interest rate during the period decreased.

Analysis of Results of Operations for the third quarter ended December 31, 2013 compared with the third quarter ended December 31, 2012

For the quarter ended December 31, 2013 ("2013 Q3"), the Company reported a profit of \$148,276 compared to a loss of \$3,099,934 for the comparable quarter in 2012 ("2012 Q3").

In 2013 Q3, the Group and WISCO reached a preliminary agreement on the cost allocation for the ongoing exploration and evaluation expenditures of the Attikamagen and Sunny Lake projects incurred and paid by the Group on behalf of the joint ventures after the establishment of the joint ventures in September 2012 and November 2012 respectively. As such, the Group recognized a one-time management fee income of \$2,025,132 in relation to its management services provided to the joint ventures. Excluding the one-time income, the Company had a loss of \$1,876,856.

The loss for 2013 Q3 is \$1,223,078 less than the loss for 2012 Q3 before the one-time income. The principal factors for this decrease are as follows:

- Administrative expenses were \$1,920,456 in 2013 Q3 compared to \$3,217,313 in 2012 Q3. The decrease was mainly attributable to the following major changes: a decrease in director's remuneration and salaries expense, a decrease in rental expense, a decrease in consulting, legal and professional fees, a decrease in corporate promotion expense, a decrease in share-based compensation expense and an exchange gain for 2013 Q3 compared with an exchange loss for 2012 Q3, notwithstanding an increase in travelling expenses and an increase in depreciation (as further explained below).

Director's remuneration and salaries expense decreased by \$235,130 from \$666,737 in 2012 Q3 to \$431,607 in 2013 Q3 as the joint ventures will share and reimburse part of the Group's salaries expense as common costs between the Company and the joint ventures pursuant to the Group's preliminary agreement with WISCO. Rental expense decreased by \$119,563 from \$148,001 in 2012 Q3 to \$28,438 in 2013 Q3 for the same reasons as explained for the decrease in salaries expense above. Consulting, legal and professional fees decreased by \$517,733 from \$824,949 in 2012 Q3 to \$307,216 in 2013 Q3 due to more spending on WISCO joint ventures related legal matters and some technical consultancy services in 2012 Q3. Corporate promotion expense decreased by \$120,965 from \$215,806 in 2012 Q3 to \$94,841 in 2013 Q3 as the Company has paid more sponsorship on local community events to promote its

corporate image in 2012 Q3. Share-based compensation expense was \$162,420 in 2013 Q3 compared to \$857,543 in 2012 Q3. The expense mainly comprised stock option expense, which was lower in 2013 Q3 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. Exchange difference in 2013 Q3 mainly arose from the translation of foreign currency monetary items of the Company's overseas subsidiaries. The exchange gain of \$175,527 recorded in 2013 Q3 was the effect of depreciation of Canadian Dollars against Hong Kong Dollars during 2013 Q3, whereas the exchange loss of \$38,482 recorded in 2012 Q3 was due to the depreciation of Canadian Dollars against US Dollars during 2012 Q3 when the Group repaid a US\$8 million off-take deposit.

Travelling expenses increased by \$103,441 from \$225,988 in 2012 Q3 to \$329,429 in 2013 Q3 because of the release of travelling expenses previously capitalized under the Group's joint venture projects and the cessation of capitalization of travelling expenses for such projects, as the joint ventures will reimburse the Group its exploration and evaluation expenditures incurred on behalf of the joint ventures pursuant to the Group's preliminary agreement with WISCO. Depreciation increased by \$483,065 from \$47,768 in 2012 Q3 to \$530,833 in 2013 Q3 for the same reason as explained for the increase in travelling expenses above.

Other administrative expense items of \$211,199 in 2013 Q3 (\$192,039 in 2012 Q3) mainly comprised insurance, telecommunications and office general expenses.

- Excluding the one-time income in 2013 Q3, other operating income was \$87,384 in 2013 Q3 compared to \$117,379 in 2012 Q3. The income mainly comprised interest earned from the Group's short term deposits. The decrease was mainly due to the reduction of bank interest income from \$109,340 in 2012 Q3 to \$72,477 in 2013 Q3 as the Group's average bank balance and the interest rate during the quarter decreased.

CONSOLIDATED FINANCIAL POSITION

This section should be read in conjunction with the condensed consolidated interim statement of financial position as at December 31, 2013, and the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the three and nine months ended December 31, 2013.



Consolidated Assets

Consolidated assets decreased by \$3,156,106 from \$151,376,737 as at March 31, 2013 to \$148,220,631 as at December 31, 2013. The major reasons for the decrease were as follows:

- The decrease in accounts receivable by \$2,704,733 from \$13,859,635 as at March 31, 2013 to \$11,154,902 as at December 31, 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 exploration expenditures previously funded by the Group and reimbursed pursuant to the Attikamagen Shareholders Agreement, offset by an increase in receivables from the joint ventures on exploration and evaluation expenditures incurred and paid by the Group on behalf of the joint ventures since the establishment of the joints ventures.
- The decrease in sales taxes recoverable by \$4,670,464 from \$5,185,956 as at March 31, 2013 to \$515,492 as at December 31, 2013. The balance decreased as the Group received refunds of approximately \$4.4 million during the period.
- The increase in investment tax credits receivable by \$3,871,657 from \$8,049,757 as at March 31, 2013 to \$11,921,414 as at December 31, 2013. The increase was mainly due to the recognition of the Group's investment tax credits receivable from the Quebec government for its exploration expenditure incurred.
- The decrease in exploration and evaluation assets by \$13,528,118 from \$39,629,086 as at March 31, 2013 to \$26,100,968 as at December 31, 2013. This decrease was primarily due to reimbursement of \$8,612,875 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, and the recording of \$6,766,467 of investment tax credits for the Group's exploration expenditure spent, offset by the addition of exploration expenditures spent by the Group.
- The increase in cash and cash equivalents and short term bank deposit by \$13,828,547 from \$19,359,987 as at March 31, 2013 to \$33,188,534 as at December 31, 2013. The increase was primarily due to the collection of accounts receivable and reimbursed 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 \$1,139,589 from \$3,518,107 as at March 31, 2013 to \$2,378,518 as at December 31, 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 \$2,016,517 from \$147,858,630 as at March 31, 2013 to \$145,842,113 as at December 31, 2013. The decrease was mainly due to the loss recorded by the Company for the nine months ended December 2013, offset by an increase in share capital from the shares issued for the acquisition of Altius properties and for the Attikamagen acquisition.

The following table summarizes changes in share capital during the nine months ended December 31, 2013:

	Number of common shares	Value \$
Balance - April 1, 2013	94,474,158	115,023,227
Repurchase of common shares (a)	(611,587)	(290,062)
Common shares issued for the acquisition of Altius properties (b)	3,000,000	1,500,000
Common shares issued for the Attikamagen acquisition transaction (c)	2,000,000	1,020,000
Balance - December 31, 2013	<u>98,862,571</u>	<u>117,253,165</u>

- (a) The Company initiated an automatic purchase plan under a normal course issuer bid ("NCIB") beginning on September 12, 2012. The NCIB was amended in May 2013 such that 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 2,500,000 common shares. Daily purchases were limited to 16,167 common shares, save and except that the Company was permitted to make block purchases. The NCIB expired in August 2013. During the period when the program operated, a total of 677,000 common shares were repurchased and cancelled.

The NCIB was renewed in September 2013. The renewed NCIB is effective between September 17, 2013 and September 16, 2014. The renewed NCIB allows for the purchase of up to 1,823,000 of the Company's outstanding common shares, and the purchase of up to 14,094 common shares on any given day other than under a block purchase or otherwise in a permitted transaction that is exempted from this daily limit under TSX policies.

During the nine months ended December 31, 2013, the Company repurchased for cancellation 611,587 common shares under the plan with an aggregate cost of \$290,062.

- (b) On November 18, 2013, the Company issued 3,000,000 common shares to Altius for the



acquisition of certain properties pursuant to the Altius Agreement. The common shares are subject to a 12-month lock-up period. The value of the shares amounted to \$1,500,000 (\$0.50 per share).

- (c) On November 29, 2013, the Company issued to Champion 2,000,000 common shares, which were held in escrow by an independent third party at December 31, 2013 and were subsequently released from escrow on January 31, 2014, for the acquisition from Champion its remaining interest in the Attikamagen property by Labec Century. The common shares are subject to a 2-year lock-up period. The value of the shares amounted to \$1,020,000 (\$0.51 per share) which was received in cash by the Company from Labec Century held in escrow on closing on January 31, 2014. Further, Labec Century received \$786,506 returned from Champion which it received while it was the operator of the Attikamagen Property.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company had 98,813,571 common shares issued and outstanding, and 8,580,000 stock options and 1,774,000 share awards outstanding under the Company's equity incentive plan.

SIGNIFICANT EQUITY INVESTEE

As of December 31, 2013, the Group owns a 60% interest in the Labec Century Joint Venture. The Group has joint control of this entity from an accounting perspective and is therefore equity accounted. The summarized financial information of Labec Century is disclosed in the condensed consolidated interim financial statements of the Company for the three and nine months ended December 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2013, the Company had cash and cash equivalents and short term bank deposit of \$33,188,534 to settle current liabilities of \$2,331,905. The net working capital of the Company was \$55,369,420 as at December 31, 2013. The Company's cash and cash equivalents and short term bank deposit 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 adequately 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 arrangements with third parties to support the future development of the projects.

The Company's contractual obligations relating to capital expenditures and operating lease commitments for the next five years and beyond are as follows:

	Payments due by period				
	Total	Less than	1-3 years	4-5 years	After
Contractual obligations	(\$)	1 year	(\$)	(\$)	5 years
		(\$)	(\$)	(\$)	(\$)
Operating lease commitments	1,903,301	766,225	1,137,076	-	-
Capital commitments	15,919,251	1,500,000	3,000,000	11,419,251	-
Total	17,822,552	2,266,225	4,137,076	11,419,251	-

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 December 31, 2013, the Group had accounts receivable of \$7,764,438 (March 31,



2013: \$13,697,158) from Labec Century. The balance mainly comprised (i) exploration expenditure of the Attikamagen property incurred and paid by the Group on behalf of Labec Century after Labec Century became the Group's joint venture and the fixed assets to be sold by the Group to Labec on prevailing market terms; and (ii) fair value of the Company's consideration shares issued to Champion amounting to \$1.02 million for the acquisition of Champion's remaining interest in the Attikamagen property payable by Labec Century. The \$1.02 million was subsequently received on January 31, 2014.

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 December 31, 2013, the Group had accounts receivable of \$3,253,892 (March 31, 2013: Nil) from WISCO Century Sunny Lake. The balance represented exploration expenditure of the Sunny Lake property incurred and paid by the Group on behalf of WISCO Century Sunny Lake.
- (iii) As of December 31, 2013, the Group had accounts receivable of \$16,950 (March 31, 2013: \$16,950) from Augyva. The President and CEO and a key officer 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

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries	431,760	218,500	2,076,957	1,624,972
Share-based compensation expenses	114,311	681,070	565,056	2,882,801
	<u>546,071</u>	<u>899,570</u>	<u>2,642,013</u>	<u>4,507,773</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 issued on 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. The then remaining 750,000 acquisition shares of the Astray project were issued by the Company to Altius on November 18, 2013.

- (ii) The Company initiated an automatic purchase plan under an NCIB beginning on September 12, 2012. The NCIB was amended in May 2013 such that 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 2,500,000 common shares. Daily purchases were limited to 16,167 common shares, save and except that the Company was permitted to make block purchases. The NCIB expired in August 2013. During the period when the program operated, a total of 677,000 common shares were repurchased and cancelled.

The NCIB was renewed in September 2013. The renewed NCIB is effective between September 17, 2013 and September 16, 2014. The renewed NCIB allows for the purchase of up to 1,823,000 of the Company's outstanding common shares, and the purchase of up to 14,094 common shares on any given day other than under a block purchase or otherwise in a permitted transaction that is exempted from this daily limit under TSX policies.

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 is entitled to a right of first refusal to 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 has a right of first refusal to purchase an additional 20% at market according to 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 and nine months ended December 31, 2013.

There has been no change in the Company's internal control over financial reporting during the

nine months ended December 31, 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 judgements 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) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(iv) Share option expenses

The Company grants share options to directors, officers, employees and consultants of the Company under its equity incentive 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.

(v) Classification of joint arrangements

The Group 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.Geol., 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.