

Century Global Commodities Corporation

Condensed Consolidated Interim Financial Statements

(Unaudited)

December 31, 2020

(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 December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

		December 31,	March 31,
		2020	2020
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents		9,646,573	2,567,780
Short term bank deposits		2,819,903	1,119,345
Marketable securities	7	2,551,327	204,547
Trade and other receivables	8, 25	1,770,263	2,979,703
Lease receivable		59,432	75,068
Sales taxes and other taxes recoverable		547,348	78,617
Prepayments and deposits		441,331	122,894
Inventories	9	1,210,447	1,989,973
		<u>19,046,624</u>	<u>9,137,927</u>
Assets classified as held for sale		-	3,079,014
		<u>19,046,624</u>	<u>12,216,941</u>
Non-current assets			
Exploration and evaluation assets	10	6,299,893	8,082
Property, plant and equipment	11	92,800	115,235
Investment property	12	976,236	1,020,255
Right-of-use assets		182,161	365,375
Deferred tax assets		77,691	86,027
Investment in a joint venture	13	-	7,380,195
Investment in other equity instruments	7	63,515	70,306
Other receivables	8, 25	-	6,520,636
Lease receivable		6,949	47,095
		<u>7,699,245</u>	<u>15,613,206</u>
Total assets		<u>26,745,869</u>	<u>27,830,147</u>

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

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	December 31, 2020 \$	March 31, 2020 \$
Liabilities			
Current liabilities			
Trade and other payables	14	1,170,782	1,830,897
Lease liabilities		180,597	260,699
Sales taxes and other taxes payable		810,595	-
		<u>2,161,974</u>	<u>2,091,596</u>
Liabilities directly associated with assets classified as held for sale		-	<u>1,565,754</u>
		<u>2,161,974</u>	<u>3,657,350</u>
Non-current liabilities			
Lease liabilities		<u>35,858</u>	<u>154,937</u>
Total liabilities		<u>2,197,832</u>	<u>3,812,287</u>
Shareholders' equity			
Share capital	15	117,057,236	117,057,236
Contributed surplus		2,412,220	3,326,663
Deficit		(96,828,891)	(97,709,723)
Other components of equity		<u>1,907,472</u>	<u>736,646</u>
Equity attributable to owners of the Company		<u>24,548,037</u>	<u>23,410,822</u>
Non-controlling interests		-	<u>607,038</u>
Total equity		<u>24,548,037</u>	<u>24,017,860</u>
Total equity and liabilities		<u>26,745,869</u>	<u>27,830,147</u>

Approved by the Board of Directors

/s/ "Sandy Chim" Director
Date: February 10, 2021

/s/ "Kit Ying (Karen) Lee" Director
Date: February 10, 2021

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 and nine months ended December 31, 2020
(Expressed in Canadian Dollars, unless otherwise stated)

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2020 \$	2019 \$	2020 \$	2019 \$
Revenue	6, 18	1,820,170	2,031,905	6,408,724	5,998,591
Cost of sales		(1,396,135)	(1,559,477)	(4,911,466)	(4,592,891)
Gross profit		424,035	472,428	1,497,258	1,405,700
Other income	19	128,693	40,704	418,285	240,833
Selling expenses		(128,350)	(111,663)	(355,118)	(411,309)
Administrative expenses	20	(1,275,387)	(1,453,577)	(3,294,283)	(4,410,580)
Project maintenance costs		(5,705)	(11,709)	(19,049)	(25,743)
Share-based compensation expenses	16	-	(1,173)	(1,071)	(27,632)
Gain/(loss) on foreign exchange		87,647	18,203	151,398	(38,388)
Gain on equity interest arising from the acquisition of a subsidiary	24	706,337	-	706,337	-
Gain on disposal of a subsidiary	23	-	46,525	1,554,576	46,525
Exchange loss on dissolution of a subsidiary in other currencies		-	-	(174,509)	(380,072)
Interest expense		(3,066)	(6,226)	(11,538)	(16,593)
Share of profit/(loss) of a joint venture	13	(7,381)	(613)	(792)	17,480
Net profit/(loss) for the period		(73,177)	(1,007,101)	471,494	(3,599,779)
Attributable to:					
Owners of the Company		(73,177)	(973,159)	205,899	(3,412,155)
Non-controlling interests		-	(33,942)	265,595	(187,624)
		(73,177)	(1,007,101)	471,494	(3,599,779)
Net profit/(loss) per share attributable to owners of the Company					
– Basic and diluted	21	(0.00)	(0.01)	0.00	(0.03)
Weighted average number of shares outstanding		98,504,571	98,504,571	98,504,571	98,504,571

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

Century Global Commodities Corporation
Condensed Consolidated Interim Statement of Comprehensive Income
(Unaudited)
For the three and nine months ended December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net profit/(loss) for the period	(73,177)	(1,007,101)	471,494	(3,599,779)
Other comprehensive income				
Exchange loss on translation of operations in other currencies	(242,562)	(137,152)	(401,531)	(113,786)
Changes in fair value of investment in equity instruments at FVTOCI	850,731	21,856	1,865,374	151,965
Other comprehensive income/(loss) for the period	608,169	(115,296)	1,463,843	38,179
Total comprehensive income/(loss) for the period	534,992	(1,122,397)	1,935,337	(3,561,600)
Attributable to:				
Owners of the Company	534,992	(1,088,455)	1,669,742	(3,373,976)
Non-controlling interests	-	(33,942)	265,595	(187,624)
	534,992	(1,122,397)	1,935,337	(3,561,600)

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 nine months ended December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

	Attributable to owners of the Company								Total \$
	Share capital \$	Contributed surplus \$	Deficit \$	Share-based compensation reserve \$	Special warrant reserve \$	Investment fair value reserve \$	Foreign currency translation reserve \$	Non- controlling interests \$	
Balance – April 1, 2020	117,057,236	3,326,663	(97,709,723)	1,619,001	-	(54,214)	(828,141)	607,038	24,017,860
Net profit for the period	-	-	205,899	-	-	-	-	265,595	471,494
Other comprehensive income/(loss) for the period	-	-	-	-	-	1,865,374	(401,531)	-	1,463,843
Total comprehensive income/(loss) for the period	-	-	205,899	-	-	1,865,374	(401,531)	265,595	1,935,337
Acquisition of a subsidiary (note 24)	-	(657,814)	-	-	-	-	-	-	(657,814)
Disposal of marketable securities	-	-	444,851	-	-	(444,851)	-	-	-
Disposal of a subsidiary (note 23)	-	(256,629)	230,082	(23,746)	-	-	-	(872,633)	(922,926)
Dissolution of a subsidiary in other currencies	-	-	-	-	-	-	174,509	-	174,509
Equity-settled share-based compensation arrangements (note 16)	-	-	-	1,071	-	-	-	-	1,071
Balance – December 31, 2020	117,057,236	2,412,220	(96,828,891)	1,596,326	-	1,366,309	(1,055,163)	-	24,548,037

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 nine months ended December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

	Attributable to owners of the Company								Total \$
	Share capital \$	Contributed surplus \$	Deficit \$	Share-based compensation reserve \$	Special warrant reserve \$	Investment fair value reserve \$	Foreign currency translation reserve \$	Non- controlling interests \$	
Balance – March 31, 2019	117,057,236	3,096,367	(91,631,767)	1,566,462	347,940	(310,169)	(1,413,239)	(95,828)	28,617,002
Effect of adoption of IFRS 16 (note 4)	-	-	(25,152)	-	-	-	-	-	(25,152)
Balance – April 1, 2019, restated	117,057,236	3,096,367	(91,656,919)	1,566,462	347,940	(310,169)	(1,413,239)	(95,828)	28,591,850
Net loss for the period	-	-	(3,412,155)	-	-	-	-	(187,624)	(3,599,779)
Other comprehensive income/(loss) for the period	-	-	-	-	-	151,965	(113,786)	-	38,179
Total comprehensive income/(loss) for the period	-	-	(3,412,155)	-	-	151,965	(113,786)	(187,624)	(3,561,600)
Disposal of marketable securities	-	-	(39,330)	-	-	39,330	-	-	-
Dissolution of a subsidiary in other currencies	-	(20,538)	20,538	-	-	-	229,194	-	229,194
Disposal of a subsidiary in other currencies	-	-	-	-	-	-	(25,905)	198,642	172,737
Conversion of CMI's special warrant certificates (note 17)	-	95,594	-	-	(347,940)	-	-	252,346	-
Dividends declared and settled (note 22)	-	155,240	(599,964)	-	-	-	-	444,724	-
Equity-settled share-based compensation arrangements (note 16)	-	-	-	27,632	-	-	-	-	27,632
Balance – December 31, 2019	117,057,236	3,326,663	(95,687,830)	1,594,094	-	(118,874)	(1,323,736)	612,260	25,459,813

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 and nine months ended December 31, 2020
(Expressed in Canadian Dollars, unless otherwise stated)

Cash generated by/(used in)	Notes	Three months ended December 31,		Nine months ended December 31,	
		2020	2019	2020	2019
		\$	\$	\$	\$
Operating activities					
Net profit/(loss) for the period		(73,177)	(1,007,101)	471,494	(3,599,779)
Adjustments for					
Bank and other interest income		(13,808)	(13,661)	(28,697)	(48,642)
Dividend income from marketable securities		-	(615)	-	(2,114)
Loss on disposal of fixed assets		98	927	547	64,803
Loss/(gain) on foreign exchange		(87,647)	(18,203)	(151,398)	38,388
Depreciation	11, 12	19,670	26,091	58,465	89,458
Amortization of right-of-use assets		53,381	56,988	165,023	168,327
Share-based compensation arrangements	16	-	1,173	1,071	27,632
Inventories written off		440	-	12,038	-
Gain on equity interest arising from the acquisition of a subsidiary	24	(706,337)	-	(706,337)	-
Gain on disposal of a subsidiary	23	-	(46,525)	(1,554,576)	(46,525)
Exchange reserve written off on dissolution of a subsidiary in other currencies		-	-	174,509	229,194
Share of loss/(profit) of a joint venture	13	7,381	613	792	(17,480)
Changes in working capital items					
Decrease/(increase) in trade and other receivables		104,735	(113,822)	1,225,576	781,142
Decrease in sales taxes and other taxes recoverable		6,162	9,972	18,190	23,704
Increase in prepayments and deposits		(156,705)	(301,730)	(317,670)	(303,383)
Decrease/(increase) in inventories		(269,093)	(109,433)	767,488	(130,221)
Increase/(decrease) in trade and other payables		(119,765)	694,983	(700,422)	655,483
Decrease in sales taxes and other taxes payable		(10,699)	-	(10,699)	-
Net cash used in operating activities		(1,245,364)	(820,343)	(574,606)	(2,070,013)
Investing activities					
Bank and other interest received		13,808	13,661	28,697	48,642
Short term bank deposits retrieved/(invested)		(1,000,200)	924,893	(1,700,558)	421,192
Dividends received from marketable securities		-	615	-	2,114
Marketable securities purchased		-	(432)	(40,463)	(104,711)
Proceeds from sale of marketable securities		679,811	1,569	1,240,431	376,008
Additions of exploration and evaluation assets		(105,060)	(35,671)	(159,054)	(102,371)
Investment tax credit refunds received		-	-	-	5,388
Purchases of property, plant and equipment		(9,853)	(101)	(15,613)	(6,460)
Proceeds from sale of property, plant and equipment		-	230	-	31,045
Acquisition of subsidiaries	24	8,173,582	-	8,173,582	-
Disposal of a subsidiary	23	-	15,711	(1,792,821)	15,711
Proceeds from finance lease arrangements		18,937	17,600	55,782	51,855
Net cash generated by investing activities		7,771,025	938,075	5,789,983	738,413
Financing activities					
Principal payments of lease liabilities		(61,074)	(70,837)	(185,471)	(190,309)
Net cash used in financing activities		(61,074)	(70,837)	(185,471)	(190,309)
Net change in cash and cash equivalents		6,464,587	46,895	5,029,906	(1,521,909)

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 and nine months ended December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net change in cash and cash equivalents	6,464,587	46,895	5,029,906	(1,521,909)
Cash and cash equivalents – Beginning of period	3,360,353	4,232,370	4,994,547	5,746,934
Effect of foreign exchange rate changes, net	(178,367)	(110,893)	(377,880)	(56,653)
Cash and cash equivalents – End of period	<u>9,646,573</u>	<u>4,168,372</u>	<u>9,646,573</u>	<u>4,168,372</u>
Analysis of cash and cash equivalents				
Cash in bank and on hand	9,146,573	3,525,347	9,146,573	3,525,347
Short term bank deposits with original maturity of three months or less	<u>500,000</u>	<u>643,025</u>	<u>500,000</u>	<u>643,025</u>
Cash and cash equivalents – End of period	<u>9,646,573</u>	<u>4,168,372</u>	<u>9,646,573</u>	<u>4,168,372</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)
December 31, 2020

(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, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s shares are traded on the Toronto Stock Exchange (“TSX”).

The Company is a diversified company primarily engages in exploration and mining activities with assets in the Provinces of Newfoundland and Labrador, and Québec, Canada. It also has operations in the distribution of food in China.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on February 10, 2021.

2. Basis of preparation

The condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the Group’s audited consolidated annual financial statements for the year ended March 31, 2020 filed on SEDAR at www.sedar.com on June 29, 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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, 2020, except for the adoption of new and amended standards that became applicable to the Group in the current interim period, as described in note 4 below.

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.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

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Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

4. Changes in accounting policies

Several amendments and interpretations apply for the first time in the current reporting period, but do not have an impact on the interim condensed consolidated financial statements of the Group.

On April 1, 2019, the Group applied, for the first time, IFRS 16 *Leases* in its condensed consolidated interim financial statements. The changes in accounting policies and the retrospective adjustments arising from the adoption of the new standard were described in note 4 of the Company's audited consolidated annual financial statements for the year ended March 31, 2020.

The effect of adoption of IFRS 16 on the Group's condensed consolidated interim statement of financial position as at April 1, 2019 was as follows:

	April 1, 2019
	\$
Increase in right-of-use assets, at net book value	312,066
Increase in lease liabilities	(372,213)
Decrease in other payables	<u>34,995</u>
Increase in deficit	<u>25,152</u>

5. 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 5 of the audited consolidated annual financial statements for the year ended March 31, 2020.

6. Segment information

The Group's operating segments are as follows:

- (i) the mining segment, which engages in the exploration and development of mineral projects in Canada and the investment in global mining securities;

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December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

- (ii) the food segment, which engages in the distribution of food in Hong Kong, China; and
- (iii) the corporate 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 segment.

The following tables present information for the Group's operating segments for the nine months ended December 31, 2020 and 2019, respectively.

For the nine months ended December 31, 2020	Mining	Food	Corporate	Total
	\$	\$	\$	\$
<u>Segment revenue</u>				
Revenue from contracts with external customers:				
Distribution of food	-	6,408,724	-	6,408,724
<u>Segment profit or loss</u>				
Gross profit	-	1,497,258	-	1,497,258
Income and gains:				
Interest income	4,918	-	23,779	28,697
Other income or gains	33,018	219,888	136,682	389,588
	37,936	219,888	160,461	418,285
Expenses:				
Selling expenses	-	355,118	-	355,118
Salaries, pension and directors' fees	911,169	832,325	636,640	2,380,134
Consulting and professional fees	189,146	2,396	268,459	460,001
Corporate promotion and listing fees	2,069	-	20,898	22,967
Other administrative expenses	89,321	196,693	145,167	431,181
Project maintenance costs	19,049	-	-	19,049
Share-based compensation expenses	442	386	243	1,071
Loss/(gain) on foreign exchange	88,245	12,109	(251,752)	(151,398)
Interest expense	5,838	117	5,583	11,538
Gain on equity interest arising from the acquisition of a subsidiary	(706,337)	-	-	(706,337)
Gain on disposal of a subsidiary	(1,554,576)	-	-	(1,554,576)
Exchange loss on the dissolution of a subsidiary in other currencies	-	-	174,509	174,509
Share of loss of a joint venture	792	-	-	792
	(954,842)	1,399,144	999,747	1,444,049
Net profit/(loss) for the period	992,778	318,002	(839,286)	471,494

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December 31, 2020

(Expressed in Canadian Dollars, unless otherwise stated)

For the nine months ended December 31, 2019	Mining	Food	Corporate	Total
	\$	\$	\$	\$
<u>Segment revenue</u>				
Revenue from contracts with external customers:				
Distribution of food	-	5,840,131	-	5,840,131
Provision of food service	-	158,460	-	158,460
	-	5,998,591	-	5,998,591
<u>Segment profit or loss</u>				
Gross profit	-	1,405,700	-	1,405,700
Income and gains:				
Interest income	10,864	-	37,778	48,642
Other income or gains	16,722	45,469	130,000	192,191
	27,586	45,469	167,778	240,833
Expenses:				
Selling expenses	-	411,309	-	411,309
Salaries, pension and directors' fees	798,733	1,147,345	436,290	2,382,368
Consulting and professional fees	1,062,304	14,528	193,707	1,270,539
Corporate promotion and listing fees	39,458	-	26,328	65,786
Other administrative expenses	190,956	353,674	147,257	691,887
Project maintenance costs	25,743	-	-	25,743
Share-based compensation expenses	8,228	11,690	7,714	27,632
Loss/(gain) on foreign exchange	(113)	25,600	12,901	38,388
Interest expense	9,383	-	7,210	16,593
Gain on disposal of a subsidiary	-	(46,525)	-	(46,525)
Loss on dissolution of a subsidiary in other currencies	-	-	380,072	380,072
Share of profit of a joint venture	(17,480)	-	-	(17,480)
	2,117,212	1,917,621	1,211,479	5,246,312
Net loss for the period	(2,089,626)	(466,452)	(1,043,701)	(3,599,779)

The following table presents assets and liabilities information for the Group's operating segments as at December 31 and March 31, 2020, respectively:

	Mining	Food	Corporate	Total
	\$	\$	\$	\$
<u>Total assets</u>				
December 31, 2020	9,688,681	3,002,129	14,055,059	26,745,869
March 31, 2020	18,694,478	3,952,259	5,183,410	27,830,147
<u>Total liabilities</u>				
December 31, 2020	1,074,843	384,390	738,599	2,197,832
March 31, 2020	2,218,419	770,878	822,990	3,812,287

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7. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (“FVTOCI”) comprise marketable securities and other equity investment. During the period, the Group invested in certain equity securities in Canada and Hong Kong. The Group has elected to designate these investments as at FVTOCI.

An analysis of financial assets at FVTOCI as at the balance sheet date is as follows:

	December 31, 2020	March 31, 2020
	\$	\$
<u>Financial assets at FVTOCI</u>		
Listed equity securities – Canada, at fair value	2,551,327	204,547
Unlisted equity securities – Hong Kong, at fair value	63,515	70,306

8. Trade and other receivables

	December 31, 2020	March 31, 2020
	\$	\$
Trade receivables (i)	1,362,644	1,627,856
Other receivables	407,619	351,847
Receivable from Labec Century (ii)	-	4,309,865
Receivable from WISCO Century Sunny Lake (ii)	-	3,210,771
	<u>1,770,263</u>	<u>9,500,339</u>
Classified as:		
Current assets	1,770,263	2,979,703
Non-current assets	-	6,520,636
	<u>1,770,263</u>	<u>9,500,339</u>

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

- (i) Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.
- (ii) Labec Century (to be defined hereinafter) and WISCO Century Sunny Lake (to be defined hereinafter) were the Company’s joint venture and the operator of the Company’s Sunny Lake Joint Venture respectively. During the nine months ended December 31, 2020, the receivables from Labec Century and WISCO Century Sunny Lake have been fully settled and the companies have become wholly-owned subsidiaries of the Group after an acquisition transaction as detailed in note 24. As at March 31, 2020, total receivables from Labec Century and WISCO Century Sunny Lake amounted to \$7,520,636, in which \$1,000,000 was classified as current and \$6,520,636 as non-current. Please refer to note 25 for the details of the balances.

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9. Inventories

	December 31, 2020	March 31, 2020
	\$	\$
Trading merchandise held for sale	1,210,447	1,989,973

10. Exploration and evaluation assets

	Joyce Lake and other iron ore properties	Trudeau gold and other non-ferrous properties	Total
	\$	\$	\$
Balance – March 31, 2019	-	455,697	455,697
Additions	-	127,654	127,654
Investment tax credits	-	52,503	52,503
Classified as assets held for sale – Trudeau gold property	-	(627,772)	(627,772)
Balance – March 31, 2020	-	8,082	8,082
Additions	60,490	98,564	159,054
Additions from acquisition of subsidiaries (note 24)	6,132,757	-	6,132,757
Balance – December 31, 2020	6,193,247	106,646	6,299,893

Acquisition of Attikamagen and Sunny Lake properties

On November 19, 2020, the Group completed the acquisition from WISCO Canada ADI Resources Development & Investment Limited (“WISCO ADI”) of WISCO ADI’s joint venture interests in the Attikamagen and Sunny Lake properties (the “Acquisition”). As a result of the completion of the Acquisition, the Company is now the owner of a 100% interest in each of these projects through its wholly-owned subsidiaries. For details, please refer to note 24.

Attikamagen properties

Attikamagen properties include the Joyce Lake DSO Project and the Hayot Lake Taconite Project. Prior to the completion of the Acquisition, the Group’s interests in the Attikamagen properties were held through Labec Century Iron Ore Inc. (“Labec Century”), a joint venture company in which it shared ownership with a subsidiary of WISCO International Resources Development & Investment Limited (“WISCO”). Labec Century had a 100% registered interest in the Attikamagen properties. The ownership and management of Labec Century was governed by a shareholders’ agreement (the “Attikamagen Shareholders Agreement”) dated December 19, 2011, among Century Iron Ore Holdings Inc. (“Century Holdings”), WISCO and WISCO ADI, formerly WISCO Canada Attikamagen Resources Development & Investment Limited (“WISCO Attikamagen”) in the Attikamagen Shareholders Agreement. The Attikamagen Shareholders Agreement contemplated an aggregate investment of \$40 million by WISCO into Labec Century in consideration of a 40% equity interest in Labec Century. WISCO ADI completed its initial \$20 million investment into Labec Century on September 26, 2012 and became the owner of 40% of the outstanding voting non-equity shares of Labec Century and 25% of the non-voting common shares of Labec Century. On

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September 19, 2013, WISCO (or WISCO ADI) further increased its ownership from 25% to 40% of the non-voting common shares of Labec Century by a payment of \$20 million.

On November 19, 2020, the Group completed the Acquisition and acquired from WISCO ADI its 40% joint venture interests in Labec Century and the Attikamagen properties. The Group's joint venture agreement on the Attikamagen properties with WISCO ADI was also terminated.

As of December 31, 2020, the Group owns a 100% interest in the Attikamagen properties.

Sunny Lake properties

On December 19, 2011, the Company and 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 properties (the "Sunny Lake Joint Venture"). Under the Sunny Lake JV Agreement, WISCO could earn a 40% interest in the Sunny Lake properties 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 properties were 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 properties 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 properties.

Subsequent to the acquisition of ownership interest of 17.1%, WISCO Sunny Lake acquired an additional 1.8% interest in the Sunny Lake properties for the consideration of \$1,800,000, increasing its interest in the properties to 18.9%. On January 1, 2016, WISCO Sunny Lake was amalgamated with WISCO ADI.

On November 19, 2020, the Group completed the Acquisition and acquired from WISCO ADI its 40% joint venture interest in WISCO Century Sunny Lake and its 18.9% interest in the Sunny Lake properties. The Group's joint venture agreements on the Sunny Lake properties with WISCO ADI were also terminated.

As of December 31, 2020, the Group owns a 100% interest in the Sunny Lake properties.

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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. In July 2020, the Group has completed the registration of an additional 3% interest as a result of its contribution to the exploration expenditure incurred to the property.

As of December 31, 2020, the Group has a 68% registered interest in the Duncan Lake property.

Impairment assessment of iron ore properties

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 properties, and the review has resulted in impairment charges of \$17,494,260 and \$3,160,465 to the Duncan Lake property and Sunny Lake properties, 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 December 31, 2020, 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.

Trudeau gold property

The Trudeau gold property is an early stage gold-focused polymetallic exploration project, located approximately 35 kilometres northwest of the city of Rouyn-Noranda, Québec. Century Metals Inc. ("CMI"), formerly a wholly-owned subsidiary of the Company, holds a 100% interest in the property consisting of three non-contiguous claim groups surrounding Duparquet Lake, namely Fabie, Trudeau and Eastchester.

As at March 31, 2020, exploration and evaluation assets of the Trudeau gold property was classified as assets held for sale. On June 3, 2020, the property was disposed of upon the completion of CMI's reverse takeover transaction. For details, please refer to note 23.

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11. Property, plant and equipment

	Land \$	Drilling & field equipment \$	Camp & properties \$	Leasehold improvements, furniture & fixtures \$	Computer & office equipment \$	Vehicles \$	Total \$
<u>Cost</u>							
Balance - March 31, 2019	137,177	971,427	2,115,000	428,124	464,835	99,948	4,216,511
Additions	-	-	-	-	6,393	954	7,347
Disposals	-	-	-	(109,923)	(87,614)	(60,146)	(257,683)
Transfer to investment property (note 12)	-	-	(965,170)	(70,229)	-	-	(1,035,399)
Exchange differences	-	-	(64,281)	(2,346)	4,272	(1,088)	(63,443)
Balance - March 31, 2020	137,177	971,427	1,085,549	245,626	387,886	39,668	2,867,333
Additions	-	-	-	5,245	10,368	-	15,613
Disposals	-	-	-	(678)	(13,090)	-	(13,768)
Exchange differences	-	-	-	(10,155)	(11,755)	-	(21,910)
Balance - December 31, 2020	137,177	971,427	1,085,549	240,038	373,409	39,668	2,847,268
<u>Accumulated depreciation and impairment</u>							
Balance - March 31, 2019	100,000	971,427	1,139,372	188,480	386,290	76,883	2,862,452
Depreciation	-	-	21,185	44,534	36,035	2,642	104,396
Disposals	-	-	-	(55,877)	(50,063)	(39,686)	(145,626)
Transfer to investment property (note 12)	-	-	(71,147)	(3,229)	-	-	(74,376)
Exchange differences	-	-	(3,861)	3,407	5,877	(171)	5,252
Balance - March 31, 2020	100,000	971,427	1,085,549	177,315	378,139	39,668	2,752,098
Depreciation	-	-	-	28,385	6,605	-	34,990
Disposals	-	-	-	(588)	(12,633)	-	(13,221)
Exchange differences	-	-	-	(8,457)	(10,942)	-	(19,399)
Balance - December 31, 2020	100,000	971,427	1,085,549	196,655	361,169	39,668	2,754,468
<u>Net book value</u>							
Balance - December 31, 2020	37,177	-	-	43,383	12,240	-	92,800
Balance - March 31, 2020	37,177	-	-	68,311	9,747	-	115,235

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12. Investment property

	\$
<u>Cost</u>	
Balance – April 1, 2019	-
Transfer from property, plant and equipment (note 11)	1,035,399
Exchange differences	<u>72,358</u>
Balance – March 31, 2020	1,107,757
Exchange differences	<u>(22,490)</u>
Balance – December 31, 2020	<u>1,085,267</u>
<u>Accumulated depreciation and impairment</u>	
Balance – April 1, 2019	-
Transfer from property, plant and equipment (note 11)	74,376
Depreciation	7,591
Exchange differences	<u>5,535</u>
Balance – March 31, 2020	87,502
Depreciation	23,475
Exchange differences	<u>(1,946)</u>
Balance – December 31, 2020	<u>109,031</u>
<u>Net book value</u>	
Balance – December 31, 2020	<u>976,236</u>
Balance – March 31, 2020	<u>1,020,255</u>

13. Investment in a joint venture

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

	\$
Balance – March 31, 2019	7,708,819
Share of profit of Labec Century	31,376
Impairment	<u>(360,000)</u>
Balance – March 31, 2020	7,380,195
Share of loss of Labec Century	(792)
Derecognition upon the Acquisition (note 24)	<u>(7,379,403)</u>
Balance – December 31, 2020	<u>-</u>

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The financial information of Labec Century up to the date of the Acquisition on November 19, 2020 is summarized as follows:

	December 31, 2020 \$'000	March 31, 2020 \$'000
Assets		
Current assets*	-	11,032
Non-current assets	-	8,801
Liabilities		
Current liabilities	-	6,887
Non-current liabilities	-	-
* Includes cash and cash equivalents of	-	10,355

	Three months ended December 31,		Nine months ended December 31,	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Profit/(loss) from continuing operations	(12)	(1)	(1)	29
Total comprehensive income/(loss)	(12)	(1)	(1)	29

The principal activities of Labec Century were to explore and develop the Attikamagen properties. 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 was the sole owner of the Attikamagen properties.

On December 19, 2011, the Company and WISCO entered into 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 properties. Under the Attikamagen Shareholders Agreement, WISCO can obtain a 40% interest in the Group's share of the Attikamagen properties by investing a total of \$40 million.

On September 26, 2012, the initial closing procedures prescribed in the Attikamagen Shareholders Agreement were completed, with 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 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.

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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.

On November 19, 2020, the Group completed the Acquisition and acquired from WISCO ADI its 40% joint venture interest in Labec Century. For details, please refer to note 24.

As at December 31, 2020, the Group owns 100% interest in Labec Century.

14. Trade and other payables

	December 31, 2020	March 31, 2020
	\$	\$
Trade payables	301,116	622,346
Other payables and accruals	869,666	1,208,551
	<u>1,170,782</u>	<u>1,830,897</u>

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

Trade payables are non-interest bearing and are generally paid within 30 to 60 days.

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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 December 31, 2020, the Company had 98,504,571 ordinary shares issued and outstanding, representing an amount of \$117,057,236. There is no change in issued share capital for the period.

	Number of shares	\$
Balance – March 31 and December 31, 2020	98,504,571	117,057,236

16. Share-based compensation arrangements

	Three months ended December 31,		Nine months ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Share options expense	-	1,173	1,071	27,632

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.

The share options outstanding as of December 31, 2020 are as follows:

	Number of options	Weighted average exercise price \$
Balance – March 31, 2019	8,717,500	0.30
Forfeited	<u>(165,000)</u>	0.35
Balance – March 31 and December 31, 2020	<u>8,552,500</u>	0.30

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The exercise prices and exercise periods of the share options outstanding as of December 31, 2020 are as follows:

Number of options	Exercise price \$	Exercise period
4,067,500	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
195,000	0.345	February 5, 2016 to February 4, 2026
3,240,000	0.22	August 4, 2016 to August 3, 2026
<u>650,000</u>	0.345	June 23, 2017 to June 22, 2027
<u>8,552,500</u>		

As of the balance sheet date, the weighted average remaining contractual life of the outstanding share options is 4.9 years, and all 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, 2019	-	9,750	9,750	19,500	0.40
Expired	-	(9,750)	(9,750)	(19,500)	0.40
Balance – March 31 and December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	

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.

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- (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.

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. Special warrant reserve

	Number of special warrants	\$
Balance – March 31, 2019	5,798,999	347,940
Conversion of CMI's special warrant certificates	<u>(5,798,999)</u>	<u>(347,940)</u>
Balance – March 31 and December 31, 2020	<u>-</u>	<u>-</u>

On March 8, 2018, CMI offered to investors to subscribe for its special warrants at a subscription price of \$0.06 per unit (the "Special Warrant Private Placement"). On July 9, September 7 and November 2, 2018, CMI has completed three tranches of the Special Warrant Private Placement and issued 4,531,999, 1,263,000 and 1,267,000 special warrant certificates for gross proceeds of approximately \$271,920, \$75,780 and \$76,020, respectively. In total, CMI has issued 7,061,999 special warrants for aggregate proceeds of approximately \$423,720. No broker or finder fees were paid on these private placement exercises.

On March 7, 2019, 1,263,000 special warrant certificates issued on September 7, 2018 were converted automatically into 1,263,000 common shares of CMI upon reaching the six-month anniversary of the issuance of the special warrants. On April 4, 2019, the remaining 5,798,999 special warrant certificates of CMI were converted automatically into 5,798,999 common shares of CMI upon the prospectus qualification of CMI's common shares.

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On May 27, 2019, the Company announced that May 31, 2019 was set as the record date for the spin-out transaction of CMI. The spin-out of CMI would happen in the form of a distribution of shares of CMI to the Company's shareholders other than those residing in Québec and the United States, who would receive cash instead of shares. All of the Company's shareholders of record at the close of business on the record date would be entitled to receive one CMI's share for every 9.851 Company's shares held. For those shareholders who would receive cash instead of shares, the CMI's shares they entitled would be delivered to a custodian for sale in the open market following the distribution, and the net cash proceeds would be delivered to them, net of any withholding taxes (if any). The distribution was completed on June 12, 2019. After the spin-out transaction, the Company still maintains a 50.2% controlling ownership in CMI.

On June 17, 2019, CMI began trading on the TSX Venture Exchange under the stock symbol CMET.

18. Revenue

During the period, the Group's revenue arose from the distribution of food. An analysis of the Group's revenue from contracts with customers is provided in note 6. All of the Group's sales revenue were derived from Hong Kong, China and were recognized according to accounting policy as described in note 3 of the Company's audited consolidated annual financial statements for the year ended March 31, 2020.

19. Other income

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Marketing service income	28,046	10,467	91,270	36,666
Bank and other interest income	13,808	13,488	28,697	48,642
Dividend income	-	615	-	2,114
Recovery of bank deposit (i)	-	-	-	130,000
Other income	86,839	16,134	298,318	23,411
	<u>128,693</u>	<u>40,704</u>	<u>418,285</u>	<u>240,833</u>

- (i) In July 2019, the Company has recovered \$130,000 of the \$350,000 bank deposit loss incurred in March 2019 and reported in the Company's audited consolidated annual financial statements for the year ended March 31, 2019. These incidents have resulted in a total net loss of \$220,000 (principal amount) to the Company (excluding lost interest and legal fees).

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20. Administrative expenses

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries, pension and directors' fees	931,806	881,008	2,380,134	2,382,368
Consulting and professional fees	164,232	366,092	460,001	1,270,539
General office expenses	102,708	101,234	196,803	342,892
Travel	-	12,716	10,890	91,210
Corporate promotion and listing fees	3,590	9,448	22,967	65,786
Depreciation and amortization	73,051	83,079	223,488	257,785
	<u>1,275,387</u>	<u>1,453,577</u>	<u>3,294,283</u>	<u>4,410,580</u>

21. Net profit/(loss) per share attributable to owners of the Company

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

22. Dividends

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Dividends on ordinary shares declared and settled	-	-	-	599,964
	<u>-</u>	<u>-</u>	<u>-</u>	<u>599,964</u>

On May 27, 2019, the Company announced the detailed plan of the spin-out transaction of CMI, which would happen in the form of a distribution of shares of CMI to the Company's shareholders other than those residing in Québec and the United States, who would receive cash instead of shares. The distribution was completed on June 12, 2019, with 9,999,406 shares of CMI at a fair value of \$0.06 per share being distributed to the Company's shareholders. For details of the spin-out transaction of CMI, please refer to note 17.

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23. Disposal of a subsidiary

On June 3, 2020, CMI, the Company's subsidiary engaging in the exploration of mineral properties located in the Province of Québec, Canada, completed the acquisition of all the issued and outstanding shares of Reyna Silver Corp. ("Reyna Silver"). Upon closing of the transaction, CMI changed its name to Reyna Silver Corp., and the majority of the entity's outstanding shares is owned by the former shareholders of Reyna Silver, while the Group retains an interest of 3.67%. As a result, the Group is deemed to have disposed of CMI after the transaction. Subsequent to the transaction, the Group accounted for its interest in CMI as an investment designated as at FVTOCI, and classified it as marketable securities in the condensed consolidated interim statement of financial position as at December 31, 2020.

The carrying values of the assets and liabilities disposed of, and the gain on disposal of the subsidiary are summarized as follows:

	\$
Net assets disposed of:	
Cash	2,388,234
Sales taxes and other taxes recoverable	30,076
Exploration and evaluation assets	1,494,629
Accounts payable and accrued liabilities	<u>(2,262,526)</u>
	<u>1,650,413</u>
Fair value of the remaining interest in CMI deemed as consideration received	1,528,968
Net assets disposed of	(1,650,413)
Non-controlling interest	822,651
Realization of pre-disposal intra-group profit on CMI disposal	<u>853,370</u>
Gain on disposal of a subsidiary	<u>1,554,576</u>

The net cash outflow from the disposal of a subsidiary is analyzed as follows:

	\$
Cash disposed of	2,388,234
Accounts receivable from the subsidiary	<u>(595,413)</u>
Net cash outflow on the disposal of a subsidiary	<u>1,792,821</u>

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24. Business combination

On November 19, 2020, the Group completed the Acquisition and acquired from WISCO ADI its joint venture interests in the Attikamagen and Sunny Lake properties which include the following:

- (i) a 40% interest in Labec Century, the joint venture company for the Attikamagen properties;
- (ii) a 40% interest in WISCO Century Sunny Lake, the legal trustee of the Sunny Lake properties; and
- (iii) a 18.9% interest in the Sunny Lake properties.

The Acquisition was completed through the facilities of the Shanghai United Assets and Equity Exchanges. As a result of the completion of the Acquisition, the Group's joint venture agreements with WISCO ADI for the Attikamagen and Sunny Lake iron ore projects have been terminated and the Group is now the owner of a 100% interest in each of these projects through its wholly-owned subsidiaries. The consideration for the Acquisition comprised (i) a cash consideration of \$1.17 million; and (ii) the assumption by the Group of WISCO ADI's net payable amounting to \$4,220,493, which included a payable of \$5,780,884 by WISCO ADI to WISCO Century Sunny Lake, net of a receivable of \$1,560,391 by WISCO ADI from Labec Century.

The fair values of the identifiable assets and liabilities of Labec Century and WISCO Century Sunny Lake as at the date of acquisition are as follows:

	Labec Century \$	WISCO Century Sunny Lake \$	Total \$
Cash and bank balances	9,232,930	110,652	9,343,582
Other receivables	16,136	-	16,136
Sales taxes and other taxes recoverable	456,785	30,136	486,921
Prepayment and deposits	767	-	767
Exploration and evaluation assets (note 10)	6,132,757	-	6,132,757
Accounts payable and accrued liabilities	(1,627,315)	(713,135)	(2,340,450)
Sales taxes and other taxes payable	(735,828)	(85,466)	(821,294)
Total identifiable net assets/(liabilities) at fair value	13,476,232	(657,813)	12,818,419
Less: Fair value of previously held interest at acquisition date			(8,085,740)
Add: Equity attributable to owners of the Company			657,814
Total purchase consideration			5,390,493
			\$
Satisfied by:			
Cash			1,170,000
Assumption of WISCO ADI's net payable			4,220,493
			5,390,493

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	\$
Fair value of the Group's previously held interest in Labec Century at acquisition date	8,085,740
Less: Net carrying amount of the Group's investment in the joint venture (note 13)	<u>(7,379,403)</u>
Gain on equity interest, recognized in profit or loss	<u>706,337</u>

The fair value of the Group's previously held interest in Labec Century as at the date of acquisition is established based on the acquisition price transacted on an open market.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	\$
Cash consideration	(1,170,000)
Cash and bank balances acquired	<u>9,343,582</u>
Net cash inflow on the acquisition of subsidiaries	<u>8,173,582</u>

Since the Acquisition, Labec Century and WISCO Century Sunny Lake contributed approximately \$2,000 to the Group's consolidated loss for the period ended December 31, 2020. No revenue was contributed by these subsidiaries during the period. Had the combination taken place at the beginning of the year, the profit of the Group for the period ended December 31, 2020 would have been approximately \$456,000.

25. 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) During the nine months ended December 31, 2020, the receivable from Labec Century has been fully settled and Labec Century has become a wholly-owned subsidiary of the Group after the Acquisition as detailed in note 24. As at March 31, 2020, the Group had accounts receivable of \$4,309,865 from Labec Century. The balance mainly comprised exploration expenditure at the Attikamagen properties incurred and paid by the Group on behalf of Labec Century after Labec Century became the Group's joint venture. The balance was repayable upon request.
 - (ii) During the nine months ended December 31, 2020, the receivable from WISCO Century Sunny Lake has been fully settled and WISCO Century Sunny Lake has become a wholly-owned subsidiary of the Group after the Acquisition as detailed in note 24. As at March 31, 2020, the Group had accounts receivable of \$3,210,771 from WISCO Century Sunny Lake. The balance comprised exploration expenditure at the Sunny Lake properties incurred and paid by the Group on behalf of WISCO Century Sunny Lake. The balance was repayable upon request.
 - (iii) As of December 31, 2020, the Group had accounts receivable of \$174,156 (March 31, 2020: \$193,578) from management for an advance for business purpose.
 - (iv) On November 19, 2020, the Group acquired from WISCO ADI its joint venture interests in the Attikamagen and Sunny Lake properties. For details, please refer to note 24.

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

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Salaries and directors' fees	320,550	288,925	927,025	853,650
Share-based compensation expenses	-	542	494	18,684
	<u>320,550</u>	<u>289,467</u>	<u>927,519</u>	<u>872,334</u>

26. 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 December 31, 2020 and March 31, 2020, the Group's financial instruments are comprised of cash and cash equivalents, short term bank deposits, marketable securities, investment in other equity instruments, trade and other receivables, trade and other payables. With the exception of cash and cash equivalents, marketable securities and investment in other equity instruments, all other financial instruments of the Group are measured at amortized cost.

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 December 31, 2020 and March 31, 2020:

	Level	December 31, 2020		March 31, 2020	
		Carrying value	Fair value	Carrying value	Fair value
		\$	\$	\$	\$
Marketable securities	1	2,551,327	2,551,327	204,547	204,547
Investment in other equity instruments	3	63,515	63,515	70,306	70,306
		<u>2,614,842</u>	<u>2,614,842</u>	<u>274,853</u>	<u>274,853</u>

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.

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The movements in fair value measurements within Level 3 are as follows:

	\$
Balance – March 31, 2019	66,442
Exchange differences recognized in profit or loss	<u>3,864</u>
Balance – March 31, 2020	70,306
Exchange differences recognized in profit or loss	<u>(6,791)</u>
Balance – December 31, 2020	<u>63,515</u>

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 trade receivables arising from the Group's food distribution business in Hong Kong. Management believes the risk of loss to be minimal.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all trade receivables over one year past due because historical experience has indicated that these receivables are generally not recoverable. No provision has been made for trade receivables that are past due for less than one year as these receivables are generally recoverable based on historical experience.

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 December 31, 2020, the Group has cash and cash equivalents and short-term bank deposits of \$12,466,476 (March 31, 2020: \$3,687,125) to settle current liabilities of \$2,161,974 (March 31, 2020: \$2,091,596). Most of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms. The Group's objective for liquidity risk management is to maintain sufficient liquid financial resources to fund the consolidated balance sheets, pursue growth and development strategies, and to meet commitments and obligations in the most cost-effective manner possible. The Group achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Group monitors its financial position on a monthly basis at minimum.

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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 1% in the annual interest rate would not have a material impact on the net profit or equity at December 31, 2020.

(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 distribution business is mainly denominated in Hong Kong Dollar, while the major purchases of the business are denoted in US Dollar, 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 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 profit or equity at December 31, 2020.

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27. Capital management

The Group considers its capital structure to consist of share capital, contributed surplus and deficit, which, as at December 31, 2020, amounted to \$22,640,565. 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 December 31, 2020. The Group is not subject to externally imposed capital requirements.