



**CONSOLIDATED
THOMPSON**

Management's Discussion and Analysis

First Quarter of 2009

Three months ended

March 31, 2009

CONSOLIDATED THOMPSON IRON MINES LIMITED
Management's Discussion and Analysis
For the Three Months ended March 31, 2009

**Management's Discussion and Analysis of financial condition and results of operations
for the three months ended March 31, 2009**

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Consolidated Thompson Iron Mines Limited and Quinto Mining Corporation ("Quinto"), a wholly-owned subsidiary (collectively, "we", "our", "us", "Consolidated Thompson", or the "Company") for the three months ended March 31, 2009 (the "Quarter"). Quinto has been accounted for as a wholly-owned subsidiary since its acquisition on June 27, 2008. This MD&A should be read in conjunction with our Unaudited Interim Consolidated Financial Statements and related Notes as at and for the three months ended March 31, 2009 as well as the Company's Annual Audited Financial Statements and related Notes as at December 31, 2008 and for the year then ended and the corresponding MD&A. The unaudited interim consolidated financial statements and related notes of Consolidated Thompson have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information, including our Annual Information Form ("AIF") dated March 31, 2009 and press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at www.sedar.com.

Throughout this MD&A, the three months ended March 31, 2009 is referred to as the "Quarter" and the three months ended 31, 2008 is referred to as the "Comparative Quarter".

This MD&A reports on our activities through May 7, 2009. All figures are in Canadian dollars, unless otherwise noted. Our shares are listed on the Toronto Stock Exchange ("TSX") under the symbol CLM.

OVERVIEW OF THE COMPANY

Consolidated Thompson Iron Mines Limited is a junior mining company. Our primary focus is currently in Québec with the development of our Bloom Lake iron ore property. On June 27, 2008, we completed the acquisition of Quinto Mining Corporation, a junior mining exploration company with properties in Québec, including iron ore properties in the Labrador Trough.

The Bloom Lake Iron Ore Property

The Bloom Lake iron ore property is located in the Caniapiscou region, in the Normanville Township, Duplessis County, Province of Québec, on the south end of the Labrador Trough, approximately 400 kilometres ("km") north of the city of Sept-Îles. The Bloom Lake deposit is situated approximately 8 km north of the Mont-Wright iron ore mining operation of ArcelorMittal Mines of Canada and 13 km north-west of the city of Fermont. Based on an updated feasibility study filed on SEDAR on November 12, 2008, an initial capital investment of \$486 million is expected to be required to complete construction on the Bloom Lake mine and mill. In addition, as outlined in the feasibility study, the Company has intended that mobile mining equipment and rolling stock would be financed under an operating lease and originally intended that the 31 km rail spur and port facilities would be financed, built and operated by third parties. The feasibility study includes the costs to finance and operate these assets and facilities in the operating costs for the mine. The mine is projected to produce 8 million tonnes per year ("MTPY") of iron ore concentrate with production commencing in the fourth quarter of 2009.

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Bloom Lake Financing Requirements and Proposed Strategic Investment

In April 2009, we closed a public offering of 35,650,000 common shares at a price of \$2.60 per common share, including the exercise of an over-allotment option of 4,650,000 common shares, for aggregate gross proceeds of \$92,690,000. The net proceeds of \$87,869,000 from this offering are intended to be used to complete construction of the Bloom Lake project and for general working capital and corporate purposes. Additional details are provided below under the section entitled *Equity Financing*.

In March, 2009, we signed a letter agreement with Wuhan Iron and Steel (Group) Corporation ("WISCO") whereby WISCO would pay us US\$240 million (approximately \$302 million at the March 31, 2009 Cdn/US dollar noon exchange rate of 1.2602) in exchange for 29,748,897 common shares in Consolidated Thompson, which represents approximately 19.9% of the issued shares on a post-investment basis before the recent equity financing and an interest of 25% in a new entity that is to be established to operate the Bloom Lake mine. Additional details are provided below under the section entitled *Agreement with Wuhan Iron and Steel (Group) Corporation*.

We expect that proceeds from the public offering and the agreement with WISCO should allow us to complete the construction of the mine and mill and supply the additional funding that would be required if we are unable to find a partner to share construction costs related to the rail spur and port facilities. The capital cost related to the rail spur and the port facilities is estimated to be approximately \$160 million. While discussions are currently on-going with respect to the rail spur and port facilities, no agreements have been finalized and our ability to secure these financing requirements have been negatively impacted by the current economic downturn and there is no assurance that these initiatives will be successful. With regards to the financing of the mobile mining equipment, Caterpillar has completed its credit approval process and has approved up to US\$61 million in lease financing for Consolidated Thompson. The completion of the financing facility is subject to signing a final agreement. We continue to expect that rolling stock will be financed under an operating lease.

The proceeds from the public offering should provide us with the required financing to maintain our current construction schedule until July 2009. If a definitive agreement is not signed with WISCO, or another source of financing is not secured before this date, construction on the mine and mill will need to be temporarily postponed to ensure that the Company has sufficient resources to discharge its existing liabilities and fund care and maintenance costs until such time as financing, on acceptable terms, is available.

As at March 31, 2009, we had net working capital of \$112.9 million, which included cash and cash equivalents totaling \$92.4 million, restricted cash of \$27.5 million and accounts payable and accrued liabilities of \$20.3 million. In addition to the cash and cash equivalents available on March 31, 2009, the Company received net proceeds of \$87.9 million subsequent to the quarter end from the public offering of 35,650,000 common shares described above. If work on the Bloom Lake project progresses as currently scheduled, the outstanding purchases orders, as at March 31, 2009, would represent expenditures of \$166.7 million. We also had an order placed for mobile mining equipment for US\$49.6 million (\$62.5 million). However, we do have the ability to reduce the commitments under the purchase orders if additional financing is not secured. We have and will continue to actively monitor our cash position and working capital against our financial obligations to ensure that the Company has the resources to meet its outstanding commitments.

In addition to our construction and development obligations, we have commitments related to the production and delivery of iron ore concentrate. We have signed a rail transportation agreement with Quebec North Shore & Labrador Railway Company, Inc. ("QNS&L") for the transportation of iron ore concentrate from the Bloom Lake mine. Under the agreement, we are required to make minimum monthly shipments of iron ore concentrate by January 2010, or will be subject to penalties. We also have an agreement to deliver 7 million tonnes of iron ore concentrate per year over a 7 year period to Worldlink Resources Ltd. ("Worldlink"). If we fail to provide Worldlink with the agreed upon amount of iron ore concentrate, we may be subject to penalties under our agreement.

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Bloom Lake Project Development

At the date of this MD&A, we have spent over \$250 million on the project. Contingent upon signing a definitive agreement with WISCO, or securing an alternative source of financing within the timeframes described above, we plan to begin mining during the second quarter of 2009, with the first shipments of iron ore concentrate to occur during the fourth quarter of 2009.

The development of the Bloom Lake mine is advancing and as of May 7, 2009, the following has been accomplished with regards to the development of the property:

Mine and Mill

- The mining lease was officially signed and granted to Consolidated Thompson on April 14, 2009.
- Road access from the provincial highway to the mill site has been completed and a 5 km power line connecting the mill site to the Hydro-Québec power grid has been completed.
- A camp to accommodate 500 workers has been set up.
- The concrete plant is operational with the erection of a temporary Megadome allowed concrete production to continue through the winter.
- Concrete foundations for the mill and concentrator have been poured and the erection of structural steel is 80% complete for the concentrator buildings.
- Excavation on the crusher site and stockpile areas has been completed and concrete foundations at the crusher site are being poured.
- A mine garage has been erected and work on the tailings facilities is well underway.
- Preparations on the initial haul road have been completed and the excavation (pre-production work) of waste has started (which is providing aggregate for construction).
- Detailed engineering is approximately 95% complete.
- Have taken delivery of the AG mill and gyratory crusher.
- Installation of permanent housing units for employees in Fermont has started (3 duplex units completed and 5 duplex units under construction or ordered).
- An order has been placed with Caterpillar for US\$49.6 million in mobile mining equipment.

Rail

- Geotechnical work is largely complete and the final location of the rail routing has been determined.
- Following the receipt of permits in October 2008, the clear cutting and right-of-way work has been completed on the public land (24 km).
- Detailed engineering work on the bridges has been completed.
- Bidding processes for iron ore cars, tie and rail are on-going.
- We are continuing to negotiate the civil contract.

Port

- Orders have been placed for the car dumper and stacker/reclaimer.
- Clearing of future laydown and conveyor sites has been completed.
- Discussions concerning the upgrade and use of Wabush's ship loading facilities are continuing.
- Discussions are continuing with the port authority for the land leasing and commercial term of the conditions.

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Agreement with Wuhan Iron and Steel (Group) Corporation

On March 30, 2009, we signed a letter agreement with Wuhan Iron and Steel (Group) Corporation ("WISCO") with respect to a strategic investment in Consolidated Thompson. For consideration of US\$240 million (approximately \$302 million at the March 31, 2009 Cdn/US dollar noon exchange rate of 1.2602), WISCO will receive 29,748,897 Consolidated Thompson common shares, which represents approximately 19.9% of the issued shares on a post-investment basis before the recent equity financing. In addition, WISCO will receive a 25% interest in a new entity that is to be established to operate the Bloom Lake mine. WISCO has committed to purchase at fair market value that amount of iron ore production from the Bloom Lake mine that is equal to its interest in the operating company.

WISCO will also be entitled to other long-term off-take purchase rights at fair market value from the Bloom Lake project and future production from Lamelee and Pepler Lake. Specifically, WISCO will have the right, exercisable one year in advance for a minimum of one year, to purchase up to 60% of the production from the 8 million tonnes forecast to be produced from Bloom Lake, at fair market value. Under the agreement, various technology and personnel exchanges are contemplated and WISCO will be entitled to nominate a Director to the Consolidated Thompson Board. The cash consideration of US\$240 million will be paid in instalments: US\$200 million will be paid upon the receipt of all government approvals and the signing of a definitive agreement; US\$30 million will be paid upon the commissioning of the Bloom Lake mine; and, US\$10 million will be paid upon the mine reaching an annualized production rate of 8 million tonnes of iron ore concentrate per year for three consecutive months.

The agreement is conditional on, among other things, approval by the Chinese Government as well as by regulatory authorities in both countries, including the Toronto Stock Exchange, WISCO completing due diligence and the negotiation and execution of a definitive agreement, which the Company anticipates occurring before May 31, 2009. The agreement also contains a commitment by Consolidated Thompson to not solicit an alternative transaction to the proposed WISCO strategic investment. However, an unsolicited superior offer, as defined within the agreement, can be considered by the Company.

Equity Financing (subsequent event)

On April 3, 2009, we announced that we had entered into an agreement with a syndicate of underwriters to issue and sell 31,000,000 shares of Consolidated Thompson at a price of \$2.60 per share for aggregate gross proceeds of \$80,600,000 (the "Offering"). We also granted the underwriters an over-allotment option to purchase up to an additional 4,650,000 common shares (for additional gross proceeds of \$12,090,000), which was exercised in full. The net proceeds of \$87,869,000 from the Offering are being used to complete the construction of the Bloom Lake project and for general working capital and corporate purposes. Closing of the Offering occurred on April 27, 2009.

Bloom Lake Exploration Program

In December 2007, we commenced a 5,000 m drill program at our Bloom Lake property to evaluate the potential of expanding the identified mineralization to the west side of the Bloom Lake property. Initial results were favourable and, as a result, the program was expanded to 9,000 m of drilling. In March 2009, we announced that, based on the program, indicated mineral resource estimates had increased by 189.2 million tonnes at a grade of 27.9% Total Fe, bringing the total estimated measured and indicated mineral resources to approximately 827 million tonnes at a grade of 29.3% Total Fe. This includes estimated proven and probable mineral reserves of 580 million tonnes at a grade of 30.0% Total Fe.

The exploration program also resulted in an additional estimated inferred mineral resource of 47.2 million tonnes at a grade of 29.3% Total Fe, bringing the total estimated inferred mineral resources to 83 million tonnes at a grade of 30.0% Total Fe.

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The drill program and the additional estimated mineral resource was the result of a detailed ground magnetic survey completed in April 2008 that identified three additional zones of possible mineralization (Zones 2, 3 and 4). The drill program focused on Zones 2 and 3. A drill program for 2009 is planned for Zone 4 and to test the extensions to the zones that the magnetic survey identified as hosting potential mineralization.

We have filed a National Instrument 43-101 ("NI 43-101") technical report in respect of the updated mineral reserve and resource estimates that was prepared by GENIVAR, Consulting Geologists and Engineers. The technical report was prepared by Nicole Rioux, Senior Geologist with GENIVAR, who is a qualified person under NI 43-101 and is independent of Consolidated Thompson.

OUTLOOK

While our focus is mainly on completing a definitive agreement with WISCO and the commencement of production of Bloom Lake in the fourth quarter of 2009, we are also keeping an eye on the future of Consolidated Thompson and ways to leverage the strength of our assets. With the greater financial stability offered by the WISCO investment and the common share Offering, we have engaged BBA Inc. to complete a feasibility study contemplating the production of 16 million tonnes of iron ore concentrate per year from the Bloom Lake property.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2009, our net working capital totalled \$112,813,000, compared to net working capital of \$155,900,000 at December 31, 2008. The net working capital is largely made up of cash and cash equivalents totalling \$92,425,000 and restricted cash of \$27,546,000, less accounts payable and accrued liabilities of \$20,302,000. To ensure the security and liquidity of our financial resources, cash balances and short-term investments are only invested in Banker's Acceptance Paper, cashable GICs and other investments guaranteed and issued by Canadian Schedule 1 Financial Institutions.

The change in net working capital is mainly due to the expenditures made during the Quarter on our exploration and development properties, largely at the Bloom Lake Property, amounting to \$38,381,000.

On March 30, 2009, we signed a letter agreement with WISCO whereby WISCO agreed to pay us US\$240 million (approximately \$300 million) in exchange for 29,748,897 common shares in Consolidated Thompson, which represents approximately 19.9% of the issued shares on a post-investment basis before the recent equity financing and an interest of not less than 25% in a new entity that is to be established to operate the Bloom Lake mine. Additional details are provided above in the section entitled *Agreement with Wuhan Iron and Steel (Group) Corporation*. In addition, on April 27, 2009, we completed a share financing, as described above in the section entitled *Equity Financing*, for net proceeds of \$87,869,000.

The expected proceeds from the agreement with WISCO and the equity financing should allow us to complete the construction of the mine and mill and supply the additional funding that would be required if we are unable to find a partner to share construction costs related to the rail spur and port facilities. The capital cost related to the rail spur and the port facilities is estimated to be approximately \$160 million. While discussions are currently on-going with respect to the rail spur and port facilities, no agreements have been finalized and our ability to secure these financing requirements have been negatively impacted by the current economic downturn and there is no assurance that these initiatives will be successful. With regards to the financing of the mobile mining equipment, Caterpillar has completed its credit approval process and has approved up to US\$61 million in lease financing for Consolidated Thompson. We continue to expect that the rolling stock will be financed under an operating lease.

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Following the completion of the equity financing, we project that we have sufficient funds to continue on our existing construction schedule until July 2009 and are dependent on completing the announced strategic investment by WISCO, or obtaining alternative acceptable funding, in order to complete the development of the Bloom Lake project. If financing is not secured, construction on the mine and mill will need to be temporarily postponed to ensure that we have sufficient resources to discharge our existing liabilities and fund care and maintenance costs until such time as financing, on acceptable terms, is available. We have been and will continue to actively monitoring our cash position and working capital against our financial obligations to ensure that the Company has the resources to meet its outstanding commitments.

RESULTS OF OPERATIONS

During the Quarter, we recorded a net loss of \$1,783,000 compared to \$3,563,000 for the Comparative Quarter of the prior year. The decrease in the net loss was mainly the result of lower stock-based compensation, partially offset by lower interest revenue, higher general and administrative expenses and an unrealized gain on warrants in the Comparative Quarter.

General and administrative ("G&A") expenses for the Quarter were \$2,993,000, compared to \$1,645,000 for the Comparative Quarter. This increase is the result of increased activities related to the development of the Bloom Lake property that has led to the addition of several new employees to our Montreal office. This generated higher salary expenses as well as increased travel expenses and professional fees. Additional fees were incurred during the Quarter in relation to the search for financing. Travel and transportation expenses also increased with increased activity related to the development of the mine and the search for additional financing.

The results for the Comparative Quarter include stock-based compensation expense of \$5,227,000 relating to 1,830,000 stock options that were granted during that period. There were no stock options issued during the three months ended March 31, 2009. The fair value method of accounting is used for all stock-based compensation awards and the Black-Scholes option pricing model is used to value stock-based compensation.

Interest income for the Quarter totalled \$887,000, compared to \$1,975,000 for the Comparative Quarter. The decrease is due to lower cash balances and lower average interest rates. Foreign exchange gains of \$352,000 were generated during the Quarter, mainly from short-term investments in United States ("US") dollar denominated instruments that are required as collateral for letters of credit issued in favor of various suppliers. The gains were the result of the decrease in the value of the Canadian dollar against the US dollar during the Quarter. The US to Canadian dollar exchange rate went from \$1.2246 at December 31, 2008 to \$1.2602 at March 31, 2009. A foreign exchange gain of \$244,000 during the Comparative Quarter was incurred as the Canadian dollar had also lost value against the US dollar during this period.

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Exploration and Development Expenditures

The following table sets forth the exploration and development expenditures we incurred in relation to the Bloom Lake property for the three months ended March 31, 2009 and for the year ended December 31, 2008. These expenditures were capitalized on the balance sheet under mineral exploration and development properties (thousands of \$):

	Three months ended March 31, 2009	Twelve months ended December 31, 2008
<u>Bloom Lake Property</u>		
Permits, mining claims, surveying	\$ 14	\$ 127
Exploration and development		
Process plant ⁽¹⁾	8,827	57,001
Services and infrastructure ⁽²⁾	12,057	36,875
EPCM ⁽³⁾	3,623	18,237
Direct field costs ⁽⁴⁾	5,410	15,660
Mine site preparation ⁽⁵⁾	3,161	13,950
Owner's costs ⁽⁶⁾	734	4,359
Auxiliary services ⁽⁷⁾	429	2,407
Exploration costs ⁽⁸⁾	154	1,934
	<u>34,395</u>	<u>150,423</u>
Government assistance ⁽⁹⁾	(35)	(605)
	<u>34,360</u>	<u>149,818</u>
ITUM – Impact and benefits agreement	-	6,175
Railroad infrastructures	1,126	5,887
Port infrastructures	2,895	3,337
Total - Bloom Lake Property	\$ <u>38,381</u>	\$ <u>165,344</u>

(1) Crusher and concentrator

(2) Stockpile and reclaim, dewatering, load-out and common services

(3) Engineering, Procurement, Construction and Management

(4) Access and service roads, ground works, site clearing

(5) Including roads

(6) Field personnel and related expenses, insurances for construction

(7) Including pumping stations and auxiliary equipment for facilities and buildings

(8) Drilling programs including planning, supervision and analysis or results

(9) Credits from the Québec government with regards to exploration expenses

During the Quarter, we have also invested \$372,000 (net of government exploration credits of \$165,000) in our Peppler Lake and Lamelee properties.

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CASH FLOWS

Cash generated by operating activities for the Quarter was \$1,045,000, compared to \$2,154,000 during the Comparative Quarter. The difference between the periods was mainly the result of higher general and administrative expenses and lower interest revenue, partially offset by a more favorable net change in non-cash working capital during the Quarter.

During the Quarter, investing activities used \$54,915,000 compared to \$13,138,000 during the Comparative Quarter. The increase in cash used during the Quarter when compared to the Comparative Quarter is largely the result of increased expenditures on our mineral exploration and development properties. During the Quarter, \$58,599,000 was spent, largely on Bloom Lake, compared to \$9,613,000 during the Comparative Quarter. An amount of \$518,000 was also spent on property and equipment mainly for the construction of duplex units for the employees of the mine once it will be in operations. Long-term advances of \$974,000 were also made to suppliers for mining equipment during the Quarter. This was offset by a decrease in restricted cash of \$1,176,000 as payments for services and equipment were made to suppliers during the Quarter. These payments allowed us to cancel the letters of credit issued to those suppliers and thereby reduce the cash collateral required.

In February 2009, we participated in a private financing to acquire 16,666,667 common shares of Largo Resources Ltd. ("Largo") at a price of \$0.06 per common share for a total of \$1,000,000. Largo is a Canadian natural resource development and exploration company with two advanced stage projects: the Maracas Vanadium-PGM deposit in Brazil; and, the Northern Dancer Tungsten-Molybdenum deposit in the Yukon. The shares of Largo are traded on the TSX Venture Exchange under the symbol "LGO". Consolidated Thompson and Largo have two directors and one officer in common. In the Comparative Quarter, we participated in a non-brokered private placement in January 2008 and purchased 5,000,000 units of Quinto at a total cost of \$3,250,000.

Financing activities during the Quarter were nil, compared to cash generated of \$171,912,000 during the Comparative Quarter. Cash generated from financing activities during the three months ended March 31, 2008 resulted largely from the March 2008 public offering of 23,000,000 shares of Consolidated Thompson at a price of \$7.80 per share for aggregate gross proceeds of \$179,400,000 (net proceeds of \$170,727,000).

QUARTERLY INFORMATION

Quarterly results for the last eight quarters are as follows (in million of \$, except for per share amounts):

	March 31 2009	Dec. 31 2008	Sept. 30 2008	Three months ended		Dec. 31 2007	Sept. 30 2007	June 30 2007
				June 30 2008	March 31 2008			
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net income (loss)	\$(1.8)	\$0.9	\$1.3	(\$11.4)	(\$3.6)	\$0.5	\$0.2	(\$11.8)
Net income (loss) per share, basic and diluted	\$(0.01)	\$0.01	\$0.01	(\$0.11)	(\$0.04)	\$0.01	\$ -	(\$0.29)

As we had no revenue during the last eight quarters (with the exception of interest income), the net losses resulted primarily from general and administrative expenses and stock-based compensation. Stock-based compensation expense for the three months ended June 30, 2008, March 31, 2008 and June 30, 2007 amounted to \$10,575,000, \$5,228,000 and \$10,896,000, respectively, which led to higher losses in those quarters. Net income or break-even earnings for the other quarters were largely the result of interest income.

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CONTRACTUAL OBLIGATIONS AND CONTINGENCIES

The following table lists, as of March 31, 2009, information with respect to our contractual obligations (in thousands of \$):

	Payments due by period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Long-term leases	\$ 0.3	\$ 0.2	\$ 0.1	\$ -	\$ -
Purchase obligations	166.4	143.7	19.7	3.0	-
Total	\$ 166.7	\$ 143.9	\$ 19.8	\$ 3.0	\$ -

As of March 31, 2009, outstanding purchase orders amounted to \$166.4 million, compared to \$166.7 million as of December 31, 2008. We also have an order placed for mobile mining equipment for US\$49.6 million (\$62.5 million). Caterpillar has completed its credit approval process with regards to the leasing of the mobile mining equipment and has approved up to US\$61 million in lease financing for Consolidated Thompson. The completion of the financing facility is subject to signing a final agreement.. However, we do have the ability to reduce the commitments under the purchase orders if additional financing is not secured.

In July 2007, we entered into an exclusive distribution agreement for the sale of 5.0 million tonnes of iron ore concentrates per year for a five-year period. The agreement was expanded to 7.0 million tonnes of iron ore concentrates in January 2008 and the period was extended from five years to seven years. The price will be determined annually based on the published market prices. As a reference, the following is the pricing⁽¹⁾ for the years 2004 through 2008 (concentrate from Bloom Lake would be subject to adjustments and conformance specification in terms of concentrate quality):

(US\$/DMTU⁽²⁾)

2008 - \$1.1898
2007 - \$0.7211
2006 - \$0.6585
2005 - \$0.5534
2004 - \$0.3227

⁽¹⁾ Vale's fines prices for Asian market, FOB Tubarao

⁽²⁾ DMTU: Iron unit per dry metric ton

Under the distribution agreement, if we fail to provide the agreed upon amount of concentrate we may be subject to penalties.

In August 2008, we signed a rail transportation agreement with QNS&L. The agreement provides that iron ore concentrate from the Company's Bloom Lake property will be carried on the QNS&L railway from the Wabush Lake Junction in Labrador City, Newfoundland and Labrador to the Sept-Îles Junction in Sept-Îles, Quebec, a distance of approximately 500 km. We provided an advance of \$51.5 million pursuant to the terms of the agreement. Under the agreement, we are required to make minimum monthly shipments of concentrate by January 2010, or we will be subject to penalties.

At March 31, 2009, we had no significant environmental liability and we are not aware of any significant legal proceedings or pending legal proceedings.

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There were no other significant changes in the commitments and contingencies during the three months ended March 31, 2009.

TRANSACTIONS WITH RELATED PARTIES

As mentioned under the *Cash flows* section, we participated during the Quarter in a private financing to acquire 16,666,667 common shares of Largo at a price of \$0.06 per common share for a total price of \$1,000,000. Consolidated Thompson and Largo have two directors and one officer in common.

During the three months ended March 31, 2009 and 2008, we paid consulting fees of \$18,750 to one of our directors. In addition, we share our premises with other companies that have common directors and officers. We reimburse the related companies for our proportional share of the expenses. For the three months ended March 31, 2009, expenses of \$44,430 have been incurred on our behalf by these related companies.

We are party to an agreement expiring in December 2009 for the use of a corporate aircraft that is owned by one of our directors. We are committed to chartering the aircraft for a minimum of twenty hours per month, with the expectation that the aircraft would primarily be used to travel between the Bloom Lake property in northern Québec and our offices in Toronto and Montreal. During the three months ended March 31, 2009, we paid \$75,000 for the use of this aircraft. We have an option to terminate the contract upon 30 days notice.

All of the above transactions are in the normal course of operations and are measured at the exchange amount established and agreed to by the related parties, which represents the fair value.

OFF-BALANCE SHEET ITEMS

We do not have any off-balance sheet arrangements.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

Issue of common shares

On April 27, 2009, we closed a public offering of 35,650,000 common shares at a price of \$2.60 per common share, including the exercise of an over-allotment option of 4,650,000 common shares, for aggregate gross proceeds of \$92,690,000 (net proceeds of \$87,869,000). The net proceeds from this offering are intended to be used to complete construction of the Bloom Lake project and for general working capital and corporate purposes.

Grant of stock options

On April 6, 2009, we granted 2.6 million stock options to directors, officers, employees and consultants of the Company. The stock options were issued at a price of \$2.80, vest immediately and have a maturity of 5 years. The value of the stock options as per the Black-Scholes model is \$3,691,000.

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OUTSTANDING SHARE DATA

As at May 7, 2009, 155,028,917 common shares of Consolidated Thompson were outstanding. There were 11,890,000 stock options outstanding to purchase common shares under the share option plan, with exercise prices ranging from \$0.46 to \$9.23, and expiry dates ranging from August 26, 2010 to April 6, 2014.

In addition, as at May 7, 2009, we had 1,359,350 common share purchase warrants outstanding having exercise prices ranging from \$2.75 to \$5.00 and expiry dates ranging from June 29, 2009 to January 10, 2010. These warrants were acquired as part of the acquisition of Quinto.

SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full discussion and description of our critical accounting policies in the MD&A for the year ended December 31, 2008.

CHANGES IN ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

Accounting Changes

Section 3064, *Goodwill and Intangible Assets*

In February 2008, the CICA issued Handbook Section 3064, *Goodwill and Intangible Assets*, in replacing Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This new standard is applicable to fiscal years beginning on or after October 1, 2008. We implemented this standard in our first quarter of fiscal year 2009, which did not have an impact on our consolidated financial statements.

Recent Accounting Pronouncements

EIC-174, *Mining Exploration Costs*

In March 2009, the CICA issued the Abstract EIC-174, *Mining Exploration Costs*. The Abstract gives guidance on the capitalization of exploration costs related to mining properties and on the timing of the assessment of impairment tests and the conditions indicating possible impairments. This Abstract is applicable from its date of issue. We have considered EIC-174 in establishing our consolidated financial statements at March 31, 2009.

Section 1582, *Business Combinations*

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, replacing Section 1581, *Business Combinations*. The previous Section was removed in order to adopt the relevant extracts of the International Financial Reporting Standard, IFRS 3, *Business Combinations*. The new Section establishes standards for the recognition, measurement, presentation and disclosure of business combinations.

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This new standard is applicable to business combinations realized during fiscal years beginning on or after January 1, 2011. We will implement this standard in our first quarter of fiscal year 2011. This new Section requires that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination be recorded at "full fair value" and that liabilities associated with restructuring or exit activities be recognized only if they meet the definition of a liability as of the acquisition date. In addition, direct acquisition costs must be expensed when incurred. As a result, if we realize significant business combinations, this new Section could have a material impact on our consolidated financial statements because the actual policy is to include these costs in the purchase price of the acquired business.

Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-controlling interests*

Section 1601, *Consolidated Financial Statements*, replaces and carries forward existing guidance from Section 1600, *Consolidated Financial Statements*, on the aspects of the preparation of consolidated financial statements subsequent to a business combination other than non-controlling interests.

Section 1602, *Non-controlling interests*, provides guidance on accounting for non-controlling interests subsequent to a business combination. This Section replicates the provisions of IAS 27, *Consolidated and Separate Financial Statements*, other than the disclosure requirements. Under this new Section, non-controlling interests in subsidiaries must be presented in the consolidated balance sheet with equity, but separated from the parent shareholders' equity. In the statements of operations, a non-controlling interest must not be deducted in arriving at the consolidated net income, but must be allocated to the controlling interest and the non-controlling interest according to their percentage of ownership.

Sections 1601 and 1602 must be implemented concurrently with Section 1582, *Business Combinations*, discussed above. Both Sections are applicable for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. Section 1602 is to be applied retrospectively, with certain exceptions. Entities planning business combinations for the years beginning on or after January 1, 2010 should consider adopting these new standards in or before that year to avoid restatement on transition to IFRS in 2011.

International Financial Reporting Standards ("IFRS")

In 2005, the Accounting Standards Board of Canada ("AcSB") announced that accounting standards in Canada are to converge with IFRS. In May 2007, the CICA published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards into Canadian GAAP". This plan includes an outline of the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian generally accepted accounting standards with IFRS. In April 2008, the AcSB published the exposure draft: *Adopting IFRS in Canada* ("Exposure Draft"). The AcSB proposes to incorporate the IFRS set out in this Exposure Draft into the CICA Handbook – Accounting ("Handbook"). The Handbook will be updated as necessary thereafter so that, at any point in time, it includes the full body of IFRS then in effect. Effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, IFRS will replace current Canadian GAAP for most publicly accountable enterprises. Companies will be required to provide comparative IFRS information for the previous fiscal year. At the same time, the AcSB proposes to amend Section 1506, *Accounting Changes*, to accommodate the adoption of IFRS in Canada by providing relief in respect of the requirement to disclose information about new primary sources of GAAP that have been issued but are not yet effective.

We are in the process of establishing a changeover plan to adopt IFRS by 2011. An implementation team has been identified and a conversion timetable created. The process of assessing accounting policy choices and elections that are allowed under IFRS has started. We will also assess the impact of the conversion on our business activities including the effect on information technology and data systems, internal controls over financial reporting and disclosure controls. Going forward, we will continually review and adjust the changeover plan we establish to ensure our implementation process properly addresses the key elements of the plan.

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RISKS AND UNCERTAINTIES

The exploration for, development and mining of mineral deposits involve significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. For additional discussion of risk factors please refer to our Annual Information Form which is available upon request from the Company or on our profile on www.sedar.com.

MULTILATERAL INSTRUMENT 52-109 DISCLOSURE

Evaluation of Disclosure Controls and Procedures

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation, that they are sufficiently effective to provide reasonable assurance that material information relating to Consolidated Thompson is made known to management and disclosed in accordance with applicable securities regulations.

Internal Controls over Financial Reporting

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with other members of Management, have designed internal controls over financial reporting based on the Internal Control-Integrated Framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). These controls are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

We have not identified any changes to our internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, our internal control over financial reporting.

The CEO and CFO, together with other members of Management, have evaluated the effectiveness of internal controls over financial reporting as defined by National Instrument 52-109, and have concluded, based on our evaluation that they are operating effectively as at March 31, 2009.

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CAUTIONARY NOTES

Except for statements of historical fact relating to Consolidated Thompson Iron Mines Limited, certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to Consolidated Thompson's development potential and timetable of Consolidated Thompson's properties, including the Bloom Lake Project; Consolidated Thompson's ability to raise additional funds necessary to complete the Bloom Lake Project; the future price of iron ore; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures and operating costs; success of exploration activities; mining or processing issues; currency exchange rates; government regulation and permitting of mining operations; environmental risks and the impact of management appointments. Generally, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the opinions and estimates of management as of the date such statements are made. Estimates regarding the anticipated timing, amount and cost of mining at the Bloom Lake Project are based on assumptions underlying mineral reserve and mineral resource estimates and the realization of such estimates as set out in Consolidated Thompson's AIF (as defined herein). Capital and operating cost estimates are based on extensive research of Consolidated Thompson, purchase orders placed by Consolidated Thompson to date, recent estimates of construction and mining costs and other factors that are set out in Consolidated Thompson's AIF. Production estimates are based on mine plans and production schedules, which have been developed by Consolidated Thompson's personnel and independent consultants. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Consolidated Thompson to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events and delays during construction, expansion and start-up; variations in iron ore grade and recovery rates; receipt of government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of iron ore; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry. Although management of Consolidated Thompson has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Consolidated Thompson does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

May 7, 2009