Sierra Iron Ore Corporation
Management Discussion and Analysis (“MD&A”)
Three Month Period Ended December 31, 2014

The effective date of this report is February 23, 2015.

Management Discussion & Analysis

Management’s discussion and analysis (“MD&A”) provides a detailed analysis of the results and financial condition of Sierra Iron Ore Corporation (the “Company” or “Sierra”) for the period ended December 31, 2014. The following MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the periods ended December 31, 2014, which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The reader should also refer to the audited consolidated financial statements for the year ended September 30, 2014, which were prepared in accordance with IFRS.

The unaudited condensed consolidated interim financial statements were prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The operations of the Company were primarily funded by the issue of share capital.

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future. The condensed consolidated interim financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue business.

The Company’s continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business. Any acquisition or investment proposed by the Company will be subject to regulatory approval.

News releases and previous filings may be found on SEDAR at www.sedar.com.

The Company’s management is responsible for presentation and preparation of the financial statements and the MD&A.

Description of Business

Sierra Iron Ore Corporation (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 20, 2009 and is publicly listed and traded on the TSX Venture Exchange (“TSX-V”). The Company is currently engaged in the identification, acquisition and exploration of prospective precious metal properties in Mexico and Canada. The Company’s head office address is 13236 Cliffstone Court, Lake Country, British Columbia, V4V 2R1, Canada. The Company’s registered and records office is located 1400 – 1125 Howe Street, Vancouver, British Columbia, V6Z 2K8, Canada.

Forward Looking Statements

Certain information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation to future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words 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.

In making and providing the forward-looking information included in this MD&A the Company's assumptions may include among other things: (i) assumptions about the price of base metals; (ii) that there are no material delays in the optimization of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See "Financial Instruments and Risk Management") contains information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company's control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

Overall Performance

- The Company's loss for the period ended December 31, 2014 was $238,541.

- Working capital deficit was $1,141,177 at December 31, 2014.

Mineral Properties

Emerald Lake, Ontario

On April 29, 2014, the Company signed a letter of intent (the "LOI"), replaced with a definitive agreement which was later amended with Emerald Lake Development Corporation. Subject to the agreement, the Company will have the right to earn 60% of the iron mineralization located on a property (the "Emerald Lake Property") located 3.5 miles north of the town of Emo, Ontario. The acquisition terms will require:

i) pay $5,000 (paid)
ii) pay $50,000 (paid)
iii) pay $200,000 to be paid on or before the earlier of 365 days after TSX-V approval days or when a positive production decision is mutually determined
iv) issue 2,608,000 common shares on or before 5 days after TSX-V approval (issued at a value of $352,080)
v) issue 6,392,000 common shares upon the earlier of the presentation to the parties of a positive feasibility study respecting the property, or the commencement of commercial production.

The Company will also be required to make exploration expenditures over 24-months of a minimum of $2,000,000. On or before the Commencement of Commercial Production on the Property, the Company shall have the right and option to acquire an additional thirty-two (32%) percent undivided interest in the Property, or the entire remaining interest of ELD in the Property at such time (if less than thirty-two (32%) percent), by issuing additional cash and/or shares to ELD based on a mutually agreed upon evaluation, as well as a right of first refusal excluding property that ELD has an interest in at the date of the JV Agreement.

If ELD or any affiliate acquires any additional interest in mineral properties in the Province of Ontario containing iron ore mineralization (including iron ore containing gold), ELD will immediately provide notice of such acquisition to the Company and the Company will thereupon have sixty (60) days to acquire the property on terms no less favourable than would be offered in good faith to an arm's length third party. A finder's fee of 373,100 shares is issuable (issued 257,625 shares subsequently, the remaining 115,475 shares are to be issued by April 29, 2015).

The property consists primarily of an approximately kilometre long segment of a linear tabular body existing along a strike length of approximately 31 kilometres. The area has been shown by detail ground magnetics to possess width regularity and the mineralized zone is hosted by clastic sediments, representing a portion of the Richardson trough. An anticlinal fold has been decapitated by erosion so as to expose an underlying noritic (laccomorphic) layered complex. Thermal effects attributed to the emplacement of the complex, have yet to be determined. The presence of nearby outcropping of bedrock suggests the presence of variable to manageable thicknesses of overburden.

In August 2014, the Company purchased a free-hold farm property in Ontario. The 170 acre property includes a 4 bedroom house and out buildings suitable for storing equipment. The company will use this property as a field base for its Ontario Iron Ore operations. The Poperty is proximally located to the mineral claims (gold/iron ore) recently optioned by the Company.

This acquisition represents a significant step in implementing management's shift in focus away from Mexico to Canada due to the greater stability, transparency and accountability afforded by operations located and conducted in Canada.

Tom Cat Claims, British Columbia

Pursuant to an option agreement dated June 17, 2010 the Company was granted an option to earn up to a 100% undivided interest in certain mining claims (known as the Tom Cat Claims) located in the Nicola Mining District, British Columbia in consideration for $35,000 and the issuance of 450,000 common shares to the optionor over two years as follows:

- $10,000 on signing the option agreement (paid);
- 150,000 shares following TSX-V approval (issued at a value of $27,000);
- $25,000 and 100,000 shares on November 10, 2011 (paid and issued at a value of $50,000); and
- 200,000 shares on November 10, 2012 (issued at a value of $130,000)

The optionor will retain an NSR royalty of 2%; 1% of which may be purchased for $2,000,000 for five years from the start of commercial production.

The Tom Cat property is located 200 kilometers east-northeast of Vancouver within the historic Aspen Grove copper camp and shares a property boundary with the Big Kidd property that was recently optioned by Extrata and currently under exploration. The region is well known to host some of the world's significant copper resources, including those at Copper Mountain and at the Highland Valley.

The Tom Cat property, has been explored by prospecting and trenching since 1906. The predominant mineralization is hosted in green laharic breccia or basaltic flow breccia near the contact with red laharic breccia of the Upper Triassic Nicola group.

In October 2012, the Company announced the commencement of an exploration program of geological mapping and sampling program as a prelude to a planned diamond drill program on the property.

In December 2012, the Company staked additional mineral claims adjacent to the Tom Cat property and, with the addition of the newly staked claims, the Tom Cat property is now comprised of ten contiguous mineral claims covering an area of 4013 hectares.

Ruben Verzosa, P. Eng., a Qualified Person (QP) as defined by National Instrument 43-101, is responsible for the technical information contained in this MD&A relating to the Tom Cat property.

Liquidity, Capital Resources and Capital Expenditures

The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, or generate profitable operations in the future.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business.

The Company will take appropriate measures to raise the necessary funding through private placements, exercising of stock options, warrants and/or credit facilities to address its liabilities and to continue operations.

At December 31, 2014, the Company's working capital (deficit), defined as current assets less current liabilities, was $(1,141,177) down from $(1,583,209) at September 30, 2014 primarily as an increase in the accounts payable.

During the period ended December 31, 2014, the Company:

i) issued 3,849,291 common shares to creditors to settle debts aggregating $577,394.

ii) issued 1,767,000 units for gross proceeds of $265,050. Each unit consists of one common share issued at $0.15 per share, and one common share purchase warrant. Each common share purchase warrant may be exercised by the holder to purchase an additional common share at a price of $0.20 for 24 months from closing. At September 30, 2014, the Company had received $190,050 in subscriptions which was recorded as subscriptions received in advance.

iii) issued 2,865,625 shares at a value of $386,859 for the acquisition of the Emerald Lake property.

In February 2015, the Company has arranged a non-brokered private placement. The private placement financing will consist of up to 2,000,000 units ("Units") for gross proceeds up to $300,000.00. Each Unit will be priced at $0.15 and will consist of one common share and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one additional common share at a price of $0.20 per share for 24 months from the closing date.

The Company's cash is mainly in Canadian dollars. The Company is subject to little exchange rate fluctuations relative to the reporting currency.

The Company has not made any commitments for capital expenditures, for exploration and development expenses, or for mineral property option payments.

The Company has not made any arrangements for sources of financing that it has not yet used.

Contractual Obligations

The Company has no long-term debt outstanding or contractual obligations.

Summary of Quarterly Results

The table below provides, for each of the quarters since incorporation, a summary of both property acquisition and exploration costs on a project-by-project basis, and of corporate expenses.

	Loss per quarter	Fully diluted loss per share	Interest income	Property costs – Tom Cat claims	Property costs - Emerald Lake	Property costs EI Creston
Jan. 1, 2013 –Mar. 31, 2013	(124,512)	0.01	-	-	-	70,172
Apr. 1, 2013 –Jun. 30, 2013	(485,630)	0.03	-	(16,216)	-	556,218
Jul. 1, 2013 –Sept. 30, 2013 (i)	(457,804)	0.02	-	-	-	645,729
Oct. 1, 2013 –Dec. 31, 2013 (ii)	(213,214)	0.01	-	12,000	-	180,909
Jan. 1, 2013 –Mar. 31, 2014	(229,853)	0.01	-	3,000	-	87,743
Apr.1, 2014 – Jun. 30, 2014	(210,898)	0.01	-	-	5,000	96,136
Jul.1, 2014 – Sept. 30, 2014 (iii)	(5,866,598)	0.26	-	24,000	60,000	50,566
Oct. 1, 2014 – Dec. 31, 2014	(238,541)	0.01	-	-	4,500	-

(i) Includes share-based compensation expense of $156,015.
(ii) Includes share-based compensation expense of $227,270.
(iii) Includes the write off of El Creston property and equipment of $5,536,567.

Three Months Ended December 31, 2014

Net loss and comprehensive loss for the period ended December 31, 2014 was $238,541 compared to $213,214 for period ended December 31, 2013. During the period ended December 31, 2014:

i) Consulting fees increased to $47,713 (2013 - $30,021) due to increased consulting services during the current period.
ii) General, rent and administrative decreased to $17,530 (2013 - $22,459) due to decreased overall activities in the current period.
iii) Professional fees increased to $62,402 (2013 - $14,725) due to higher legal costs associated with the private placement and the share for debt settlement occurred in the current period.
iv) Regulatory fees decreased to $3,083 (2013 – $23,270) due to a decrease overall activities in the current period.
v) Travel and promotion decreased to $20,684 (2013 - $36,346) due to the Company taking less trips to properties in the current period.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

The carrying value of the Company's subscriptions receivable, accounts payable and accrued liabilities and due to related parties approximate their fair value because of the short-term nature of these instruments. Cash is carried at a fair value using a level 1 fair value measurement.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2014, the Company had a cash balance of $3,157 (September 30, 2014 - $12,541) to settle current liabilities of $1,164,303 (September 30, 2014 - $1,610,875). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company expects to fund these liabilities through the use of existing cash resources and additional equity financing.

Capital Management

The Company's primary objectives in capital management are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain sufficient funds to finance the exploration and development of its exploration and evaluation interests. Capital is comprised of the Company's shareholders' equity. As at December 31, 2014, the Company's shareholders' equity was $229,478 (September 30, 2014 – deficiency of $566,234).

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended December 31, 2014.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

   The Company has cash balances held with financial institutions. The Company is satisfied with the credit rating of its bank.

b) Foreign currency risk

   The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2014, the Company had minimal cash amounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

   The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of commodities, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Off Balance Sheet Arrangements

The Company did not have any off-balance sheet arrangements as at December 31, 2014.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Other than disclosed below, there was no other compensation paid to key management during the periods ended December 31, 2014 and 2013. During the period ended December 31, 2014, the Company paid or accrued:

(i) general, rent and administration fees of $2,475 (2013 - $20,975) to the CEO and a company with a common director of the Company.
(ii) management fees of $28,632 (2013 - $37,000) to the CEO and CFO and companies controlled by CEO and CFO of the Company.
(iii) directors fees of $9,000 (2013 - $6,000) to directors of the Company.
(iv) consulting fees of $Nil (2013 - $15,000) to a company controlled by an ex-officer of the Company.

Included in accounts payable and accrued liabilities as at December 31, 2014 is $88,001 (September 30, 2014 - $302,880) due to directors, a spouse of a director, and companies controlled by directors.

At December 31, 2014, the Company owed the CEO $464,206 (September 30, 2014 - $399,786) for management fees as well as expenses that he paid for on behalf of the Company and $26,235 for loans received from the CEO (Note 5). The Company has a balance receivable from a corporation with a common director of $201,239 (September 30, 2014 – $201,239) for expenses incurred for the USA Subsidiary.

Outstanding Share Information at February 23, 2015

Authorized Capital

Unlimited common shares without par value.

Issued and Outstanding Capital

31,982,654 shares outstanding

Stock Options and Warrants Outstanding

The following stock options were outstanding February 23, 2015:

Expiry Date	Exercise Price	Number of Options	Number of Options Exercisable
May 8, 2015	$ 0.40	232,580	232,580
September 7, 2015	$ 0.40	473,746	473,746
January 17, 2016	$ 0.42	421,428	421,428
June 28, 2016	$ 0.80	214,903	214,903
May 8, 2018	$ 0.40	400,000	400,000
September 7, 2018	$ 0.40	132,500	132,500
September 17, 2018	$ 0.43	117,500	117,500
		1,992,657	1,992,657

The following warrants were outstanding at February 23, 2015:

Number of Warrants	Exercise Price	Expiry Date
1,678,850	$ 0.55	June 27, 2015
637,500	$ 0.55	September 12, 2015
257,500	$ 0.55	February 25, 2016
1,666,668	$ 0.20	June 19, 2016
1,767,000	$ 0.20	December 21, 2016
6,007,518		

Uncertainties and Risk Factors

Being in the exploration stage, the Company will face a variety of risks, and while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility, risks related to determining the validity of mineral property title claims, commodities prices, Political and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

Board of Directors

On December 17, 2014, the Company announced the appointment of Mr. David Cross to the Board of Directors.

Financial Instruments

Please refer to Note 2 and Note 8 in the December 31, 2014 Unaudited Condensed Consolidated Interim Financial Statements on www.sedar.com for financial instrument information.

New Accounting Policies and New Accounting Pronouncements

Please refer to Note 2 in the December 31, 2014 Unaudited Condensed Consolidated Interim Financial Statements on www.sedar.com for newly adopted accounting policies and recent accounting pronouncements.

Presidents Message

The Management team would like to thank the shareholders for their support in the Company's quest to establish economic mineralization on its properties. Management's goal is to pursue different opportunities in order to enhance shareholder value.

During the year ended September 30, 2014, the Company faced difficult operating challenges. In general, world economic conditions, specifically the demand for commodities and precious metals saw only tepid recoveries from recent lows. Our industry, mineral property exploration and development, has only shown very recent signs of recovery; this hopefully signals a continuing upward trend.

Financing remains difficult. Traditionally property exploration and development decisions have been driven by factors such as the geological merit of a property, commodities markets and industry trends; this has, in turn affected the availability of financing for given projects. Now, another set of factors has been added that has particularly targeted companies operating in politically unstable areas. Political instability has added the risk of danger to personnel and damage to or loss of property.

The Company's near term intentions have now changed based upon a combination of factors. In Mexico the Company faces capital raising difficulties for mining projects, potentially adverse reclamation and environmental issues, and the present environment of extreme political and civil instability. Due to these factors, the company has shut down all operations in Mexico and is liquidating or moving all assets to Ontario.

In July 2014, the Company entered into a definitive joint venture agreement (the "JV Agreement") with Emerald Lake Development Corporation. Subject to the terms of the JV Agreement, the Company will have the right to earn up to a sixty (60%) percent interest in the iron ore and gold mineralization located on the Emerald Lake property (the "Property") located 3.5 miles north of the town of Emo, Ontario. The Company has also purchased a free-hold farm property which is proximally located to the mineral claims on the Property. The Company will use the farm property as a field base for its Ontario Iron Ore operations. Upcoming work on the Property will include a fieldwork program which is comprised of drilling, mapping, sampling and planning for further property development.

This acquisition represents a significant step in implementing management's shift in focus away from Mexico to Canada due to the greater stability, transparency and accountability afforded by operations located and conducted in Canada