

Century Iron Mines Corporation

(An exploration stage mining company)

Consolidated Financial Statements

March 31, 2013

(Expressed in Canadian Dollars)

Century Iron Mines Corporation
Consolidated Statement of Financial Position
As of March 31, 2013

(Expressed in Canadian Dollars)

	Notes	March 31, 2013 \$	March 31, 2012 \$
Assets			
Current assets			
Cash and cash equivalents	7	19,359,987	67,391,504
Accounts receivable	23	13,859,635	154,271
Sales taxes recoverable		5,185,956	3,421,070
Investment tax credits receivable	8	8,049,757	991,667
Prepaid expenses and deposits		795,532	507,115
		<u>47,250,867</u>	<u>72,465,627</u>
Non-current assets			
Exploration and evaluation assets	8	39,629,086	46,686,503
Property, plant and equipment	9	3,957,887	4,002,525
Investment in a joint venture	10	58,991,381	-
Investment in an associate	11	1,547,516	-
		<u>151,376,737</u>	<u>123,154,655</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		3,283,984	5,773,953
Deposit received	23	-	7,973,048
Current income tax liabilities		187,510	-
		<u>3,471,494</u>	<u>13,747,001</u>
Non-current liabilities			
Deferred tax	21	46,613	37,722
		<u>3,518,107</u>	<u>13,784,723</u>
Shareholders' Equity			
Share capital	14	115,023,227	115,310,770
Contributed surplus		2,758,368	-
Retained earnings / (Deficit)		17,564,169	(17,595,895)
Other components of equity		12,512,866	11,655,057
		<u>147,858,630</u>	<u>109,369,932</u>
		<u>151,376,737</u>	<u>123,154,655</u>

Approved by the Board of Directors

_____/s/ "Sandy Chim"_____
Director

_____/s/ "Paul Murphy"_____
Director

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

Century Iron Mines Corporation
Consolidated Statement of Comprehensive Income or Loss
For the year ended March 31, 2013

(Expressed in Canadian Dollars)

		Years ended March 31,	
		2013	2012
	Notes	\$	\$
Gain on deemed disposal of Labec Century	12	47,722,258	-
Other operating income	18	576,824	1,015,404
Administrative expenses	19	(12,891,182)	(16,167,342)
Other operating expenses	13	-	(746,602)
Share of loss of a joint venture	10	(1,298)	-
Share of loss of an associate	11	(160,977)	-
Profit / (loss) before income tax		35,245,625	(15,898,540)
Income tax recovery / (expense)	20	(95,399)	243,257
Profit / (loss) for the year		35,150,226	(15,655,283)
Other comprehensive loss			
Exchange differences on translation of foreign operations		(52,732)	(4,583)
Total comprehensive income / (loss) for the year		35,097,494	(15,659,866)
Earnings / (loss) per common share – basic and diluted	22	0.37	(0.18)
Weighted average number of common shares outstanding		94,775,765	88,073,022

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

Century Iron Mines Corporation
Consolidated Statement of Changes in Equity
For the year ended March 31, 2013

(Expressed in Canadian Dollars)

	Share capital \$	Contributed surplus \$	Share option reserve \$	Warrants \$	Foreign currency translation reserve \$	Retained earnings / (Deficit) \$	Total \$
Balance - April 1, 2011	4,000,000	-	-	-	-	(1,945,591)	2,054,409
Loss for the year	-	-	-	-	-	(15,655,283)	(15,655,283)
Other comprehensive loss for the year	-	-	-	-	(4,583)	-	(4,583)
Total comprehensive loss for the year	-	-	-	-	(4,583)	(15,655,283)	(15,659,866)
Capital movement pursuant to reverse acquisition (note 13)	800,000	-	39,349	17,963	-	-	857,312
Common shares and warrants issued on subscription receipts (note 13)	30,771,964	-	-	880,450	-	-	31,652,414
Common shares and warrants issued to other subscribers upon completion of reverse acquisition (note 14)	75,433,565	-	-	2,300,142	-	-	77,733,707
Common shares issued for the acquisition of Altius properties (note 14(h))	4,200,000	-	-	-	-	-	4,200,000
Equity-settled share option arrangement	-	-	8,469,210	-	-	-	8,469,210
Issue of shares upon exercise of share options (note 14(f))	70,665	-	(29,511)	-	-	-	41,154
Issue of shares upon exercise of warrants (note 14(g))	34,576	-	-	(12,984)	-	-	21,592
Warrants expired	-	-	-	(4,979)	-	4,979	-
Balance - March 31 and April 1, 2012	115,310,770	-	8,479,048	3,180,592	(4,583)	(17,595,895)	109,369,932
Profit for the year	-	-	-	-	-	35,150,226	35,150,226
Other comprehensive loss for the year	-	-	-	-	(52,732)	-	(52,732)
Total comprehensive income / (loss) for the year	-	-	-	-	(52,732)	35,150,226	35,097,494
Equity-settled share option arrangement	-	-	4,100,971	-	-	-	4,100,971
Shares repurchased (note 14(i))	(287,543)	-	-	-	-	-	(287,543)
Share options expired	-	-	(9,838)	-	-	9,838	-
Warrants expired	-	2,758,368	-	(3,180,592)	-	-	(422,224)
Balance - March 31, 2013	115,023,227	2,758,368	12,570,181	-	(57,315)	17,564,169	147,858,630

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

Century Iron Mines Corporation

Consolidated Statement of Cash Flows

For the year ended March 31, 2013

(Expressed in Canadian Dollars)

		Years ended March 31,	
	Notes	2013	2012
		\$	\$
Cash provided by / (used in)			
Operating activities			
Profit / (loss) before income tax		35,245,625	(15,898,540)
Adjustments for			
Bank interest received		(559,110)	(851,704)
Depreciation of property, plant and equipment	19	173,852	243,800
Loss on disposals of fixed assets	19	82,819	-
Foreign exchange loss / (gain)	19	(88,997)	209,557
Share option expenses	15	4,100,971	8,469,210
Gain on deemed disposal of Labec Century	12	(47,722,258)	-
Share of loss of a joint venture	10	1,298	-
Share of loss of an associate	11	160,977	-
Unrealized profit from sales to joint venture		555,419	-
Reverse acquisition transaction cost	13	-	746,602
Changes in non-cash working capital			
Increase in accounts receivable		(2,351,793)	(29,117)
Increase in sales taxes recoverable		(2,901,965)	(3,146,835)
Increase in investment tax credits receivable		(7,341,046)	(991,667)
Decrease / (increase) in prepaid expenses and deposits		(288,417)	160,642
Increase / (decrease) in accounts payable and accrued liabilities		(2,484,954)	4,731,265
Decrease in deposit received		(7,973,048)	-
		<u>(31,390,627)</u>	<u>(6,356,787)</u>
Investing activities			
Bank interest received		559,110	851,704
Exploration and evaluation assets		(16,250,193)	(28,049,201)
Acquisition of property, plant and equipment	9	(1,017,727)	(4,268,318)
Consideration received for the disposal of the Astray-X property	8	500,000	-
Net cash outflow from deemed disposal of Labec Century	12	(176,756)	-
Net cash acquired from reverse acquisition	13	-	76,797
		<u>(16,385,566)</u>	<u>(31,389,018)</u>
Financing activities			
Proceeds from shares issued, net of costs		-	109,448,867
Repurchase of shares	14	(287,543)	-
Repayment to related parties		-	(9,254,738)
		<u>(287,543)</u>	<u>100,194,129</u>
Net change in cash and cash equivalents		<u>(48,063,736)</u>	<u>62,448,324</u>
Cash and cash equivalents - Beginning of year		<u>67,391,504</u>	<u>4,958,672</u>
Effect of foreign exchange rate changes, net		<u>32,219</u>	<u>(15,492)</u>
Cash and cash equivalents - End of year		<u>19,359,987</u>	<u>67,391,504</u>

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

Century Iron Mines Corporation

Notes to the Consolidated Financial Statements

March 31, 2013

(Expressed in Canadian Dollars)

1. Nature of operations

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

On October 21, 2010, Century Holdings acquired 100% of the common shares of Grand Century Iron Ore Inc. (“Grand Century”), Canadian Century Iron Ore Corporation (“Canadian Century”), Labec Century Iron Ore Inc. (“Labec Century”) and 0849873 B.C. Ltd. (“B.C. Ltd.”) (collectively the “Properties”) from Century by issuing 100 common shares.

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

On September 19, 2011, the Company graduated from the TSX Venture Exchange to the Toronto Stock Exchange (the “TSX”) and the shares of the Company commenced trading on TSX under the symbol “FER”.

The Company’s registered office is located at Suite 1301, 200 University Avenue, Toronto, Ontario, Canada M5H 3C6. The Company is incorporated and domiciled in Canada. The Company’s ultimate holding company is Century Eagle Holdings Limited, incorporated in the British Virgin Islands.

These consolidated financial statements were approved by the Board of Directors for issue on June 27, 2013.

2. Basis of preparation

The consolidated 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 judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

3. Changes in accounting policy

On September 26, 2012, the Group completed the closing procedures of a joint venture arrangement on the Attikamagen property with WISCO International Resources Development & Investment Limited (“WISCO”), pursuant to which Labec Century issued shares to Century Holdings and WISCO Canada Attikamagen Resources Development & Investment Limited (“WISCO Attikamagen”). After the share issuance, Labec Century ceased to be a subsidiary and became a joint venture of the Group that is accounted for in accordance with IFRS 11 *Joint Arrangements*.

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The Group has applied the new policy for interests in joint ventures in accordance with the transition provisions of IFRS 11. The Group recognized its investment in joint venture at fair value at the date of acquisition. This is the initial cost of the Group's investments in joint venture for applying equity accounting. The Group has adopted a policy of recognizing 100% of any gains that arise on the formation of a joint venture, as a result, a gain of \$47,722,258 was recognized on the disposal of the subsidiary. Further details of the transaction are provided in notes 10 and 12.

The change in accounting policy has been applied as from April 1, 2011. It has no impact on the financial position, comprehensive income or loss and the cash flows of the Group at March 31, 2013, 2012 and 2011. The change in accounting policy has had no impact on earnings or loss per share.

New and amended accounting standards adopted by the Group

The Group has early adopted the following standards, together with the consequential amendments to other IFRSs, for the financial year ended March 31, 2013:

IFRS 10 *Consolidated Financial Statements*

IFRS 11 *Joint Arrangements*

IFRS 12 *Disclosure of Interests in Other Entities*

IAS 27 *Separate Financial Statements* (as amended in 2011)

IAS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)

4. Significant accounting policies

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

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention.

Principles of consolidation

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

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

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At the balance sheet date, the Company has the following principal subsidiaries:

Name of entity	Country of incorporation	Ownership	
		Direct	Indirect
Century Holdings	Canada	100%	-
Grand Century	Canada	-	100%
Canadian Century	Canada	-	100%
0849873 B.C. Ltd.	Canada	-	100%

Translation of foreign currency

The consolidated financial statements are presented in Canadian Dollar, which is the Group's presentation currency.

Items included in the financial statements of the Company and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the profit or loss.

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

The functional currency is the Canadian Dollar for the Company and its subsidiaries in Canada, the Hong Kong Dollar for its subsidiary in Hong Kong, and the Chinese Yuan for its subsidiary in China.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. Joint operator recognizes its interest in the joint operation's assets, liabilities, revenue and expenses. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized in the consolidated statement of financial position at initial cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in the income statement and in other comprehensive income respectively. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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Notes to the Consolidated Financial Statements
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Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and deposits held at banks that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value and with an original maturity of three months or less.

Financial instruments

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

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

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

- (i) **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise accounts receivable and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

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- (ii) Financial liabilities at amortized cost: Financial liabilities are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Due to their short-term nature, they are not discounted. Otherwise, they are presented as non-current liabilities.

Exploration and evaluation expenditures

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

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

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

Tax credits and mining credits on duties

The Group is entitled to a refundable credit on duties under the Mining Tax Act. This refundable credit on duties is applicable on exploration costs incurred in the Province of Quebec. Tax credits and mining credits on duties are recognized as a reduction of the mineral exploration and evaluation assets during the period in which the costs are incurred, provided that the Group is reasonably certain the amounts will be received. The tax credits and mining credits on duties claimed and recorded must be examined and approved by the government authorities so it is possible that the amount granted will differ from the amount recorded.

Property, plant and equipment

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

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method over the estimated useful lives of the assets. The assets' useful lives are as follows:

Drilling and field equipment	3 - 5 years
Camp and properties	5 years
Leasehold improvements	5 years
Computer and office equipment	2 - 5 years
Vehicles	5 years

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Residual values, method of amortization and useful lives of assets are reviewed at least annually and adjusted if appropriate.

Asset impairment

(i) Financial assets

At each reporting date, the Group assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Group recognizes an impairment loss.

For financial assets carried at amortized cost, the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. One or more of the following facts and circumstances may indicate that an entity should test exploration and evaluation assets for impairment; (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed, (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned, (iii) exploration for an evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area, (iv) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to recover in the full from successful development or by sale.

(iii) Property, plant and equipment

The Group's management performs impairment tests on property, plant and equipment when events or circumstance indicate that a tangible asset may be impaired.

Where an indication of impairment exists, management makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount through a charge to profit or loss. When the asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

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(iv) Investment in joint ventures or associates

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture or the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value and recognizes the amount adjacent to “share of profit / (loss) of joint ventures” or “share of profit / (loss) of associates” in the income statement.

Employee benefits

Salaries and other short term benefit obligations are measured on an undiscounted basis and are recognized as an expense over the related service period.

The Group also operates defined contribution retirement benefit plans. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as an expense when employees have rendered service entitling them to the contributions.

Share option expenses and reserve

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally. Where an equity-settled award expires, the equity amount is released to retained earnings.

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Deferred costs

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

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

Provisions

Provisions are recognized in other liabilities when: the Group has a present legal or constructive obligation as a result of a past event; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Any increase in the provision due to the passage of time is recognized as a finance cost.

No provisions were recorded in the years ended March 31, 2013 and 2012.

Income tax

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

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

Deferred tax is recognized in respect of temporary differences arising between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted on the reporting date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets and liabilities are off set if there is a legally enforceable right to offset current tax liabilities and assets, and they related to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit and loss, and differences relating to investments in subsidiaries and jointly controlled entities where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference would not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

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Sales taxes

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

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

Revenue recognition

Revenue is recognized when services have been rendered in accordance with the terms of the arrangement, the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

Loss per share

Basic loss per share is calculated by dividing net loss (profit) attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares from the assumed exercise of common share purchase options and warrants.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third party;

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- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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 following are the estimates and judgments applied by management that most significantly affect the Group's financial statements.

(i) Valuation of exploration and evaluation assets

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

(ii) Valuation of accounts receivable

The fair value of accounts receivable is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. A degree of judgment is required in establishing the fair value. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of accounts receivable.

(iii) Share option expenses

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

(iv) Classification of joint arrangements

Following the transaction described in note 10, the Group now owns 60% interest in Labec Century. Pursuant to the agreement between the shareholders of Labec Century, the approval of significant financial and operating policies of Labec Century requires consent from both shareholders. Consequently, the Group is deemed to have joint control over Labec Century. Per application of IFRS 11 *Joint Arrangements*, the Group has the right to the net assets of Labec Century and as such, Labec Century is accounted for as a joint venture in accordance with IFRS 11.

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(v) Estimation of the initial fair value of Labec Century

The Group's investment in Labec Century was initially recognized at fair value at the date of acquisition. The fair value of the investment is estimated with reference to the present value of the consideration paid or payable by WISCO Attikamagen amounting to \$39,698,732. In establishing the fair value, management has estimated the discount rate and made the assumption that the consideration payable by WISCO Attikamagen represents the underlying fair value of Labec Century sold. Consequently, the estimation is subject to judgment and uncertainty.

6. New standards and interpretations not yet adopted

Below is a list of standards and interpretations that have been issued and are effective for periods after April 1, 2012.

Amendments to IAS 1 Financial Statement Presentation regarding other comprehensive income

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. These amendments become effective for annual periods beginning on or after July 1, 2012.

Amendments to IAS 9 Employee Benefits

These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The amendments become effective for annual periods beginning on or after January 1, 2013.

Amendments to IAS 32 Financial Instruments: Presentation

These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments become effective for annual periods beginning on or after January 1, 2014. They are not expected to impact the Group's financial position or performance.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

These amendments address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. The amendments also add an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance* in 2008. The amendments become effective for annual periods beginning on or after January 1, 2013. They have no impact on the Group.

IFRS 7 Financial Instruments: Disclosures

These amendments include new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendments become effective for annual periods beginning on or after January 1, 2013. They will not impact the Group's financial position or performance.

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IFRS 9 Financial Instruments

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. This standard becomes effective for annual periods beginning on or after January 1, 2015.

IFRS 13 Fair Value Measurement

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. The interpretation may require mining entities reporting under IFRS to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. The interpretation is effective for annual periods beginning on or after January 1, 2013. The new interpretation will not have an impact on the Group.

Annual improvements 2011

These annual improvements address six issues in the 2009-2011 reporting cycle. It includes changes to:

IAS 1 Financial Statement Presentation
IAS 16 Property, Plant and Equipment
IAS 32 Financial Instruments: Presentation
IAS 34 Interim Financial Reporting
IFRS 1 First Time Adoption

The improvements are effective for annual periods beginning on or after January 1, 2013. They will not have an impact on the Group.

7. Cash and cash equivalents

	March 31, 2013	March 31, 2012
	\$	\$
Cash at bank and on hand	3,118,782	47,273,170
Short term bank deposits	16,241,205	20,118,334
	<hr/>	<hr/>
	19,359,987	67,391,504

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8. Exploration and evaluation assets

	Duncan Lake property \$	Attikamagen property \$	Sunny Lake property \$	Altius properties \$	Other property \$	Total \$
Balance - April 1, 2011	6,428,717	6,810,765	886,831	-	104,694	14,231,007
Additions, net of investment tax credits	10,560,601	9,759,059	6,688,925	5,336,228	110,683	32,455,496
Balance - March 31 and April 1, 2012	16,989,318	16,569,824	7,575,756	5,336,228	215,377	46,686,503
Additions, net of investment tax credits	(1,259,874)	5,017,831	8,407,663	4,155,739	417,352	16,738,711
Deemed disposal of Labec Century (note 12)	-	(21,587,655)	-	-	-	(21,587,655)
Disposal of the Astray-X property	-	-	-	(2,208,473)	-	(2,208,473)
Balance - March 31, 2013	15,729,444	-	15,983,419	7,283,494	632,729	39,629,086

The Group has accrued \$8,049,757 (March 31, 2012: \$991,667) in investment tax credits receivable related to eligible expenditures in the province of Quebec. The assistance has been applied to the properties to which it pertains. The Group expects to receive this assistance in the form of refundable tax credits from the Province of Quebec and mining duties returns from the Quebec Ministry of Natural Resources.

Duncan Lake property

On May 20, 2008, Canadian Century entered into an option and joint venture agreement (the “Augyva Agreement”) with Augyva Mining Resources Inc. (“Augyva”) to have an option to obtain a 51% interest in the Duncan Lake property once \$6.0 million has been funded on or before the fourth anniversary of the date of the Augyva Agreement. 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 has an additional option to obtain a further 14% of the Duncan Lake property by spending an additional \$14.0 million in exploration costs, construction, and/or operating costs or completing a feasibility report on or before the eighth anniversary of the date of the Augyva Agreement. In October 2012, Canadian Century notified Augyva that it has expended a further \$14 million on the project under the Augyva Agreement. Counsel has been instructed to prepare the transfer documents for registration. The transfer registration has been completed subsequent to the balance sheet date in May 2013, with Canadian Century owning 65% interest in the Duncan Lake property.

Execution of the definitive joint venture agreement for the Duncan Lake property, according to the framework as set up in the joint venture agreement entered into between the Company and WISCO on August 30, 2011, remains pending upon the completion of WISCO’s internal review processes, therefore, Canadian Century continues to recognize its share of costs incurred in the Duncan Lake property.

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Attikamagen property

In February 2012, Labec Century completed the earn-in of its 51% interest in the Attikamagen property by fulfilling the obligation to fund \$7.5 million in exploration and development work expenditures on the Attikamagen property. Labec Century recognized its share of costs incurred in the Attikamagen property.

In June 2012, Labec Century completed the earn-in of an additional 5% interest in the Attikamagen property by fulfilling the obligation to fund an additional \$2.5 million in exploration and development work expenditures on the Attikamagen property. Labec Century's interest in the Attikamagen property increased from 51% to 56%. Labec Century has the option to obtain a further 4% interest by funding an additional \$3.0 million by March 26, 2014. As Labec Century has fulfilled the additional \$3.0 million funding requirement, it has requested the further 4% interest in the Attikamagen property with Champion Iron Mines Limited ("Champion"). Champion is completing its due diligence investigations with respect to the transfer of the 4% interest.

On December 19, 2011, the Company and WISCO entered into the Attikamagen 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.

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 non-equity common shares, representing 40% of the outstanding voting non-equity common shares of Labec Century, for \$4,000, and (ii) 20 million Class B non-voting equity shares, representing 25% of the outstanding non-voting equity common shares of Labec Century, for \$20 million. As part of a reorganization completed prior to the initial closing procedures, Century Holdings (i) purchased 60 million Class A voting non-equity shares, representing 60% of the outstanding voting non-equity common shares of Labec Century, for \$6,000, and (ii) exchanged its then outstanding common shares of Labec Century for 60 million Class C non-voting equity shares, representing 75% of the outstanding non-voting equity shares of Labec Century. WISCO Attikamagen further agreed to purchase an additional 20 million Class B non-voting equity shares for a subscription price of \$20 million by September 26, 2013, which would increase its ownership to 40% of the non-voting equity shares of Labec Century and reduce Century Holdings' ownership to 60% of the non-voting equity shares upon completion. As a result of completion of these initial closing transactions, 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. Accordingly, the Group's ownership of the Attikamagen property was derecognized as of that date. Further details of the transaction are provided in notes 10 and 12.

Sunny Lake property

The mining claims were formerly held solely by B.C. Ltd.

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 that has been formed between the Company and WISCO for the exploration and development of the Sunny Lake property (the "Sunny Lake Joint Venture"). Under the original Sunny Lake JV Agreement, WISCO could earn a 40% interest in the Sunny Lake property by investing a total of \$40 million in the Sunny Lake Joint Venture.

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The operating company for the Sunny Lake Joint Venture, WISCO Century Sunny Lake Iron Mines Limited (the “Operator”), was incorporated on June 29, 2012. B.C. Ltd. has transferred its interest in the Sunny Lake property to the Operator as a prescribed closing procedure provided for in the Sunny Lake JV Agreement, with the Sunny Lake property now held in trust for B.C.Ltd. 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, with the completion of the closing procedures prescribed in the Sunny Lake JV Agreement, the Company and WISCO entered into a closing agreement (the “Sunny Lake Closing Agreement”). Pursuant to the Sunny Lake Closing Agreement, WISCO Sunny Lake agreed to purchase from B.C. Ltd. a percentage interest in the Sunny Lake Joint Venture determined as (i) the amount equal to the audited direct exploration expenditures incurred by the Group on the Sunny Lake property from January 13, 2011 to November 28, 2012 (the “Sunny Lake Initial Exploration Expenditures”), divided by (ii) \$100,000,000 with the quotient multiplied by 100%. The purchase price for the interest in the Sunny Lake Joint Venture to be paid by WISCO Sunny Lake was agreed to equal the amount of the Sunny Lake Initial Exploration Expenditures, less tax credits received by B.C. Ltd. in connection with the Sunny Lake Initial Exploration Expenditures (the “Net Initial Exploration Expenditures”). The Sunny Lake Closing Agreement further provided that the amount of WISCO Sunny Lake’s required contribution under the Sunny Lake JV Agreement would be reduced by an amount equal to the Sunny Lake Initial Exploration Expenditures upon payment of the purchase price to B.C. Ltd. Accordingly, WISCO Sunny Lake will fund new exploration expenditures up to \$40 million less the amount of the Sunny Lake Initial Exploration Expenditures and earn 1% of interest in the Sunny Lake Joint Venture for every \$1 million funded and expended on the Sunny Lake property.

At March 31, 2013, the Group continues to own 100% of the Sunny Lake property.

Subsequent to the balance sheet date, on April 2, 2013, B.C. Ltd. received the reimbursement of the Net Initial Exploration Expenditures on its Sunny Lake property amounting to \$8,612,875 from WISCO Sunny Lake pursuant to the Sunny Lake JV Agreement and the Sunny Lake Closing Agreement. The amount represents the Sunny Lake Initial Exploration Expenditures of \$17,096,459, 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, on April 2, 2013, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property, while the Group’s interest in the property was reduced to 82.9%. Further, the obligation of WISCO Sunny Lake to fund further exploration expenditures on the Sunny Lake property was reduced by approximately \$17.1 million to \$22.9 million.

Altius properties

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

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

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

On November 30, 2012, the Company entered into a shareholders' agreement (the "X-Star Agreement") with X-Star Mining (Luxembourg) Limited ("X-Star") and Northern Star Minerals Ltd. ("Northern Star"), whereby the Company agreed to transfer its rights to acquire the Astray-X project, which represents 85.25% of the Astray property acquired under the Altius Agreement, and the project's associated obligations to Northern Star, in exchange for a 20% equity interest in and 1,500,000 non-voting redeemable preference shares of Northern Star, plus \$5 million of funding from X-Star on the Astray-X project.

Under an assignment agreement concluded on the same date, the title transfer documents of the Astray-X project were held under an escrow account and would be released to Northern Star when X-Star, the major shareholder of Northern Star, has completed its initial capital contribution of \$5 million into Northern Star. On February 15, 2013, the Company agreed to amend the assignment agreement to allow the release of the title transfer documents from escrow upon execution of a notice signed by the relevant parties. The Astray-X property has been disposed of as of that date. The transfer of the title of Astray-X property was completed on February 26, 2013.

On November 30, 2012, Altius agreed to amend the provisions of the Altius Agreement to provide for an option to replace the remaining 750,000 common shares of the Company issuable to Altius for the acquisition of the Astray project, and up to a maximum of 8 million "bonus" shares for the project, with common shares issuable by Northern Star as adjusted by certain equivalence formulae stipulated in an assignment agreement.

On December 17, 2012, Northern Star redeemed 500,000 of the non-voting redeemable preference shares from the Company at a price of \$500,000 pursuant to the X-Star Agreement. The remaining 1,000,000 preference shares are redeemable by Northern Star upon satisfaction of certain conditions specified in the X-Star Agreement. The redemption value of the remaining preference shares will be calculated as the sum of 85.25% of the fair market value of the Company's shares issued to Altius for the acquisition of the Astray property and the actual exploration expenditure incurred by the Company on the Astray-X project before November 30, 2012, less the \$500,000 consideration already received.

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9. Property, plant and equipment

	Land \$	Drilling & field equipment \$	Camp and properties \$	Leasehold improvements \$	Computer & office equipment \$	Vehicles \$	Total \$
Cost							
Balance - April 1, 2011	-	-	82,819	15,030	4,811	81,642	184,302
Additions	104,677	2,603,830	963,287	216,344	133,782	246,398	4,268,318
Balance - March 31 and April 1, 2012	104,677	2,603,830	1,046,106	231,374	138,593	328,040	4,452,620
Additions	65,000	90,093	498,210	83,580	181,695	99,149	1,017,727
Disposals	-	-	(82,819)	-	-	-	(82,819)
Exchange differences	-	-	-	5,378	721	-	6,099
Balance - March 31, 2013	169,677	2,693,923	1,461,497	320,332	321,009	427,189	5,393,627
Accumulated depreciation							
Balance - April 1, 2011	-	-	-	-	-	-	-
Depreciation	-	191,711	145,015	30,250	36,762	46,357	450,095
Balance - March 31 and April 1, 2012	-	191,711	145,015	30,250	36,762	46,357	450,095
Depreciation	-	543,648	212,725	62,852	110,503	78,710	1,008,438
Disposals	-	-	(24,846)	-	-	-	(24,846)
Exchange differences	-	-	-	1,738	315	-	2,053
Balance - March 31, 2013	-	735,359	332,894	94,840	147,580	125,067	1,435,740
Net book value							
Balance - March 31, 2013	169,677	1,958,564	1,128,603	225,492	173,429	302,122	3,957,887
Balance - March 31, 2012	104,677	2,412,119	901,091	201,124	101,831	281,683	4,002,525

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10. Investment in a joint venture

On September 24, 2012, Labec Century completed the restructuring of its authorized share structure by creating new classes of shares called Class A common shares, Class B common shares and Class C common shares. Class A common shares are voting shares and Class B common shares and Class C common shares are non-voting shares.

On September 25, 2012, Century Holdings paid \$6,000 to Labec Century to subscribe for 60 million Class A common shares. On the same date, Labec Century issued 60 million Class C common shares to Century Holdings in exchange and as payment for the 60 million common shares of Labec Century originally held by Century Holdings.

On September 26, 2012, WISCO Attikamagen injected \$20 million to Labec Century, with a commitment to inject a further \$20 million by September 26, 2013, to subscribe for 40 million Class B common shares. On the same date, WISCO Attikamagen paid \$4,000 to Labec Century to subscribe for 40 million Class A common shares.

Century Holdings and WISCO Attikamagen are therefore determined to own 60% and 40% interest respectively in Labec Century after these transactions.

Pursuant to the Attikamagen Shareholders Agreement, the approval of significant financial and operating policies of Labec Century requires the consent from 80% of the shareholders. Based on the current shareholding structure of Labec Century, consent from both shareholders is required. Consequently, the Group does not have control over Labec Century. The Group has been deemed to have joint control of Labec Century and as such, Labec Century is accounted for as a joint venture in accordance with IFRS 11 *Joint Arrangements*.

As of March 31, 2013, the Group's investment in Labec Century is as follows:

	\$
Initial recognition of the investment in the joint venture at fair value on September 26, 2012	59,548,098
Share of loss of the joint venture	(1,298)
Unrealized profit from sales to the joint venture	<u>(555,419)</u>
Investment in a joint venture	<u>58,991,381</u>

Labec Century holds 56% interest of the Attikamagen property. The principal activities of Labec Century are to explore and develop the Attikamagen property. Its principal place of business is in the Quebec province of Canada. At the balance sheet date, the Group owns 60% interest in Labec Century.

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The summarized financial information of Labec Century as of and for the year ended March 31, 2013 is as follows:

	\$'000
Assets	
Current assets	19,194
Non-current assets	28,228
Liabilities	
Current liabilities	19,445
Non-current liabilities	-
Cash and cash equivalent	17,967
Current financial liabilities	19,445
Loss from continuing operations	2
Other comprehensive loss	-
Total comprehensive loss	<u>2</u>

A reconciliation of the above summarized financial information to the carrying amount of the Group's investment in Labec Century is as follows:

	\$'000
Net assets of Labec Century	27,977
The Group's share of net assets in Labec Century at 60% ownership	16,786
Fair value adjustments on initial recognition	42,760
Unrealized profit from sales to Labec Century	<u>(555)</u>
Investment in Labec Century	<u>58,991</u>

11. Investment in an associate

As of March 31, 2013, the Group's investment in an associate is as follows:

	\$
Investment in Northern Star, at cost	1,708,493
Share of loss of the associate	<u>(160,977)</u>
Investment in an associate	<u>1,547,516</u>

During the year, the Group disposed of its Astray-X property at cost to Northern Star. Further details of the transaction are provided in note 8.

The principal activities of Northern Star are to explore and develop the Astray-X property. Its principal place of business is in the Newfoundland and Labrador province of Canada. At the balance sheet date, the Group owns 20% interest in Northern Star.

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12. Deemed disposal of Labec Century

The dilution of the Company's interest in Labec Century from a 100% owned subsidiary to a 60% joint venture represents a deemed disposal. The carrying values of the assets and liabilities disposed of on September 26, 2012, and the gain on deemed disposal of Labec Century are summarized as follows:

	\$
Net assets disposed of:	
Cash	176,756
Accounts receivable	75,864
Sales taxes recoverable	1,137,079
Investment tax credits receivable	282,956
Exploration and evaluation assets	23,485,207
Accounts payable and accrued liabilities	<u>(17,182,958)</u>
	<u>7,974,904</u>
Fair value of investment retained (i)	59,548,098
Net assets disposed of	(7,974,904)
Intercompany profit realized on deemed disposal	1,897,552
Subsequent acknowledgement of contribution to capital of advances by Century Holdings to Labec Century (ii)	<u>(5,748,488)</u>
Gain on deemed disposal of a subsidiary	<u>47,722,258</u>

- (i) The fair value of the investment retained is estimated with reference to the present value of the consideration paid or payable by WISCO Attikamagen amounting to \$39,698,732.
- (ii) Subsequent to the balance sheet date, on June 14, 2013, the board of Century Holdings passed a resolution acknowledging that an amount of \$5,748,488 previously advanced by Century Holdings to Labec Century was advanced as a contribution of capital effective as of the date such contributions were made and such amount has been added to the capital of the Class C shares of Labec Century. As the event crystallizes the carrying value of the net assets of Labec Century disposed of, the Group's gain on deemed disposal of Labec Century for the year has been reduced from \$53,470,746 previously disclosed to \$47,722,258.

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

	\$
Cash disposed of	<u>176,756</u>

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13. Reverse acquisition

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

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

As a result of the transaction, the former shareholders of the Century Holdings owned 99.55% of the outstanding shares of the Company. In accordance with IFRS 3, *Business Combinations*, the substance of the transaction is a reverse acquisition of a non-operating company. The transaction does not constitute a business combination as the Company before the RTO does not meet the definition of a business under the standard. As a result, the transaction is accounted for as a capital transaction with Century Holdings being identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting statement of financial position is presented as a continuance of Century Holdings and comparative figures presented in the financial statements after the reverse acquisition are those of Century Holdings.

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

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

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

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

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14. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued and fully paid

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

At March 31, 2013, the issued and fully paid share capital amounted to \$115,023,227. The changes in share capital for the years are as follows:

	Number of common shares	\$
Balance - April 1, 2011 (a)	49,882,078	4,000,000
Common shares issued on subscription receipts prior to the completion of RTO (a)	11,488,660	30,771,964
Capital movement pursuant to RTO (note 10)	274,360	800,000
Common shares issued to WISCO (b)	23,197,768	55,743,617
Common shares issued to MinMetals (c)	4,641,410	11,153,185
Common shares issued to non-brokered subscribers (d)	2,075,221	5,566,763
Common shares issued to employees and consultants (e)	1,273,201	2,970,000
Common shares issued on exercise of options (f)	20,577	70,665
Common shares issued on exercise of warrants (g)	10,796	34,576
Common shares issued to Altius (h)	2,000,000	4,200,000
	<hr/>	
Balance - March 31 and April 1, 2012	94,864,071	115,310,770
Repurchase of common shares (i)	(389,913)	(287,543)
	<hr/>	
Balance - March 31, 2013	94,474,158	115,023,227

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

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

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

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

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

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

- (e) On May 18, 2011, the Company issued 1,273,201 common shares to employees and consultants at an issue price of \$2.333 per common share for net proceeds of \$2,970,000, which were allocated to the share capital.
- (f) On May 31 and August 17, 2011, 6,859 and 13,718 share options were exercised respectively at an exercise price of \$2 per share, resulting in the issue of 6,859 and 13,718 common shares respectively for a total consideration of \$41,154. An amount of \$29,511 was transferred from the share option reserve to share capital upon the exercise of the share options.
- (g) On November 17 and 24, 2011, 2,796 and 8,000 warrants were exercised respectively at an exercise price of \$2 per share, resulting in the issue of 2,796 and 8,000 common shares respectively for a total consideration of \$21,592. An amount of \$12,984 was transferred from the warrants reserve to share capital upon the exercise of the warrants.
- (h) On November 18, 2011, the Company issued 2,000,000 common shares to Altius for the acquisition of certain properties pursuant to the Altius Agreement (note 8). The common shares are subject to a 12 months lock-up.
- (i) The Company initiated an automatic purchase plan under a normal course issuer bid beginning on September 12, 2012. The number of common shares authorized for purchase during the period of the bid from August 22, 2012 to August 21, 2013 would not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares. Daily purchases were limited to 4,503 common shares, save and except that the Company was permitted to make block purchases. All purchases made pursuant to the bid were made through the facilities of the TSX or other Canadian market places. Common shares so purchased were cancelled.

As of March 31, 2013, the Company had repurchased for cancellation 389,913 common shares under the plan with an aggregate cost of \$287,543.

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15. Share options

The share options issued and outstanding as of March 31, 2013 are as follows:

	Number of options	Weighted average exercise price \$
Balance - March 31 and April 1, 2012	5,941,859	2.93
Options granted on April 26, 2012 (i)	600,000	2.92
Options granted on July 18, 2012 (i)	2,955,000	2.92
Options granted on November 12, 2012 (i)	440,000	2.92
Forfeited	(60,000)	2.92
Expired	<u>(6,859)</u>	2.00
Balance - March 31, 2013	<u>9,870,000</u>	2.92

- (i) The Group has adopted an incentive stock option 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, in its discretion and in accordance with TSX Venture Exchange Inc. or TSX requirements, grant to directors, officers, employees and consultants to the Group, options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. No more than an aggregate of 5% of the issued and outstanding common shares may be granted to any one individual in any 12 month period. No more than an aggregate of 2% of the issued and outstanding common shares may be granted to any one consultant in any 12 month period. No more than an aggregate of 2% of the issued and outstanding common shares may be granted to persons employed to provide investor relations activities, in any 12 month period. Options issued pursuant to the Plan will have an exercise price determined by the directors of the Group provided that the exercise price shall not be less than the price permitted by the TSX Venture Exchange Inc. or TSX.

On April 26, 2012, 600,000 options were granted to an employee. 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 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at \$641,547. The impact on share-based payment was \$511,772 for the year ended March 31, 2013 (2012: Nil).

On July 18, 2012, 2,955,000 options were granted to directors, employees and consultants. The fair value of the options granted has been estimated at the date of grant using the Black-Scholes option pricing model, using the following assumptions: an average risk free interest rate of 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at \$1,557,718. The impact on share-based payment was \$1,065,511 for the year ended March 31, 2013 (2012: Nil).

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On November 12, 2012, 440,000 options were granted to a director, an employee and a consultant. 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 1.04%, dividend yield of 0%, volatility of 94% and an expected life of 4 years. 1/3 of the options vested on the issue date of the option, 1/3 of the options will vest on the first anniversary of the option date and 1/3 will vest on the second anniversary of the option date. The fair value of the options was estimated at \$208,577. The impact on share-based payment was \$109,241 for the year ended March 31, 2013 (2012: Nil).

The exercise prices and exercise periods of the share options outstanding as of March 31, 2013 are as follows:

Number of options	Exercise price \$	Exercise period
5,440,000	2.92	May 18, 2011 to May 17, 2016
435,000	2.92 - 4.00	December 14, 2011 to December 13, 2016
600,000	2.92	April 26, 2012 to April 25, 2017
2,955,000	2.92	July 18, 2012 to July 17, 2017
440,000	2.92	November 12, 2012 to November 11, 2017
<u>9,870,000</u>		

The weighted average remaining contractual life of the outstanding share options is 3.6 years.

16. Warrants

The movement of warrants during the year is as follows:

	Number of warrants	Amount \$	Weighted average exercise price \$	Expiry date
Balance - March 31 and April 1, 2012	2,479,027	3,180,592	2.92	November 17, 2012
Expired	<u>(2,479,027)</u>	<u>(3,180,592)</u>	2.92	N/A
Balance - March 31, 2013	<u>-</u>	<u>-</u>		

17. Segment information

The Group operates in a single operating segment, being the acquisition, exploration and evaluation of mineral resources. All of the Group's exploration and evaluation assets and over 95% of its property, plant and equipment are located in Canada.

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18. Other operating income

	2013	2012
	\$	\$
Rental income	-	163,700
Interest income	567,790	851,704
Other income	9,034	-
	<u>576,824</u>	<u>1,015,404</u>

19. Expenses by nature

	2013	2012
	\$	\$
Depreciation of property, plant and equipment	1,008,438	450,095
Less: capitalized as exploration and evaluation assets	<u>(834,586)</u>	<u>(206,295)</u>
Depreciation charged to profit or loss	<u>173,852</u>	<u>243,800</u>
Loss on disposals of fixed assets	82,819	-
Minimum lease payments recognized as an operating lease expense	583,875	320,288
Exchange (gain) / loss	(88,997)	209,557
Employee benefits expense		
Salaries and wages	6,233,027	2,646,323
Pension costs - defined contribution plans	20,007	6,357
Share option expenses	4,027,808	8,428,821
Less: capitalized as exploration and evaluation assets	<u>(3,241,395)</u>	<u>(1,293,332)</u>
	<u>7,039,447</u>	<u>9,788,169</u>

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20. Income tax

	2013	2012
	\$	\$
Current tax		
Current tax on profits for the year	187,510	-
Adjustments in respect of prior years	321,222	-
Deferred tax		
Origination and reversal of timing differences	8,891	(243,257)
Tax benefits arising from previously unrecognized tax losses	(422,224)	-
	<u>95,399</u>	<u>(243,257)</u>
Income tax expense / (recovery)	<u>95,399</u>	<u>(243,257)</u>

Significant items causing the Group's effective income tax rate to differ from the Canadian combined federal and provincial statutory rate of 26.55% (2012: 26.71%) are as follows:

	2013	2012
	\$	\$
Profit / (loss) before income tax	<u>35,245,625</u>	<u>(15,898,540)</u>
Expected income tax recovery at statutory rates	9,357,713	(4,246,646)
Different tax rates in other jurisdictions	162,078	126,454
Expenses not deductible for tax	3,264,588	2,953,436
Tax concessions and allowances	(13,647,758)	(288,112)
Change in future tax rates on deferred tax recognized	1,410	(1,647)
Tax losses and other deductible temporary differences not recognized	1,250,639	1,213,258
Utilization of previously unrecognized tax losses	(496,565)	-
Utilization of investment tax credits to reduce income tax payable	(117,928)	-
Adjustments in respect of prior years	321,222	-
	<u>95,399</u>	<u>(243,257)</u>
Income tax expense / (recovery)	<u>95,399</u>	<u>(243,257)</u>

The Canadian tax rate decreased from 26.71% in 2012 to 26.55% in 2013 due to a reduction in the enacted Ontario rate.

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21. Deferred tax

An analysis of deferred tax recognized in the consolidated financial statements and its movement during the year is as follows:

	Exploration and evaluation assets	Accelerated tax depreciation	Total
	\$	\$	\$
Deferred tax liabilities			
Balance - April 1, 2011	280,979	-	280,979
Charged / (credited) to profit or loss	(280,979)	37,722	(243,257)
	<hr/>	<hr/>	<hr/>
Balance - March 31 and April 1, 2012	-	37,722	37,722
Charged to profit or loss	-	8,891	8,891
	<hr/>	<hr/>	<hr/>
Balance - March 31, 2013	-	46,613	46,613
	<hr/>	<hr/>	<hr/>

Significant components of the Group's deductible temporary differences or unused tax losses for which no deferred tax assets have been recognized are summarized below:

	March 31, 2013	March 31, 2012
	\$	\$
Non-capital loss carry-forwards (expires between 2028 and 2033)	12,437,142	6,564,822
Share issue costs (expires in 2017)	5,882,258	5,108,992
Transaction costs (indefinite expiry)	559,952	559,952
Investment tax credits (expires between 2030 and 2032)	1,117,728	-
	<hr/>	<hr/>
	19,997,080	12,233,766
	<hr/>	<hr/>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize benefits therefrom.

Deferred tax liabilities have not been recognized on the temporary difference arising from the Company's investment in a joint venture for which the Company is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. Such temporary difference amounted to approximately \$51.1 million as of March 31, 2013.

22. Earnings / (loss) per share

The basic earnings / (loss) per share calculated amount is the same as the fully diluted earnings / (loss) per share amount as the Company's options and warrants are anti-dilutive.

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23. Related party transactions

- (a) In addition to transactions detailed elsewhere in the consolidated financial statements, the Group has the following related party transactions:
- (i) As of March 31, 2013, the Group had accounts receivable of \$13,697,158 from Labec Century. The balance includes a receivable of \$11,429,435 representing the amount of the audited exploration expenditures previously funded by the Group agreed to be reimbursed by Labec Century pursuant to the Attikamagen Shareholders Agreement. The Group received the repayment of \$11,429,435 from Labec Century in June 2013.
 - (ii) As of March 31, 2013, the Group had accounts receivable of \$16,950 (2012: \$16,950) from Augyva, which the President and CEO and a key management personnel of the Group are the directors of Augyva.
 - (iii) During the year ended March 31, 2013, the Group disposed of its Astray-X property at cost to Northern Star. Further details of the transaction are provided in note 8.
 - (iv) During the year ended March 31, 2013, the Group incurred professional services fee of \$11,150 (2012: \$45,457) from Chim and Seto Consulting Services Inc., of which an immediate family member of the President and CEO of the Group is a shareholder.
 - (v) On October 10 and December 3, 2012, the Group repaid the refundable off-take deposit with a total of US\$8,000,000 to Prosperity Materials Macao Commercial Offshore Limited, which shares common significant shareholders with the Group. The deposit was non-interest bearing and repayable on demand.
- (b) The remuneration of the Group's directors and officers during the year is summarized below:

	2013	2012
	\$	\$
Salaries	2,039,303	860,044
Share option expenses	2,863,962	5,797,242
	<u>4,903,265</u>	<u>6,666,286</u>

24. Non-cash transaction

During the year ended March 31, 2012, the Company issued 2,000,000 common shares to Altius for the acquisition of certain properties pursuant to the Altius Agreement (note 8).

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25. Financial instruments

Classification of financial assets and liabilities as of the balance sheet dates is as follows:

	March 31, 2013	March 31, 2012
	\$	\$
Loans and receivables		
Cash and cash equivalents	19,359,987	67,391,504
Accounts receivable	13,859,635	154,271
	<u>33,219,622</u>	<u>67,545,775</u>
Financial liabilities at amortized cost		
Accounts payable and accrued liabilities	<u>3,283,984</u>	<u>5,773,953</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 commodity price 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.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Group's credit risk is primarily attributable to cash and receivables. Cash and cash equivalents are held with major Canadian chartered banks. The Group's receivables mainly represented an amount owing from its joint venture Labec Century, which was subsequently repaid by the joint venture in June 2013. 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 March 31, 2013, the Group had cash of \$19,359,987 to settle accounts payable and accrued liabilities of \$3,283,984. All of the Group's financial liabilities have contractual maturities of 30 days or less and are subject to normal trade terms.

Market risk

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

(i) Interest rate risk

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

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Canadian chartered bank holding the Group's cash. An absolute increase or decrease of 0.1% in the annual interest rate would not have a material impact on the net profit or equity at March 31, 2013.

(ii) Foreign currency exchange risk

The Group's principal functional currency is the Canadian Dollar and major purchases are transacted in Canadian Dollars. The primary driver of the Group's foreign currency exchange fluctuations was the off-take deposit denominated in the US Dollars. Management believes the foreign currency exchange risk derived from currency conversions is low and, therefore, does not hedge its foreign currency exchange risk.

27. Capital management

The Group considers its capital structure to consist of share capital and retained earnings, which, as at March 31, 2013, totaled \$132,587,396. 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 shareholder and benefits for other stakeholders. Management adjusts the capital structure, as necessary, in order to support the acquisition, exploration and development of its mineral properties. The board of directors does not establish a quantitative return on capital criteria for management but, rather, relies on the expertise of the Group's management team to sustain the future development of the business.

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

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Group, is appropriate. The Group's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2013. The Group is not subject to externally imposed capital requirements.

28. Operating lease commitments

The Group has entered into leases on its office premises. The leases have lives of two to five years. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at the balance sheet date are as follows:

	2013	2012
	\$	\$
Not later than one year	708,586	432,759
Later than one year and not later than five years	1,213,510	712,794
	<u>1,922,096</u>	<u>1,145,553</u>

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29. Capital commitments

- (i) Pursuant to the Altius Agreement (note 8), the Company agreed to issue (i) an aggregate of 5,000,000 common shares at nil proceeds (with 2,000,000 common shares issued on November 18, 2011 and 3,000,000 common shares issuable by November 18, 2013), and (ii) up to a maximum of 35,000,000 common shares upon satisfaction of certain milestones related to the definition of National Instrument 43-101 compliant iron ore resources above specific thresholds to acquire a 100% interest in four of Altius' regional iron ore projects in the Labrador Trough: Astray, Grenville, Menihek and Schefferville. In addition, the Company agreed to incur minimum exploration expenditures of \$7 million per project cumulatively over a 5-year period.

In connection with the transfer of Astray-X project to Northern Star as described in note 8, on November 30, 2012, Altius agreed to amend the provisions of the Altius Agreement to provide for an option to replace the remaining 750,000 common shares of the Company issuable to Altius for the acquisition of the Astray project, and up to a maximum of 8 million "bonus" shares for the project, with common shares issuable by Northern Star as adjusted by certain equivalence formulae stipulated in an assignment agreement. Pursuant to the X-Star Agreement, the Company has transferred the associated obligations of the Astray-X project to Northern Star.

- (ii) The Company initiated an automatic purchase plan under a normal course issuer bid beginning on September 12, 2012. The number of common shares authorized for purchase during the period of the bid from August 22, 2012 to August 21, 2013 would not exceed 500,000 common shares or approximately 0.5% of the issued and outstanding common shares. Daily purchases were limited to 4,503 common shares, save and except that the Company was permitted to make block purchases. All purchases made pursuant to the bid were made through the facilities of the TSX or other Canadian market places. Common shares so purchased were cancelled.

Subsequent to the balance sheet date, the Company has amended the normal course issuer bid (the "Amended NCIB") to increase the maximum number of shares purchasable thereunder to 2,500,000 common shares, as well as to increase the maximum number of shares that may be bought under the Amended NCIB on any given day (other than under a block purchase) to 16,167.

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30. Subsequent events

- (i) In June 2013, the Group received the repayment of \$11,429,435 owing from its joint venture Labec Century in relation to Labec Century's exploration expenditures previously funded by the Group.
- (ii) On April 2, 2013, B.C. Ltd. received the reimbursement of the Net Initial Exploration Expenditures on its Sunny Lake property amounting to \$8,612,875 from WISCO Sunny Lake pursuant to the Sunny Lake JV Agreement and the Sunny Lake Closing Agreement. The amount represents the Sunny Lake Initial Exploration Expenditures of \$17,096,459, 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, on April 2, 2013, WISCO Sunny Lake acquired a 17.1% interest in the Sunny Lake property, while the Group's interest in the property was reduced to 82.9%. Further, the obligation of WISCO Sunny Lake to fund further exploration expenditures on the Sunny Lake property was reduced by approximately \$17.1 million to \$22.9 million.

- (iii) In May 2013, the transfer registration of a further 14% interest in the Duncan Lake property from Augyva to Canadian Century has been completed. Thereafter, the Group's interest in the property has increased to 65%.