eResearch
Update Report October 8, 2013

CENTURY IRON MINES CORPORATION

(TSX: FER)

Recommendation
Speculative Buy

Risk
High

Price (October 8, 2013)
$0.53 (intra-day)

52-Week Range
$1.25-$0.30

Target Price
First: $0.72
Second: $1.00

Shares O/S
94.31 million

Market Cap
$50.0 million

Average Daily Volume
50-day: 10,500
200-day: 56,300

Year-End
March 31

Book Value Per Share
March 2011: $0.04
March 2012: $1.15
March 2013: $1.57
June 2013: $1.55
March 2014: $1.69E

Cash Per Share
March 2013: $0.20
June 2013: $0.36
March 2014: $0.55E

***e*Research Analyst:**
Bob Weir, B.Sc., B.Comm., CFA

UPFRONT

Justified or not, commodity prices over the past few years have been inexorably tied to the economic fortunes of primarily China, but also to many of the emerging countries. This is particularly true for iron ore. As China undertook its massive infrastructure build-out over the past 10-20 years, its steel mills were going flat out to meet domestic demand. This, in turn, led to a huge requirement for iron ore to feed the steel mills. For the first ten of the last twenty years, the price of iron ore traded fairly constant, at around US$10.00-US$12.00/ton. Then, in 2004, as the world increasingly recognized what was transpiring in China, the price of commodities, including iron ore, started to rise, tripling in a year, then exploding to the upside with a six-fold gain to an all-time high around US$185.00/ton in late 2010. As China's growth rate started to wane, commodity prices came off. The price of iron ore bottomed in September 2012 at US$86.70/ton. It has since recovered and now sits around US$134.00/ton. Yet, the stock prices of the iron ore companies remain mired near multi-year lows.

While industry stock prices, for a while, may remain moribund, or rise slowly, we think investors will have to await a wholesale change in investment sentiment for commodity-related stocks. When the climate does change, we believe that Century Iron will out-perform many of its peers. As outlined in this report, over the past year, the Company has achieved remarkable growth, which is not being reflected in its stock price. Some day, it will!

RECOMMENDATION

We continue to rate the shares of Century Iron Mines Corporation as a Speculative Buy, based on its attractive project portfolio, strong liquidity, two key Chinese investors, and possible initial production by late 2015/early 2016.

THE COMPANY

Century Iron Mines Corp. ("Century Iron" or the "Company") is one of the largest iron ore companies in Canada, in terms of number of claims by area. The Company has 6,309 claims and titles, covering some 192,273 hectares (476,300 acres) in the provinces of Québec and Newfoundland & Labrador.

STRATEGIC INVESTORS

The Company has two strategic Chinese shareholders: (1) Wuhan Iron and Steel (Group) Corp. ("WISCO"), a leading Chinese steelmaker, has an approximate 25% equity interest in the Company; and (2) China Minmetals Corporation ("Minmetals"), a leading metal and mineral trading company that is also involved in iron ore mining, has an approximate 5% equity interest.

WISCO is the fourth-largest steel producer in China, controlling 3 billion tonnes of overseas iron ore resources. The company's annual output of steel is approximately 40 million tonnes, with plans to raise it to 60 million tonnes. WISCO's portfolio of business activities includes mining, coking, sintering, iron making, steel making, rolling and associated utilities. In 2012, the company ranked 321st on Fortune's Global 500 list.

COMMENT: *WISCO is reputed to be a leading candidate to purchase Rio Tinto's 59% interest in Iron Ore Company of Canada ("IOC"). IOC is Canada's largest iron ore producer, and a leading global supplier of iron ore pellets and concentrate. IOC is valued around $8 billion, and Rio Tinto is alleged to be seeking $3.5 - $4.0 billion for its majority stake. Mitsubishi Corporation owns 26% of IOC and Labrador Iron Ore Royalty Company owns the remaining 15%.*

We believe that, if WISCO is succcessful in purchasing Rio Tinto's iron ore interest in IOC, it would have positive implications for Century Iron. In addition to possible synergies, Century Iron might have its transportation challenges solved. IOC does its processing at its Labrador City facilities, and then its pellets and concentrate are transported via the Quebec North Shore and Labrador (QNS&L) railway to the company's shipping terminal and deep-water port in Sept-Îles, Quebec. The trains can haul up to 24,000 tonnes of ore in 265 cars stretching some 2.5 kilometers in length. Through its WISCO affiliation, Century Iron may be able to strike a favourable arrangement with QNS&L as well.

Minmetals is a Chinese metals and mineral trading company engaged in the production and trading of metals and minerals. The company sells more than 20 million tonnes of steel products annually. Minmetals' subsidiary, Minmetals Exploration & Development Co., which is Century Iron's direct shareholder, is involved in exploration and development of iron ore, coal, lead, zinc, and other mining projects. Minmetals has reserves of 600 million tonnes of iron ore and 250 million tonnes of coking coal. The company ranks 169th on Fortune's Global 500 list.

PROPERTIES

Century Iron has interests in four iron ore projects in Canada.

Three projects, *Sunny Lake*, *Attikamagen*, and the *Altius Properties*, are located in the Labrador Trough region of Québec and Newfoundland & Labrador (see Map 2 on page 10), and the *Duncan Lake* project (see Map 3 on page 11) is located in western Québec.

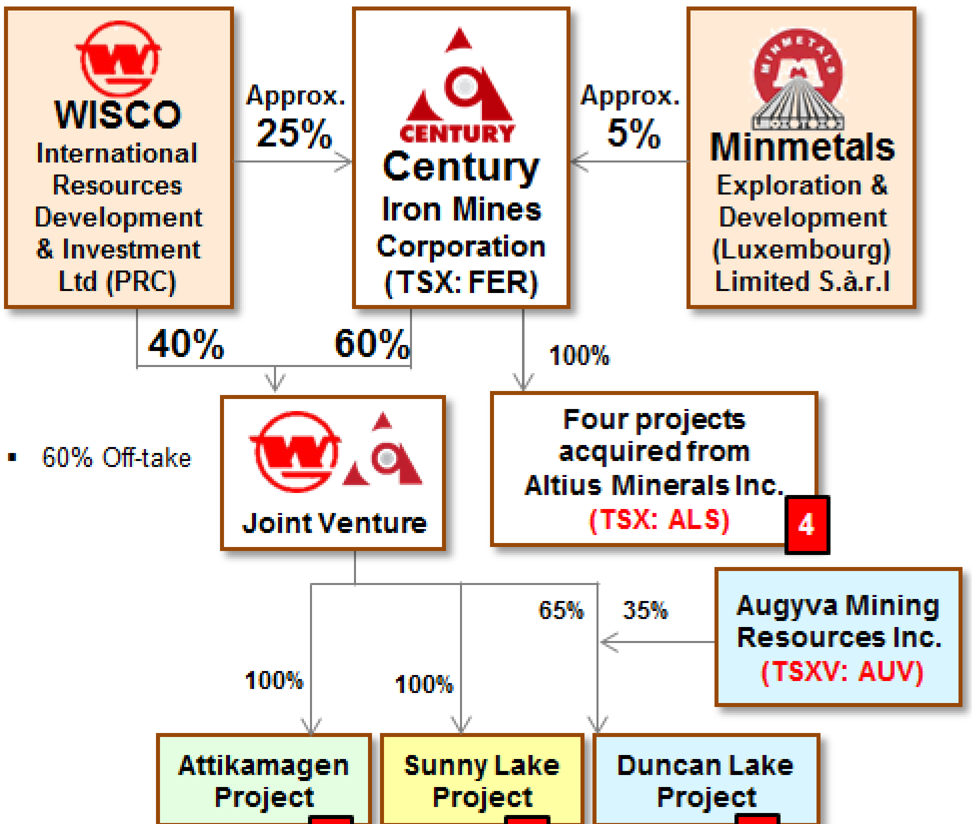
Table 1: Corporate Properties

Project	Location	Ownership	Claims	Area (ha)
Duncan Lake Project	Quebec	65% (1)	534	25,605
Sunny Lake Project	Quebec	60% (2)	567	27,670
Lac Le Fer				
Rainy Lake (Full Moon)				
Attikamagen Project	Quebec/ Newfoundland & Labrador	56%; Option to 100% (3)	1,022	34,348
Joyce Lake				
Hayot Lake				
Altius Properties	Newfoundland & Labrador	100%	4,186	104,650
Schefferville West				
Astray, Astray-X (4)				
Menihek and Grenville				
TOTALS			6,309	192,273

Source: The Company

(1) WISCO can earn a 40% Century Iron/WISCO JV interest in the *Duncan Lake* project.
(2) WISCO owns a 40% Century Iron/WISCO JV interest in the *Sunny Lake* project.
(3) Century Iron/WISCO JV has an agreement with Champion Iron Mines to acquire a 100% interest; such that the resulting ownership, through the JV (Labec Century), will be 60% Century Iron and 40% WISCO.
(4) Century Iron has a 20% indirect interest in the *Astray-X* property.

CORPORATE STRUCTURE



NI 43-101 Resources	Hayot	Joyce (DSO)	Full Moon	Duncan	Total
Measured & indicated	-	10.0 Mt	7.3 Bt	1.1 Bt	8.4 Bt
Inferred	1.7 Bt	5.6 Mt	8.7 Bt	0.6 Bt	11.0 Bt

Source: Company

PRELIMINARY ECONOMIC ASSESSMENTS

Century Iron is in the process of obtaining resource estimates and PEAs for all of its properties.

PEAs were received for *Duncan Lake* (March 2013) and *Joyce Lake* (March 2013), with both PEAs being updated in May 2013.

A PEA is expected for *Rainy Lake* in 2014.

RESOURCE ESTIMATES

In the 2012- May 2013 period, Century Iron received resource estimates for the following projects:

- *Duncan Lake* (August 2012);
- *Rainy Lake* or *"Full Moon"* (October 2012);
- *Hayot Lake* (November 2012); and
- *Joyce Lake* (March 2013).

The *Lac Le Fer* project is expected to obtain a resource estimate in 2014.

Table 2: Current Property Status

Property	Resource Estimate	PEA
Duncan Lake	Yes	Yes
Lac Le Fer	In 2014	
Rainy Lake	Yes	In 2014
Joyce Lake	Yes	Yes
Hayot Lake	Yes	

Source: The Company

The NI 43-101 resource estimates received to date are shown in Table 3 below.

Table 3: Mineral Resource Estimates

	Billion Tonnes	
Measured (M)		
Duncan Lake	0.406	
Joyce Lake	0.005	
Total Measured		***0.411***
Indicated (I)		
Duncan Lake	0.645	
Rainy Lake	7.260	
Joyce Lake	0.005	
Total Indicated		***7.910***
Total Measured + Indicated		***8.321***
Inferred		
Duncan Lake	0.563	
Rainy Lake	8.694	
Hayot Lake	1.723	
Joyce Lake	0.006	
Total Inferred		***10.986***

Source: The Company

CURRENT STRATEGIES

The Company's current strategy is to develop the DSO (Direct Shipping Ore) projects first (*Joyce Lake*, *Lac Le Fer* and *Schefferville West*), with a particular focus being on *Joyce Lake.*

COMMENT: *The Joyce Lake project should reach the production stage by late 2015, i.e., in early winter. With weather a factor, initial production is likely to be stockpiled until a winter road across Lake Attikamagen is ready to provide the necessary means of transportation. Once Joyce Lake (Attikamagen) is in production, the Lac Le Fer (Sunny Lake) and Schefferville West (Altius properties) projects should soon start producing.*

Once the DSO projects are revenue-generating, the Company can use the proceeds to develop the lower-grade and more capital-intensive BIF (banded iron formation) projects, e.g., *Rainy Lake*.

The DSO targets have up to 7Mt each @ 60%+ Fe and thus would be mined for three to four years. Lower-grade material would be stockpiled at first and processed afterwards.

The Company plans to use cash flows from producing DSO projects, plus additional funds, to build a 28-kilometre road from the Rail Loop to the *Joyce Lake* mine. Later, and in stages, the Company intends to build a railway from *Joyce Lake*, first to *Hayot Lake*, and then on to the *Full Moon* project. There will also be other infrastructure for the BIF projects.

2013-2014 OUTLOOK

A. Attikamagen Project

(Quebec/Newfoundland & Labrador)

1. ***Joyce Lake***
   By the end of 2013, Century Iron should have completed all of the necessary ground work to permit a feasibility study, through Labec Century, on *Joyce Lake.* The feasibility study should be released before the end of 2014. The exploration program is expected to include infill drilling of the currently defined orebody, plus resource definition drilling of the extension and surrounding area. The Company hopes to upgrade the resources and thus grow the operation. The drill results announced on October 7 confirm the expectations of the DSO potential at *Joyce Lake*. The payment of WISCO's second equity investment of $20 million in the joint venture is further evidence of the expected success of this project.

B. Sunny Lake

(Quebec)

1. ***Full Moon***
   Completion of a PEA (already underway) at the *Full Moon* (taconite) project is scheduled for 2014.

2. ***Lac Le Fer***
   Resource definition drilling at DSO targets, Prospect #3 and Prospect #8, at *Lac Le Fer* is scheduled for the 2014 field season, with the activities to be funded by WISCO. WISCO is earning a 40% voting and participating interest in *Sunny Lake* under the terms of a joint-venture agreement.

C. Altius

(Newfoundland & Labrador)

The next phase of exploration programs at the *Altius* properties will likely not occur until some time in 2014.

FINANCIAL STATEMENTS

Table 4: Condensed Financial Statements

(C$)	Actual Year End	Actual Year End	Actual Year End	Actual TTM	Estimate Year End
Statement of Income (Loss)	**Mar 31/2011**	**Mar 31/2012**	**Mar 31/2013**	**Jun 30/2013**	**Mar 31/2014**
Non-Operating Income	77,500	1,015,404	576,824	429,448	200,000
General & Administrative	(2,178,152)	(6,498,173)	(8,463,953)	(7,850,543)	(8,200,000)
Other Operating Expenses	0	(746,602)	(162,275)	(162,275)	(100,000)
Non-Operating Income/(Expenses)	383,994	238,674	(148,131)	(225,069)	(200,000)
Non-Cash Items	73,502	(1,199,959)	(326,258)	(261,571)	(300,000)
Net Profit/(Loss)	(1,643,156)	(7,190,656)	(8,523,793)	(8,070,010)	(8,600,000)
Non-Recurring Items	0	(8,469,210)	43,621,287	43,621,287	0
Reported Profit/(Loss)	(1,643,156)	(15,659,866)	35,097,494	35,551,277	(8,600,000)
Total Shares Outstanding	58,180,000	94,864,071	94,474,158	94,305,571	94,300,000
Weighted Average Shares O/S	36,079,763	88,073,022	94,775,765	94,378,243	94,387,079
Net Profit/(Loss) Per Share	($0.05)	($0.08)	($0.09)	($0.09)	($0.09)
Reported Profit/(Loss) Per Share	($0.05)	($0.18)	$0.37	$0.38	($0.09)
Cash Flow Statement					
Net Profit/(Loss)	(1,643,156)	(7,190,656)	(8,523,793)	(8,070,010)	(8,600,000)
All Non-Cash Items	(457,496)	109,581	474,389	(232,125)	500,000
Cash Flow from Operations	(2,100,652)	(7,081,075)	(8,049,404)	(8,302,135)	(8,100,000)
Capital Expenditures (Properties)	(9,183,691)	(28,049,201)	(16,250,193)	(9,410,540)	(5,000,000)
Other Investing Items	0	(3,339,817)	(135,373)	8,316,781	9,000,000
Free Cash Flow	(11,284,343)	(38,470,093)	(24,434,970)	(9,395,894)	(4,100,000)
Working Capital Changes	8,060,796	724,288	(23,341,223)	(10,529,291)	15,526,633
Cash Flow before Financing	(3,223,547)	(37,745,805)	(47,776,193)	(19,925,185)	20,426,633
Equity Financing	1,374,912	109,448,867	(287,543)	(365,108)	(200,000)
Debt Financing	6,500,000	(9,254,738)	0	0	0
Change in Cash	4,651,365	62,448,324	(48,063,736)	(20,290,293)	32,488,150
Cash, Beginning of the Period	307,307	4,958,672	67,391,504	54,437,941	19,359,987
Cash, End of the Period	4,958,672	67,391,504	19,359,987	34,147,648	51,848,137
Balance Sheet					
(C$) As at:	**Mar 31/2011**	**Mar 31/2012**	**Mar 31/2013**	**Jun 30/2013**	**Mar 31/2014**
Cash and Equivalents	4,958,672	67,391,504	19,359,987	34,147,648	51,848,137
Other Current Assets	983,479	5,074,123	27,890,880	17,664,879	9,890,880
Mineral Properties	14,231,007	46,686,503	39,629,086	31,770,832	35,378,232
Joint Venture Investment	0	0	58,991,381	58,991,381	58,991,381
Other Assets	184,302	4,002,525	5,505,403	5,340,260	5,000,000
Total Assets	20,357,460	123,154,655	151,376,737	147,915,000	161,108,630
Current Liabilities	18,022,072	13,747,001	3,471,494	1,766,405	2,000,000
Other Liabilities	280,979	37,722	46,613	46,613	50,000
Shareholders' Equity	2,054,409	109,369,932	147,858,630	146,101,982	159,058,630
Total Liabilities & Equity	20,357,460	123,154,655	151,376,737	147,915,000	161,108,630
Book Value (S.E.) Per Share	$0.04	$1.15	$1.57	$1.55	$1.69
Cash Per Share	$0.09	$0.71	$0.20	$0.36	$0.55

Source: Company; Estimates by *e*Research

VALUATION

We have used the Property-Ratio valuation methodology in which to estimate the Intrinsic Value of Century Iron.

Property Ratio Valuation Method

(a) Methodology

The Property Valuation approach is based upon an analysis of the Property Ratio, which measures the premium the market currently places on a company's mineral properties. All else being equal, a higher premium indicates the market is anticipating greater future value from the assets in the ground, while a lower premium may represent an undervalued asset. Our analysis utilizes the latest available financial statements for the respective companies.

Table 5: Property Ratio Valuation Method

		Century Iron Mines FER:TSX	Adriana Resources ADI:TSX	New Millennium Iron NML:TSX	Alderon Iron Ore Corp. ADV:TSX	Champion Minerals CHM:TSX
Latest Reporting Period:		June-13	June-13	June-13	June-13	June-13
Share Price (200-day Avg)		C$ 0.44	C$ 0.27	C$ 0.91	C$ 1.33	C$ 0.33
Share Price (50-day Avg)		C$ 0.36	C$ 0.20	C$ 0.70	C$ 1.35	C$ 0.23
Share Price (Current)		C$ 0.52	C$ 0.19	C$ 0.70	C$ 1.51	C$ 0.26
Shares O/S (000s)		94,306	157,554	180,219	130,144	122,395
Market Cap (000s)		$49,039	$29,935	$126,153	$196,517	$31,823
Mineral Properties:						
Property Book Value (Cost) (000s)	1	$117,921	$120,276	$124,894	$209,183	$85,207
Property Market Value (000s)		$19,045	$16,262	$68,646	$138,332	$19,468
Difference (000s)		($98,876)	($104,015)	($56,249)	($70,851)	($65,739)
Property Ratio (times)		0.16	0.14	0.55	0.66	0.23

	Oceanic Iron Ore Corp. FEO:TSX-V	Advanced Explorations AXI:TSX-V	Canadian Orebodies CO:TSX-V
Latest Reporting Period:	June-13	June-13	July-13
Share Price (200-day Avg)	C$ 0.13	C$ 0.07	C$ 0.07
Share Price (50-day Avg)	C$ 0.10	C$ 0.05	C$ 0.03
Share Price (Current)	C$ 0.11	C$ 0.05	C$ 0.03
Shares O/S (000s)	196,618	165,894	162,670
Market Cap (000s)	$21,628	$8,295	$4,880
Mineral Properties:			
Property Book Value (Cost) (000s)	$37,797	$67,093	$16,012
Property Market Value (000s)	$11,901	$7,175	$2,892
Difference (000s)	($25,896)	($59,918)	($13,120)
Property Ratio (times)	0.31	0.11	0.18

Average Ratio (Peers) (times)		0.31
e Research's Selected Ratio	2	0.40
Adjusted Common Equity (000s)(Selected Ratio)		$75,349
Adjusted Equity Per Share (Selected Ratio)		C$ 0.80

Note 1: Mineral Properties Book Value includes surplus cash.
Note 2: At the Selected Ratio, the value of the Mineral Properties is equivalent to $0.50 per share.

Source: *e* Research

(b) Analysis

In the table above, we estimate the value of Century Iron based on the current market value of the Company and the current book value (which includes estimated surplus cash) of the mineral properties of the Company compared to those of its peers. Because the shares of iron ore companies are severely depressed, the Mineral Property Ratios of the respective firms are unduly low. The average ratio for the peers is 0.31x, well below historic averages of 0.70x. Given the significant incremental increases to the Company's total resource estimate in 2012-2013, we believe the ratio for Century Iron should exceed the industry average. Accordingly, to the Book Value of the Company's mineral properties, we apply the selected Mineral Property Ratio of 0.40x, which yields an Intrinsic Value for Century Iron of $0.80 per share.

(c) Target Price Calculation

While we believe that iron ore stocks are unduly depressed and should be selling at significantly higher prices, it is equally unrealistic to assume that a broad-based recovery in these share prices is going to happen any time soon.

Consequently, for a twelve-month Target Price, we suggest a logical first objective would be a return to about $0.72, which was the price reached in the stock's mid-April 2013 bounce. A second objective is around $1.00, which is the price at the end of 2012. Beyond that is the price at the end of August/beginning of September in 2012 (and confirmed in November 2012) of $1.25. Achieving these levels seems daunting in the face of lack-lustre share price performance over the last 8-9 months, but Century Iron has numerous growth catalysts that should occur further in 2013-2014.

The Company's growing resource base, its strategic investors, large cash resources, financing flexibility, potential production in 2015/2016, and the off-take agreements for 70% of planned production should all contribute, over time, to increased investor interest in the Company.

INVESTMENT CONSIDERATIONS

A. Strengths

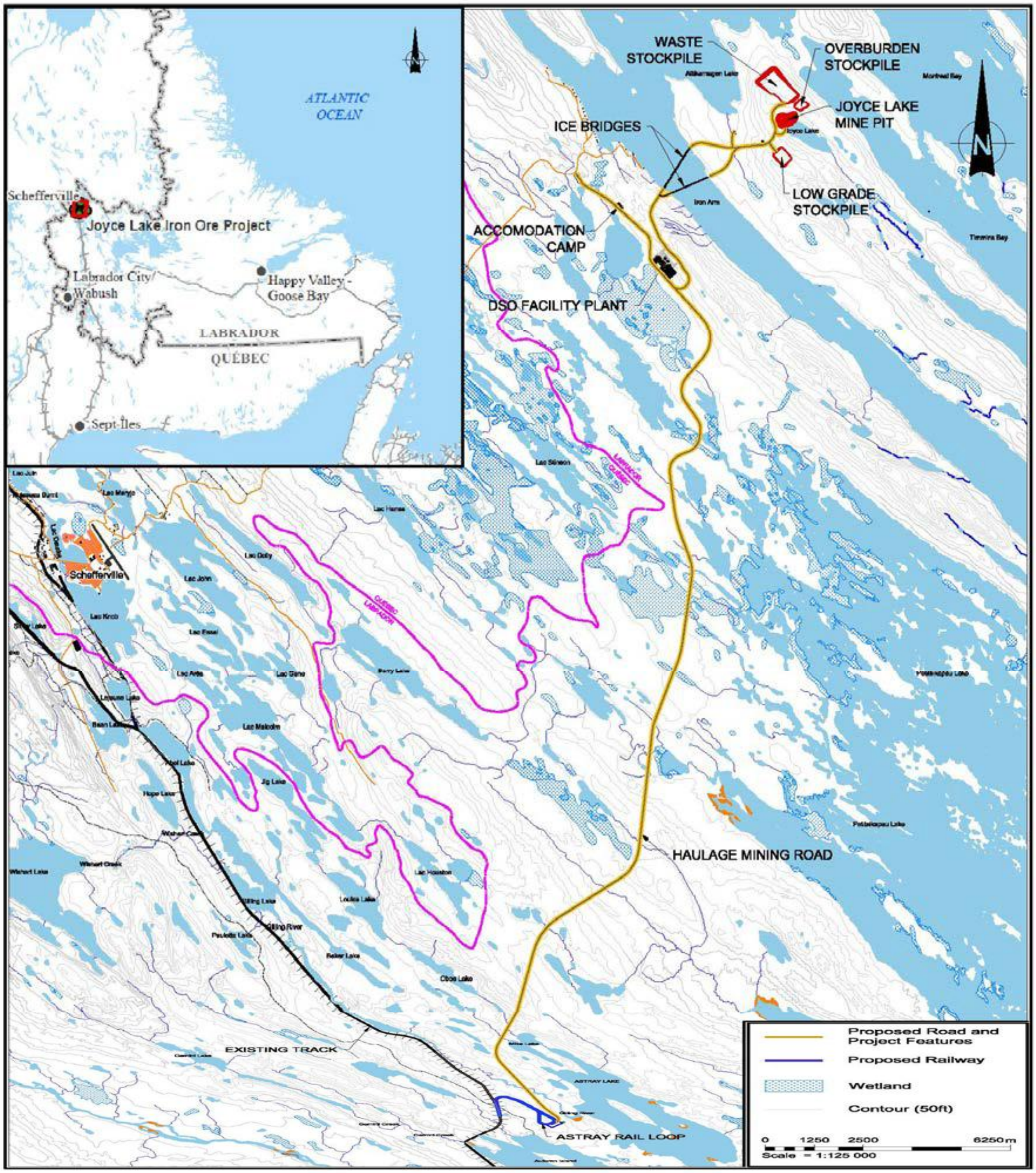
- Century Iron added considerably to its resource estimate in 2012 and further in 2013, and is now one of the largest iron ore companies in Canada.
- Century Iron has two strategic Chinese investors: (1) Wuhan Iron and Steel (Group) Corp. with a 25% equity interest; and (2) China Minmetals Corporation with a 5% equity interest. See Strategic Investors, page 2.
- The Company has signed definitive JV agreements with WISCO for *Attikamagen* and *Sunny Lake*. The JVs ensure that Century Iron will have the necessary funds to develop these properties. WISCO also can earn a 40% joint venture interest in *Duncan Lake*.
- Century Iron has off-take agreements for almost 70% of its future production: WISCO has a right of first refusal to buy up to 40% of iron ore production from the JV, at cost, and 20% at market prices; Minmetals has the right to buy 10% of *Duncan Lake*'s production at market prices.

B. Challenges

- The price of iron ore has exhibited considerable volatility recently and is strongly influenced by economic conditions and decision-making in China, and Chinese steel companies in particular.
- Transportation issues in the Labrador Trough represent ongoing challenges to bring product to port and onto sea-faring vessels.
- The *Duncan Lake* project is the Banded Iron Formation type of deposit with relatively lower Fe grade. The property may become a marginal producer if iron ore prices were to remain weak.
- The Company has traded publicly only since May 2011, and needs time to gain investor attention and interest.

Joyce Lake (Attikamagen) Project

Map 1: Joyce Lake Location



Source: Jean-Sébastien Tremblay, Eng.

The Project

The *Joyce Lake* Direct-Shipping-Ore (DSO) project is part of the *Attikamagen* project, which is located 20 kilometres northeast of Schefferville, Quebec in the Province of Newfoundland and Labrador.

Century Iron's interest is held through a 60:40 joint venture, which is known as Labec Century Iron Ore Inc., with WISCO. *Attikamagen*, in turn, has been a 56:44 joint venture between Labec Century and Champion Iron Mines Limited. On October 2, 2013, Century Iron announced that it had reached agreement for the Company to acquire Champion's 44% interest for shares and warrants. (The transaction is subject to approval by The Toronto Stock Exchange.)

Century Iron's NI 43-101-compliant estimate of March 2013 had shown 10 million tonnes of *Measured and Indicated* mineral resources at *Joyce Lake*, with an average grade of 59.45% total iron (TFe) plus an additional 5.6 million tonnes of *Inferred* mineral resources at a cut-off grade of 50% TFe.

This first mineral resource estimate for *Joyce Lake* was a milestone in the development of Century Iron's Labrador Trough iron ore mining camp. The estimate covered only the northern part of the *Joyce Lake* property, and Century Iron is continuing to advance exploration beyond the current resource boundaries. The mineralization remains open to the south.

On October 7, 2013, Century Iron released further positive and encouraging drilling results at *Joyce Lake*. As a result, the next phase of drilling has commenced in an effort to enlarge further the project's resource estimate in conjunction with the forth-coming 2014 feasibility study.

The Company has two other DSO targets with similar geophysical signatures, about three kilometres south and southwest of *Joyce Lake*.

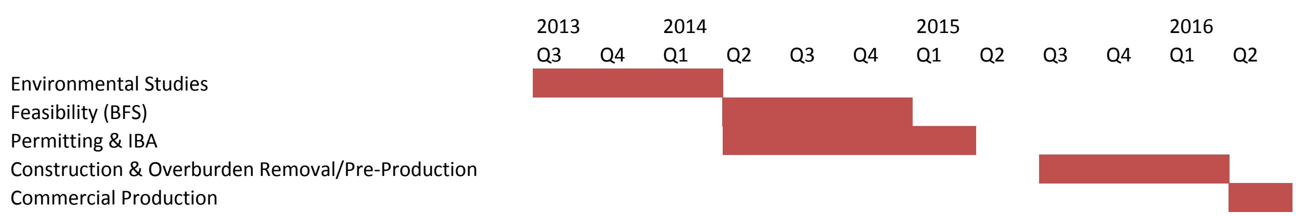
The results of the 2013 PEA for *Joyce Lake* were as follows:

- The Net Present Value (NPV), using an 8% discount factor, is $90.4 million pre-tax; $51.8 million after-tax;
- The Internal Rate of Return is 37.0% pre-tax, and 27.1% after-tax;
- The payback period is 2.5 years pre-tax, and 2.6 years after-tax;
- The mine life is expected to be 4 years, at 1 Mtpy in year 1 and 2 Mtpy (million tonnes per year) in years 2-4 of iron ore lump and sinter fines;
- Output is expected to be 65% sinter fines and 35% lump iron ore;
- The operating costs (loaded on ship at Sept Iles) are estimated at $62.80 per tonne of iron ore; and
- The initial required project capital is $96.6 million.

Mining activities will be year-round, with an ice bridge used in winter to bring mineralized rock across Iron Arm Bay in Lake Attikamagen.

COMMENT: *Joyce Lake is expected to be Century Iron's first producing iron ore property. Initial deliveries are anticipated for early 2016. See schedule below.*

Joyce Lake Anticipated Production Schedule

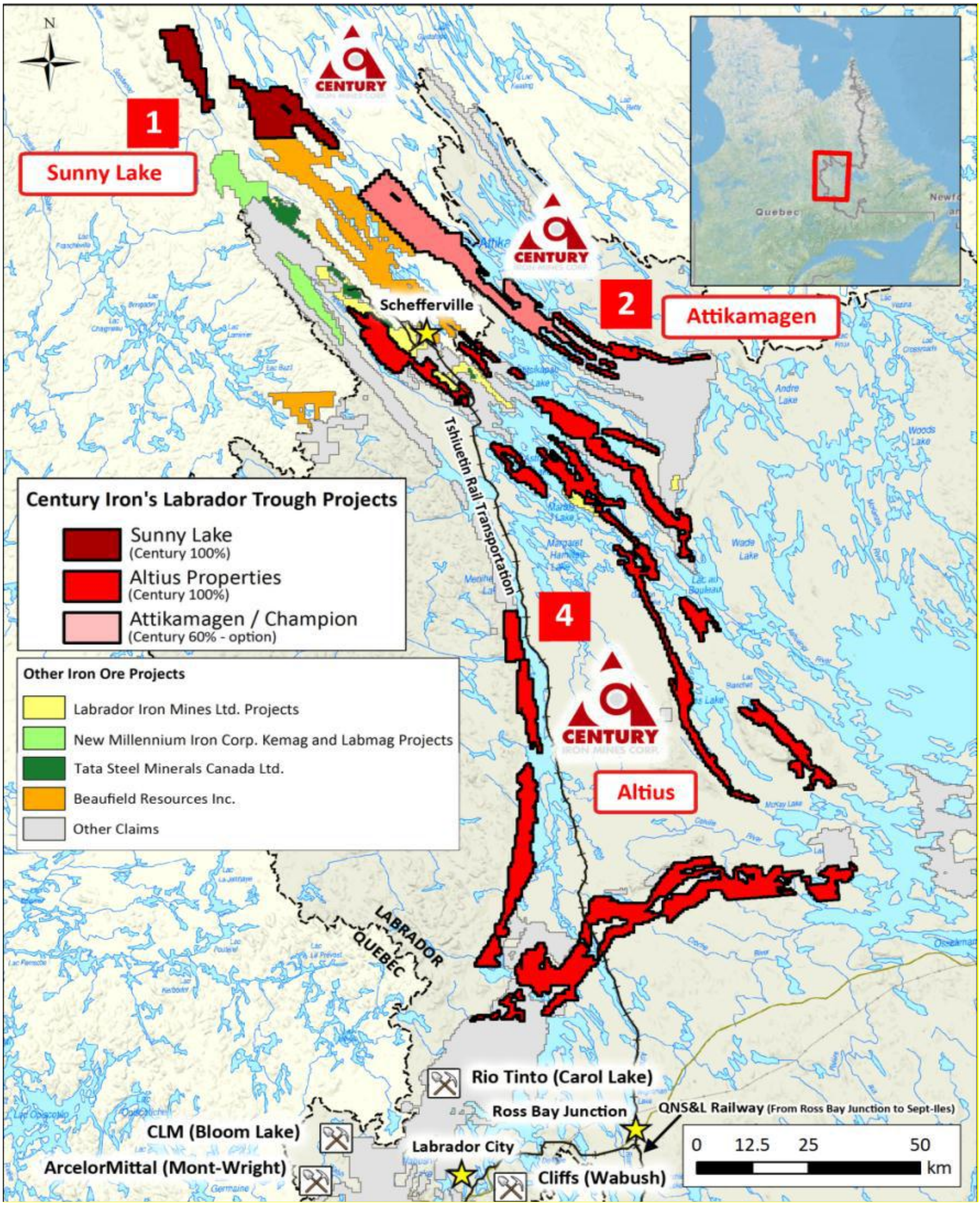


Source: Company

Other Projects

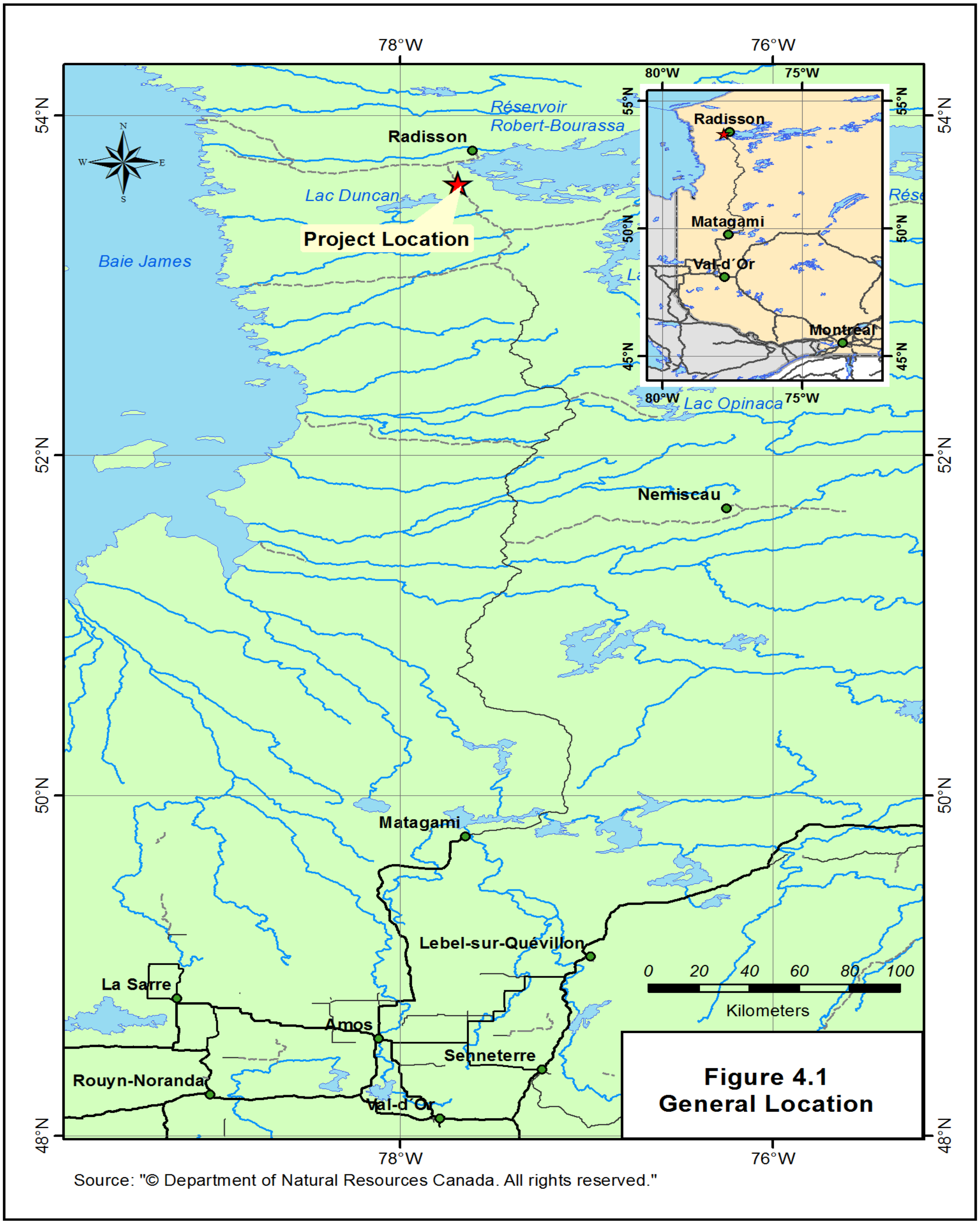
On the two ensuing pages are maps of all of the Company's projects. The first map, below, shows the location of the Labrador Trough projects (*Sunny Lake, Attikamagen, and Altius Properties)*, and the second one, on the next page, shows the location of the *Duncan Lake* project.

Map 2: Labrador Trough Iron Ore Projects: Sunny Lake; Attikamagen; and Altius Properties



Source: The Company

Map 3: Duncan Lake Project Location



Source: Met-Chem Canada Inc.

APPENDIX 1: MANAGEMENT & DIRECTORS

A. Management

Sandy Chim, C.A., *President and CEO, Director*

Chun Wa (Ivan) Wong, *Senior Vice-President, Corporate Finance and Project Development*

Rebecca Ng, *Chief Financial Officer*

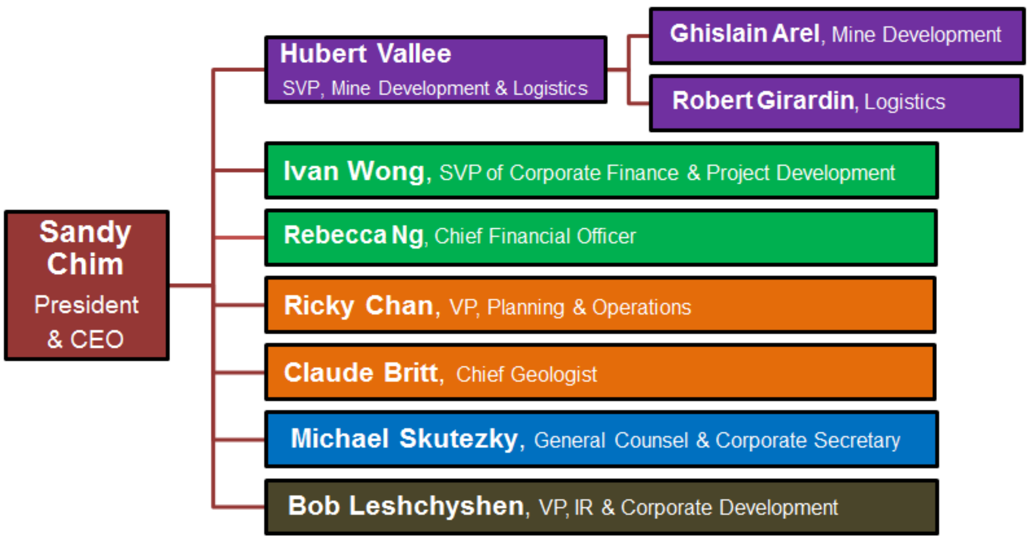
Hubert Vallée, *Senior Vice-President, Mine Development and Logistics*

Claude Britt, *Chief Geologist*

Ricky Chan, *Vice-President, Planning and Operations*

Bob Leshchyshen, *Vice-President, Corporate Development & Investor Relations*

Michael Skutezky, *Corporate Secretary and General Counsel*



B. Directors

Sandy Chim, C.A.	Hon. Maurice Strong, P.C.	David Wong
Howard Bernier	Paul Murphy	Hua Bai
Yi Jun Kuang	Wei Ke Peng	Jionghui Wang

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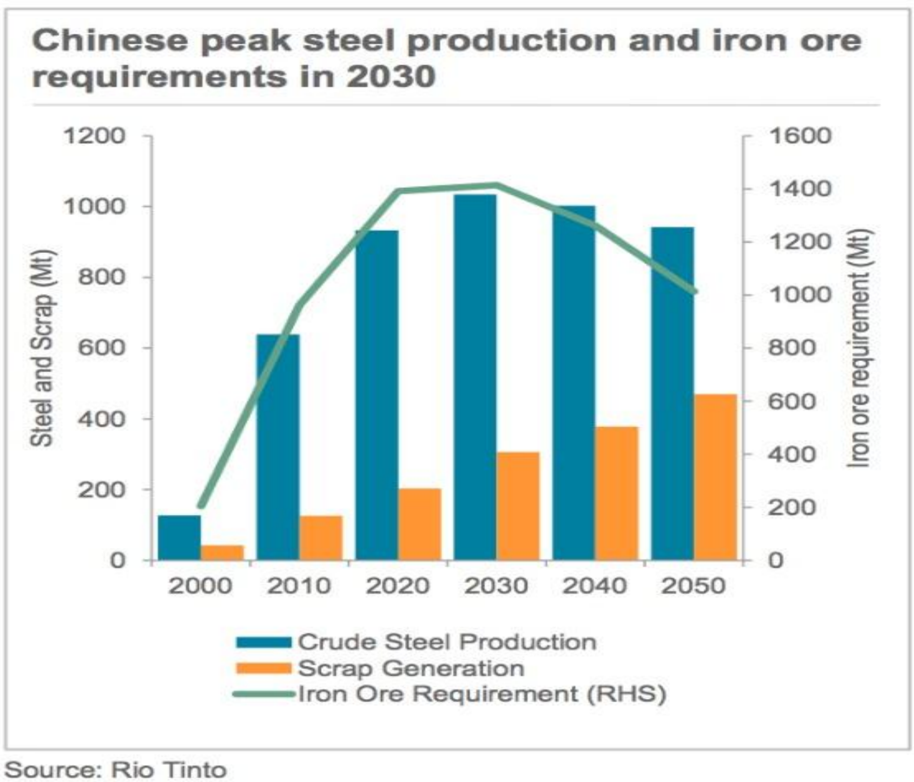
APPENDIX 2: IRON ORE MARKET

Demand and Supply

Courtesy of Rio Tinto Group, the following two charts provide a perceptive look at the demand/supply dynamics for iron ore.

As shown in Chart 1 below, on the Demand side, requirements for iron ore by China are expected to continue strongly for the ensuing 15 or so years, and not peak until some time around 2030.

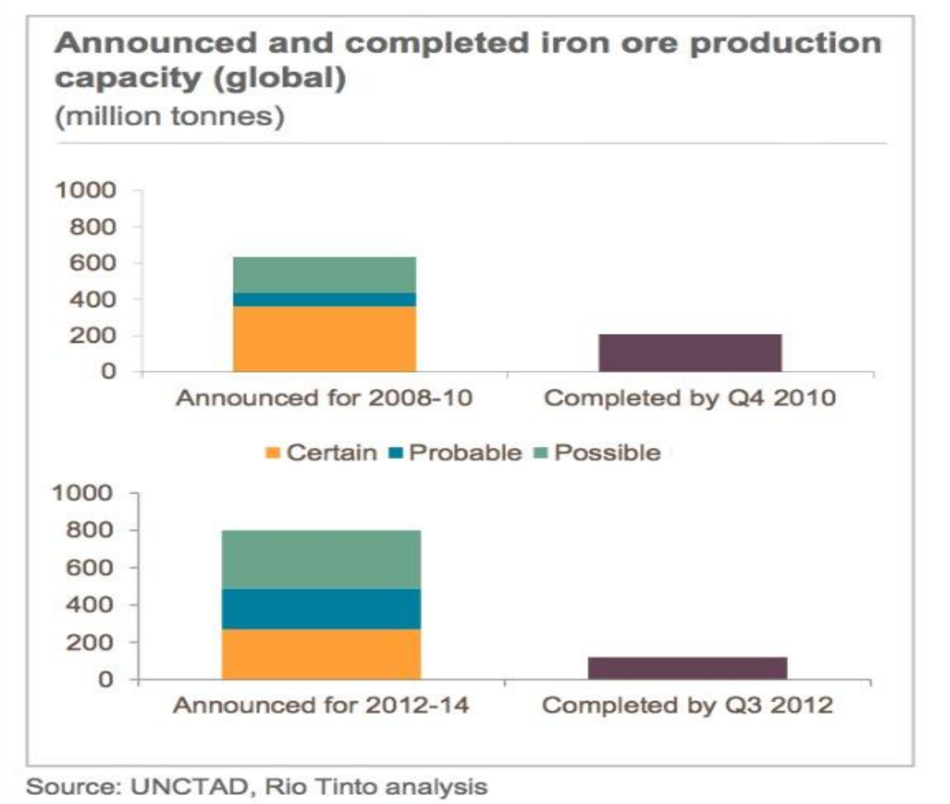
Chart 1: Chinese Steel Production and Iron Ore Requirements



Although there is a robust long-term Demand outlook, new Supply continues to lag behind expectations. Reasons for this include increasing competition for labour, rising energy and project financing costs, lengthening approval processes, and higher operating costs due to remote geographical locations.

Chart 2, on the following page, shows the difference between output plans and actual results.

Chart 2: Expected and Completed Iron Ore Production



Rio Tinto expects that, in the near term, the shortfall shown above will be met by domestic supply from China.

Price Trend

Over the past year, as shown in Chart 3 on the following page, iron ore prices have shown volatility, initially rising to over US$150.00 per dry metric ton by January-February 2013 before collapsing to US$115.00/ton in June. This price performance is considered quite good, given the rise was from the September 2012 intra-month low of around US$86.70/ton. *(Note: Iron ore prices are: China Import Iron Ore Fines 62% FE spot (CFR Tianjin port), US Dollars per Dry Metric Ton.)* They reached a high of US$158/tonne earlier in 2013, and the current spot price is around US$134/ton.

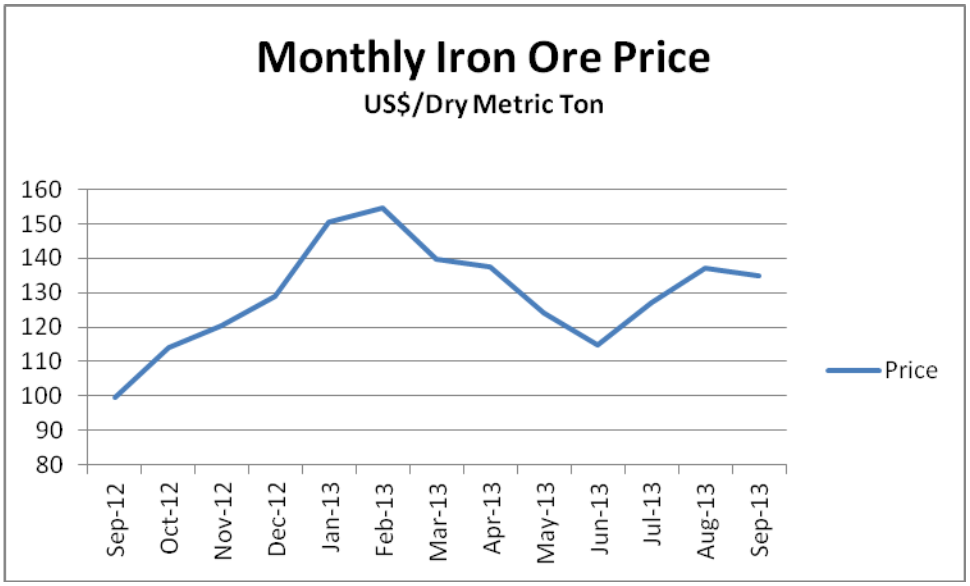
Vale S.A., of Brazil, has stated that it believes that emerging-market demand will keep the price of iron ore at attractive levels over the longer term, with a range between US$110/tonne and US$180/tonne.

Strongly rising steel demand in China is behind the recent rise in the price of iron ore. Chinese iron ore consumption increased 6.8% in 2011, and about 5.5% in 2012. Growth estimates for 2013 range between 4% and 6%. This should mitigate any drastic price drops such as occurred last year.

On the downside, high spot prices will likely lead to increased supply as the more marginal suppliers take advantage of these current higher prices. This could lead to increased price volatility and a declining trend.

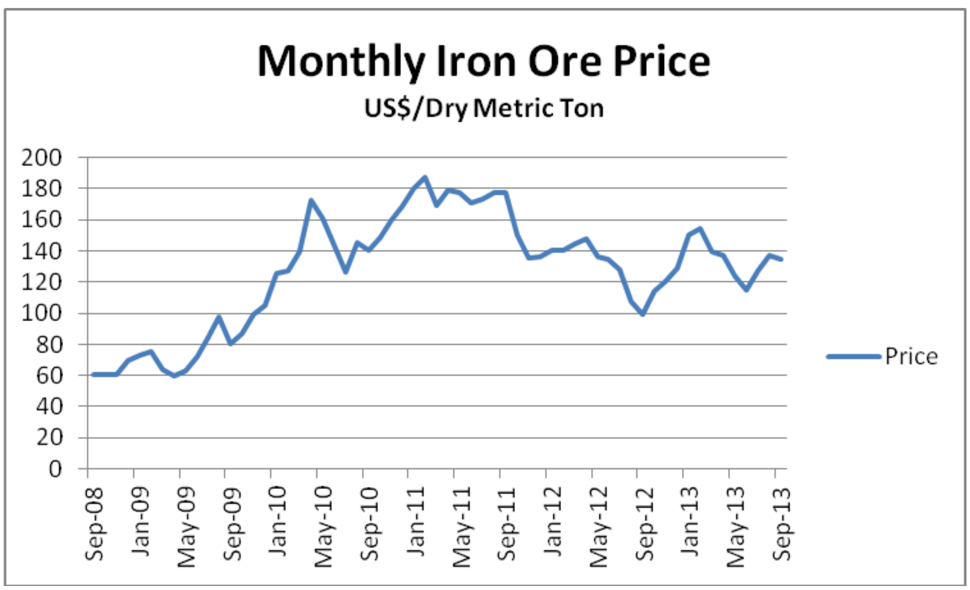
On the following page, we show the trend in iron ore prices in two graphs: the first graph is for a one-year period (September 2012 – September 2013), and the second graph is for a five-year period (September 2008 – September 2013).

Chart 3: Iron Ore Prices, Monthly Close: September 2012 – September 2013 (1 Year)



China Import Iron Ore Fines 62% FE spot (CFR Tianjin port), US Dollars per Dry Metric Ton

Chart 4: Iron Ore Prices, Monthly Close: September 2008 – September 2013 (5 Years)



China Import Iron Ore Fines 62% FE spot (CFR Tianjin port), US Dollars per Dry Metric Ton

COMMENT: *Mining projects, including those for iron ore, are long-term in nature. The expectations for continued strong demand for iron ore from China, to fuel its burgeoning steel industry that is under-pinning its rush to provide new infra-structure throughout the country, should ensure that iron ore prices remain buoyant over the longer term. Increasing demand for iron ore from India also should be a contributing factor to sustained prices.*

CORPORATE INFORMATION

Main Office

200 University Avenue, Suite 1301

Toronto, Ontario, Canada, M5H 3C6

Tel:+1(416) 977-3188**Fax:** +1 (416) 977-8007

Hong Kong Office

Suites 1709-11, 17/F., Tower 2,

The Gateway, 25 Canton Road,

Tsim Sha Tsui, Kowloon, Hong Kong

Tel: +852 31019301

Fax: +852 31019302

Investor Relations Contact

Bob Leshchyshen, MBA, CFA

Vice-President, Corporate Development & Investor Relations

Tel: +1 (416) 977-3188ext 109

Email: bob.leshchyshen@centuryiron.com

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The Research Analysts who were involved in the preparation of this Research Report hereby certify that:

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***e*Research Analyst on this Report:**

Bob Weir, B.Sc., B. Comm., CFA: Bob Weir has 46 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He joined *e*Research in 2004 and has been its President, CEO, and Director of Research since May 2005. Prior to joining *e*Research, Mr. Weir was at Dominion Bond Rating Service (DBRS), latterly as Executive Vice-President responsible for supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company.

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I own shares of Century Iron Mines Corporation.

*e*RESEARCH ANALYST GROUP

Director of Research: Bob Weir, CFA

Financial Services
Robin Cornwell

Life Sciences
Christopher Neuman

Manufacturing and Industrial Products
Bill Campbell

Energy
Eugene Bukoveczky

Special Situations
Bill Campbell
Victor Sula

Mining & Metals
Eugene Bukoveczky
Bob Weir

Mining Advisors
George Cargill
Graham Wilson

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Operational - Dominant player in its market, below-average cost structure, company may be a consolidator, company may have a leading market/technology position.

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