

Century Iron Mines Corporation

(formerly Red Rock Capital Corp.)

(an exploration stage company)

Condensed Consolidated Interim Financial Statements

(Unaudited)

December 31, 2011

(expressed in Canadian dollars)

Century Iron Mines Corporation

(an exploration stage company)

Condensed Consolidated Interim Financial Statement of Financial Position

(Unaudited)

(expressed in Canadian dollars)

	December 31, 2011 \$	March 31, 2011 \$ (Notes 1 & 7)	April 1, 2010 \$ (Notes 1 & 7)
Assets			
Current assets			
Cash and cash equivalents	77,418,748	4,958,672	307,307
Accounts receivable (note 11)	140,239	125,154	109,904
Taxes recoverable	2,333,103	265,211	16,224
Tax credits receivable (note 5)	895,786	-	505,394
Prepaid expenses and deposits	733,502	593,114	120,678
	<u>81,521,378</u>	<u>5,942,151</u>	<u>1,059,507</u>
Non-current assets			
Exploration and evaluation assets (note 5)	39,103,323	14,231,007	5,231,618
Property, plant and equipment (note 6)	1,908,097	184,302	-
	<u>122,532,798</u>	<u>20,357,460</u>	<u>6,291,125</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,832,649	992,934	548,761
Advances from a shareholder	-	-	5,379,822
Advances from a director (note 11)	-	41,277	-
Deposit received (note 11)	8,170,640	7,774,400	-
Loan repayable to a shareholder (note 11)	-	2,713,461	-
Loan repayable to a related party (note 11)	-	6,500,000	-
	<u>13,003,289</u>	<u>18,022,072</u>	<u>5,928,583</u>
Non-current liabilities			
Deferred income tax liability	280,979	280,979	664,973
	<u>13,284,268</u>	<u>18,303,051</u>	<u>6,593,556</u>
Shareholder's Equity			
Share capital (note 8)	115,310,770	4,000,000	4
Accumulated deficit	(16,301,223)	(1,945,591)	(302,435)
Other components of equity	10,238,983	-	-
	<u>109,248,530</u>	<u>2,054,409</u>	<u>(302,431)</u>
	<u>122,532,798</u>	<u>20,357,460</u>	<u>6,291,125</u>

Approved by the Board of Directors

"/s/ Sandy Chim" Director

"/s/ Paul Murphy" Director

The accompanying notes are an integral part of these consolidated financial statements.

Century Iron Mines Corporation

(an exploration stage company)

Condensed Consolidated Interim Statement of Comprehensive Loss

(Unaudited)

(expressed in Canadian dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2011 \$	2010 \$ (Note 1)	2011 \$	2010 \$ (Note 1)
Other income				
Interest income	252,725	-	642,750	-
Management fee	-	29,099	-	109,949
	<u>252,725</u>	<u>29,099</u>	<u>642,750</u>	<u>109,949</u>
Expenses				
General and administrative	1,799,148	217,331	3,960,654	427,835
Exchange (gain) / loss	(178,050)	-	379,006	-
Consulting and professional fees	1,246,353	447,629	2,843,234	569,912
Share option expenses (note 8)	1,528,519	-	7,073,865	-
Reverse acquisition transaction cost (note 7)	-	-	746,602	-
	<u>4,395,970</u>	<u>664,960</u>	<u>15,003,361</u>	<u>997,747</u>
Loss before income taxes	<u>(4,143,245)</u>	<u>(635,861)</u>	<u>(14,360,611)</u>	<u>(887,798)</u>
Income tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the period	<u>(4,143,245)</u>	<u>(635,861)</u>	<u>(14,360,611)</u>	<u>(887,798)</u>
Exchange differences on translation of foreign operations	1,521	-	(25,312)	-
Total comprehensive loss for the period, net of tax	<u>(4,141,724)</u>	<u>(635,861)</u>	<u>(14,385,923)</u>	<u>(887,798)</u>
Loss per common share - basic and diluted (note 10)	<u>(0.044)</u>	<u>(0.011)</u>	<u>(0.162)</u>	<u>(0.021)</u>
Weighted average number of common shares outstanding	<u>93,814,469</u>	<u>60,519,099</u>	<u>88,898,106</u>	<u>42,937,028</u>

The accompanying notes are an integral part of these consolidated financial statements.

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Condensed Consolidated Interim Statement of Changes in Equity

(Unaudited)

For the nine months ended December 31, 2011 and 2010

(expressed in Canadian dollars)

	Share capital \$	Share option reserve \$	Warrants \$	Exchange reserve \$	Accumulated deficit \$	Total \$
Balance - April 1, 2011	4,000,000	-	-	-	(1,945,591)	2,054,409
Capital movement pursuant to reverse acquisition (note 7)	800,000	39,349	17,963	-	-	857,312
Common shares issued on subscription receipts (note 7)	30,771,964	-	880,450	-	-	31,652,414
Common shares issued to other subscribers upon completion of reverse acquisition (note 8)	75,433,565	-	2,300,142	-	-	77,733,707
Common shares issued for the acquisition of Altius properties (note 5)	4,200,000	-	-	-	-	4,200,000
Equity-settled share option arrangement (note 8)	-	7,073,865	-	-	-	7,073,865
Issue of shares upon exercise of share options (note 8(f))	70,665	(29,511)	-	-	-	41,154
Issue of shares upon exercise of warrants (note 8(g))	34,576	-	(12,984)	-	-	21,592
Warrants expired (note 8)	-	-	(4,979)	-	4,979	-
Exchange differences on translation of foreign operation	-	-	-	(25,312)	-	(25,312)
Loss for the period	-	-	-	-	(14,360,611)	(14,360,611)
Balance - December 31, 2011	115,310,770	7,083,703	3,180,592	(25,312)	(16,301,223)	109,248,530
	Share capital \$	Share option reserve \$	Warrants \$	Exchange reserve \$	Accumulated deficit \$	Total \$
Balance - April 1, 2010	4	-	-	-	(302,435)	(302,431)
Loss for the period	-	-	-	-	(887,798)	(887,798)
Advances from shareholder exchange	6,713,457	-	-	-	-	6,713,457
Balance - December 31, 2010	6,713,461	-	-	-	(1,190,233)	5,523,228

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Century Iron Mines Corporation

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Condensed Consolidated Interim Statement of Cash Flow
(Unaudited)

(expressed in Canadian dollars)

	Three months ended December 31,		Nine months ended December 31,	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash provided by / (used in)				
Operating activities				
Loss before income taxes	(4,143,245)	(635,861)	(14,360,611)	(887,798)
Items not affecting cash and cash equivalents				
Amortization of property, plant and equipment (note 9)	84,636	-	199,145	-
Foreign exchange (gain) / loss	(178,050)	-	379,006	-
Reverse acquisition transaction cost (note 7)	-	-	746,602	-
Share option expenses (note 8)	1,528,519	-	7,073,865	-
Changes in non-cash working capital				
Increase in accounts receivable	(1,770)	(13,174)	(15,085)	(42,808)
Increase in taxes recoverable	(948,046)	(56,080)	(2,058,868)	(105,029)
(Increase) / decrease in tax credits receivable	(349,926)	-	(895,786)	505,394
Increase / (decrease) in accounts payable and accrued liabilities	(1,649,446)	231,000	3,789,961	(183,375)
Increase / (decrease) in prepaid expenses and deposits	297,361	-	(65,745)	-
	<u>(5,359,967)</u>	<u>(474,115)</u>	<u>(5,207,516)</u>	<u>(713,616)</u>
Investing activities				
Acquisition of property, plant and equipment	(277,642)	(4,981,731)	(1,922,940)	(5,784,419)
Exploration and evaluation assets	(7,382,247)	(8,715)	(20,672,316)	(81,364)
Net cash acquired from reverse acquisition (note 7)	-	-	76,797	-
	<u>(7,659,889)</u>	<u>(4,990,446)</u>	<u>(22,518,459)</u>	<u>(5,865,783)</u>
Financing activities				
Advances from a shareholder	-	43,785	-	1,760,291
Loan received from related party	-	6,000,000	-	6,000,000
Repayment to a director (note 11)	-	-	(41,277)	-
Repayment to a shareholder (note 11)	-	(382,972)	(2,713,461)	(382,972)
Repayment to a related party (note 11)	-	-	(6,500,000)	-
Proceeds from shares issued - net of costs	21,592	-	109,448,867	-
	<u>21,592</u>	<u>5,660,813</u>	<u>100,194,129</u>	<u>7,377,319</u>
Net change in cash and cash equivalents during the period	(12,998,264)	196,252	72,468,154	797,920
Cash and cash equivalents - Beginning of period	90,423,441	908,975	4,958,672	307,307
Effect of foreign exchange rate changes, net	(6,429)	-	(8,078)	-
Cash and cash equivalents - End of period	<u>77,418,748</u>	<u>1,105,227</u>	<u>77,418,748</u>	<u>1,105,227</u>

The accompanying notes are an integral part of these consolidated financial statements.

Century Iron Mines Corporation

Notes to Condensed Consolidated Interim Financial Statements

(Unaudited)

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(expressed in Canadian dollars)

1 Nature of operations

Century Iron Ore Holdings Inc. (Century Holdings) was incorporated on September 22, 2010 under the laws of the Province of British Columbia as a wholly owned subsidiary of Century Iron Ore Corporation (Century). The Company is a base metal exploration company with assets in the Provinces of Quebec and Newfoundland and Labrador, Canada.

On October 21, 2010, Century Holdings acquired 100% of the common shares of Grand Century Iron Ore Inc. (Grand Century), Canadian Century Iron Ore Corporation (Canadian Century), Labec Century Iron Ore Inc (Labec Century) and 0849873 BC Limited (collectively the Properties) from Century by issuing 100 common shares. The transfer by Century of its interest in the Properties to Century Holdings was an internal reorganization among related parties and, as such, these condensed consolidated interim financial statements have been prepared on a continuity of interest basis. Accordingly, the financial statements of Century Holdings are prepared and presented as if it had been the holding company of the Properties for all periods presented.

Century Holdings completed a reverse takeover (RTO) of Century Iron Mines Corporation (the Company), formerly known as Red Rock Capital Corp. (Red Rock), on May 18, 2011. Red Rock was incorporated under the Canada Business Corporations Act on July 10, 2007. It was classified as a Capital Pool Company, as defined in Policy 2.4 of the TSX Venture Exchange Inc. and, accordingly, had no significant assets other than cash and no commercial operations. Red Rock changed its name to Century Iron Mines Corporation and its fiscal year end to March 31 on May 16, 2011.

On September 19, 2011, the Company completed its graduation from the TSX Venture Exchange to the Toronto Stock Exchange (the "TSX") and the shares of the Company commenced trading on TSX under the symbol "FER".

2 Basis of preparation and adoption of International Financial Reporting Standards (IFRS)

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These are the Company's IFRS condensed consolidated interim financial statements for part of the period covered by the first annual financial statement and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. The Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at April 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of February 13, 2012, the date on which the Board of Directors approved these interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending March 31, 2012 could result in restatement of these condensed consolidated interim financial statements, including the transition adjustments recognized on changeover to IFRS.

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The interim consolidated financial statements should be read in conjunction with Century Holdings' pre-changeover Canadian generally accepted accounting principles (Canadian GAAP) annual financial statements for the year ended March 31, 2011, and in consideration of the IFRS transition disclosures included in note 4.

3 Summary of significant accounting policies

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are described below.

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Principles of consolidation

The financial statements of the Company consolidate the accounts of Century Iron Mines Corporation and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the company and are de-consolidated from the date that control ceases.

The Company's major subsidiaries comprise the following:

Name of entity	Country of incorporation	Ownership	
		Direct	Indirect
Century Holdings	Canada	100%	-
Grand Century	Canada	-	100%
Canadian Century	Canada	-	100%
Labec Century	Canada	-	100%
0849873 BC Limited	Canada	-	100%
Century Iron Mines Hong Kong Holdings Limited	Hong Kong	-	100%

Translation of foreign currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the Company's presentation currency.

Items included in the financial statements of the Company and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the

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functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the profit or loss.

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated into the presentation currency at the period end rates of exchange, and the results of their operations are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income as cumulative translation adjustments.

The functional currency of the Company and its subsidiaries in Canada is the Canadian dollar and the functional currency of its subsidiary in Hong Kong is the Hong Kong dollar.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is recorded in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- i) **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise accounts receivable and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.
- ii) **Financial liabilities at amortized cost:** Financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

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Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the profit or loss during the period in which they are incurred.

During the period, the Company amortized property, plant and equipment on a straight-line basis. The assets' useful lives are as follows:

Drilling and field equipment	10 years
Camp and properties	5 – 10 years
Leasehold improvements	5 years
Computer and office equipment	2 – 5 years
Vehicles	5 years

Share option expenses and reserve

The Company operates share option plans for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Company's operations. Directors, officers, employees, consultants and other eligible person receive remuneration in the form of share-based payment transactions, whereby the eligible person render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a

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new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. Where an equity-settled award expires, the equity amount is released to retained earnings.

Deferred costs

Costs incurred to raise capital are written off as a charge to capital upon completion of each capital raising.

Costs directly attributable to the completion of business acquisitions are expensed.

Exploration and evaluation expenditures

Direct and indirect acquisition and exploration expenditures associated with mineral exploration properties are capitalized when incurred. During the exploration period, exploration and evaluation expenditures are not amortized.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) fact and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are stated at cost, less provision for impairment.

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are transferred to and classified as mineral property development expenditures. Exploration and evaluation assets shall be assessed for impairment before such reclassification.

Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

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Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary difference would not reverse in the foreseeable future.

Sales taxes

The Company's sales taxes comprise goods and services tax (GST), harmonized sales tax (HST) and Quebec sales tax (QST). Revenues, expenses and assets are recognised net of the amount of sales taxes, unless the sales taxes incurred are not recoverable from the relevant taxation authorities. In this case, they are recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of sales taxes receivable or payable. The net amount of sales taxes recoverable from or payable to, the relevant taxation authorities is presented as taxes recoverable or payable in the balance sheet.

Cash and cash equivalents

Cash and cash equivalents consist of deposit accounts with chartered banks in Canada and Hong Kong, with an original maturity of three months or less.

Loss per share

Basic loss per share is calculated by dividing net loss (profit) attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated using the treasury stock method, whereby the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive.

Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal to the actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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i) Valuation of exploration and evaluation assets

The Company carries its exploration and evaluation assets at cost less provision for impairment. The Company reviews the carrying value of its exploration and evaluation assets whenever events or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates of, amongst other things, future production and sale values, unit sales prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying value of the exploration and evaluation assets.

ii) Share option expenses

The Company grants share options to directors, officers, employees and consultants of the Company under its incentive stock option plan. The fair value of share options is estimated using the Black-Scholes option pricing model and are expensed over their vesting periods. In estimating fair value, management is required to make certain assumptions and estimates such as the life of options, volatility and forfeiture rates. Changes in assumptions used to estimate fair value could result in materially different results.

4 Transition to IFRS

The Company adopted IFRS as its basis of accounting on April 1, 2011. The Company's transition date is April 1, 2010 (the transition date) and the Company has prepared its opening IFRS statement of financial position at that date. These financial statements have been prepared in accordance with the accounting policies described in note 3 and in accordance with the requirements of IFRS 1 First time Adoption of IFRS, which is applicable upon first-time adoption of IFRS.

The effect of the Company's transition to IFRS is summarized in this note as follows:

i) Initial elections on transition

The Company has not applied any of the optional transition exceptions and exemptions to full retrospective application of IFRS.

ii) Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company's first time adoption of IFRS did not have an impact on the statements of financial position, statements of loss and comprehensive loss, and the total operating, investing or financing cash flows and no reconciliation has been prepared.

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5 Exploration and evaluation assets

	Duncan Lake property \$	Attikamagen property \$	Sunny Lake property \$	Altius properties \$	Other property \$	Total \$
Balance - April 1, 2010	1,873,940	3,160,765	161,698	-	35,215	5,231,618
Additions	4,554,777	3,650,000	909,435	-	69,479	9,183,691
Reallocation to property, plant and equipment	-	-	(184,302)	-	-	(184,302)
Balance - March 31, 2011	6,428,717	6,810,765	886,831	-	104,694	14,231,007
Transfer in (out)	-	100,000	(100,000)	-	-	-
Additions	8,533,223	6,817,839	4,560,253	4,868,345	92,656	24,872,316
Balance - December 31, 2011	14,961,940	13,728,604	5,347,084	4,868,345	197,350	39,103,323

The Company has accrued \$895,786 (March 31, 2011: nil) in tax credits receivable related to eligible expenditures in the province of Quebec. The assistance has been applied to the properties to which it pertains. The Company expects to receive this assistance in the form of refundable tax credits from the Province of Quebec and mining duties returns from the Quebec Ministry of Natural Resources.

Duncan Lake property

On May 20, 2008, Canadian Century entered into an option and joint venture agreement (the Augyva Agreement) with Augyva Mining Resources Inc. (Augyva) to have an option to obtain a 51% interest in the Duncan Lake property once \$6.0 million has been funded on or before the fourth anniversary of the date of the Augyva Agreement, of which \$1.5 million is to be funded within the first anniversary of the Augyva Agreement. The Company completed its funding commitment of \$6.0 million on the Duncan Lake property last year and, as a result, obtained a 51% interest in this property.

Canadian Century has an additional option to obtain a further 14% of the Duncan Lake property by spending an additional \$14.0 million in exploration costs, construction, and/or operating costs or completing a feasibility report on or before the eighth anniversary of the date of the Augyva Agreement.

Attikamagen property

On May 12, 2008, Labec Century entered into an option and joint venture agreement (the Champion Agreement) with Champion Minerals Inc. (Champion), which superseded an initial agreement between the parties, dated March 26, 2008 (the Initial Agreement), to have an option to obtain a 51% interest in the Attikamagen property by funding \$2.5 million each year for three years from the date of the Initial Agreement. Labec Century has obtained an extension of one year in 2010, which effectively halted any payments payable for year two. Therefore, the total commitment over four years is \$7.5 million. At the

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completion of this funding and on exercise of the option, Labec Century will earn the ownership interest in the Attikamagen property and a joint venture will be formed. Subsequent to the balance sheet date, Labec Century has completed the earn-in of the 51% interest in the Attikamagen property (note 15).

There is an option to obtain a further 9% interest in the Attikamagen property by putting additional funding of \$2.5 million by March 26, 2013 (for 5% of the additional interest) and an additional \$3.0 million by March 26, 2014 (for 4% of the additional interest).

On December 19, 2011, Century and WISCO International Resources Development & Investment Limited (WISCO) entered into the Attikamagen shareholders agreement (the Attikamagen Shareholders Agreement) that will govern the joint venture to be formed between Century and WISCO for the exploration and development of the Attikamagen property. Under the Attikamagen Shareholders Agreement, WISCO will invest \$40 million in exchange for a 40% interest in the Attikamagen project.

Sunny Lake property

The mining claims are wholly owned by 0849873 BC Limited.

On December 19, 2011, Century and WISCO entered into the Sunny Lake joint venture agreement (the Sunny Lake JV Agreement) that will govern the joint venture to be formed between Century and WISCO for the exploration and development of the Sunny Lake property. Under the Sunny Lake JV Agreement, WISCO will invest \$40 million in exchange for a 40% interest in the Sunny Lake project.

Altius properties

The Company and Altius Minerals Corporation (“Altius”) signed a principal agreement (the “Altius Agreement”) covering four of Altius’ regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihok and Schefferville on September 19, 2011. Under the Altius Agreement, Century has acquired a 100% interest in the four projects in exchange for exploration expenditures of \$7 million per project cumulatively over a 5-year period and the issuance of 5,000,000 common shares of the Company at nil price over a 2-year period. Altius will retain a 1% to 4% sliding scale gross sales royalty on the properties as well as additional consideration of up to a maximum of 35,000,000 “bonus” shares of the Company as National Instrument 43-101 compliant iron ore resources are defined above various thresholds.

On November 18, 2011, the Company issued 2,000,000 common shares to Altius pursuant to the Altius Agreement. The remaining 3,000,000 common shares are issuable on or before November 18, 2013. The transfer of the properties from Altius to the Company was completed on November 22, 2011.

The acquisition of the Altius properties was accounted for using the market price of the common shares issued on November 18, 2011 with an amount of \$4,200,000.

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6 Property, plant and equipment

	Drilling & field equipment \$	Camp and properties \$	Leasehold improvements \$	Computer & office equipment \$	Vehicles \$	Total \$
Cost						
Balance - April 1, 2010	-	-	-	-	-	-
Transfer from exploration and evaluation assets	-	82,819	15,030	4,811	81,642	184,302
Balance - March 31, 2011	-	82,819	15,030	4,811	81,642	184,302
Additions	586,148	1,026,733	68,447	91,769	149,843	1,922,940
Balance - December 31, 2011	586,148	1,109,552	83,477	96,580	231,485	2,107,242
Accumulated amortization						
Balance - April 1, 2010 and March 31, 2011	-	-	-	-	-	-
Amortization	28,050	102,932	10,550	24,602	33,011	199,145
Balance - December 31, 2011	28,050	102,932	10,550	24,602	33,011	199,145
Net book value						
Balance - April 1, 2010	-	-	-	-	-	-
Balance - March 31, 2011	-	82,819	15,030	4,811	81,642	184,302
Balance - December 31, 2011	558,098	1,006,620	72,927	71,978	198,474	1,908,097

7 Reverse acquisition

On May 18, 2011, Century Holdings completed (1) a brokered private placement and non-brokered private placement at an issue price of \$2.50 per subscription receipt for gross proceeds of \$33,462,065 and (2) an employee offering at an issue price of \$2.25 (for 18 months lock-up) or \$2 (36 months lock-up) per subscription receipt for gross proceeds of \$32,500. Transaction costs related to the offering amounted \$2,722,601 (which comprises cash fee of \$1,842,151 and 686,243 warrants of \$880,450). Each such subscription receipt will entitle the holder to acquire one common share in the capital of Century Holdings.

On May 18, 2011, the Company issued the 61,370,738 common shares to the former shareholders of Century Holdings in exchange of 100% interest in Century Holdings.

As a result of the transaction, the former shareholders of the Century Holdings owned 99.55% of the outstanding shares of the Company. In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the Company before the RTO does not meet the definition of a business under the

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standard. As a result, the transaction is accounted for as a capital transaction with Century Holdings being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Century Holdings and comparative figures presented in the financial statements after the reverse acquisition are those of Century Holdings.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or service received in return. Because the Company has issued shares with a value in excess of the assets received, IFRS 2 would indicate that the difference is recognized in comprehensive loss as reverse acquisition transaction cost. The amount assigned to reverse acquisition transaction cost of \$746,602 is the difference between the fair value of the consideration and the net identifiable assets of the Company acquired by Century Holdings and included in the consolidated statement of comprehensive loss.

The fair value of the consideration is determined based on the percentage of ownership the legal parent's shareholders have in the combined entity after the reverse takeover transaction. This represents the fair value of the shares that Century Holdings would have had to issue for the ratio of ownership interest in the combined entity to be the same, if the transaction had taken the legal form of Century Holdings acquiring 100% of the shares in the Company. The percentage of ownership the legal parent's shareholders had in the combined entity is 0.45% after the issue of 61,370,738 shares of the Company to Century Holdings shareholders. As the share options and warrants granted prior to RTO remains exercisable after the completion of RTO, the fair value of the share options and warrants at the date of RTO are also included as part of the consideration transferred (note 8).

Based on the statement of financial position of the Company at the time of the reverse acquisition, the net assets at estimated fair value that were acquired by the Century Holdings were \$110,710 and the resulting reverse acquisition cost charged to the profit or loss is as follows:

	\$
Consideration:	
Deemed issue of share by Century Holdings	800,000
Deemed replacement of options (note 8)	39,349
Deemed replacement of warrants (note 8)	17,963
	<u>857,312</u>
Identifiable assets acquired	
Cash	76,797
Taxes recoverable	9,024
Prepayments and deposits	74,643
Accounts payable and accrued liabilities	(48,224)
Others	(1,530)
	<u>110,710</u>
Unidentifiable assets acquired	
Reverse takeover transaction cost	<u>746,602</u>
Total net identifiable assets and reverse takeover transaction cost	<u>857,312</u>

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8 Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued

As a result of the RTO, Century Holdings became a direct, wholly owned subsidiary of the Company. The reverse acquisition was treated as an issuance of common shares by the continuing entity, Century Holdings.

At December 31, 2011, the issued share capital amounted to \$115,310,770. The changes in issued share capital for the periods were as follows:

	Number of common shares	\$
Balance – April 1, 2011 (a)	49,882,078	4,000,000
Common shares issued on subscription receipts prior to the completion of RTO (a)	11,488,660	30,771,964
Capital movement pursuant to RTO (note 7)	274,360	800,000
Common shares issued to WISCO (b)	23,197,768	55,743,617
Common shares issued to MinMetals (c)	4,641,410	11,153,185
Common shares issued to non-brokered subscribers (d)	2,075,221	5,566,763
Common shares issued to employees and consultants (e)	1,273,201	2,970,000
Common shares issued on exercise of options (f)	20,577	70,665
Common shares issued on exercise of warrants (g)	10,796	34,576
Common shares issued to Altius (h)	2,000,000	4,200,000
	<hr/>	
Balance – December 31, 2011	94,864,071	115,310,770

- a) The equity structure of Century Holdings had been restated to reflect the equity structure of the Company prior to the completion of RTO using the exchange ratio of 0.857 shares of the Company for each share of Century Holdings.
- b) On May 18, 2011, the Company issued 23,197,768 common shares to WISCO at an issue price of \$2.624 per common share for gross proceeds of \$60,877,653. The common shares are subject to an 18 months lock-up.

The net proceeds of \$55,743,617 were allocated to share capital after the deduction of cash fee of \$3,348,271 and 1,391,866 warrants of \$1,785,765 to the finder.

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- c) On May 18, 2011, the Company issued 4,641,410 common shares to MinMetals Exploration & Development (Luxembourg) Limited S.à.r.l. (MinMetals) at an issue price of \$2.624 per common share for gross proceeds of \$12,180,403. The common shares are subject to an 18 months lock-up.

The net proceeds of \$11,153,185 were allocated to share capital after the deduction of cash fee of \$669,922 and 278,485 warrants of \$357,296 to the finder.

- d) On May 18, 2011, the Company issued 2,075,221 common shares to non-brokered subscribers at an issue price of \$2.916 per common share for gross proceeds of \$6,051,094.

The net proceeds of \$5,566,763 were allocated to share capital after the deduction of cash fee of \$327,250 and issued 122,433 warrants of \$157,081 to the finder.

- e) On May 18, 2011, the Company issued 1,273,201 common shares to employees and consultants at an issue price of \$2.333 per common share for net proceeds of \$2,970,000, which were allocated to the share capital.

- f) On May 31, 2011, 6,859 share options were exercised at an exercise price of \$2 per share, resulting in the issue of 6,859 common shares for a total consideration of \$13,718. An amount of \$9,837 was transferred from the share option reserve to share capital upon the exercise of the share options.

On August 17, 2011, 13,718 share options were exercised at an exercise price of \$2 per share, resulting in the issue of 13,718 common shares for a total consideration of \$27,436. An amount of \$19,674 was transferred from the share option reserve to share capital upon the exercise of the share options.

- g) On November 17 and 24, 2011, 2,796 and 8,000 warrants were exercised respectively at an exercise price of \$2 per share, resulting in the issue of 2,796 and 8,000 common shares respectively for a total consideration of \$21,592. An amount of \$12,984 was transferred from the warrants reserve to share capital upon the exercise of the share options.

- h) On November 18, 2011, the Company issued 2,000,000 common shares to Altius for the acquisition of certain properties pursuant to the Altius Agreement (note 5).

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Share options

The share options issued and outstanding as of December 31, 2011 are as follow:

	Number of Option	Weighted average exercise price \$
Balance – April 1, 2011	-	-
Deemed replacement of options granted on November 24, 2009 (i)	27,436	2.00
Options granted on May 18, 2011 and December 14, 2011 (ii)	5,935,000	2.93
Exercised during the period	<u>(20,577)</u>	2.00
Balance – December 31, 2011	<u>5,941,859</u>	2.93

- i) On November 24, 2009, the Company granted share options to its directors and officers to acquire an aggregate of 27,436 common shares (after consolidation of 10 to 1) at a price of \$2.00 per share exercisable until November 23, 2014. Notwithstanding the foregoing, the options shall expire on the date that is later of (i) 12 month after the completion of qualifying transaction as defined by the TSX Venture Exchange Inc. and (ii) 90 days following the date the optionee ceases to be a director, officer or technical consultant of the Company. Upon the completion of RTO on May 18, 2011 which qualified as a qualifying transaction, the expiry date of the options has been shortened to May 17, 2012. As the options remains exercisable after the completion of RTO, the fair value of the options at the date of RTO was included as part of the consideration transferred by Century Holdings in the RTO. On May 18, 2011, the fair value of the options was estimated at \$39,349 using the Black-Scholes option pricing model. The assumptions used were as follows: risk-free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and expected life of 1 year.
- ii) The Company has adopted an incentive stock option plan (the Plan) which is administered by the board of directors of the Company. The Plan provides that the board of directors of the Company may from time to time, in its discretion and in accordance with TSX Venture Exchange Inc. or TSX requirements, grant to directors, officers, employees and consultants to the Company, options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. No more than an aggregate of 5% of the issued and outstanding common shares may be granted to any one individual in any 12 month period. No more than an aggregate of 2% of the issued and outstanding common shares may be granted to any one consultant in any 12 month period. No more than an aggregate of 2% of the issued and outstanding common shares may be granted to persons employed to provide investor relations activities, in any 12 month period. Options issued pursuant to the Plan will have an exercise price determined by the directors of the Company provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange Inc or TSX.

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On May 18, 2011, 5,500,000 options were granted to directors, employees and consultants. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 2.06%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at \$10,708,502. The impact on share-based payment was \$6,891,834 for the nine months ended December 31, 2011 (for the three months ended December 31, 2011: \$1,346,488).

On December 14, 2011, another 435,000 options were granted to directors and an investor relations company. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at \$510,505. The impact on share-based payment was \$182,031 for the nine months ended December 31, 2011 (for the three months ended December 31, 2011: \$182,031).

The exercise prices and exercise periods of the share options outstanding as of December 31, 2011 are as follow:

Number of options	Exercise price	Exercise period
6,859	2.00	November 24, 2009 to May 17, 2012
5,500,000	2.92	May 18, 2011 to May 17, 2016
<u>435,000</u>	2.92 - 4.00	December 14, 2011 to December 13, 2016
<u>5,941,859</u>		

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Warrants

The warrants issued and outstanding as of December 31, 2011 are as follow:

	Number of warrants	Amount \$	Weighted average exercise price \$	Expiry Date
Balance – April 1, 2011	-	-	-	-
Deemed replacement of warrants granted on November 26, 2009 (i)	14,936	17,963	2.00	November 25, 2011
Warrants granted on May 18, 2011 (ii)	2,479,027	3,180,592	2.92	November 17, 2012
Exercised during the period (i)	(10,796)	(12,984)	2.00	N/A
Expired during the period (i)	<u>(4,140)</u>	<u>(4,979)</u>	2.00	N/A
Balance – December 31, 2011	<u>2,479,027</u>	<u>3,180,592</u>	2.92	

- i) On November 26, 2009, the Company granted to its agents non-transferable warrants to purchase up to an aggregate of 14,936 common shares (after consolidation of 10 to 1) at a price of \$2.00 per share exercisable for a period of 24 months. As the warrants remain exercisable after the completion of RTO, the fair value of the warrants at the date of RTO was included as part of the consideration transferred by Century Holdings in the RTO. On May 18, 2011, the fair value of the warrants was estimated at \$17,963 using the Black-Scholes option pricing model. The assumptions used were as follows: risk-free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and expected life of 0.5 year. All warrants granted on November 26, 2009 were exercised or expired during the period.
- ii) On May 18, 2011, the Company granted to its agents non-transferable warrants to purchase up to an aggregate of 2,479,027 common shares at a price of \$2.92 per share exercisable for a period of 18 months. Using the Black-Scholes option pricing model, the fair value of these warrants was estimated at \$3,180,592. The assumptions used were as follows: risk-free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and expected life of 1.5 years.

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9 Expense breakdown

	Three months ended December 31		Nine months ended December 31	
	2011 \$	2010 \$	2011 \$	2010 \$
Amortisation of property, plant and equipment	84,636	-	199,145	-
Employee compensation costs				
Salaries benefits	856,936	114,505	1,860,009	244,635
Share option expenses	1,498,574	-	7,043,920	-
	<u>2,355,510</u>	<u>114,505</u>	<u>8,903,929</u>	<u>244,635</u>

10 Loss per share

The basic loss per share calculated amount is the same as the fully diluted loss per share amount as the effect of any additional shares would be anti-dilutive, because the Company is in a loss position.

11 Related party transactions

- a) In addition to transactions detailed elsewhere in the condensed consolidated interim financial statements, the Company has the following related party transactions:

As at December 31, 2011 and March 31, 2011, the Company had accounts receivable of \$16,950 and \$16,950, respectively, from Augyva, which the chairman and CEO of the Company is the director of Augyva.

The Company received management fee of \$29,099 for the three months ended December 31, 2010 and \$109,949 for the nine months ended December 31, 2010 from Augyva, respectively.

The Company incurred accounting expenses of \$3,325 for the three months ended December 31, 2011 (for the three months ended December 31, 2010: \$15,120) and \$35,537 for the nine months ended December 31, 2011 (for the nine months ended December 31, 2010: \$16,360), respectively, from Chim and Seto Consulting Services Inc., of which an immediate family member of the chairman and CEO of the Company is a shareholder.

The refundable off-take deposit of US\$8,000,000 (which amounted to \$8,170,640 as at December 31, 2011) from a related party is non-interest bearing and repayable on demand.

On May 25, 2011, the Company repaid \$6,500,000 to a related party. The loan was non-interest bearing and repayable on demand.

On May 25, 2011, the Company repaid \$2,713,461 owed to the shareholder. The loan was non-interest bearing and repayable on demand.

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On June 30, 2011, the Company repaid \$41,277 owed to a director. The loan advance was non-interest bearing and repayable on demand.

b) Remuneration of key management personnel was as follow:

	Three months ended December 31		Nine months ended December 31	
	2011	2010	2011	2010
	\$	\$	\$	\$
Salaries and benefits	259,657	-	689,007	-
Share option expenses	1,067,698	-	4,838,532	-
	<u>1,327,355</u>	<u>-</u>	<u>5,527,539</u>	<u>-</u>

12 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest rate risk, foreign currency exchange risk and commodity price risk.

Risk management is carried out by the Company's management team with guidance from the board of directors. The board of directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. Cash and cash equivalents are held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal. Financial instruments included in accounts receivable consist of deposits held with service providers.

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, 2011, the Company had cash of \$77,418,748 to settle accounts payable and accrued liabilities of \$4,832,649. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

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

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Interest rate risk

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in interest bearing accounts of a reputable Canadian chartered bank. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its reputable Canadian chartered bank.

Foreign currency exchange risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign currency exchange risk derived from currency conversions is low and, therefore, does not hedge its foreign currency exchange risk.

13 Capital management

The Company considers its capital structure to consist of share capital and accumulated deficit, which, as at December 31, 2011, totalled \$99,009,547 and deposit received from a related party of \$8,170,640. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to the shareholder and benefits for other stakeholders. Management adjusts the capital structure, as necessary, in order to support the acquisition, exploration and development of its mineral properties. The board of directors does not establish a quantitative return on capital criteria for management but, rather, relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has exploration options are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration program and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts when economic conditions permit it to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended December 31, 2011. The Company is not subject to externally imposed capital requirements.

14 Capital commitments

Pursuant to the Altius Agreement (note 5), the Company agreed to issue (i) an aggregate of 5,000,000 common shares at nil price (with 2,000,000 common shares issued on November 18, 2011 and 3,000,000 common shares issuable on or before November 18, 2013), and (ii) up to a maximum of 35,000,000 common shares upon satisfaction of certain milestones related to the definition of National Instrument 43-101 compliant iron ore resources above specific thresholds to acquire a 100% interest in four of Altius' regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville. In addition, the Company agreed to incur minimum exploration expenditures of \$7 million per project cumulatively over a 5-year period.

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15 Subsequent events

In February 2012, Labec Century has completed the earn-in of its 51% interest in the Attikamagen property by fulfilling the obligation to fund \$7.5 million in exploration and development work expenditures on the Attikamagen property. Champion has signed and delivered to Labec Century transfers conveying a 51% interest in the Attikamagen property to Labec Century.