



## **CENTURY GLOBAL COMMODITIES CORPORATION**

Management's Discussion and Analysis  
of Financial Conditions and Results of Operations  
for the Year Ended  
March 31, 2020

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 June 29, 2020. 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 year ended March 31, 2020. This MD&A should be read in conjunction with the consolidated financial statements and notes thereto of the Company as at and for the year ended March 31, 2020.

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 consolidated financial statements and MD&A. The Company's consolidated financial statements for the year ended March 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Notes 2 to 5 of the Company's consolidated financial statements as at and for the year ended March 31, 2020 discuss the IFRS accounting principles applied in preparing the consolidated 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, together with all its subsidiaries unless clearly stated otherwise.

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"), with B.C. Ltd. owning a 60% interest in WISCO Century Sunny Lake Iron Mines Limited, the operator of the Sunny Lake Joint Venture, 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% registered interest in its Duncan Lake project ("Duncan Lake Project"), which has earned approximately an additional 3% interest in the project.

- Century Metals Inc. (“Century Metals”), a 50.2% owned subsidiary of the Company and a company listed on the TSX-Venture Exchange under the stock symbol CMET, holds a 100% interest in the Trudeau gold property (“Trudeau Gold Property”) (an early stage polymetallic exploration project, located approximately 35 kilometres northwest of the city of Rouyn-Noranda, Quebec) consisting of three non-contiguous claim groups surrounding Duparquet Lake, namely Fabie, Trudeau and Eastchester.

Century also operates a food business in Hong Kong, Macau and mainland China through subsidiaries whose businesses are dedicated to these operations.

## **BUSINESS UPDATE**

### **Overview**

This past year has presented an extraordinary and challenging business environment with ongoing social unrest in Hong Kong as well as the global pandemic impact of COVID-19. I am pleased to report however that during these difficult times your company has experienced an iron ore price which has surged well beyond our expectations, after a minor sales contraction in Q2 our total food segment returned to growth especially in our profitable Hong Kong food operations and we have successfully entered the silver exploration business in Mexico through Century Metals, which is renamed Reyna Silver Corp. More detailed discussion and highlights follow:

- The iron ore market has performed well during this past year both in seaborne volume sold to China and selling price. The market has continued its recovery and is now a favourable environment to re-evaluate and advance our iron ore projects. In June 2020, iron ore spot price was above US\$100/t (62% Fe, CIF China), compared to US\$95/t used in our flagship Joyce project 2015 feasibility study.
- During the year we spun out and listed Century Metals (renamed Reyna Silver Corp.) on the TSX Venture Exchange, which previously acquired two Mexican silver properties from MAG Silver. To facilitate acquisition and listing a private placement raised \$6.6 million and when trading resumed in June 2020, shares closed approximately 3 times higher than the financing price. Also, at the initial spinout in June 2019, the Company paid a dividend in the form of Century Metals' shares, which at the closing price on the first day of Reyna Silver Corp. trading resumption had a total worth of approximately \$0.9 million.
- Our total food segment experienced its first ever sales contraction in the June-September quarter due principally to social unrest in Hong Kong which started in June 2019. With a great deal of hard work by our food team, we were able to resume sales growth in subsequent quarters and also achieved annual sales of approximately \$8 million, a 33% improvement over the prior year, as well as gross profit of \$2 million, a 23% improvement. Net profit from our Hong Kong food business was \$280,059 while total food segment loss was \$1,267,585 compared to \$1,707,306 loss last year. During the year we permanently closed our mainland China pilot food business as it was not profitable. This resulted in a write-off of approximately \$900,000, which was the major part of the total food segment net loss of \$1,267,585.

- During the fiscal year we continued a focus on precious metals opportunities and while gold traded below US\$1,300, we identified an undervalued mid-tier gold production company as an M&A target, by partnering with a major gold company who had access to substantial capital. However, toward the end of the acquisition process, gold surged to cycle highs making the potential transaction value unattractive. As a result, we withdrew from the process. Total professional and due diligence expenses amounted to approximately \$534,000.

## **Mining**

### **Iron Ore**

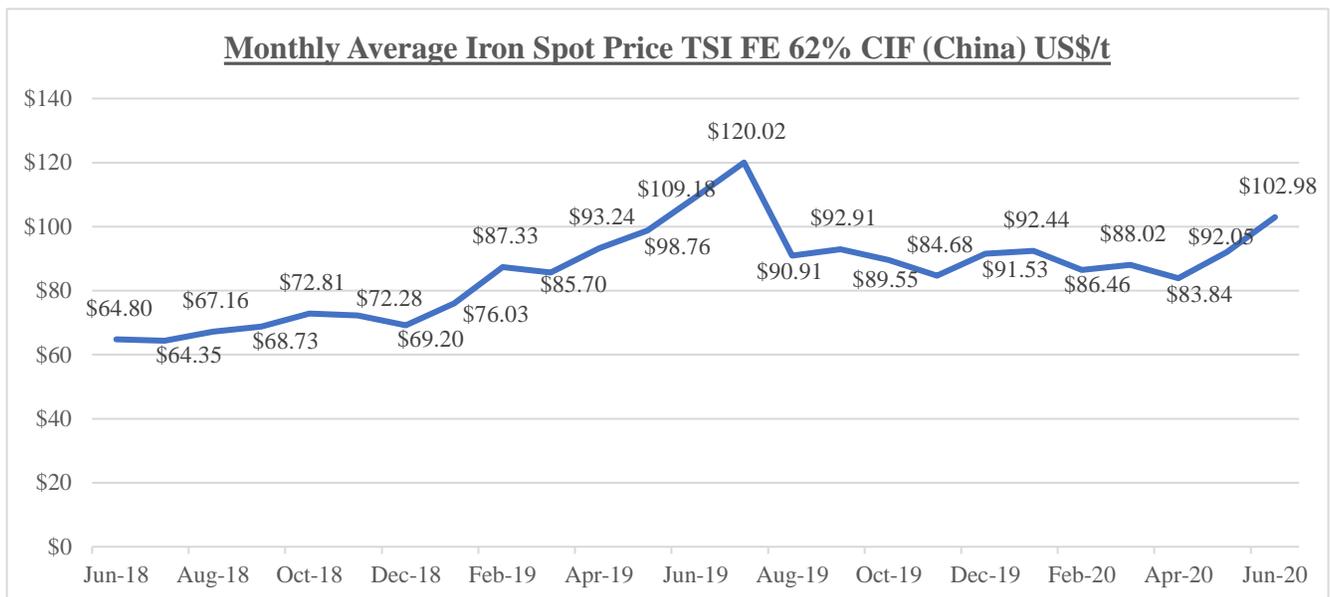
By the end of January 2019, following the tragic tailings dam failure at the Córrego do Feijão iron ore mine in Brazil, the global seaborne iron ore market reached a supply inflection point. During calendar H1 2019, the market experienced a 4% supply shortfall related to both the Brazilian dam failure and weather-impacted lower supply from Australian producers.

The seaborne iron ore price delivered to China in calendar H1 2019, increased by approximately 50% based on monthly average spot prices, increasing profits on near-normal production and sales volumes for major producers. For all of calendar year 2019, data from the General Administration of Customs shows China imported 1.069 billion tonnes of iron ore in 2019, similar to the 1.064 billion tonnes imported in 2018. Despite the flat Chinese import volume growth, iron ore is sustaining a strong price which clearly demonstrates the underlying strength of the seaborne market for both volume and price.

The Brazilian dam-failure in January 2019 drove an iron ore supply shortage which was most severe in calendar H1 2019 sending seaborne iron ore to an average monthly price over US\$100/t for four months followed by a spot peak in early July of US\$123/t. Though correction followed, iron ore spot prices stabilized in the range of US\$85-90/t in October through December 2019.

In 2020 year to date, iron ore price has been performing strongly and fluctuating around the US\$90/t mark but with momentum gathering speed in late April through May and at the beginning of June exceeding US\$100/t. Though COVID-19 is part of the reason for the price surge, as Brazil is a major seaborne global supplier and is one of the harder-hit countries, the iron ore market is quietly undergoing greater robust structural changes than originally predicted. These market conditions open a more positive outlook for our extensive iron ore assets.

The graph below plots monthly average TSI 62% Fe iron ore spot price for deliveries to China and clearly identifies spot market price recovery since 2018. The Brazilian dam failure impact peaked in mid-2019 after which the market returned to the US\$80-90/t price level for the rest of calendar 2019. In calendar mid-2020 Brazil is emerging as the country with the second highest number of COVID-19 deaths which has slowed iron ore production and reduced supply to the seaborne market, facilitating the price surge to over US\$100/t.



Against the backdrop of these new iron ore seaborne market dynamics, the market outlook is more positive and improving fundamentals underpin a sustained price recovery. In May 2020, research firm, Fitch Solutions, led a re-rating of the sector by raising its iron ore price forecast to US\$85/t, US\$90/t and US\$85/t for 2020, 2021 and 2022, respectively. Since this May forecast, iron ore has outperformed expectations by surging above US\$100/t in June 2020.

Our 2015 Joyce Lake feasibility study assumed an iron ore selling price of US\$95/t (on a less favourable USD-CAD exchange rates than today), the current spot price, exchange rate and several other factors, now place our flagship project in positive economic territory.

Underlying the global seaborne iron ore market is the strength of Chinese steel production which has quietly grown by about 200 million tonnes/annum over the last several years. Even after China dramatically lockdown infected regions to contain COVID-19, it managed its economy to limit

impacting iron ore imports while facilitating spot price increases. The outlook for iron ore consumption in China and other major economies, as COVID-19 subsides, is even more promising.

Over recent years, opportunities to reduce the cost of iron ore shipped from our Joyce Lake project through ports in Sept-Îles, Quebec have improved, related to new port infrastructure and potentially lower rail and port costs. Our mining team has started to re-focus on Joyce Lake in preparation for advancing the project in these more favourable market conditions.

### Non-ferrous

While waiting for iron ore market recovery, Century's mining team analyzed opportunities for an accretive acquisition in the precious and base metal sectors. In H1 of the fiscal year, we identified a significantly undervalued mid-tier gold production company with substantial reserves and resources and we created an M&A target opportunity by partnering with a major gold production company who had access to substantial capital.

In-depth due diligence was commissioned from world-class external advisors, while at the same time we pre-marketed the transaction to equity and mezzanine investors as well as senior debt providers, many of whom gave positive feedback.

Towards the end of our first fiscal quarter in June 2019, gold price began a rapid upward surge to well beyond US\$1,400/oz.. This surge rapidly shrank the acquisition target's discounted value to a level which was less than that attractive to ourselves and our partners. Although this transaction did not reach fruition, we identified a network of value investors for future M&A transactions. Going forward, we expect to adopt a similar M&A partnering strategy, allowing us to take on substantial transactions while continuing to maximize shareholder value creation.

### Century Metals Listed on TSX-Venture Exchange

Century Metals common shares were listed and traded on the TSX-Venture Exchange starting June 17, 2019 under the stock symbol CMET.

The Century Metals spin-out created an independent public company focussed initially on gold exploration on its 100%-owned Fabie, Trudeau and Eastchester claim groups in Quebec, Canada, with the ability to acquire additional precious metals properties and projects going forward. As an independent

public company, Century Metals plan was to separately source its own funding, while its parent, Century Global, will continue to focus on iron ore.

As gold price over the last 12 months has risen to over \$1700/oz., asset values have also trended to be overpriced. As such, Century Metals began evaluating silver opportunities which are lagging gold price performance. Century Metal eventually identified a promising Mexican silver opportunity and entered into a letter of intent with Reyna Silver Corp. effective September 23, 2019 to acquire all the issued and outstanding share capital of Reyna Silver Corp., which together with other properties, owns the Guigui and Batopilas silver exploration properties in Mexico. These two silver exploration properties were acquired by Reyna Silver Corp. from MAG Silver Corp. and were previously used by MAG Silver Corp. as founding properties when it first went public. The acquisition of Reyna Silver Corp. is a reverse takeover ("RTO") under Policy 5.2 of the Exchange, and subject to approval of the Exchange. Century Metals issued a news release announcing signing of the letter of intent on September 24, 2019 and a further update about the transaction was announced on December 31, 2019.

At the same time, Century Metals and Reyna Silver Corp. raised about \$6.6 million by way of private placements to support the acquisition. On March 20, 2020, Century Metals entered into the Acquisition and Amalgamation Agreement with Reyna Silver Corp. and 1244916 B.C. Ltd. ("Newco"; a wholly owned subsidiary of the Company), to acquire all the issued and outstanding share capital of Reyna Silver Corp.

On June 3, 2020, Century Metals completed the acquisition of all the issued and outstanding securities of Reyna Silver Corp. and changed its name to "Reyna Silver Corp." upon TSX Venture Exchange's approval. A news release announcing the completion of the RTO transaction was issued on June 4, 2020. After the acquisition transaction, the majority of the entity's outstanding shares are owned by MAG Silver, the former shareholders of Reyna Silver Corp. and new shareholders participated in the \$6.6 million private placement financing, while Century Global retained an interest of 3.67%.

The merged company, now named Reyna Silver Corp. (TSXV Ticker: RSLV), resumed trading after TSXV approval on June 8, 2020 and its share price closed on this first day of trading at 57 cents on about a volume of 1.0 million shares traded reflecting almost three times the financing price of 20 cents.

We believe that the Century Metals' transaction with Reyna Silver Corp. has great potential and is well timed in silver's price cycle. Recently the silver-to-gold price ratio has been high compared to historical metrics. The commodity price of silver is expected to catch up with that of gold, providing potentially a

significant price upside. Quality silver properties are scarce globally. Mexico is the world's largest primary silver producer, and home to several major silver mines. MAG Silver retains an interest in Reyna Silver Corp. and is a successful billion-dollar market capitalization company who have their flagship Juanicipio JV mine project in Mexico under development. MAG Silver will be a great strategic partner for Reyna Silver Corp., assisting in the advancement of both Guigui and Batopilas silver properties.

### **Dividend**

During the year, the Company declared and distributed a dividend in kind of 10 million Century Metals shares (which were consolidated on a 6.4 to 1 basis to approximately 1.6 million shares of Reyna Silver Corp.) that represents approximately \$0.9 million in value in total at the close of the first day of trading resumption on June 8, 2020 after the completion of the Reyna Silver Corp. transaction, reflecting an almost 50% increase in value from the price of those share at the time of distribution of 6 cents before consolidation.

### **Food**

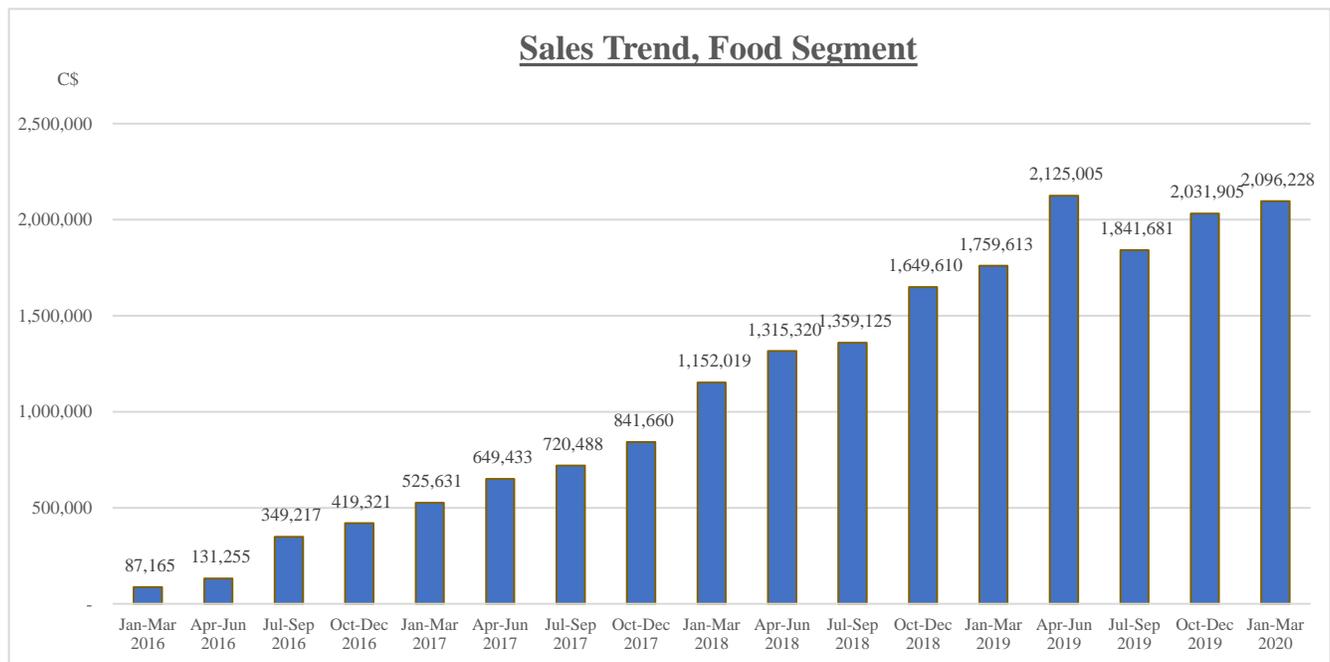
For the fiscal year, on a total food segment basis, combining Hong Kong and mainland China operations, net loss was \$1,267,585 (2018-9: \$1,707,306), of which a net profit of \$280,059 (2018-9: net profit of \$65,321) was contributed by the Hong Kong food business and a net loss of \$1,547,644 (2018-9: net loss of \$1,772,627) was contributed by the mainland China food business. During the year, operations on mainland China were permanently closed. Total food segment expenses for the year, excluding the write offs of mainland China operations, reduced by about 28% compared to the prior year. The Hong Kong food business achieved a gross profit margin of 23.9% (2018-9: 23.7%), while revenue grew by 46%.

During fiscal Q4, our Hong Kong food business achieved strong sales by bringing in major brands from Europe and Australia, broadening the product range and increasing retail shelf space. For the period the total food segment delivered \$2.1 million in sales (compared with \$1.8 million in the same quarter of 2018-19), representing 19% growth year over year and delivering a gross margin of 26.6%.

Amid the continued social unrest and the COVID-19 outbreak in Hong Kong, our food distribution business remained strong with Q4 sales growing by 3% over the previous quarter and achieving similar sales to Q1, a period prior to the social unrest and COVID-19.

After a few years of test piloting a restaurant and food services operation in mainland China, it was determined that permanent closure of mainland China operations was appropriate to allow management to allocate resources and to focus on the Hong Kong food distribution business and its continued success in generating revenue and profit. The significant impact of COVID-19 in the Chinese economy, especially in Wuhan, confirmed our decision and we are now leasing our Wuhan office property to a local tenant at market rent. We have written off all other assets related to our China food operations for the fiscal period.

The following chart shows the rapid growth of our food total food business since the beginning of calendar year 2016.



Our Hong Kong food distribution business is achieving steady growth and despite a sales setback in Q2 related to social unrest, it is delivering positive net income, cash flow and a net profit for the financial year.

## **Business Focus**

Having paid a dividend in Century Metals shares, completed the spin out, listing and conversion to Reyna Silver Corp. and having Reyna Silver Corp. underpinned by two promising silver exploration properties as well as establishing new management, it is appropriate now to focus on other opportunities.

The recovering iron ore market opens opportunities to re-evaluate and advance our extensive iron ore holdings and particularly our flagship Joyce project.

On the food business segment, the permanent closing of mainland China food operations allows management to focus on advancing an already successful and profitable Hong Kong food distribution business.

After a few years of hard work of diversification during the bottom of the iron ore market, Century has emerged as a simplified company complete with a profitable countercyclical food business to complement our iron ore development activities going forward.

## **MINERAL EXPLORATION AND DEVELOPMENT OVERVIEW**

The Company has multiple advanced iron ore projects and deposits in north-eastern Quebec and western Labrador, an area known as the “Labrador Trough”, and in the James Bay Area in western Quebec. Over the past few years, the Company has identified about 11 billion tonnes inferred and 8.4 billion tonnes of measured and indicated iron ore resources and 17.7 million tonnes of high grade of 59.7% Fe Direct Shipping Ore (“DSO”) reserves 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.

While the Company is waiting for the recovery of the iron ore market before advancing its projects, the Company's mining team has been reviewing opportunities in the precious and base metal sectors. As part of this process, Century accumulated several exploration properties by acquiring them directly from the government through staking.

## Iron Ore

The following table provides a summary of the Company's portfolio of iron ore projects by deposit type in both the Labrador Trough area of Quebec and Newfoundland and the James Bay area of Quebec, based on studies, evaluations and assessments that have 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% <sup>(3)</sup> |              |
| 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           |              |
| NI 43-101 Resources                       |                       |                   |                   |                  |                    |              |
| 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

(3) Century is in the process of registering approximately an additional 3% interest in the Duncan Lake Property

Management believes that the Company is well positioned to take advantage of more positive iron ore market conditions when they materialize in a sustained manner. In the future, as the market recovers the Company plans to first develop its DSO projects to generate a positive operating cash flow, then leverage that cash flow and the operating experience gained for subsequent development of its high-volume and more capital-intensive taconite/magnetite projects. In the meantime, the Company continues to optimize its expenditures, including capital allocation, so as to minimize unnecessary exploration and other activities but remains ready to rapidly advance its iron ore projects.

## 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 the first priority for development, while the Company's Hayot Lake Project is expected to be developed in the longer term.

### Joyce Lake DSO Project

The low capital intensity Joyce Lake DSO Project is the Company's most advanced project, is located in Newfoundland and Labrador, approximately 20 kilometres from the closest town of Schefferville, Quebec. The mineral resource estimate, dated April 17, 2014, identified 24.3 million tonnes of measured and indicated iron ore at an average grade of 58.55% Fe. The feasibility study ("FS") released in April 2015, 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 included an annual production plan of 2.5 million tonnes of iron ore products over a life of mine of approximately 7 years from an open pit with a strip ratio of 4.09:1. Mined ore would be dry crushed and screened to generate 65% product as sinter fines and 35% product as lump, 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, processed from lower grade stockpiles, averaging 53.3% Fe. A new 43-kilometre dedicated haul road from the mine site and 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 Joyce Lake initial capital cost was estimated to be \$259.6 million and the average estimated operating cost was \$58.25/dmt, loaded on board a ship 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 *Feasibility Study for the Joyce Lake Direct Shipping Iron Ore (DSO) Project of the Attikamagen Property, Labrador*, effective dated March 2, 2015 and filed April 14, 2015, on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company has completed capital and operating cost optimization to maximize project economics and also prepared an Environmental Impact Statement ("EIS") consistent with the FS. The Company plans to submit the EIS to governments when suitable market conditions exist, and the formal permitting process is expected to commence upon the submission of the EIS.

The EIS submission, permitting process and other project processes leading to a production decision are expected to be funded by Labec Century's existing financial resources, which had cash and cash equivalents of \$10.4 million as at March 31, 2020.

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 Joyce Lake DSO 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 for 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* filed under Century's profile on [www.sedar.com](http://www.sedar.com) on November 9, 2012. This high capital cost world-class taconite project is one that will be developed by the Company as a long-term growth opportunity.

### **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 a subsidiary of WISCO. 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 ADI, (formerly "WISCO Attikamagen" in "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 ADI 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 exploration 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. A new rail line will transport the product from the mine concentrator to Schefferville then over an existing rail line to the Sept-Îles new multi-user port for subsequent shipment to China. The PEA preferred option 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 operating cost was \$49.85/dmt, loaded on board a ship 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 ADI (formerly "WISCO Sunny Lake" in Sunny Lake JV agreement), 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 ADI 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 ADI.

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 ADI in accordance with their respective interests in the Sunny Lake Joint Venture.

As at March 31, 2020, 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 ADI 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 and 0.6 billion tonnes of inferred 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 acquire 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, thereupon 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 a further 14% interest to the company in May 2013.

As of March 31, 2020, the Company has a 65% registered interest in the Duncan Lake property and has earned approximately an additional 3% interest as a result of its funding contribution to the exploration expenditures incurred for the project subsequent to Century's earn-in of its 65% interest in the property.

## Trudeau Gold Property

The Fabie-Trudeau-Eastchester Polymetallic Project is an early stage exploration project, located approximately 35 kilometres northwest of the city of Rouyn-Noranda, Quebec.

Century Metals Inc., a 50.2% owned subsidiary of the Company and a company listed on the TSX-Venture Exchange under the stock symbol CMET, holds a 100% interest in the Trudeau Gold Property consisting of three non-contiguous claim groups in the surroundings of Duparquet Lake, namely Fabie, Trudeau and Eastchester, which Century Metals acquired directly from the government by staking.

This project is located in the Noranda Camp, otherwise known as the Noranda Volcanic Complex, a world class district of volcanogenic sulphide deposits rich in copper, zinc and gold. The Noranda Volcanic Complex is located within the Abitibi Greenstone Belt, the largest and best endowed Archean greenstone belt in the Canadian Shield. The greenstone belt is divided into the Southern Volcanic Zone and the Northern Volcanic Zone (Chown et al. 1992), representing a collage of two arcs separated by the Destor-Porcupine-Manneville Fault Zone (Mueller et al. 1996). The Eastchester claim group is located in the Northern Volcanic Zone, while the Fabie and Trudeau claim groups are in the Southern Volcanic Zone.

Two types of mineralization were encountered in the Fabie claim group: gold mineralization at the Fabie Nord showing and disseminated sulphides in rhyolite and andesitic rock in the southern part of the claim group. The sulphide mineralization found to date on the Trudeau claim group occur entirely as disseminated sulphides, similar to much of the copper-zinc sulphide mineralization in the nearby Magusi River deposit approximately 3.5 kilometres west of the claim group. The structures in the Eastchester claim group are inferred to be splays from the main break Destor-Porcupine Fault Zone and may resemble other fault/shear systems.

Exploration activities by Century Metals in the fall of 2017 consisted of geological reconnaissance prospecting on all three claim groups, followed by a line-cutting and a ground induced polarization survey over the Fabie claim group. The objective of the exploration program was to conduct a preliminary assessment of the mineral potential through the verification of historic data on site, prospecting and sampling to understand the background of the delineated mineralization, and an induced polarization survey over the Fabie area to delineate anomalies for further exploration. The results of the fall 2017 exploration program confirmed the character of this early stage project of sufficient merit to

warrant a further staged exploration program designed to identify, prioritize and test exploration targets on the three separate claim groups.

*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 underlying technical reporting. Please refer to the discussions in this report 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 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 underlying technical reporting.*

*Important Caution regarding Preliminary Economic Assessments*

*The financial analysis contained in the Preliminary Economic Assessments completed on the Company's projects is 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 AND EVALUATION EXPENDITURES**

### **Iron Ore Projects**

In light of currently challenging iron ore market conditions and a lower price environment, management performed an impairment review and recognized an impairment loss of \$20,654,725 on the Company's iron ore exploration and evaluation assets ("E&E Assets") in the year ended March 31, 2016, which resulted in a full impairment of the E&E Assets at that time. At March 31, 2020, the iron ore E&E Assets balance remains nil, as the Company has recorded all the exploration and evaluation related expenditures of its iron ore projects incurred subsequent to March 31, 2016 in "Project maintenance costs" in the profit and loss statement. Project maintenance costs for the Company's iron ore projects were \$41,688 during the year ended March 31, 2020, it arose primarily from claims renewal and maintenance, field property insurance and maintenance.

During the year ended March 31, 2020, approximately \$0.3 million of expenditures has been incurred for care and maintenance of 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.

## Trudeau Gold Property (Fabie-Trudeau-Eastchester Polymetallic Project) and Other Non-Ferrous Properties

During the fall of 2017, the Company executed a gold-focused field exploration program on certain mineral claims accumulated and acquired directly from the government by staking (held under a 50.2% owned subsidiary, Century Metals). The total amount of E&E Assets capitalized for these properties before investment tax credit adjustments during the year ended March 31, 2020 was \$127,654, with \$124,030 spent on the exploration and evaluation of the Trudeau Gold Property, and \$3,624 incurred for other non-ferrous properties. An analysis of exploration and evaluation costs is as follows:

|  | <b>2020</b>  | <b>2019</b>    |
|--|--------------|----------------|
|  | \$           | \$             |
| <b><u>Fabie-Trudeau-Eastchester Polymetallic Project</u></b>     |              |                |
| Balance – April 1  | 451,239      | 348,675        |
| Lab samples analysis & assaying                                  | -            | -              |
| Geophysical survey & geological mapping, prospecting & samplings | -            | 136            |
| Land claims renewal and staking                                  | 1,960        | 2,450          |
| Data compilation, targeting, field data and geological report    | 40,695       | 98,623         |
| Professional geological and engineering consultancy              | 21,375       | 33,487         |
| Field supports, property and projects management                 | 60,000       | 60,225         |
| Adjustments for investment tax credits                           | 52,503       | (92,357)       |
| Classified as assets held for sale                               | (627,772)    | -              |
| <b>Balance –March 31</b>   | <b>-</b>     | <b>451,239</b> |
| <b><u>Other Non-Ferrous Properties</u></b>                       |              |                |
| Balance – April 1  | 4,458        | 6,766          |
| Land claims renewal and staking                                  | 3,624        | -              |
| Reclassifications  | -            | (2,308)        |
| <b>Balance –March 31</b>   | <b>8,082</b> | <b>4,458</b>   |
| <b>Total Balance – March 31</b>                                  | <b>8,082</b> | <b>455,697</b> |

## SUMMARY OF FINANCIAL RESULTS

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

### Summary of Quarterly Results

| <b>Quarters ended</b>  | <b>March 31,<br/>2020<br/>(\$)</b> | <b>December 31,<br/>2019<br/>(\$)</b> | <b>September 30,<br/>2019<br/>(\$)</b> | <b>June 30,<br/>2019<br/>(\$)</b> |
|--|------------------------------------|---------------------------------------|--|-----------------------------------|
| Total revenue  | 2,096,228                          | 2,031,905                             | 1,841,681                              | 2,125,005                         |
| Net loss for the period attributable to owners of the Company              | (1,966,453)                        | (973,159)                             | (1,000,123)                            | (1,438,873)                       |
| Basic and diluted net loss per share attributable to owners of the Company | (0.02)                             | (0.01)                                | (0.01)                                 | (0.01)                            |
| Total assets   | 27,830,147                         | 28,059,603                            | 28,623,915                             | 30,061,707                        |
| Total liabilities  | 3,812,287                          | 2,599,790                             | 2,215,615                              | 2,597,026                         |
| Equity attributable to owners of the Company                               | 23,410,822                         | 24,847,553                            | 25,960,740                             | 26,894,147                        |
| Dividends for ordinary shares  | -                                  | -                                     | -                                      | 599,964                           |
| Dividends per share for ordinary shares                                    | -                                  | -                                     | -                                      | 0.006                             |
| <b>Quarters ended</b>  | <b>March 31,<br/>2019<br/>(\$)</b> | <b>December 31,<br/>2018<br/>(\$)</b> | <b>September 30,<br/>2018<br/>(\$)</b> | <b>June 30,<br/>2018<br/>(\$)</b> |
| Total revenue  | 1,759,613                          | 1,649,610                             | 1,359,125                              | 1,315,320                         |
| Net loss for the period attributable to owners of the Company              | (1,541,680)                        | (1,367,628)                           | (1,312,296)                            | (1,151,914)                       |
| Basic and diluted net loss per share attributable to owners of the Company | (0.02)                             | (0.01)                                | (0.01)                                 | (0.01)                            |
| Total assets   | 30,373,318                         | 32,385,973                            | 32,593,945                             | 34,515,699                        |
| Total liabilities  | 1,756,316                          | 1,974,407                             | 1,358,179                              | 1,813,106                         |
| Equity attributable to owners of the Company                               | 28,712,830                         | 30,411,566                            | 31,235,766                             | 32,702,593                        |
| Dividends for ordinary shares  | -                                  | -                                     | -                                      | -                                 |
| Dividends per share for ordinary shares                                    | -                                  | -                                     | -                                      | -                                 |

**RESULTS OF OPERATIONS**

|  | Three months ended |             | Year ended  |             |
|--|--------------------|-------------|-------------|-------------|
|  | March 31,          |             | March 31,   |             |
|  | 2020               | 2019        | 2020        | 2019        |
|  | (\$)               | (\$)        | (\$)        | (\$)        |
| <b>Revenue</b>   | 2,096,228          | 1,759,613   | 8,094,819   | 6,083,668   |
| <b>Cost of sales</b>   | (1,538,629)        | (1,314,353) | (6,131,520) | (4,490,005) |
| <b>Gross profit</b>  | 557,599            | 445,260     | 1,963,299   | 1,593,663   |
| Other income   | 38,225             | 41,933      | 279,058     | 213,712     |
| Selling expenses   | (91,038)           | (159,733)   | (502,347)   | (819,757)   |
| Administrative expenses  | (1,154,977)        | (1,397,609) | (5,565,557) | (5,586,193) |
| Project maintenance costs  | (15,945)           | (240,192)   | (41,688)    | (266,963)   |
| Share-based compensation expenses                                      | (48,506)           | (19,436)    | (76,138)    | (111,277)   |
| Gain/(loss) on foreign exchange  | (103,781)          | 75,271      | (142,169)   | (81,571)    |
| Loss on dissolution or disposal of subsidiaries<br>in other currencies | -                  | -           | (333,547)   | -           |
| Other losses   | (905,697)          | (350,000)   | (905,697)   | (350,000)   |
| Impairment of investment in a joint venture                            | (360,000)          | -           | (360,000)   | -           |
| Impairment of goodwill   | -                  | (98,943)    | -           | (98,943)    |
| Interest expense   | (5,383)            | -           | (21,976)    | -           |
| Share of profit/(loss) of a joint venture                              | 13,896             | (4,044)     | 31,376      | (32,002)    |
| <b>Loss before tax</b>   | (2,075,607)        | (1,707,493) | (5,675,386) | (5,539,331) |
| Income tax recovery  | 80,333             | -           | 80,333      | -           |
| <b>Net loss for the period</b>   | (1,995,274)        | (1,707,493) | (5,595,053) | (5,539,331) |
| Attributable to:   |                    |             |             |             |
| Owners of the Company  | (1,966,453)        | (1,541,680) | (5,378,608) | (5,373,518) |
| Non-controlling interests  | (28,821)           | (165,813)   | (216,445)   | (165,813)   |
|  | (1,995,274)        | (1,707,493) | (5,595,053) | (5,539,331) |

## **Analysis of Results of Operations**

### ***For the year ended March 31, 2020 and 2019***

For the year ended March 31, 2020 ("2020"), the Company reported revenue of \$8,094,819 and a net loss of \$5,595,053 compared to revenue of \$6,083,668 and a net loss of \$5,539,331 for the comparable year ended March 31, 2019 ("2019"). In 2020, the Company's food business continued its growth momentum and reported increasing revenue. The Company's net loss of 2020 is \$55,722 more compared to that of 2019 mainly due to an increase in gross profit, decreases in selling expenses and project maintenance costs, net of increases in foreign exchange loss, impairment of investment in a joint venture, other losses and a net loss on dissolution or disposal of subsidiaries in other currencies in 2020. The changes are further discussed below.

### **Revenue, cost of sales and gross profit**

The Company's revenue of \$8,094,819 for 2020 was wholly derived from its food segment. In 2020, the Company mainly sold eggs, egg products and meats to customers including major retail chains, caterers, hotels and restaurants in Hong Kong and Macau.

The Company's gross profit margin of 2020 was 24.3%.

### **Expenses and net loss**

The factors contributing to the net increase in the net loss of 2020 are as follows:

- Gross profit increased by \$369,636 as the food business continued to grow in 2020;
- Selling expenses decreased by \$317,410 as the Group had closed its restaurant operations in mainland China;
- Project maintenance costs decreased by \$225,275 since there was an additional accrual of \$222k for investment tax credits payable to Augyva in 2019;
- Foreign exchange loss increased by \$60,598, primarily due to an overall unfavourable foreign exchange rates on the translation of certain Canadian dollars denominated assets to Hong Kong dollars at our Hong Kong subsidiaries;

- Impairment of investment in a joint venture, Labec Century, of \$360,000 arising from an impairment of its receivable balance was made in 2020;
- Other losses of \$905,697 were incurred in 2020. During 2020, the Group permanently closed its food service operations in mainland China to allow management to allocate resources and to focus on the Hong Kong food distribution business and its continued success in generating revenue and profit. As a result, the Group has written off the prepayments and inventories relating to its mainland China operations amounting to \$905,697;
- A net loss of \$333,547 was recorded in 2020 on the dissolution or disposal of subsidiaries in other currencies. An exchange loss of \$380,072 was recorded on the dissolution of the Group's subsidiary in China, while a gain of \$46,525 was recorded from the disposal of another subsidiary in China.

#### ***For the three months ended March 31, 2020 and 2019***

For the quarter ended March 31, 2020 ("2020 Q4"), the Company reported revenue of \$2,096,228 and a net loss of \$1,995,274 compared to revenue of \$1,759,613 and a net loss of \$1,707,493 for the comparable quarter ended March 31, 2019 ("2019 Q4"). In 2020 Q4, the Company's food business continued its growth momentum and reported increasing revenue. The Company's net loss of 2020 Q4 is \$287,781 more compared to that of 2019 Q4 mainly due to an increase in gross profit, decreases in selling expenses, administrative expenses, and project maintenance costs, net of increases in foreign exchange loss, impairment of investment in a joint venture and other losses in 2020 Q4. The changes are further discussed below.

#### **Revenue, cost of sales and gross profit**

The Company's revenue of \$2,096,228 for 2020 Q4 was wholly derived from its food segment. In 2020 Q4, the Company mainly sold eggs, egg products and meats to customers including major retail chains, caterers, hotels and restaurants in Hong Kong and Macau.

The Company's gross profit margin of 2020 Q4 was 26.6%.

## Expenses and net loss

The factors contributing to the net increase in the net loss of 2020 Q4 are as follows:

- Gross profit increased by \$112,339 as the food business continued to grow in 2020 Q4;
- Selling expenses decreased by \$68,695 as the Group had closed its restaurant operations in mainland China;
- Administrative expenses decreased by \$242,632, which was mostly attributable to the higher consulting and professional fees incurred mainly for the study and evaluation of a target acquisition of a mining company in a formal bidding process in 2019 Q4;
- Project maintenance costs decreased by \$224,247 since there was an additional accrual of \$222k for investment tax credits payable to Augyva in 2019 Q4;
- Foreign exchange loss increased by \$179,052 and turned from a net gain of \$75,271 in 2019 Q4 to a net loss of \$103,781 in 2020 Q4, primarily due to an overall unfavourable foreign exchange rates on the translation of certain Canadian dollars denominated assets to Hong Kong dollars at our Hong Kong subsidiaries in 2020 Q4;
- Impairment of investment in a joint venture, Labec Century, of \$360,000 arising from an impairment of its receivable balance was made in 2020 Q4;
- Other losses of \$905,697 were incurred in 2020 Q4. During 2020, the Group permanently closed its food service operations in mainland China to allow management to allocate resources and to focus on the Hong Kong food distribution business and its continued success in generating revenue and profit. As a result, the Group has written off the prepayments and inventories relating to its mainland China operations amounting to \$905,697 in 2020 Q4.

## CONSOLIDATED FINANCIAL POSITION

### *Consolidated Assets*

Consolidated assets decreased by \$2,543,171 from \$30,373,318 as at March 31, 2019 to \$27,830,147 as at March 31, 2020. The change was primarily due to the utilization of cash in operations including the development of the food business in Hong Kong.

### *Consolidated Liabilities*

Consolidated liabilities increased by \$2,055,971 from \$1,756,316 as at March 31, 2019 to \$3,812,287 as at March 31, 2020. The increase in liabilities was mainly attributable to the increase of trade payable balance of the food business, subscriptions received under Century Metal's RTO transaction and the recognition of lease liabilities on the adoption of IFRS 16 *Leases* in the current year.

### *Shareholders' Equity*

Equity attributable to owners of the Company decreased by \$5,302,008 from \$28,712,830 as at March 31, 2019 to \$23,410,822 as at March 31, 2020. The decrease was primarily due to the net loss of \$5,378,608 attributable to the owners of the Company incurred during the year ended March 31, 2020. The net loss of the Company was primarily resulted from the administrative costs of maintaining and running its mining projects, the costs of studying and evaluating a target acquisition of a mining company, the investment in expanding the food business, a loss on dissolution of a subsidiary, impairment of investment in a joint venture and other losses on write-offs arising from the cessation of food service operations in mainland China.

The share capital has not changed during the year ended March 31, 2020. As at March 31, 2019 and 2020, the Company had 98,504,571 ordinary shares issued and outstanding, representing the amount of \$117,057,236.

Holder of the Company's securities may obtain a copy of the Company's filings with the TSX without charge, by making a request to the Company at its headquarters in Hong Kong.

## **SIGNIFICANT EQUITY INVESTEE**

As of March 31, 2020, the Company owns a 60% interest in the Labec Century Joint Venture, which represents a net book value of \$7,380,195. 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 14 of the consolidated financial statements of the Company for the year ended March 31, 2020.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2020, the Company had cash and cash equivalents and short-term bank deposits of \$3,687,125 to settle current liabilities other than those directly associated with assets held for sale of \$2,091,596. The net working capital of the Company, excluding those assets and corresponding liabilities classified as held for sale, was \$7,046,331 as at March 31, 2020. The Company's cash and cash equivalents and short-term bank deposits are deposited with major banks. The Company also invested in market securities with high liquidity and yields through a reputable broker in Canada. As at March 31, 2020, the Company had investment of \$204,547 in mining companies' equities traded in international capital markets.

The Company's operations may not generate sufficient cash flow to fund obligations. The Company may need to take additional measures to increase its liquidity and capital resources, including obtaining additional debt or equity financing, pursuing joint-venture arrangements, or other financing arrangements. The Company may experience difficulty in obtaining satisfactory financing terms and failure to obtain adequate financing on satisfactory terms could have a material adverse effect on the Group's results of operations or financial condition.

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.

The Group's lease liabilities as of March 31, 2020 is as follows:

|                          | <b>March 31,<br/>2020</b> |
|--------------------------|---------------------------|
| <b>Lease liabilities</b> | <b>\$</b>                 |
| Within 1 year            | 260,699                   |
| Between 1 and 2 years    | 146,099                   |
| Between 2 and 3 years    | 8,838                     |
| More than 3 years        | -                         |
|                          | <hr/>                     |
|                          | <b>415,636</b>            |

## 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 March 31, 2020, the Company had accounts receivable of \$4,309,865 (March 31, 2019: \$5,356,999) from Labec Century. The balance mainly comprised of exploration expenditure of the Attikamagen property incurred and paid by the Company on behalf of Labec Century after Labec Century became the Company's joint venture. The balance is repayable upon request.
- As of March 31, 2020, the Company had accounts receivable of \$3,210,771 (March 31, 2019: \$3,210,771) from WISCO Century Sunny Lake. The balance represented exploration expenditure of the Sunny Lake property incurred and paid by the Company on behalf of WISCO Century Sunny Lake. The balance is repayable upon request.
- As of March 31, 2020, the Group had accounts receivable of \$193,578 (2019: \$184,986) from management for an advance for business purpose.

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</b> |                | <b>Year ended</b> |                  |
|-----------------------------------|---------------------------|----------------|-------------------|------------------|
|                                   | <b>March 31,</b>          |                | <b>March 31,</b>  |                  |
|                                   | <b>2020</b>               | <b>2019</b>    | <b>2020</b>       | <b>2019</b>      |
|                                   | <b>\$</b>                 | <b>\$</b>      | <b>\$</b>         | <b>\$</b>        |
| Salaries and directors' fees      | 314,050                   | 345,600        | 1,167,700         | 1,160,200        |
| Share-based compensation expenses | 536                       | 13,151         | 19,220            | 76,063           |
|                                   | <u>314,586</u>            | <u>358,751</u> | <u>1,186,920</u>  | <u>1,236,263</u> |

**DISCLOSURE OF OUTSTANDING SHARE DATA**

As at the date of this MD&A, the Company had 98,504,571 ordinary shares issued and outstanding, and 8,552,500 stock options under the Company's equity incentive plan outstanding.

**INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")**

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 financial statements.

There has been no change in the Company's internal control over financial reporting during the year ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### **DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")**

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.

The Chief Executive Officer and Chief Financial Officer of the Company certified on its ICFR and DC&P for the year ended March 31, 2020 using the 2013 COSO Framework in accordance with the regulatory requirements under National Instrument 52-109.

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 *Exploration for and Evaluation of Mineral Resources* and IAS 36 *Impairment of Assets*. 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 and investment property*

The Company carries its property, plant and equipment and investment property at cost less accumulated depreciation and accumulated impairment losses. The Company reviews the carrying value of its property, plant and equipment and investment property whenever events or changes in circumstances indicate that their carrying values may not be recoverable based on IAS 36 *Impairment of Assets*. 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.

***Provision of expected credit losses on accounts receivable***

The Company uses a provision matrix to calculate expected credit losses (“ECL”) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company’s historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

***Share-based compensation expenses***

The Company grants share options and awards 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 IFRS 9 *Financial Instruments* to identify whether any objective evidence exists indicating the possibility for potential impairment. Where there is objective evidence of impairment, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 *Impairment of Assets*, the guideline for impairment assessment of the Company's assets. 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. 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.

***Going concern***

The assessment of events or conditions that may cast significant doubt on the Company's ability to continue as a going concern involves significant judgment. In making this determination management considers all relevant information. Management has determined that there is no going concern uncertainty at March 31, 2020.

***COVID-19***

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Although the Group has adjusted some of its operating procedures, to date the Group's operations have not been significantly impacted by COVID-19. The management will monitor the situation and may take actions that alter the Group's business operations as may be required by federal, provincial or local authorities, or that management determines are in the best interests of the Group's employees, customers, suppliers, shareholders and other stakeholders. Such alterations or modifications could cause substantial interruption to the Group's business, any of which could have a material adverse effect on the Group's operations or financial results.

## CHANGES IN ACCOUNTING POLICIES

The Company applies, for the first time, IFRS 16 *Leases* in its consolidated financial statements. The changes in accounting policies and the retrospective adjustments arising from the adoption of the new standard are described below.

### IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of April 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings at the date of initial application. Comparatives are not restated, as permitted under the transitional provisions in the standard.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

#### (a) Impact on lessee accounting

IFRS 16 changes how the Company accounts for leases previously classified as operating lease under IAS 17, which were off-balance sheet.

On the adoption of IFRS 16, for all leases (except as noted below), the Company recognizes right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of future lease payments; recognizes amortization of right-of-use assets and interest on lease liabilities in profit or loss; and separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortized as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases with lease term of 12 months or less and leases of low-value assets, the Company has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

(b) Impact on lessor accounting

Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases using the same classification principle as in IAS 17 and account for those two types of leases differently.

(c) Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the Company recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application, excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application, and used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adoption of IFRS 16 on the Company's consolidated statement of financial position as at April 1, 2019 is as follows:

|  | <b>April 1,<br/>2019</b> |
|--|--------------------------|
|  | <b>\$</b>                |
| Increase in right-of-use assets, at net book value | 312,066                  |
| Increase in lease liabilities                      | (372,213)                |
| Decrease in other payables                         | <u>34,995</u>            |
| Increase in deficit                                | <u>25,152</u>            |

## **FINANCIAL AND OTHER INSTRUMENTS**

The Company's financial assets consist of cash and cash equivalents, short term bank deposits, marketable securities and trade and other receivable, whereas the Company's financial liabilities consist of trade and other payables. It is management's opinion that the 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, 2020.

## **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, 2020. 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 Director of Exploration, Wenlong Gan, P.Geol, a Qualified Person.