

Century Global Commodities Corporation

Condensed Consolidated Interim Financial Statements

(Unaudited)

June 30, 2017

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. An interim review has not been carried out by the Company's independent auditor.

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	June 30, 2017 \$	March 31, 2017 \$
Assets			
Current assets			
Cash and cash equivalents		6,549,496	5,533,122
Short term bank deposits		9,006,180	13,006,352
Marketable securities	7	1,231,618	796,311
Accounts receivable	8, 22	10,255,170	10,088,604
Sales taxes and other taxes recoverable		34,977	159,144
Prepayments and deposits		262,392	514,098
Inventories	9	766,928	543,598
		<u>28,106,761</u>	<u>30,641,229</u>
Non-current assets			
Property, plant and equipment	12	1,268,617	198,613
Investment in a joint venture	13	7,817,493	7,846,824
		<u>9,086,110</u>	<u>8,045,437</u>
		<u>37,192,871</u>	<u>38,686,666</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	784,977	925,712
Shareholders' Equity			
Share capital	15	117,057,217	117,057,217
Contributed surplus		3,082,819	3,082,819
Deficit		(85,159,138)	(84,440,727)
Other components of equity		1,426,996	2,061,645
		<u>36,407,894</u>	<u>37,760,954</u>
		<u>37,192,871</u>	<u>38,686,666</u>

Approved by the Board of Directors

/s/ "Sandy Chim" Director
Date: August 10, 2017

/s/ "Kit Ying (Karen) Lee" Director
Date: August 10, 2017

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Profit or Loss
(Unaudited)
For the three months ended June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

		Three months ended June 30,	
		2017	2016
	Notes	\$	\$
Revenue	6, 18	649,433	131,255
Cost of sales	18	(474,432)	(104,424)
Gross profit		175,001	26,831
Other income	19	73,831	29,484
Gain from sale of assets classified as held for sale	10	-	399,955
Selling expenses		(89,716)	(8,339)
Administrative expenses	20	(1,346,974)	(1,548,943)
Project maintenance costs		(12,753)	(38,605)
Share-based compensation expenses	16	(158,863)	(136,028)
Gain/(loss) on foreign exchange		135,772	(69,545)
Share of loss of a joint venture	13	(29,331)	(44,102)
Net loss for the period and attributable to the owners of the Company		<u>(1,253,033)</u>	<u>(1,389,292)</u>
Net loss per share attributable to the owners of the Company			
– Basic and diluted	21	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average number of shares outstanding		<u>98,485,071</u>	<u>98,793,571</u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Comprehensive Loss
(Unaudited)
For the three months ended June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

		Three months ended June 30,	
	Notes	2017	2016
		\$	\$
Net loss for the period		<u>(1,253,033)</u>	<u>(1,389,292)</u>
Other comprehensive income/(loss)			
Exchange gain/(loss) on translation of operations in other currencies		(235,508)	89,507
Change in fair value of marketable securities	7	<u>(23,382)</u>	<u>57,554</u>
Other comprehensive income/(loss) for the period		<u>(258,890)</u>	<u>147,061</u>
Total comprehensive loss for the period and attributable to the owners of the Company		<u>(1,511,923)</u>	<u>(1,242,231)</u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited)
For the three months ended June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

	Attributable to owners of the Company							Total \$
	Share capital \$	Contributed surplus \$	Deficit \$	Share-based compensation reserve \$	Warrants \$	Marketable securities \$	Foreign currency translation reserve \$	
Balance - March 31, 2017	117,057,217	3,082,819	(84,440,727)	3,283,550	20,000	94,798	(1,336,703)	37,760,954
Net loss for the period	-	-	(1,253,033)	-	-	-	-	(1,253,033)
Other comprehensive income for the period	-	-	-	-	-	(23,382)	(235,508)	(258,890)
Total comprehensive loss for the period	-	-	(1,253,033)	-	-	(23,382)	(235,508)	(1,511,923)
Equity-settled share- based compensation arrangements (note 16)	-	-	-	158,863	-	-	-	158,863
Share options expired (note 16)	-	-	534,622	(534,622)	-	-	-	-
Balance – June 30, 2017	117,057,217	3,082,819	(85,159,138)	2,907,791	20,000	71,416	(1,572,211)	36,407,894
Balance - March 31, 2016	117,220,159	2,758,368	(89,499,104)	14,633,900	20,000	-	(1,530,305)	43,603,018
Net loss for the period	-	-	(1,389,292)	-	-	-	-	(1,389,292)
Other comprehensive income for the period	-	-	-	-	-	57,554	89,507	147,061
Total comprehensive loss for the period	-	-	(1,389,292)	-	-	57,554	89,507	(1,242,231)
Equity-settled share- based compensation arrangements	-	-	-	136,028	-	-	-	136,028
Balance – June 30, 2016	117,220,159	2,758,368	(90,888,396)	14,769,928	20,000	57,554	(1,440,798)	42,496,815

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
For the three months ended June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

Cash generated by/(used in)	Notes	Three months ended June 30,	
		2017	2016
		\$	\$
Operating activities			
Net loss for the period		(1,253,033)	(1,389,292)
Adjustments for			
Bank interest income		(51,135)	(29,183)
Dividend income from marketable securities		(819)	-
Gain on disposal of available-for-sale investments		(19,348)	-
Gain from sale of assets classified as held for sale	10	-	(399,955)
Loss/(gain) on disposal of fixed assets		(10,239)	1,848
Loss/(gain) on foreign exchange		(135,772)	69,545
Depreciation	12	33,749	90,561
Share-based compensation arrangements	16	158,863	136,028
Share of loss of a joint venture	13	29,331	44,102
Others		-	56,502
Changes in working capital items			
Decrease/(increase) in accounts receivable		(166,566)	46,439
Decrease in sales taxes and other taxes recoverable		121,322	61,314
Decrease in prepayments and deposits		251,706	58,054
Increase in inventories		(223,330)	-
Decrease in accounts payable and accrued liabilities		(140,735)	(38,986)
Net cash used in operating activities		<u>(1,406,006)</u>	<u>(1,293,023)</u>
Investing activities			
Bank interest received		51,135	29,115
Short term bank deposits retrieved		4,000,172	1,487,719
Dividends received from marketable securities		819	-
Marketable securities purchased		(584,261)	(576,381)
Proceeds from sale of marketable securities		133,830	-
Investment tax credit refunds received		2,845	19,801
Purchases of property, plant and equipment		(1,106,421)	(75,334)
Net proceeds from sale of property, plant and equipment		10,929	-
Net proceeds from sale of assets classified as held for sale		-	555,700
Net cash used in investing activities		<u>2,509,048</u>	<u>1,440,620</u>
Financing activities			
Cash flows from financing activities		-	-
Net change in cash and cash equivalents		1,103,042	147,597
Cash and cash equivalents – Beginning of period		5,533,122	14,668,097
Effect of foreign exchange rate changes, net		<u>(86,668)</u>	<u>(34,729)</u>
Cash and cash equivalents – End of period		<u>6,549,496</u>	<u>14,780,965</u>
Cash in bank and on hand		5,459,321	4,677,658
Short term bank deposits with original maturity of three months or less		<u>1,090,175</u>	<u>10,103,307</u>
Cash and cash equivalents – End of period		<u>6,549,496</u>	<u>14,780,965</u>

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

1. Nature of operations

Century Global Commodities Corporation (the “Company”) is a limited liability company incorporated in Canada. In February 2016, the Company completed the continuation of its jurisdiction of incorporation from Canada to the Cayman Islands (“Continuation”). Its registered address is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s shares are traded on the Toronto Stock Exchange (“TSX”).

The Company is primarily an exploration and mining company with assets in the Provinces of Newfoundland and Labrador, and Québec, Canada. Following the implementation of the Company’s diversification strategy, the Company has expanded its operations into the distribution of food and other consumer goods in China.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on August 10, 2017.

2. Basis of preparation

The condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in note 4 of the audited consolidated annual financial statements for the year ended March 31, 2017 filed on SEDAR at www.sedar.com on June 26, 2017.

3. Significant accounting policies

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those disclosed in note 3 of the audited consolidated annual financial statements for the year ended March 31, 2017 filed on SEDAR at www.sedar.com on June 26, 2017.

Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention. These condensed consolidated interim financial statements are presented in the Canadian Dollar, which is the Group’s presentation currency.

4. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future that are believed to be reasonable under the circumstances. Estimates and judgments are continuously evaluated and are based on management’s experience and other factors, including expectations about future events. The critical accounting estimates and judgments applied in these condensed consolidated interim financial statements are consistent with those disclosed in note 4 of the audited consolidated annual financial statements for the year ended March 31, 2017.

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

5. New standards and interpretations

No new standards were adopted by the Company during the three months ended June 30, 2017. The standards and interpretations that have been issued, are not yet effective and could be applicable to the Company are provided in note 5 of the audited consolidated annual financial statements for the year ended March 31, 2017.

6. Segment information

The Group's operating segments are as follows:

- (i) the mining and investment segment, which engages in the exploration and development of mineral projects in Canada and the investment in global mining securities;
- (ii) the food and distribution segment, which engages in the distribution of food and other consumer goods in Hong Kong and mainland China;
- (iii) the business development segment, which engages in various business development projects and activities, including the provision of mining database services; and
- (iv) the corporate and others segment, which mainly represents the Group's corporate and managerial functions.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the condensed consolidated interim financial statements. In measuring segment performance, segment assets and segment liabilities, management applied certain judgments and assumptions to determine the appropriate allocation of certain centrally incurred costs, jointly used or shared assets and liabilities for individual segment. However, the Group's financing activities (including cash and cash equivalents, short term bank deposits and bank interest income) are managed on a Group basis and are presented under the corporate and others segment.

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

The following tables present revenue and profit or loss information for the Group's operating segments for the three months ended June 30, 2017 and 2016, respectively. Comparative figures for the three months ended June 30, 2016 have been restated accordingly.

For the three months ended June 30, 2017	Mining & Investment \$	Food & Distribution \$	Business Development \$	Corporate & Others \$	Total \$
Segment revenue					
Sales to external customers	-	649,433	-	-	649,433
Segment profit or loss					
Gross profit	-	175,001	-	-	175,001
Income and gains:					
Interest income	-	-	-	51,148	51,148
Other income or gains	20,166	-	-	2,517	22,683
	20,166	-	-	53,665	73,831
Expenses:					
Selling expenses	-	89,716	-	-	89,716
Salaries, pension and directors' fees	81,182	359,885	160,115	218,915	820,097
Consulting and professional fees	50,556	29,639	45,439	99,060	224,694
Corporate promotion and listing fees	814	-	686	6,603	8,103
Other administrative expenses	19,282	167,850	49,051	(77,875)	158,308
Project maintenance costs	12,753	-	-	-	12,753
Share-based compensation expenses	14,333	65,662	28,886	49,982	158,863
Share of loss of a joint venture	29,331	-	-	-	29,331
	208,251	712,752	284,177	296,685	1,501,865
Net loss for the period	(188,085)	(537,751)	(284,177)	(243,020)	(1,253,033)

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

For the three months ended June 30, 2016	Mining & Investment \$	Food & Distribution \$	Business Development \$	Corporate & Others \$	Total \$
Segment revenue					
Sales to external customers	-	131,255	-	-	131,255
Segment profit or loss					
Gross profit	-	26,831	-	-	26,831
Income and gains:					
Interest income	-	-	-	29,294	29,294
Gain from sale of assets classified as held for sale	399,955	-	-	-	399,955
Other income or gains	190	-	-	-	190
	400,145	-	-	29,294	429,439
Expenses:					
Selling expenses	-	8,339	-	-	8,339
Salaries, pension and directors' fees	166,888	215,011	226,135	302,068	910,102
Consulting and professional fees	74,080	21,502	86,820	128,217	310,619
Corporate promotion and listing fees	3,308	-	3,499	8,159	14,966
Other administrative expenses	47,163	127,987	86,691	120,960	382,801
Project maintenance costs	38,605	-	-	-	38,605
Share-based compensation expenses	22,227	31,302	30,799	51,700	136,028
Share of loss of a joint venture	44,102	-	-	-	44,102
	396,373	404,141	433,944	611,104	1,845,562
Net profit/(loss) for the period	3,772	(377,310)	(433,944)	(581,810)	(1,389,292)

The following table presents assets and liabilities information for the Group's operating segments as at June 30 and March 31, 2017, respectively:

	Mining & Investment \$	Food & Distribution \$	Business Development \$	Corporate & Others \$	Total \$
Total assets					
June 30, 2017	18,985,604	2,454,647	54,787	15,697,833	37,192,871
March 31, 2017	18,562,422	1,146,525	53,544	18,924,175	38,686,666
Total liabilities					
June 30, 2017	226,709	118,648	48,926	390,694	784,977
March 31, 2017	248,003	173,813	-	503,896	925,712

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

7. Marketable securities

The Group invested in Canadian and US equity securities denominated in Canadian and US Dollars during the period. These marketable securities are classified as AFS investments.

An analysis of marketable securities as at the balance sheet date is as follows:

	June 30, 2017	March 31, 2017
	\$	\$
Listed equity securities – Canada, at fair value	940,504	796,311
Listed equity securities – US, at fair value	291,114	-
	<u>1,231,618</u>	<u>796,311</u>

8. Accounts receivable

	June 30, 2017	March 31, 2017
	\$	\$
Trade receivables	533,310	362,615
Other receivables	182,672	172,428
Receivable from Labec Century (note 22)	6,328,417	6,342,790
Receivable from WISCO Century Sunny Lake (note 22)	3,210,771	3,210,771
	<u>10,255,170</u>	<u>10,088,604</u>

Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.

Due to the short-term nature of trade and other receivables, their carrying amount is considered to be the same as their fair value.

9. Inventories

	June 30, 2017	March 31, 2017
	\$	\$
Trading merchandise held for sale	<u>766,928</u>	<u>543,598</u>

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

10. Assets classified as held for sale

On February 1, 2016, the Company's management committed a plan to put three properties located in Schefferville on sale. These properties were previously used for staff accommodations during the operation seasons. The total net book value of these properties was \$155,745, and were reclassified separately in current assets as "assets classified as held for sale" as at March 31, 2016. These assets were disposed of on May 12, 2016 for net cash consideration of \$555,700, resulting in a gain of \$399,955 on the disposal.

11. Exploration and evaluation assets

Impairment assessment

At March 31, 2016, with the weakening iron ore market condition, an impairment review was performed on both the Duncan Lake property and Sunny Lake property, and the review has resulted in impairment charges of \$17,494,260 and \$3,160,465 to the Duncan Lake property and Sunny Lake property, respectively. After the impairment charges, the net book value of both properties became nil. Further details about the assumptions and conditions pertaining to the impairment review are provided in note 15 of the audited consolidated annual financial statements for the year ended March 31, 2016.

At June 30, 2017, the net book value of the above two properties remains nil. In the event that the prospects for the development of the mineral projects are enhanced in the future, an assessment of the recoverable amount of the projects will be performed at that time, which may lead to a reversal of part or all of the impairment that has been recognized.

Duncan Lake property

On May 20, 2008, the Company's wholly-owned subsidiary Canadian Century Iron Ore Corporation ("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. The Group completed its funding commitment of \$6.0 million on the Duncan Lake property in November 2010 and, as a result, obtained a 51% interest in this property. Canadian Century recognized its share of costs incurred in the Duncan Lake property. Canadian Century had 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. In October 2012, Canadian Century notified Augyva that it has expended a further \$14.0 million on the project under the Augyva Agreement. The transfer registration of 14% was completed in May 2013.

As of June 30, 2017, the Group has a 65% registered interest in the Duncan Lake property and is in the process of registering approximately an additional 3% interest as a result of its contribution to the exploration expenditure incurred for the property subsequent to the earn-in of its 65% interest in the property.

Century Global Commodities Corporation
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June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

Sunny Lake property

On December 19, 2011, the Company and WISCO International Resources Development & Investment Limited (“WISCO”) entered into the Sunny Lake joint venture agreement (the “Sunny Lake JV Agreement”) that governs the joint venture formed between the Company and WISCO for the exploration and development of the Sunny Lake property (the “Sunny Lake Joint Venture”). Under the Sunny Lake JV Agreement, WISCO could earn a 40% interest in the Sunny Lake property by investing a total of \$40.0 million in the Sunny Lake Joint Venture.

The operating company for the Sunny Lake Joint Venture, WISCO Century Sunny Lake Iron Mines Limited (“WISCO Century Sunny Lake” or the “Operator”), was incorporated on June 29, 2012. The Sunny Lake property was held in trust for 0849873 B.C. Ltd. (“B.C. Ltd.”), a wholly-owned subsidiary of the Company, and WISCO Canada Sunny Lake Resources Development & Investment Limited (“WISCO Sunny Lake”) in accordance with their interests in the Sunny Lake Joint Venture under the Sunny Lake JV Agreement.

On November 28, 2012, the Company and WISCO entered into a closing agreement (the “Sunny Lake Closing Agreement”), providing WISCO Sunny Lake with an option to purchase from B.C. Ltd. up to a 40% interest in the Sunny Lake Joint Venture.

On April 2, 2013, pursuant to the Sunny Lake Closing Agreement, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property for the consideration of \$8,612,875 paid to B.C. Ltd. The amount represents the exploration expenditure of \$17,096,459 previously incurred by the Group, less estimated tax credits relating to such exploration expenditures of \$8,483,584 that are available to the Group. As a result of this payment, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property.

Subsequent to the acquisition of ownership interest of 17.1%, WISCO Sunny Lake acquired an additional 1.8% interest in the Sunny Lake property for the consideration of \$1,800,000, increasing its interest in the property to 18.9%. On January 1, 2016, WISCO Sunny Lake was amalgamated with WISCO Canada ADI Resources Development & Investment Limited (“WISCO ADI”).

As at June 30, 2017, the Company owns 81.1% of the Sunny Lake property and the remaining funding obligation of WISCO ADI to earn in up to a 40% of interest in the property is \$21.1 million.

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
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(Expressed in Canadian Dollars, unless otherwise stated)

12. Property, plant and equipment

	Land \$	Drilling & field equipment \$	Camp and properties \$	Leasehold improvements, furniture & fixtures \$	Computer & office equipment \$	Vehicles \$	Total \$
Cost							
Balance - March 31, 2016	137,177	2,667,866	1,097,285	225,646	349,520	124,238	4,601,732
Additions	-	-	-	74,247	30,496	-	104,743
Disposals	-	-	-	(173,206)	(49,249)	(2,750)	(225,205)
Exchange differences	-	-	-	1,743	948	-	2,691
Balance - March 31, 2017	137,177	2,667,866	1,097,285	128,430	331,715	121,488	4,483,961
Additions	-	-	948,705	139,685	18,031	-	1,106,421
Disposals	-	(10,899)	(8,624)	(5,053)	-	-	(24,576)
Exchange differences	-	-	-	(2,790)	(2,001)	-	(4,791)
Balance - June 30, 2017	137,177	2,656,967	2,037,366	260,272	347,745	121,488	5,561,015
Accumulated depreciation and impairment							
Balance - March 31, 2016	100,000	2,534,806	983,909	171,075	321,909	94,038	4,205,737
Depreciation	-	133,060	56,600	45,331	25,198	22,674	282,863
Disposals	-	-	-	(155,495)	(48,445)	(1,925)	(205,865)
Exchange differences	-	-	-	1,863	750	-	2,613
Balance - March 31, 2017	100,000	2,667,866	1,040,509	62,774	299,412	114,787	4,285,348
Depreciation	-	-	15,886	8,500	5,734	3,629	33,749
Disposals	-	(10,899)	(8,624)	(4,363)	-	-	(23,886)
Exchange differences	-	-	(54)	(1,275)	(1,484)	-	(2,813)
Balance - June 30, 2017	100,000	2,656,967	1,047,717	65,636	303,662	118,416	4,292,398
Net book value							
Balance - June 30, 2017	37,177	-	989,649	194,636	44,083	3,072	1,268,617
Balance - March 31, 2017	37,177	-	56,776	65,656	32,303	6,701	198,613

Century Global Commodities Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
June 30, 2017

(Expressed in Canadian Dollars, unless otherwise stated)

13. Investment in a joint venture

The Group's investment in Labec Century is as follows:

	\$
Balance – March 31, 2016	8,062,026
Share of loss of Labec Century	<u>(215,202)</u>
Balance – March 31, 2017	7,846,824
Share of loss of Labec Century	<u>(29,331)</u>
Balance – June 30, 2017	<u>7,817,493</u>

The financial information of Labec Century is summarized as follows:

	June 30, 2017 \$'000	March 31, 2017 \$'000
Assets		
Current assets	17,456	17,696
Non-current assets	4,361	4,172
Liabilities		
Current liabilities	8,742	8,745
Non-current liabilities	-	-
Cash and cash equivalents	13,745	14,048
	Three months ended June 30, 2017 \$'000	2016 \$'000
Loss from continuing operations	(49)	(74)
Total comprehensive loss	(49)	(74)

The principal activities of Labec Century are to explore and develop the Attikamagen property. Since January 1, 2016, Labec Century reduced its exploration activities to claims maintenance only to preserve cash for the iron ore market to recover in the future. The principal place of business is in the Province of Québec, Canada. Labec Century is the sole owner of the Attikamagen property.

On December 19, 2011, the Company and WISCO entered into a shareholders agreement (the "Attikamagen Shareholders Agreement") that governs the joint venture to be formed between the Company and WISCO for the exploration and development of the Attikamagen property. Under the Attikamagen Shareholders Agreement, WISCO can obtain a 40% interest in the Group's share of the Attikamagen property by investing a total of \$40 million.

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On September 26, 2012, the initial closing procedures prescribed in the Attikamagen Shareholders Agreement were completed, with WISCO Canada Attikamagen Resources Development & Investment Limited (“WISCO Attikamagen”) purchasing from Labec Century:

- (i) 40 million Class A voting common shares, representing 40% of the outstanding voting common shares of Labec Century, for \$4,000, and
- (ii) 20 million Class B non-voting shares, representing 25% of the outstanding non-voting common shares of Labec Century, for \$20 million.

As part of a reorganization completed prior to the initial closing procedures, the Company’s wholly-owned subsidiary, Century Iron Ore Holdings Inc. (“Century Holdings”), purchased:

- (i) 60 million Class A voting shares, representing 60% of the outstanding voting common shares of Labec Century, for \$6,000, and
- (ii) exchanged its then 100% outstanding common shares of Labec Century for 60 million Class C non-voting shares, representing 75% of the outstanding non-voting shares of Labec Century.

As a result of completion of the initial closing transactions in 2012, Labec Century ceased to be a subsidiary of the Group and became a joint venture of the Group that is accounted for in accordance with IFRS 11. The disposition of the subsidiary resulted in a non-cash accounting gain of \$47,722,258 for the year ended March 31, 2013.

On September 19, 2013, WISCO Attikamagen purchased an additional 20 million Class B non-voting shares for a subscription price of \$20 million. After the subscription, WISCO Attikamagen’s ownership is increased to 40% of the non-voting shares of Labec Century, while Century Holdings’ ownership is reduced to 60% of the non-voting shares. On January 1, 2016, WISCO Attikamagen was amalgamated with WISCO ADI.

As at June 30, 2017, the Group continues to own a 60% interest in Labec Century.

14. Accounts payable and accrued liabilities

	June 30, 2017	March 31, 2017
	\$	\$
Trade payables	38,563	133,088
Other payables and accruals	746,414	792,624
	<u>784,977</u>	<u>925,712</u>

Trade payables are non-interest bearing and are generally paid within 30 days.

The carrying amounts of accounts payable and accrued liabilities are considered to be the same as their fair values due to their short-term nature.

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15. Share capital

Authorized

Prior to the Continuation, authorized share capital was unlimited number of common shares, with no par value. Upon the Continuation on February 1, 2016, authorized share capital was changed to 5,000,000,000 ordinary shares, with \$0.001 par value each.

Issued and fully paid

At June 30, 2017, the Company had 98,485,071 ordinary shares issued and outstanding, representing an amount of \$117,057,217. The changes in issued share capital for the period are as follows:

	Number of shares	\$
Balance – March 31, 2016	98,793,571	117,220,159
Ordinary shares issued under an equity incentive plan (note 16)	621,500	622
Repurchase and cancellation of ordinary shares	(930,000)	(163,564)
	<hr/>	<hr/>
Balance – March 31 and June 30, 2017	98,485,071	117,057,217

Normal course issuer bid

The Company initiated an automatic share repurchase plan under a normal course issuer bid (“NCIB”) in September 2012. The NCIB was renewed for additional one year periods after the first NCIB expired. On October 20, 2016, the Company received approval from the TSX to amend the terms of the 2015 NCIB. Pursuant to the amendments, up to 2,000,000 ordinary shares of the Company may be purchased for cancellation during the one-year period of the program’s operation, with a daily limit of 1,000 shares other than under a block purchase or otherwise in a permitted transaction exempted under TSX policies. The amendments to the NCIB took effect on October 26, 2016, and the NCIB program (as amended) expired on November 3, 2016.

On October 26, 2016, the Company purchased from Champion Iron Mines Limited (“Champion”) 930,000 ordinary shares of the Company’s capital stock at a price of \$0.175 per share for \$163,564 including broker’s commissions of \$814. Champion originally acquired those shares in consideration for Champion’s sale of the remaining interest in the Attikamagen property to Labec Century in December 2013. All the 930,000 ordinary shares repurchased from Champion were cancelled on November 4, 2016.

As of June 30, 2017, the Company had repurchased and cancelled 2,000,500 shares since the initiation of the original NCIB plan with an aggregate cost of \$774,175.

Holder of the Company’s securities may obtain a copy of the Company’s filings with the TSX for the NCIB without charge, by contacting the Company at its headquarters in Hong Kong with that request.

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16. Share-based compensation arrangements

The Group has adopted an equity incentive plan (the “Plan”) which is administered by the Board of Directors of the Group. The Plan provides that the Board of Directors of the Group may from time to time, at its discretion and in accordance with TSX requirements, grant to directors, officers, employees and consultants to the Group, options to purchase shares and other forms of equity-based incentive compensation, provided that the number of shares issued and reserved for issuance will not exceed 15% of the issued and outstanding shares.

Share options

Share options granted under the Plan are exercisable for a period of up to 5 years or 10 years from the date of grant. Options issued pursuant to the Plan will have an exercise price determined by the directors of the Group provided that the exercise price shall not be less than the price permitted by the TSX.

On June 23, 2017, 1,130,000 options were granted. 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 0.84%, dividend yield of 0%, volatility of 74.58% and an expected life of 10 years. 1/3 of the options will vest on the first anniversary of the option date, 1/3 of the options will vest on the second anniversary of the option date and 1/3 will vest on the third anniversary of the option date. The fair value of the options granted was estimated at \$182,721 or \$0.1617 per unit.

The share options outstanding as of June 30, 2017 are as follows:

	Number of options	Weighted average exercise price \$
Balance – March 31, 2016	11,820,000	1.60
Granted	3,770,000	0.22
Expired	(3,885,000)	2.93
Forfeited	<u>(1,617,500)</u>	0.73
Balance – March 31, 2017	10,087,500	0.71
Granted	1,130,000	0.35
Given up	<u>(540,000)</u>	0.55
Balance – June 30, 2017	<u>10,677,500</u>	0.68

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The exercise prices and exercise periods of the share options outstanding as of June 30, 2017 are as follows:

Number of options	Exercise price \$	Exercise period
1,275,000	2.92	July 18, 2012 to July 17, 2017
260,000	2.92	November 12, 2012 to November 11, 2017
4,127,500	0.345	March 9, 2015 to March 8, 2025
300,000	0.345	June 1, 2015 to May 31, 2025
100,000	0.345	November 11, 2015 to November 10, 2025
245,000	0.345	February 5, 2016 to February 4, 2026
3,240,000	0.22	August 4, 2016 to August 3, 2026
<u>1,130,000</u>	0.345	June 23, 2017 to June 22, 2027
<u>10,677,500</u>		

As of the balance sheet date, the weighted average remaining contractual life of the outstanding share options is 7.3 years, and 4,601,667 options are vested and exercisable.

Share awards

Under the Plan, the Board may grant awards of share units subject to vesting and other terms and conditions at its discretion as to performance, milestones, other internal or external conditions, or length of the grantee's employment or service provision. The Board shall also determine at its discretion, at any time before or after vesting until actual settlement, whether payment under the share units will be made in shares, cash, securities or other property, or a combination thereof.

Share units outstanding under the Plan are shown as follows:

	Time-based (i)	Operational (ii)	Financial (iii)	Number of share units	Weighted average fair value at the measurement date \$
Balance – March 31, 2016	678,795	354,913	343,663	1,377,371	0.49
Vested and shares exercised	(621,500)	-	-	(621,500)	0.49
Forfeited	<u>(27,795)</u>	<u>(54,788)</u>	<u>(54,788)</u>	<u>(137,371)</u>	0.49
Balance – March 31, 2017	29,500	300,125	288,875	618,500	0.48
Given up	<u>(10,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>(20,000)</u>	0.49
Balance – June 30, 2017	<u>19,500</u>	<u>295,125</u>	<u>283,875</u>	<u>598,500</u>	0.48

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The share units have been allocated to the grantees under three types of vesting conditions: time-based targets, operational targets and financial targets.

- (i) **Time-based target:** the share units will be fully vested if the individual grantee is still employed by the Company on the third anniversary of the grant date.
- (ii) **Operational target:** the share units will be vested upon the achievement of certain mining and exploration-related targets set out by the Board. The actual amount of share units to be vested under these operational targets will vary depending on the level of performance relative to the targets based on an award multiplier of 0% to 200%. The vesting date of the share units will be the earlier of: five years from the grant date or the achievement dates of the respective operational targets. Management estimated that the period of vesting would occur between November 2018 and March 2020.
- (iii) **Financial target:** the share units will be vested if the two-year average annualized cash costs of iron ore produced and shipped for the projects of the Company or under its joint arrangements meet certain target set out by the Board and the two-year earnings before interest, taxes, depreciation and amortization (EBITDA) of the projects is positive. The actual amount of share units to be vested under the financial target will vary depending on the level of performance relative to the target based on an award multiplier of 0% to 200%. The vesting date of the share units will be the earlier of: five years from the grant date or the achievement date of the financial target. Management estimated that the period of vesting would occur between November 2018 and March 2020.

On December 9, 2016, the Company issued a treasury direction to execute the issuance of 621,500 shares for the share units vested under the time-based target. The shares were issued on December 22, 2016 at nil consideration. An amount of \$304,535 was transferred from the share award reserve to share capital and contributed surplus upon the issuance of the shares.

The fair value of the share units granted was estimated based on the market price of the Company's shares on the date of grant.

17. Warrants

The warrants issued and outstanding as of June 30, 2017 are as follows:

	Number of warrants	Weighted average exercise price \$
Issued on November 29, 2013 and balance – June 30, 2017	<u>1,000,000</u>	2.00

On November 29, 2013, the Company issued to Champion 1 million warrants as part of the consideration paid for the acquisition of Champion's remaining interest in the Attikamagen property. The warrants have an expiry date of November 29, 2018 and are exercisable as follows:

Exercise period	Exercise price \$
November 30, 2016 to November 29, 2017	2.00
November 30, 2017 to November 29, 2018	2.50

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The fair value of the warrants on the date of the grant was estimated at \$20,000 at the date of issue using a binomial option pricing model. The assumptions used were as follows: (i) annual risk-free interest rate of 1.07%, (ii) implied volatility of 34% and (iii) expected life of 5 years.

Labec Century has agreed to pay the Company the fair value of any warrants exercised by Champion based on the difference between the exercise price and the market price at the exercise date of any warrants. As at June 30, 2017, the difference was estimated as nominal in nature and no derivative asset was recognized as a result.

As of the balance sheet date, the remaining contractual life of the outstanding warrants is 1.4 years.

18. Revenue and cost of sales

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the period.

Cost of sales represents cost of inventories sold during the period.

19. Other income

	Three months ended June 30,	
	2017	2016
	\$	\$
Bank and other interest income	51,148	29,294
Dividend income	819	190
Gain on disposal of marketable securities	19,348	-
Other income	2,516	-
	<u>73,831</u>	<u>29,484</u>

20. Administrative expenses

	Three months ended June 30,	
	2017	2016
	\$	\$
Salaries, pension and directors' fees	820,097	910,102
Consulting and professional fees	224,694	310,619
Rental and office expenses	219,757	202,357
Travel	40,574	73,130
Corporate promotion and listing fees	8,103	14,966
Depreciation	33,749	37,769
	<u>1,346,974</u>	<u>1,548,943</u>

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21. Net loss per share attributable to owners of the Company

The basic net loss per share calculated amount is the same as the fully diluted net loss per share amount as the Company's share-based compensation plans and warrants are anti-dilutive.

22. Related party transactions

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

(i) As of June 30, 2017, the Group had accounts receivable of \$6,328,417 (March 31, 2017: \$6,342,790) from Labec Century. The balance mainly comprised of exploration expenditure of the Attikamagen property incurred and paid by the Group on behalf of Labec Century after Labec Century became the Group's joint venture. The balance is repayable upon request.

(ii) As of June 30, 2017, the Group had accounts receivable of \$3,210,771 (March 31, 2017: \$3,210,771) from WISCO Century Sunny Lake. The balance represented exploration expenditure of the Sunny Lake property incurred and paid by the Group on behalf of WISCO Century Sunny Lake. The balance is repayable upon request.

(b) The remuneration of the Group's directors and officers during the period is summarized below:

	Three months ended June 30,	
	2017	2016
	\$	\$
Salaries and directors' fees	297,789	346,573
Share-based compensation expenses	64,371	98,246
	362,160	444,819

23. Financial risk management

The Group'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 capital market risk.

Risk management is carried out by the Group's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Group's financial assets and financial liabilities have been classified into categories that determine their basis of measurement. As at June 30, 2017 and March 31, 2017, the Group's financial instruments are comprised of cash and cash equivalents, short term bank deposits, marketable securities, accounts receivable, accounts payable and accrued liabilities. With the exception of cash and cash equivalents and marketable securities, all other financial instruments of the Group are measured at amortized cost.

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The following table shows the carrying values, fair values and fair value hierarchy of the Group's financial instruments that are measured at fair value as at June 30, 2017 and March 31, 2017:

	Level	June 30, 2017		March 31, 2017	
		Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Marketable securities	1	1,231,618	1,231,618	796,311	796,311

Fair values of financial instruments are determined by valuation methods depending on hierarchy levels as defined below:

Level 1 – Quoted market price in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted market prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. observed prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities are not based on observable market data.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to cash, marketable securities and receivables. Cash and cash equivalents and short term bank deposits are held with major banks, and marketable securities are held with a reputable securities broker with investment guidelines set by management which are intended to limit credit risk. The Group's receivables mainly represented an amount owing from its joint ventures, Labec Century and WISCO Century Sunny Lake. Management believes the risk of loss to be minimal.

Liquidity risk

The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of June 30, 2017, the Group had cash and cash equivalents and short term bank deposits of \$15,555,676 (March 31, 2017: \$18,539,474) to settle current liabilities of \$784,977 (March 31, 2017: \$925,712). Most of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms. The liquidity risk is low with the Group's marketable securities, since they are investments with high liquidity, and are traded in international capital markets.

Market risk

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

(a) Interest rate risk

The Group has cash balances only and it has no interest bearing debt. The Group's current policy is to invest most of its excess cash in interest bearing accounts or term deposits with large reputable banks. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of the banks holding the cash and short-term deposits of the Group. An absolute increase or decrease of 0.1% in the annual interest rate would not have a material impact on the net loss or equity at June 30, 2017.

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(b) Foreign currency exchange risk

The Group's principal functional currencies are the Canadian Dollar and the Hong Kong Dollar. Sales revenue of the Group's food and distribution business is mainly denominated in Hong Kong Dollar, while the major purchases of the business are denoted in Australian Dollar and Euro. The major expenses of the Group are transacted in Canadian Dollar and Hong Kong Dollar. The Group is also subject to exchange fluctuations arising from the translation of the foreign currency monetary items of the Group's overseas subsidiaries. In addition, the Group's marketable securities, if partially denominated in foreign currency, are subject to foreign currency exchange risk.

Management closely monitors the exchange fluctuations of the principal foreign currencies of the Group's food and distribution business and uses means to lock up the foreign currency exchange rate of its purchases or transfers exchange differences to its customers to reduce the Group's foreign currency exposures. Management believes the foreign currency exchange risk derived from its other activities is low and therefore does not hedge the foreign currency exchange risk arising from these other activities.

(c) Capital market risk

The Group's current policy is to invest some portion of its excess cash in marketable securities, primarily shares of publicly listed mining companies. The Group sets investment guidelines, including pre-set targeted capital allocation and returns, exit and entry prices, and periodically monitors the investments it makes. The Group is satisfied with the financial and operating performance of the mining companies the Group invests in. An absolute increase or decrease of 5% in the investment return would not have a material impact on the net loss or equity at June 30, 2017.

24. Capital management

The Group considers its capital structure to consist of share capital, contributed surplus and deficit, which, as at June 30, 2017, amounted to \$34,980,898. When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to the shareholders 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 Group's management team to sustain the future development of the business.

The Group is dependent on external financing to fund its strategic initiatives and exploration and project development activities in the long term. In order to carry out the business plan and pay for administrative costs, the Group will utilize 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 Group, is appropriate. The Group's capital management objectives, policies and processes have remained unchanged during the period ended June 30, 2017. The Group is not subject to externally imposed capital requirements.

25. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation in the current period.