ADRIANA RESOURCES INC.

Management's Discussion and Analysis
For the Three Months Ended January 31, 2011

The following management's discussion and analysis of financial position and results of operations ("MD&A") of Adriana Resources Inc. (along with subsidiaries, "Adriana" or the "Company") was prepared as of March 23, 2011 and should be read in conjunction with the Company's unaudited consolidated financial statements for the three months ended January 31, 2011 (the "Quarterly Financials") and the audited consolidated financial statements and related notes thereto (the "Audited Financials") and MD&A for the financial year ended October 31, 2010. The Quarterly Financials have been reviewed by the Company's external auditors. However, the comparative quarter's figures for the three months ended January 31, 2010 have not been so reviewed.

Included in this MD&A are matters that constitute "forward-looking" information within the meaning of Canadian securities law. See "Cautionary Statement Regarding Forward-Looking Information".

The Quarterly Financials have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next financial year. Realization values may be substantially different from carrying values as shown and the Quarterly Financials do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. See "*Critical Accounting Estimates*" below.

All dollar figures included herein are expressed in Canadian dollars unless otherwise indicated. Additional information about the Company has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online on the Company's website at www.adrianaresources.com and under the Company's profile at www.sedar.com. The Company's Class A common shares ("Common Shares") are listed on the TSX Venture Exchange under the symbol "ADI.V".

Overview of the Company

The Company is a Canadian publicly-traded junior exploration-stage company engaged in the exploration and development of mineral properties in Québec, Canada and the development of a port facility in Brazil. The Company's current primary focus is the further exploration and development of its Lac Otelnuk iron ore property located in the Province of Québec ("Lac Otelnuk" or the "Lac Otelnuk Property").

To date, the Company has not recorded any revenues from operations and has no source of operating cash flow. The continuation of the Company as a going concern is dependent on new funding being obtained through successful equity financings and/or the sale of assets and/or the achieving of strategic partnerships.

The Company recently announced that it had entered into a binding framework agreement (the "Framework Agreement") with WISCO International Resources Development & Investment Limited "WISCO" as of January 12 2011 for a total investment of $120,000,000, of which $28,366,000 was contributed by way of a private placement on March 23, 2011 to give WISCO a 19.9% interest in the Company. The Framework Agreement contemplates the formation of a joint venture to hold Adriana's current interests in the Company's Lac Otelnuk and December Lake iron ore properties in Northern Quebec with WISCO contributing an additional $91,634,000, being the balance of the original commitment. WISCO will in turn receive a 60% participating interest in the joint venture. A 4%

participating interest in the joint venture will be granted to an arm's-length third party in connection with the closing of the definitive joint venture agreement.

Under the terms of the Framework Agreement, WISCO will use commercially reasonable efforts to assist the joint venture to obtain project financing for not less than 70% of the capital cost of the project as determined by a definitive feasibility study. The Framework Agreement provided that the parties had 60 days to settle and enter into a Definitive Joint Venture Agreement with respect to the Joint Venture, this being subsequently extended to a date on or before June 30, 2011.

Under the terms of the private placement, WISCO has been granted certain rights including the ability to appoint one representative to Adriana's board of directors and WISCO has a pre-emptive right to subscribe for, at the same or equivalent cash subscription price, any equity securities that the Company proposes to issue, up to that number of offered securities as will enable WISCO, upon completion of the issuance, to maintain its then-current proportionate interest in the Company. This pre-emptive right will terminate if (i) the proposed Joint Venture Agreement between WISCO and the Company has not been entered into by May 16, 2011 for certain specified reasons, (ii) the closing of the proposed Joint Venture between WISCO and the Company is not completed by June 30, 2011 under specified circumstances, and (iii) WISCO's ownership of common shares of the Company is reduced to less than 10% of the issued and outstanding common shares of the Company. See *"Subsequent Event"* on Page 11.

Mineral Property Interests

Labrador Trough – Lac Otelnuk Iron Ore Project, Nunavik, Québec, Canada

The Lac Otelnuk Property lies within the Labrador Trough in the Nunavik region of northern Québec, approximately 165 kilometres northwest of Schefferville. The Lac Otelnuk Property consists of 899 contiguous mineral claims totalling approximately 433 square kilometres of which 129 mineral claims are held by the Company under an option agreement pursuant to which the Company has the right to earn a 100% interest in such claims (the "Lac Otelnuk Option") and 770 mineral claims are owned by the Company. Of the latter, 186 claims are partly or wholly within an area of common interest pursuant to the Lac Otelnuk Option.

On November 30, 2005, the Company entered into the Lac Otelnuk Option to earn a 100% interest in certain claims comprising part of the Lac Otelnuk Property. The Company has also staked additional mineral claims directly adjacent to and surrounding the claims subject to the Lac Otelnuk Option. Pursuant to the Lac Otelnuk Option, as amended, the optionor is entitled to a combination of cash, shares and work commitments, all of which have been fulfilled, and a royalty (the "Lac Otelnuk Royalty") equal to (i) 2.5% from the sale of iron ore products mined from the claims subject to the Lac Otelnuk Option payable commencing in 2015 or earlier on commencement of commercial production with a minimum production royalty based on a certain specified pellet price and a minimum production of 10 million metric tonnes; and (ii) 2.5% net smelter returns from the sale of any other minerals mined from such properties annually. The Lac Otelnuk Royalty is subject to minimum advances of $150,000 payable by November 30 of each year until commencement of commercial production. The Company has made all such necessary minimum payments to date. The Company may purchase one-half of the Lac Otelnuk Royalty for $5,500,000 at any time prior to December 31, 2015 and for $11,000,000 thereafter.

The Company has filed an application with the Quebec Superior Court for a judicial Interpretation of certain provisions of the Option Agreement relating to a portion of the Lac Otelnuk Property. The clauses for which clarification is sought relate to the timing of the exercise of the option and the royalty payments.

The Lac Otelnuk Property was first recognized and mapped in 1948. Limited diamond drilling, metallurgical testing and preliminary engineering studies were carried out by King Resources Inc. in the 1970s. The Lac Otelnuk deposit is a banded Lake Superior type taconite iron formation similar to the taconite deposits of the Mesabi Iron Range in Northern Minnesota, where iron mining has been carried out for over 100 years. The Lac Otelnuk deposit is flat-lying to gently-dipping and sub-crops on surface. The formation has been identified over a strike length of approximately 25 kilometres.

During the 2007 and 2008 field seasons, the Company drilled 68 diamond drill holes totalling 7,447 metres to test a 9 kilometre portion of the deposit referred to as the South Zone. The results from this drilling program confirmed a large, flat lying iron formation over an approximate area of 22.5 square kilometers (9 km by 2.5 km). The targeted formation remains open along strike to the northwest and southeast and down dip to the northeast. The North Zone, where drilling in the 1970's outlined the presence of a significant iron formation similar to that of the South Zone, has not yet been drill tested by the Company.

On May 7, 2009, Watts, Griffis and McOuat Limited ("WGM"), an independent mining consulting firm, issued a National Instrument 43-101 ("NI 43-101") Mineral Resource Estimate and Technical Report ("Report") defining the following mineral resource estimate for the South Zone of the Lac Otelnuk Property ("Mineral Resource Estimate"):

Summary of Mineral Resource Estimate for the South Zone of Lac Otelnuk Property
(Using a Davis Tube Weight Recovery ("DTWR") cut-off grade of 18%)

Resource Classification	Tonnes (in Billions)	%Fe Head	DTWR %	% SiO_2	%Fe DTC
Indicated	4.29	29.08	27.26	3.53	68.00
Inferred	1.97	29.24	26.55	3.51	68.12

A copy of the Report is available on the Company's website at www.adrianaresources.com or under the Company's SEDAR profile at www.sedar.com. The Report is subject to the assumptions and conditions set out therein. Due to the uncertainty of inferred mineral resources it cannot be assumed that all or any part of this resource will be upgraded to an indicated or measured resource as a result of continued exploration. To justify upgrading of the mineral resource to a mineral reserve, demonstrated economic viability is required. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

In 2010, the Company completed an additional 40 diamond drill holes totalling 5,860 meters on the South Zone of the Lac Otelnuk deposit. The primary objectives of the 2010 drilling program were to upgrade all or portions of the previously defined "indicated mineral resource" to a "measured resource" category through in-fill drilling, and expand "inferred mineral resources". Assay results from the 2010 drilling were recently received and will be incorporated into a revised mineral resource estimate. Geo-metallurgical studies and bench scale metallurgical testing initiated in 2010 are also pending. A total of 108 diamond drill holes totalling 13,306 meters have now been drilled on the South Zone of the deposit since 2007. In 2011, the Company intends to begin drilling the North Zone of the Lac Otelnuk Property to increase mineral resources, drill large diameter (PQ) drill holes to collect representative samples for grindability tests and process flow sheet design, and complete claim assessment requirements on the extensive 898 mining claim block.

Frank Condon, P. Eng, a consultant to Adriana and a former director of the Company who is a Qualified Person as defined in NI 43-101, has reviewed and approved the technical disclosure relating to the Lac Otelnuk Project contained in this MD&A.

With the entering into of the Framework Agreement with WISCO and the closing of the private placement provided for thereunder, the Company is proceeding with the planning of an extended exploration program at Lac Otelnuk, to commence in late April.

Labrador Trough - December Lake Iron Ore Prospect, Nunavik, Québec, Canada

The Company owns 159 mineral claims totalling approximately 74 square kilometres near December Lake which is 65 kilometres from the Lac Otelnuk Property and 230 kilometres north of Schefferville, in the Nunavik region of Northern Québec. The Company has identified over 20 kilometres of untested magnetic anomalies on this property and has access to certain historical work, not NI 43-101 compliant, completed on this property.

Pursuant to the Framework Agreement, and subject to completion of a joint venture agreement as contemplated thereunder, WISCO will receive a 60% participating interest in a Joint Venture Company which will hold Adriana's current interests in the Company's Lac Otelnuk and December Lake iron ore properties.

Labrador Trough - Bedford Iron Ore Prospect, Newfoundland and Labrador, Canada

In June 2008, the Company entered into an option agreement to acquire a 100% interest in the Bedford Iron Ore Prospect, consisting of certain mineral claims in Labrador by, among other things, paying \$200,000 over the six-year option term, of which \$30,000 had been paid to October 31, 2009. The Company had also staked additional mineral claims directly adjacent to the Bedford Labrador mineral claims. The Company determined that it was not able to satisfy the terms of the option agreement and accordingly the agreement was terminated as of July 17, 2010 and the Company wrote off incurred costs of \$200,000. The Company will retain the 82 claims that it owns for further evaluation.

Iron Ore Port Development

The Company's proposed deepwater iron ore port facility development project (the "Port Facility") is located in Sepetiba Bay, approximately 70 kilometres west of Rio de Janeiro in the state of Rio de Janeiro, Brazil. The Port Facility, as currently proposed, would consist of railcar receiving, stockpiling, stacker-reclaimers, a conveyor tunnel under a strait and an island, and a deepwater load-out facility able to accommodate Cape-size vessels. The location of the Port Facility is on a contiguous coast land position totalling approximately 860,000 square metres with direct access to the transportation network including the railway that services the iron ore producing area of Minas Gerias and on a land parcel on the adjacent island. The Port Facility, which would facilitate access to the seaborne market for a number of independent mining operations in the Minas Gerias area, is currently designed to have a maximum capacity of 45 million tonnes per year. Following on receipt in September 2010 of the *Instrucao Tecnica* ("IT"), an important milestone in the environmental permitting process, the Company has engaged local consultants to take the permitting process to the next stage.

The Company currently holds an effective 56.1% indirect interest in the Port Facility through a 60% owned indirect subsidiary, Brazore Holdings Ltd. ("Brazore Holdings"), which owns a 93.5% interest in Brazore Representação, Importação, Exportação e Consultoria Ltda. ("Brazore Ltda."), the Company's Brazilian subsidiary which owns and is developing the Port Facility. Under the terms of a 2007 agreement between Brazore Holdings and Brazore Ltda. and its minority shareholders, Brazore Holdings' interest will be increased to 96.75%, equivalent to a 58.5% indirect interest by Adriana, upon Brazore Ltda.'s expenditures on the Port Facility exceeding US\$55,000,000, of which US\$30,716,000 (October 31, 2010 - US\$30,316,000) has been invested to January 31, 2011.

Pursuant to a 2007 agreement (the "Brazore Transaction"), the Company transferred a 50% interest in its subsidiary, Brazore Holdings, to Athena Resources LLC ("Athena") in exchange for Athena's 93.5% interest in Brazore Ltda. Under the terms of the agreement, the Company maintained and increased its interest in Brazore Holdings by funding Brazore Ltda.'s plan to develop the Port Facility as follows: (i) US\$5,000,000 by October 20, 2007 to maintain a 50% ownership interest, (ii) US\$17,000,000 by November 29, 2007 to earn a 60% interest. The US\$22,000,000 (the "Two Tranches") has been used for the purchase of the land for the Port Facility, and initial engineering and other environmental studies. On

April 1, 2009, the Company provided notice to Athena that it would not proceed with the funding of an additional US$33,000,000 to earn a 75% interest in Brazore Holdings. The existing agreement does not provide for any capital contributions by Athena, nor for any additional dilution of Athena's interest beyond that provided for above. As of January 31, 2011, the Company has advanced to Brazore Holdings an additional US$10,493,000 (October 31, 2010 - US$10,066,000) in excess of the Two Tranches, which amounts have been used to fund the continued advancement of the Port Facility in Brazil.

In August 2008, the Company entered into an option agreement (the "Port Option") with ArcelorMittal in connection with the proposed development of the Port Facility. On June 1, 2009, the parties extended the Port Option for terms of six months unless otherwise terminated by ArcelorMittal. The parties also amended the Port Option to provide for (i) ArcelorMittal to fund both a portion of the Company's monthly costs and 80% of substantial third party consulting costs incurred in connection with the permitting process of the Port Facility; and (ii) the extension of the maturity date of the $6,450,000 unsecured convertible debenture issued by the Company on September 10, 2008 to ArcelorMittal to September 10, 2012 and the deferral of 7% annual interest payments due to ArcelorMittal under this debenture to the maturity date thereof. On November 27, 2009, ArcelorMittal terminated the Port Option.

Worldlink (Canada) Resources Ltd. ("Worldlink") has a right of first refusal to access the full iron ore tonnage output through the Port Facility on reasonable commercial terms subject to a definitive agreement to be entered into between the parties. Worldlink is a China-based integrated trading and shipping company engaged in the import and export business of iron ore and other dry bulk commodities.

The Company is required to obtain various licences and permits from various governmental authorities in Brazil in order to develop the Port Facility. The Company received the critical IT on September 14, 2010. This permit is the first major step in the permitting and development process. The Company has now begun the detailed engineering and design phase of the project while advancing toward the construction phase.

On January 3, 2011 Athena gave notice of its intention to sell its 40% ownership. Pursuant to the terms of the Brazore Transaction, Adriana had the right of first refusal until February 12, 2011. This right was not exercised.

With the hiring of two local consultants in January 2011, work has commenced on taking the environmental permitting process to the next stage.

Discussion of Operating and Financial Results

Activities in the first quarter of 2011 focused on the entering into of the Framework Agreement with WISCO as of January 11, 2011. Pursuant to the Framework Agreement, the Company will receive $120,000,000 from WISCO in return for a 60% participating interest in the Company's Lac Otelnuk and December Lake iron ore properties in Nunavik, Québec, together with a 19.9% interest in the Company.

Summary of Quarterly Results

The following sets out certain selected quarterly financial information with respect to the Company:

($'000's except per-share amounts)	2011 Jan 31	2010 Oct 31	2010 Jul 31	2010 Apr 30	2010 Jan 31	2009 Oct 31	2009 Jul 31	2009 Apr 30
Revenues	-	-	-	-	-	-	-	-
Administrative expenses	1,377	1,543	1,424	1,590	1,832	2,843	1,616	1,300
Property exploration	-	-	-	3	(3)	119	94	223
Write-off of property interests	-	-	200	-	-	1,464	-	-
Loss (gain) on disposal of property interests	-	364	7	(747)	-	-	-	(92)
Loss realized on lease of former premises	-	15	352	-	-	-	-	-
Other (income) expenses	(126)	(371)	243	(258)	(214)	(656)	(195)	(24)
Future income tax (recovery)	-	(321)	-	-	-	(632)	-	-
Loss	1,251	1,230	2,226	588	1,615	3,138	1,515	1,407
Loss per share - basic and diluted	$ (0.01)	($0.01)	($0.03)	($0.01)	($0.02)	($0.04)	($0.02)	($0.02)

The Company's expenses and loss had increased on average through 2009 and early 2010 due to the Company's expansion, especially in Brazil, as it advanced its business plan of exploring resource properties and developing the plans for the Port Facility, and also as a result of growth in the Company's office in Vancouver, Canada. Following the decision to reorganize the management of the Company, steps were taken to downsize administrative operations with the closure of the Vancouver office, the opening of a much smaller office in Toronto and the subletting of the former Vancouver office, the termination of a number of full-time employees in Vancouver and other administrative cost-cutting. The benefits of this are only now being fully realized, with the reduction in administrative expenses to $1,377,000 for the first quarter of 2011, as administrative expenses in the fourth quarter of 2010 had increased over those of the third quarter, principally because of legal costs associated with the Lac Otelnuk Option agreement litigation.

During the first quarter of 2011, the Company had continued its efforts of the fourth quarter of 2010 towards obtaining additional financing to support the Company's operations, resulting firstly in the securing of a private placement, closing in three tranches in October and November of 2010, with gross proceeds totalling $10,000,000, and secondly in the securing of the private placement component contemplated in the Framework Agreement entered into with WISCO in January 2011.

As a result, costs in the first quarter of 2011 reflected the business development expenditures necessary to follow through on the Framework Agreement, in addition to the costs of evaluating the results of the 2010 exploration program at Lac Otelnuk and of planning for this year's exploration program, together with the costs of the Brazilian administrative operations of the Port Facility, as the Company prepares for the next stage of the project.

Results of Operations

For the three months ended January 31, 2011 and 2010

The Company's loss for the three months ended January 31 2011 was $1,251,000 compared to a loss of $1,615,000 for the corresponding quarter of 2010, a decrease of $364,000, primarily because of the 2010 quarter's non-recurring salary terminations together with legal and professional costs incurred in the first quarter of 2010 in assessing corporate property agreements. Foreign exchange conversion gains in the current quarter were reduced from those of the 2010 quarter, as was stock-based compensation expense.

Business development expenditures increased by $57,000 from the $50,000 incurred in 2010.

Interest expense on the unsecured convertible debentures was $369,000 and $359,000 for the first quarters of 2011 and 2010, respectively, such amounts including both compounding interest and accretion, with the 2011 additional expense being reduced somewhat by the conversions of debentures with a face value of $1,050,000 in the latter part of the quarter.

Professional and consulting costs decreased by $194,000 to $113,000, primarily as a result of the non-recurring legal fees incurred as a result of a review of all corporate contracts in the first quarter of 2010

Rent and office expenses were $77,000 and $157,000 for the respective first quarters of 2011 and 2010. The $80,000 decrease is a result of the savings from the subletting of the Vancouver office space from the end of the third quarter of 2010.

Salaries and benefits decreased by $119,000 compared to the corresponding period of 2010. This decrease reflects the termination costs totalling $150,000 incurred in January 2010 as part of the downsizing process initiated in the fall of 2009.

Stock-based compensation expense totalled $200,000, a reduction of $138,000 from the $338,000 expensed for the first quarter of 2010, reflecting the vesting of earlier option grants through 2010 and the amortization of the option grants from 2009. The full financial impact of the options granted in late January 2011 will not be realized until the second quarter of 2011.

Foreign exchange results were a gain of $47,000 and $256,000 for the respective quarters of 2011 and 2010, a change of $209,000. The change in foreign exchange was mainly a result of the 2010 quarter's 9% strengthening of the Brazilian real against the Canadian dollar, whereas the Brazilian real has been virtually unchanged in value across the first quarter of 2011..

Non-controlling interest relates to the 40% interest in Brazore held by the minority shareholder, Athena, in the net loss of Brazore for the respective quarters.

Liquidity and Financial Position

The Company's cash and cash equivalents were $8,477,000 at January 31, 2011, compared with $1,880,000 at October 31, 2010, an increase of $6,597,000 over the quarter, as a result of the completion in November 2010, for gross proceeds of $8,000,000, of the second and third tranches of the October 2010 private placement. As a result, together with provision for repayment of a portion of the convertible debentures in September 2011, the Company's working capital at January 31, 2011 has increased to $2,441,000 from a deficiency of $4,975,000 at October 31, 2010. With the closing on March 23, 2011 of the WISCO private placement (see *"Subsequent Event"* on Page 11), as of the date of this MD&A, the Company's cash resources are $33,790,000.

During the three months ended January 31, 2011, the Company had outlays for regular operating expenses of $790,000 (2010 - $696,000), outlays on the Port Facility of $134,000 (2010 - $97,000) and outlays on Lac Otelnuk of $553,000 (2010 - $227,000). The 2011 outlays on Lac Otelnuk were primarily for labwork and metallurgical studies. Included in the outlays on the Port Facility were the costs of engaging two consultants to move the project towards the next stage in the permitting process.

Receipts in the current period included $7,509,000 in net proceeds from the November tranches of the October 2010 private placement and $567,000 from the exercise of stock options and warrants. Receipts in the comparative period included net proceeds of $1,091,000 from a flow-through private placement.

With the issuance in 2010 of certain flow-through Common Shares, the Company was obligated to incur eligible expenditures totalling $7,001,500 by December 31, 2011, of which approximately $4,450,000 has been incurred to January 31, 2011, leaving a total of approximately $2,550,000 to be incurred by December 31, 2011.

As at the date hereof, the Company has financial resources sufficient to cover necessary administrative, financing and support costs, an extended exploration program for the Lac Otelnuk Property and the next stage of development of the Port Facility for at least the next twelve months, based upon present plans. Corporate administrative expenditures are projected at approximately $3,500,000 annually with anticipated carrying costs in Brazil relating to the Port Facility totalling approximately $120,000 per month.

The Company's annual commitments for base rental agreements are as follows:

	Office leases
2011	$ 166,300
2012	249,000
2013	258,600
2014	234,700
2015	176,100
2016	73,400

Included in the above lease commitments is the cost of the Company's 50% share of rental obligations for its former premises in Vancouver, now sublet to third parties at a cash loss for the remaining lease term of approximately $297,000. Should the former co-occupant fail to meet its share of rental obligations, the Company will be further committed under the terms of the head lease to additional net outgoings representing their proportionate share of the loss at the date of default.

Included in current liabilities at January 31, 2011 and October 31, 2010 is the amount of approximately $2,900,000 which remains outstanding relating to the purchase of certain lands for the Port Facility, the settlement of which is determinable by third parties and the timing of which is consequently uncertain. Also included in current liabilities at January 31, 2011 is an accrual of $261,000, representing the fair value of the Company's share of the future net loss to be realized on the sub-letting of the Vancouver office.

In connection with the development of the Port Facility, the Company has made certain conditional commitments to the local municipality to pay for certain municipal improvements. As of January 31, 2011 and October 31, 2010, the value of the contingent commitments approximated $500,000. Settlement of the commitments is conditional on receipt by the Company of all necessary permits.

Further, the Company's Brazilian subsidiary is a defendant in certain legal actions in Brazil pursuant to which a third party is seeking the payment of approximately $4,200,000 under a conditional agreement entered into by the Company in 2008 for the purchase of certain lands. The Company is vigorously defending itself including seeking the return of its initial payment of approximately $1,000,000 and the annulment of the agreement on the basis of misrepresentations therein. Although the ultimate outcome of these actions cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management of the Company that these claims are without merit and the resolution of these matters will not have a material adverse effect on the financial position of the Company.

The Lac Otelnuk Royalty is subject to minimum advances of $150,000 payable by November 30 of each year until commencement of commercial production, all of which have been made to date.

Transactions with Related Parties

During the three-month period ended January 31, 2010, the Company incurred $48,000 in geological consulting fees to a then-director of the Company. No such amounts were incurred in the current quarter.

Off Balance Sheet Arrangements

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

Recent Accounting Pronouncements

The following accounting standards affecting future accounting periods were issued by the Canadian Institute of Chartered Accountants ("CICA") in 2009 and 2010.

Financial Instruments – Recognition and Measurement (Section 3855)

Section 3855 has been amended to clarify (i) the application of the effective interest method after a debt instrument has been impaired, and (ii) when an embedded prepayment option is separated from its host debt instrument for accounting purposes. These amendments apply to interim and annual financial statements beginning on or after January 1, 2011. The Company does not expect any significant impact on its financial position, operating results or disclosure on adopting the amended Section 3855.

Convergence with International Financial Reporting Standards ("IFRS")

In February 2008, the Accounting Standards Board confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company's first mandatory filing under IFRS, which will be for the quarter ending January 31, 2012, will contain IFRS-compliant information on a comparative basis, as well as reconciliations for that quarter and as at the November 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company has developed a plan for IFRS convergence and has started the implementation process. The initial key areas preliminarily identified by the Company which will impact financial statement presentation and disclosure include: impairment testing, capital assets and financial instruments. The Company is evaluating these areas as to the future impact of IFRS, and will be retaining a consultant in respect thereof, to ensure an orderly transition. Initial training sessions for staff affected are being held, and will be expanded once the "Phase 2 – Planning and Implementation" has commenced.

Internal Controls

The Company has only five full-time head office employees, one of whom is the CEO, supported by two part-time contract staff. As such, management of the Company is not able to design a traditional control system that relies on the segregation of duties. Within that context, management has established processes which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited interim consolidated financial statements; and (ii) the unaudited interim financial statements fairly present all material respects the financial condition, results of the operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited interim consolidated financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Disclosure of Outstanding Share Data

As of January 31, 2011, stock options to purchase 7,172,500 Common Shares at a weighted average price of $0.46 were outstanding. During the first quarter of 2011, 947,500 stock options were granted to employees, 700,000 stock options were exercised at a weighted average price of $0.69, 15,000 stock options were forfeited and 545,000 stock options expired unexercised.

As of January 312, 2011, 2,417,228 warrants, each entitling the holder to acquire one Common Share at a price per share of $0.50, remain outstanding, after the exercise of 102,187 warrants and the issuance of a further 19,415 warrants arising from the exercise of 38,830 compensation options during the first quarter of 2011. At the quarter end, of the 555,319 compensation options issued in May 2010, 516,489 remain outstanding. Each compensation option, exercisable at a price of $0.40, consists of one Common Share and one-half warrant. The warrants and compensation options are exercisable until May 7, 2012.

Subsequent to January 31, 2011, to the date of this MD&A, 374,999 stock options vested in accordance with the terms of the Company's stock option plan. Additionally, 30,341,263 common shares have been issued as a result of the closing of the WISCO private placement, the exercise of 355,425 compensation options and 237,088 warrants and the conversion of debentures with a face value of $500,000 to 505,050 common shares. Further, as a result of the exercise of compensation options, 177,712 additional warrants, exercisable at $0.50, have been issued.

The following details the share capital structure as of the date of this MD&A:

	Expiry date	Exercise price	Number of securities	Number of shares
Common Shares issued and outstanding				146,953,174
Convertible debentures	September 10, 2011	$0.99	2,020,203	
	September 10, 2012	0.99	6,515,151	
				8,535,354
Share purchase warrants	May 7 2012	0.50	2,357,853	
				2,357,853
Compensation options	May 7 2012	0.40	161,064	
- Common shares			161,064	
- Share purchase warrants		0.50	80,532	
				241,596
Options exercisable for common shares, at weighted average exercise price				
expiring in the year ended:	December 31, 2011	0.78	200,000	
	December 31, 2012	0.69	800,000	
	December 31, 2013	1.10	275,000	
	December 31, 2014	0.35	3,900,000	
	December 31, 2015	0.43	591,667	
		$0.46		5,766,667
Common shares, on a fully diluted basis				163,854,643

Subsequent Event

Further to the Framework Agreement of January 12, 2011 with WISCO, the private placement contemplated thereunder, for a 19.9% post-issuance interest in Adriana, closed on March 23, 2011 for gross proceeds of $28,366,000 with the issuance of 29,243,700 common shares.

Finder's fees in the amount of $1,986,000 were paid on the closing of the private placement.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the unaudited consolidated financial statements include the Company's estimate of the recoverable value of its capital assets as well as the value of stock-based compensation. All of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recoverability of the Port Facility project's carrying costs is dependent upon market conditions for iron ore, and future costs that are required to ultimately bring the Port Facility into operation. The development of the Port Facility is dependent on a number of factors including environmental, legal, and political risks, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable operation.

The Company's recoverability of the recorded value of its mineral properties and associated deferred exploration expenses is dependent upon market conditions for minerals, underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations. The Company is in an industry that is dependent on a number of factors including environmental, legal, and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development and future profitable production.

The factors affecting stock-based compensation include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors including the market value of the Company's shares and financial objectives of the stock-based instrument holders.

Risks and Uncertainties

Investing in the Company involves risks that should be carefully considered. In addition to the risks involved should the Company be required to value its assets and liabilities other than on a going-concern basis as discussed above and below, in conducting its business, the Company is subject to a number of other risks and uncertainties, including as detailed in the Company's MD&A of January 19, 2011 relating to the Audited Financials, that could have a material adverse effect on, among other things, the Company's business prospects or financial condition and could result in a delay or indefinite postponement in the development of the Company's properties and projects. See also "*Cautionary Statement Regarding Forward-Looking Information*".

Cautionary Statement Regarding Forward-Looking Information

This MD&A may contain "forward looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are often, but not always, identified by words such as "estimate", "intend", "expect", "plan", "may", "believe", "intends", "anticipate", "likely" or other similar words which, by their very nature, are not guarantees of the Company's future operational or financial performance. Forward-looking statements included in this MD&A include statements with respect to future expenditure plans and with respect to expectations regarding the ability to raise capital and/or achieve strategic partnerships, the increase and upgrade of mineral resources, the ability to achieve commercial production at the Company's mineral properties and the development of the Port Facility.

Forward-looking statements are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, failure to achieve strategic partnerships, failure to establish economic estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, unfavourable studies regarding the Company's projects, fluctuations in the market valuation for metal prices, interest rates, commodities prices and exchange rates, delays or failures in obtaining required approvals or permits for the development of the Company's projects, inflation and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company has no intention and does not assume any obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or such other factors which affect this information including a change in beliefs, expectations or opinions of management of the Company.