



**CENTURY GLOBAL COMMODITIES CORPORATION**

Management's Discussion and Analysis  
of Financial Conditions and Results of Operations  
for the Three Months Ended  
June 30, 2016

This Management's Discussion and Analysis ("MD&A") of Century Global Commodities Corporation (TSX: CNT) (the "Company" or "Century"), formerly Century Iron Mines Corporation, was prepared as of August 4, 2016. 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, 2016. This MD&A should be read in conjunction with the condensed consolidated interim financial statements and notes thereto of the Company as at and for the three months ended June 30, 2016.

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. Additional information can also be found on the Company's website at [www.centuryglobal.ca](http://www.centuryglobal.ca).

Management is responsible for the preparation of the condensed consolidated interim financial statements and MD&A. The Company's condensed consolidated interim financial statements for the three months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Notes 2 to 5 of the Company's condensed consolidated interim financial statements as at and for the three months ended June 30, 2016 discuss the IFRS accounting principles applied in preparing the condensed consolidated interim 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" refer to Century Global Commodities Corporation, formerly Century Iron Mines Corporation, and all its subsidiaries together unless the context otherwise clearly requires.

The Company completed the change of the Company's name from "Century Iron Mines Corporation" to "Century Global Commodities Corporation" ("Name Change") on November 16, 2015 and the continuation of the Company's jurisdiction of incorporation from British Columbia to the Cayman Islands took effect on February 1, 2016.

Century owns certain mineral properties through the following direct and indirect wholly-owned subsidiaries:

- Century Iron Ore Holdings Inc. ("Century Holdings"), a holding company and a majority (60%) shareholder of Labec Century Iron Ore Inc. ("Labec Century"), a joint venture company owned by Century Holdings and WISCO Canada Attikamagen Resources Development & Investment Limited ("WISCO Attikamagen"), with Labec Century owning a 100% registered interest in the Attikamagen properties ("Attikamagen Properties"). On January 1, 2016, WISCO Attikamagen was amalgamated with WISCO Canada ADI Resources Development & Investment Limited ("WISCO ADI");
- 0849873 B.C. Ltd. ("B.C. Ltd."), the owner of the Company's interest in the Sunny Lake Joint Venture (as defined hereinafter), a joint venture between B.C. Ltd. and WISCO Canada Sunny Lake Resources Development & Investment Limited ("WISCO Sunny Lake"), 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 properties ("Sunny Lake Properties"). On January 1, 2016, WISCO Sunny Lake was amalgamated with WISCO ADI;
- Canadian Century Iron Ore Corporation ("Canadian Century"), a holding company and the owner of the Company's 65% interest in its Duncan Lake project ("Duncan Lake Project").

## **BUSINESS UPDATE**

In 2015 and the early part of 2016, the Company changed its name to “Century Global Commodities Corporation” and migrated its registration to the Cayman Islands. These efforts have laid the groundwork for Century to become a more international and diversified company. As mining and resource development still form a fundamental part of our overall strategy, our ventures into technical and financial services and quality food services are expected to create long-term value for our shareholders.

### Iron Ore

Over the course of the past few years, the price of iron ore has fallen from a high of approximately US\$190/Mt 62% CFR China in 2011 to settle to around US\$50/Mt 62% CFR China towards the end of June 2016. The key factors behind the current and continuing oversupply situation remain intact. Fundamentally, global steel and iron demand are failing to achieve balance with the extensive new supply from major low-cost iron ore producers in Australia and Brazil, especially at a time when China, as the largest consumer of iron and steel, is transitioning from an economy led by fixed-asset investments to a consumption base. Although the price of iron ore has performed very well this year so far, it will likely take a few more years and the completion of the major new expansion projects before the market reaches a new equilibrium in the next upswing in the cycle.

With China projected to grow at a healthy mid-high pace on the back of its continuous urbanization and ‘One Belt One Road’ initiative, management continues to believe in the long-term prospects of iron ore. Century has taken steps to minimize spending during the downturn until markets recover by placing its portfolio of iron ore assets on care and maintenance, including the flagship high-grade low-capex Joyce Lake DSO Project for which a feasibility study was completed in April 2015. Continued support from our strategic partners, WISCO International Resources Development & Investment Limited (“WISCO”) and Minmetals Exploration and Development (Luxembourg) Limited, provides a strong foundation for the long-term execution of our iron ore strategy. Management believes we are well positioned to take advantage of the pending recovery in the iron ore market.

### Precious and Base Metals

As part of the Company's diversification strategy to create long-term shareholder value, management has allocated resources to review acquisition opportunities and conduct a global search for attractive investments. The Company has focused on the precious and base metals sectors, as it anticipates that these sectors will recover before the iron ore market. We have already seen evidence of such a recovery in the gold sector, driven by recent global events: the surprise result of the Brexit vote for the United Kingdom to leave the European Union; the uncertainty of the United States election; and negative interest rates currently offered by some of the world's central banks. The Company believes that there still remain opportunities to acquire high-quality, undervalued assets in precious and base metals that would create long-term value as market conditions continue to improve. To date, management has reviewed a pipeline of potential targets and will continue the due diligence process to identify and acquire the assets which will meet our investment criteria.

### Technical and Financial Services

In the process of identifying potential acquisition and investment targets, Century's internal team of talented and experienced mining engineers, geologists and financial analysts has created a database of more than 1,500 globally listed companies and 3,000 mining assets with a primary focus on gold and copper. The Century Mining database incorporates daily market updates and key data points allowing its users to compare and evaluate mining companies and assets around the world. Following the successful launch of our gold database at the 2016 Prospectors and Developers Association of Canada conference ("PDAC"), we continue to enhance the product, expanding our database to include copper in May 2016. We have attracted strategic partners who will promote and market our database to help expand our existing user base and monetize our platform.

### Quality Food Services

With a rapidly expanding middle-class population in China, the demand for high-quality and healthy food will continue to grow well into the future. In the past year, we have capitalized on this opportunity through significant achievements in establishing our food business. Century Food has now established a professional marketing team and built a distribution system to serve the Hong Kong market. In addition to entering into an exclusive distributorship agreement with Sunny Queen, a reputable Australian producer for the distribution of eggs, we have successfully secured blue chip accounts with hotels, restaurants, grocery chains as well as an international airline in Hong Kong. In

2016, Century began generating revenues from initial sales to our customers in Hong Kong, and we expect sales to increase over the next few years.

During the past few months, the Company has expanded its presence into mainland China by securing office space in Wuhan, China and establishing supply and distribution channels with the expectation of importing quality food products for Chinese consumers. As our experienced team continues to expand our customer base in China, we will strive to identify additional food sources and varieties through our marketing network and strategic partnerships in Asia and overseas.

## MINERAL EXPLORATION AND DEVELOPMENT OVERVIEW

The Company has multiple advanced iron ore projects and deposits in north-eastern Quebec and western Labrador known as the “Labrador Trough” and the James Bay Area in western Quebec. Over the past few years, the Company has identified nearly 19.4 billion tonnes of iron ore resources in the region and successfully established its position as the holder of one of the largest iron ore resources in the world, measured as attributable contained iron tonnes from estimated resources.

The following table provides a summary of the Company's portfolio of iron ore projects by deposit type in both the Labrador Trough and James Bay Area, based on studies, evaluations and assessment that have all been posted by the Company on SEDAR:

	<b>Joyce Lake</b>	<b>Black Bird</b>	<b>Hayot Lake</b>	<b>Full Moon</b>	<b>Duncan Lake</b>	<b>Total</b>
Deposit Type	DSO	DSO	Taconite	Taconite	Magnetite	
Location	Labrador Trough	Labrador Trough	Labrador Trough	Labrador Trough	James Bay	
Ownership % (Century's current earn-in)	Attikamagen 60%	Sunny Lake 81.1%	Attikamagen 60%	Sunny Lake 81.1%	65%	
Joint Venture Partner	WISCO	WISCO	WISCO	WISCO	Augyva	
Stage of Development	Feasibility Study	Resource Estimate	Resource Estimate	PEA	PEA	
Issue Date -Most Recent NI 43-101 Report	April 2015	April 2015	November 2012	April 2015	May 2013	
<b>NI 43-101 Resources</b>						
Proven and Probable	17.7Mt	-	-	-	-	
Measured & Indicated	24.3Mt <sup>(2)</sup>	1.6Mt	-	7.3Bt	1.1Bt	8.4Bt
Inferred	0.8Mt	8.6Mt	1.7Bt	8.7Bt	0.6Bt	11.0Bt
NPV (pre-tax) @ 8% <sup>(1)</sup>	C\$130.8M	-	-	C\$5.8B	C\$4.1B	
IRR (pre-tax) <sup>(1)</sup>	18.7%	-	-	15.2%	20.1%	

(1) Represents 100% basis at the project level

(2) Inclusive of proven and probable resources of 17.7Mt

Management believes that the Company is well positioned to take advantage of more positive iron ore market conditions, when those materialize. As the market recovers in the future, the Company plans to first develop the DSO projects that will generate positive operating cash flow, then leverage that cash flow and experience for the subsequent development of its high-volume and more capital-intensive taconite/magnetite projects. In the meantime, the Company has also optimized its capital allocation to avoid all unnecessary exploration activities and expenditures.

### **Attikamagen Properties**

The Company's Attikamagen Properties include the Joyce Lake DSO Project and the Hayot Lake Taconite Project. The Joyce Lake DSO Project is a priority for the Company's iron ore project development, with the Hayot Lake Project to be developed in the longer term.

### **Joyce Lake DSO Project**

The Joyce Lake Project, the Company's most advanced low capital-intensity DSO project, is located in Newfoundland and Labrador, approximately 20 kilometres from the closest town of Schefferville, Quebec. The most current mineral resource estimate report for the Joyce Lake DSO Project, dated April 17, 2014, identified 24.3 million tonnes of measured and indicated mineral iron ore resources at an average grade of 58.55% Fe. The feasibility study ("FS") released in April 2015 was completed by BBA Inc. located in Montreal, Quebec, with inputs from Stantec Consulting Ltd., SGS Canada Inc., BluMetric Environmental Inc. and LVM Inc., a division of EnGlobe Corp. The FS indicated an annual production plan of 2.5 million tonnes over 7 years from one open pit with a strip ratio of 4.09. Mined ore would be dry crushed and screened to generate 65% of product as sinter fines and 35% as lump product, with the first 5.6 years of ore production at an average grade of 61.4% Fe processed directly from the pit and the remaining mine life production sourced from low grade stockpiles averaging 53.3% Fe. A 43 kilometre dedicated haul road from the mine site to a new rail loop has been designed to allow rail transport of the products to the IOC Port Terminal in Sept-Îles for subsequent shipment to China. The project economics indicated a pre-tax NPV (8%) of \$130.8 million; pre-tax IRR of 18.71%; and pre-tax Payback of 4.4 years. The initial capital cost was estimated to be \$259.6 million and the average estimated operation cost was \$58.25/dmt, loaded at the Port of Sept-Îles. WISCO ADI has a right to purchase up to 60% of commercial products at market value or on standard commercial terms.



Additional information can be found in the NI 43-101 Technical Report, entitled *the Feasibility Study Joyce Lake DSO Project*, effective dated March 2, 2015 and filed April 14, 2015, on SEDAR at [www.sedar.com](http://www.sedar.com).

Subsequent to the release of the FS, the Company has completed capital and operating cost optimization to maximize the project economics and an Environmental Impact Statement ("EIS") to align with the results of the FS. The EIS will be submitted to the government when suitable market conditions exist, and the permitting process will commence upon the submission of the EIS.

The EIS and other project programs leading to a production decision will be sufficiently funded by Labec Century's existing financial resources, which had cash and cash equivalents of \$13.7 million as at June 30, 2016.

The Company, together with its joint venture partner, WISCO, are well positioned to generate substantial economic returns upon project execution and will continue assessing the development timeline of the project based on prevailing market conditions.

### **The Hayot Lake Project**

The Hayot Lake Project is a taconite deposit located approximately 23 kilometres northwest of the Joyce Lake DSO Project and 22 kilometres north of the town of Schefferville, Quebec. A mineral resource evaluation was prepared in 2012 on the Hayot Lake Project, reporting an estimated 1.7 billion tonnes of inferred mineral resources. For further details, please refer to the report entitled *Mineral Resource Evaluation, Hayot Lake Taconite Iron Project, Schefferville, Québec* under Century's profile on [www.sedar.com](http://www.sedar.com) on November 9, 2012. This is one of the more capital-intensive taconite projects that could be developed by the Company as a long term growth option.

### **Ownership of the Attikamagen Properties**

The Company's interests in the Attikamagen Properties are held through Labec Century, a joint venture company in which it shares ownership with WISCO Attikamagen, a subsidiary of WISCO. On January 1, 2016, WISCO Attikamagen was amalgamated with WISCO ADI. Labec Century has a 100% registered interest in the Attikamagen Properties. 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 of 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 common shares of Labec Century. On September 19, 2013, WISCO (or WISCO ADI) further increased its ownership from 25% to 40% of the non-voting 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 ADI) own 60% and 40% of Labec Century's voting and non-voting common shares, respectively, in accordance with the Attikamagen Shareholders Agreement.

Century accounts for its investment in Labec Century as investment in a joint venture using the equity method of accounting in accordance with IFRS. Under the equity method, Labec Century's exploration and development expenditures are not included in the exploration and evaluation asset in the statement of financial position of the Company.

### **Sunny Lake Properties**

The Company's Sunny Lake Properties include the Black Bird DSO Deposit and targets in the surrounding area, and the Full Moon/Rainy Lake Taconite Project.

#### **Black Bird DSO Deposit**

The Black Bird DSO Deposit is located 65 kilometres northwest of Schefferville, Québec and approximately 50 kilometres from the Joyce Lake DSO Project in Labrador. The most recent NI 43-101 Technical Report, completed by SRK Consulting (Canada) Inc., Toronto, Ontario and filed in April 2015, reported 1.55 million tonnes of indicated resources at an average grade of 59.93% total iron ("TFe") and 8.60 million tonnes of inferred resources at an average grade of 57.01% TFe. Both indicated and inferred resources are at a cut-off grade of 50% TFe. The report entitled *Mineral Resource Evaluation, Black Bird DSO Deposit, Sunny Lake Property, Schefferville, Québec* was filed on SEDAR under Century's profile at [www.sedar.com](http://www.sedar.com) on April 14, 2015.

### **Full Moon Taconite Project**

Full Moon is a taconite project located approximately 80 kilometres northwest of the town of Schefferville, Québec. A Mineral Resource Statement on the Full Moon Project, dated December 6, 2012, reported 7.3 billion tonnes of indicated iron ore resources and 8.7 billion tonnes of inferred iron ore resources. The Preliminary Economic Assessment (“PEA”) released in April 2015 was completed by CIMA+ located in Montreal, Québec with inputs from Met-Chem Canada Inc., Soutex Inc., SRK Consulting (Canada) Inc. and WSP Canada Inc. The PEA indicated a preferred option of an annual production of 20 million tonnes over 30 years from an open pit with a strip ratio of 0.1:1. The process plant would recover both Magnetite and Hematite to concentrate. Mined ore will be processed to generate High Silica Content concentrate at a grade of approximately 66% Fe content. A new rail line is designed to transport the product from the mine concentrator plant to Schefferville then over existing rail line to the Sept-Îles new multi-user port for subsequent shipping to China. The preferred option in the PEA indicated a pre-tax NPV (8%) of \$5.8 billion; pre-tax IRR of 15.2%; and pre-tax Payback of 5.7 years. The initial capital cost was estimated to be \$7.2 billion and the average estimated operation cost was \$49.85/dmt, loaded at the Port of Sept-Îles.

Additional information can be found from the NI 43-101 Technical Report, entitled *the Preliminary Economic Assessment for the Full Moon Project*, effective dated March 2, 2015 and filed on April 14, 2015, on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Ownership of Sunny Lake Properties**

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 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 Properties. Under the terms of the Sunny Lake JV Agreement, the Company agreed to contribute its interest in the Sunny Lake Properties 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 was 60% owned by B.C. Ltd. and 40% owned by WISCO Sunny Lake. The mineral claims comprising the Sunny Lake Properties 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 Properties in trust for B.C. Ltd. and WISCO Sunny Lake in accordance with their respective interests in the Sunny Lake Joint Venture. Subsequently, on January 1, 2016, WISCO Sunny Lake was amalgamated with WISCO ADI.

As at June 30, 2016, Century has an 81.1% registered interest in the Sunny Lake Properties. Following the formation of the Sunny Lake Joint Venture, exploration and development expenditures incurred by WISCO to earn-in to their 40% interest on the Sunny Lake Properties are not included in the Company's exploration and evaluation asset in the statement of financial position.

### **Duncan Lake Project**

The Duncan Lake Project is a magnetite deposit located in the James Bay Area approximately 50 kilometres south of Radisson, Quebec. A technical report on the mineral resources estimate of the project dated October 11, 2012 identified 1.1 billion tonnes of measured and indicated mineral resources. A preliminary economic assessment report on the project dated May 6, 2013 was also issued, available under Century's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Duncan Lake Project has reached a significant milestone of project development with the issuance of this PEA. The Company currently focuses on preserving the claims and growth options for the project and continues to assess the execution of the project when suitable market conditions exist. For further information regarding the results of the Duncan Lake PEA, please refer to the NI 43-101 Technical Report entitled *Preliminary Economic Assessment of the Duncan Lake Iron Property, James Bay, Quebec-Canada* as filed on SEDAR at [www.sedar.com](http://www.sedar.com) on May 6, 2013.

### **Ownership of Duncan Lake Property**

On May 20, 2008, the Company's wholly-owned subsidiary Canadian Century entered into an option and joint venture agreement with Augyva Mining Resources Inc. (“Augyva”) to have an option to obtain a 51% interest in the Duncan Lake Property and an additional 14% interest, upon meeting certain funding requirements. The Company completed its funding commitment of \$6.0 million on the Duncan Lake property in November 2010 and, as a result, obtained an initial 51% interest in this

property. In October 2012, Canadian Century completed its additional \$14.0 million funding on the project, resulting in an additional transfer of 14% interest in May 2013.

As of June 30, 2016, the Company has a 65% registered interest in the Duncan Lake property and is in the process of registering an additional 3% interest as a result of its funding contribution to the exploration expenditure incurred for the project subsequent to the completion of the earn-in of the 65% interest in the property in May 2013.

*Important Caution regarding the Feasibility Study*

*The results of the feasibility study completed on the Joyce Lake Project are forward-looking information that are 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 and in the study. Please refer to the discussions in the "Risks and Uncertainties", "Cautionary Statement regarding Forward-Looking Statements" and "Cautionary Statement regarding Technical Information" at the end of this MD&A.*

*The results of the economic analysis in the study are forward-looking information that are 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 and in the study.*

*Important Caution regarding Preliminary Economic Assessments*

*The financial analysis contained in the Preliminary Economic Assessments completed on the Company's projects are preliminary in nature. They incorporate 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. These should not be considered prefeasibility or feasibility studies. There can be no certainty that the estimates contained in these reports will be realized. In addition, mineral resources that are not mineral reserves do not have demonstrated economic viability.*

*The results of the financial analysis in these reports are forward-looking information that are 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 and in those studies.*

*Important Caution regarding Mineral Resources*

*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.*

## SELECTED EXPLORATION EXPENDITURES

In light of the challenging iron ore market conditions and lower price environment, management has performed an impairment review and recognized an impairment loss of \$20,654,725 on exploration and evaluation assets ("E&E assets") in the quarter ended March 31, 2016, which resulted in a full impairment of E&E assets. At June 30, 2016, the E&E assets balance remains nil, as the Company has recorded all the exploration and evaluation related expenditures incurred in "Other income" during the current quarter. Refer to "Results of Operations" section below for further details.

The following is a summary of the E&E assets balances by property at June 30, 2016 and 2015.

	<b>Duncan Lake property \$</b>	<b>Sunny Lake property \$</b>	<b>Total \$</b>
Balance - March 31, 2015	17,599,537	3,108,430	20,707,967
Additions	12,821	-	12,821
Balance - June 30, 2015	<u>17,612,358</u>	<u>3,108,430</u>	<u>20,720,788</u>
Balance – March 31 and June 30, 2016	<u>-</u>	<u>-</u>	<u>-</u>

Analysis of the E& E assets of the properties of the Company during the three months ended June 30, 2016 and 2015 are as follows:

<b>Duncan Lake Project</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Balance – April 1	-	17,599,537
Site maintenance	-	12,821
Balance – June 30	<u>-</u>	<u>17,612,358</u>
<b>Sunny Lake Properties</b>	<b>2016 (\$)</b>	<b>2015 (\$)</b>
Balance – April 1 and June 30	<u>-</u>	<u>3,108,430</u>

During the three months ended June 30, 2016, approximately \$0.1 million expenditure has been incurred on the Attikamagen Properties and Sunny Lake Properties. These exploration expenditures are reported in the statements of financial position of Labec Century and WISCO Century Sunny Lake, respectively, in accordance with IFRS. As the Company accounts for its interests in the Attikamagen Properties using the equity method, Labec Century's exploration and development expenditures are not included in the E&E assets in the statement of financial position 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	June 30, 2016 (\$)	March 31, 2016 (\$)	December 31, 2015 (\$)	September 30, 2015 (\$)
Net loss for the period	(1,389,292)	(76,326,133)	(1,683,378)	(1,680,523)
Basic and diluted net loss per share	(0.01)	(0.77)	(0.02)	(0.02)
Total assets	43,273,167	44,418,357	120,241,287	121,948,218
Total liabilities	776,352	815,339	1,130,830	1,057,021
Shareholders' equity	42,496,815	43,603,018	119,110,457	120,891,197

Quarters ended	June 30, 2015 (\$)	March 31, 2015 (\$)	December 31, 2014 (\$)	September 30, 2014 (\$)
Net loss for the period	(1,829,762)	(7,333,731)	(1,267,031)	(8,953,691)
Basic and diluted net loss per share	(0.02)	(0.074)	(0.013)	(0.091)
Total assets	123,868,151	126,350,484	135,406,592	135,704,407
Total liabilities	965,564	1,961,048	3,184,148	2,031,980
Shareholders' equity	122,902,587	124,389,436	132,222,444	133,672,427

## RESULTS OF OPERATIONS

	<b>Three Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
	(\$)	(\$)
<b>Expenses</b>		
Administrative expenses	1,557,282	1,503,582
Share-based compensation expenses	136,028	243,424
Share of loss of a joint venture	44,102	94,261
Loss on foreign exchange	69,545	110,880
Other income	(17,710)	(122,385)
Gain from sale of assets classified as held for sale	(399,955)	-
<b>Net loss for the period</b>	<u>(1,389,292)</u>	<u>(1,829,762)</u>

### Analysis of Results of Operations

#### *For the three months ended June 30, 2016 and 2015*

For the quarter ended June 30, 2016 ("2017 Q1"), the Company reported a loss of \$1,389,292 compared to a loss of \$1,829,762 for the comparable quarter ended June 30, 2015 ("2016 Q1"). The net loss of 2017 Q1 is \$440,470 less compared to that of 2016 Q1. The primary driver for the \$440,470 reduction in net loss is due to the realization of a gain of \$399,955 from the sale of the assets classified as held for sale. The other factors contributing to this net decrease are as follows:

- Share-based compensation expenses decreased by \$107,396, primarily due to a lower number of options vesting in 2017 Q1 compared to 2016 Q1;
- Share of loss of a joint venture decreased by \$50,159, as there were minimal operation activities in 2017 Q1 in Labec Century Iron Ore Inc. The amount represents the Company's 60% interest in the loss at Labec Century Iron Ore Inc;
- Administrative expenses increased by \$53,700, which was mainly attributable to an increase in salaries and wages and rental expenses in 2017 Q1 compared to that of 2016 Q1 due to the development of the new food distribution business in Hong Kong;

## CONSOLIDATED FINANCIAL POSITION

### *Consolidated Assets*

Consolidated assets decreased by \$1,145,190 from \$44,418,357 as at March 31, 2016 to \$43,273,167 as at June 30, 2016. The change was primarily due to the utilization of cash in operation including the development of the new food distribution business in Hong Kong, partially offset by the receipt of the net proceeds from the sale of the assets classified as held for sale during 2017 Q1.

### *Consolidated Liabilities*

Consolidated liabilities decreased by \$38,987 from \$815,339 at March 31, 2016 to \$776,352 as at June 30, 2016. The decrease in liabilities was mainly due to the settlement of accounts payable subsequent to March 31, 2016.

### *Shareholders' Equity*

Shareholders' equity decreased by \$1,106,203 from \$43,603,018 as at March 31, 2016 to \$42,496,815 as at June 30, 2016. The decrease was primarily due to the net loss of \$1,389,292 incurred in 2017 Q1.

The share capital has not changed during the three months ended June 30, 2016. As at March 31 and June 30, 2016, the Company had 98,793,571 ordinary shares issued and outstanding, representing the amount of \$117,220,159.

The Company initiated an automatic share repurchase plan under a normal course issuer bid ("NCIB") in September 12, 2012 and subsequently renewed the plan consecutively on an annual basis. The current plan allows for the repurchase and cancellation of up to 350,000 of the Company's outstanding ordinary shares from November 4, 2015 through to November 3, 2016. Under this plan, up to 1,000 ordinary shares may be repurchased 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.

As of June 30, 2016, the Company had repurchased for cancellation 1,070,500 ordinary shares since the initiation of the original NCIB plan at an aggregate cost of \$610,611.

## **SIGNIFICANT EQUITY INVESTEE**

As of June 30, 2016, the Company owns a 60% interest in the Labec Century Joint Venture, which represents a net book value of \$8,017,924. The Company has joint control of this entity from an accounting perspective, and its interest is therefore accounted for using the equity method. The summarized financial information of Labec Century is disclosed in note 9 of the condensed consolidated interim financial statements of the Company for the three months ended June 30, 2016.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at June 30, 2016, the Company had cash and cash equivalents and short term bank deposits of \$23,396,549 to settle current liabilities of \$776,352. The net working capital of the Company was \$34,100,021 as at June 30, 2016. The Company's cash and cash equivalents and short term bank deposits are deposited with the major Canadian and international banks. The Company also invested in market securities with high liquidity and yields through reputable brokers in Canada. As at June 30, 2016, the Company had investment of \$633,935 in blue-chip mining companies' equities traded in international capital markets.

The current cash, marketable securities and working capital position of the Company is expected to sufficiently cover our corporate administrative expenditures of approximately \$7.3 million in the current fiscal year. Project expenditures related to the Attikamagen Properties and Sunny Lake Properties will be funded by their respective joint ventures as discussed in the "Mineral Exploration and Development Overview" section above.

The Company is dependent on external financing to fund its strategic initiatives and exploration and project development activities in the long term. In order to carry out the business plan and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Future minimum operating commitments payable as at June 30, 2016 and June 30, 2015 are as follows:

	<b>Lease commitment</b>	<b>Exploration expenditures</b>	<b>Lease commitments</b>	<b>Exploration expenditures</b>
	\$	\$	\$	\$
Within one year	388,506	-	563,934	623,569
After one year but not more than five years	68,658	-	430,403	4,000,000
More than five years	2,747	-	8,912	3,435,828
	<u>459,911</u>	<u>-</u>	<u>1,003,249</u>	<u>8,059,397</u>

## 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:

- As of June 30, 2016, the Company had accounts receivable of \$6,343,516 (March 31, 2016: \$6,326,596) from Labec Century. The balance mainly comprised of exploration expenditures of the Attikamagen Properties incurred and paid by the Company on behalf of Labec Century after Labec Century became the Company's joint venture.
- As of June 30, 2016, the Company had accounts receivable of \$3,210,771 (March 31, 2016: \$3,210,771) from WISCO Century Sunny Lake. The balance represents exploration expenditures on the Sunny Lake Properties incurred and paid by the Company on behalf of WISCO Century Sunny Lake.
- As of June 30, 2016, the Company had accounts payable of \$152,287 with Augyva. The President and CEO, Mr. Sandy Chim, and the Executive Vice-President, Mr. Peter R. Jones, are directors of Augyva.

These related party transactions are in the normal course of business and are measured at the transaction amounts, which is the amount of consideration established and agreed to by the related parties. Management estimates 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 June 30,</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Salaries and directors' fees	346,573	388,003
Share-based compensation expenses	98,246	188,753
	<u>444,819</u>	<u>576,756</u>

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company had 98,793,571 ordinary shares issued and outstanding, and 11,920,000 stock options and 1,346,500 share awards outstanding under the Company's equity incentive plan.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Company's management, with the participation of its CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect, in reasonable details, the transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that the Company's receipts and expenditures are made only in accordance with authorizations of management and the Company's Directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Company's condensed consolidated interim financial statements.

There has been no change in the Company's internal control over financial reporting during the three months ended June 30, 2016 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Chief Executive Officer and Chief Financial Officer of the Company certified on its internal controls over financial reporting for the three months ended June 30, 2016 using the 2013 COSO Framework in accordance with the regulatory requirements under National Instrument 52-109.

## **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 to allow timely decisions regarding required disclosure.

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 consolidated financial statements.

***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, based on IFRS 6 and IAS 36. 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. In the event that the prospects for the development of the investment project and the mineral projects are enhanced in the future, an assessment of the recoverable amount of the projects will be performed at that time, which may lead to a reversal of part or all of the impairment that has been recognized.

***Valuation of property, plant and equipment***

The Company carries its property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. The Company reviews the carrying value of its property, plant and equipment whenever events or changes in circumstances indicate that their carrying values may not be recoverable based on IAS 36. A market approach is used in estimating the fair value less costs of disposal ("FVLCD") of the Company's long term property, plant & equipment, primarily operational drills, field equipment and camps. In the event that the prospects for the development of the investment project and the mineral projects are enhanced in the future, an assessment of the recoverable amount of the projects will be performed at that time, which may lead to a reversal of part or all of the impairment that has been recognized.

***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.

***Share options 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 the fair value of share rewards is estimated using the quoted market price



plus an estimate for the number of units expected to vest. Share options costs 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.

#### ***Classification of joint arrangements***

The Company owns a 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 Company is deemed to have joint control over Labec Century. Per application of IFRS 11 Joint Arrangements, the Company 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.

#### ***Valuation of investment in a joint venture***

The Company's investment in Labec Century was initially recognized at fair value at the date of becoming a joint venture and accounted for using the equity method of accounting at each reporting period. The Company applies *IAS 39-Financial Instruments: Recognition and Measurement* to identify whether any objective evidence exists indicating the possibility for potential impairment. Management use their judgement in assessing the factors and making estimates and assumptions that are supported by quantifiable market information, supplemented by internal analysis as required. These assessment and estimates have been applied in a manner consistent with prior periods.

### **FINANCIAL AND OTHER INSTRUMENTS**

The Company's financial assets consist of cash, short term bank deposits, marketable securities and accounts receivable, whereas 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, and marketable securities are re-measured at fair value at each quarterly reporting date.

## **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, 2016.

## **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", "prospects", "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 strategic plans and future corporate developments, 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 "Mineral Exploration and Development Overview". 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 and other business ventures; (ii) financing, capitalization and liquidity risks, including the risk that financing necessary to fund the exploration and development activities at the Company's properties, or its other activities or strategic initiatives, 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 other commodities and the worldwide demand for and supply of iron ore and other commodities; (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 currencies exchange rate; (xi) insurance risks; (xii) volatility in the Company's stock price; and (xiii) risks relating to the evaluation and identification of prospective transactions arising from the review by Century of its strategic options and its available working capital.

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:

- a. the Company's business strategies with respect to its iron ore, food and other business ventures, including exploration and development plans;
- b. the costs of implementation of the Company's business plans and exploration and development plans;
- c. the availability of sufficient capital to enable the Company to carry out its business strategy and exploration and development plans;
- d. the completion of the financings and transactions contemplated by the Company's joint venture agreements with WISCO;
- e. the state of the economy and the mineral exploration industry in general and global demand for iron ore;
- f. world economic conditions and supply and demand of commodities, as well as related economic conditions in China;
- g. the provision of goods and services by contracted parties on agreed timeframes, plant and equipment work being advanced or otherwise functioning as anticipated;
- h. the accuracy of the estimates of mineral resource included in the NI 43-101 technical reports on the Company's material properties;
- i. the accuracy of the projections derived from the feasibility study of the Company's Joyce Lake Property included in the NI 43-101 technical reports on this property;

- j. the accuracy of the projections derived from the preliminary economic analysis of the Company's Duncan Lake and Full Moon Properties included in the NI 43-101 technical reports on these properties;
- k. 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;
- l. that aboriginal rights will be settled in a manner that will enable the Company to proceed with its planned exploration and development programs;
- m. the Company will be able to obtain the required regulatory approvals necessary to enable it to proceed with its exploration and development programs;
- n. the Company will not encounter any unanticipated geological or technical problems in carrying out its exploration and development programs;
- o. the price of iron ore remaining consistent with the Company's expectations;
- p. there will not be any material adverse events or changes outside the normal course of business for the Company;
- q. the competitive environment for iron ore, other base and precious metals, food products in China and technology and financial services in China worldwide;
- r. the cost of compliance with health standards in particular with respect to the quality food products the Company intends to distribute in Chinese markets; and
- s. regulatory compliance requirements as they apply in particular to the distribution of food products in China and the provision of technology services and financial services in China and other countries.

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 and its plans to seek out new activities and opportunities, as well as the risk factors provided in the Company's Annual Information Form for the year ended March 31, 2016. 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 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.

All of the technical disclosure contained in this MD&A pursuant to NI 43-101 have been reviewed and approved by the Company's senior exploration manager, Wenlong Gan, P. Geo, a Qualified Person.