

Century Iron Mines Corporation

(An exploration stage mining company)

Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013

(Expressed in Canadian Dollars)

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Financial Position
(Unaudited)
As of September 30, 2013

(Expressed in Canadian Dollars)

	Notes	September 30, 2013 \$	March 31, 2013 \$
Assets			
Current assets			
Cash and cash equivalents		32,694,025	19,359,987
Short term bank deposit		1,000,000	-
Accounts receivable	14	5,116,601	13,859,635
Sales taxes recoverable		3,341,066	5,185,956
Investment tax credits receivable	5	12,249,620	8,049,757
Prepaid expenses and deposits		1,072,677	795,532
		<u>55,473,989</u>	<u>47,250,867</u>
Non-current assets			
Exploration and evaluation assets	5	25,588,115	39,629,086
Property, plant and equipment	6	3,509,450	3,957,887
Investment in a joint venture	7	58,991,381	58,991,381
Investment in an associate	8	1,547,516	1,547,516
		<u>145,110,451</u>	<u>151,376,737</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,714,896	3,283,984
Current income tax liabilities		58,230	187,510
		<u>1,773,126</u>	<u>3,471,494</u>
Non-current liabilities			
Deferred tax		46,613	46,613
		<u>1,819,739</u>	<u>3,518,107</u>
Shareholders' Equity			
Share capital	9	114,880,678	115,023,227
Contributed surplus		2,758,368	2,758,368
Retained earnings		12,492,490	17,564,169
Other components of equity		13,159,176	12,512,866
		<u>143,290,712</u>	<u>147,858,630</u>
		<u>145,110,451</u>	<u>151,376,737</u>

Approved by the Board of Directors

_____/s/ "Sandy Chim"_____
Director

_____/s/ "Paul Murphy"_____
Director

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Comprehensive Loss
(Unaudited)
For the three and six months ended September 30, 2013

(Expressed in Canadian Dollars)

	Notes	Three months ended September 30,		Six months ended September 30,	
		2013 \$	2012 \$	2013 \$	2012 \$
Gain on deemed disposal of Labec Century		-	53,470,746	-	53,470,746
Other operating income	11	98,324	169,321	157,561	375,934
Administrative expenses	12	(3,114,294)	(3,748,166)	(5,242,073)	(6,554,042)
Profit / (loss) before income tax		(3,015,970)	49,891,901	(5,084,512)	47,292,638
Income tax recovery		12,833	-	12,833	-
Profit / (loss) for the period		(3,003,137)	49,891,901	(5,071,679)	47,292,638
Other comprehensive income / (loss)					
Exchange differences on translation of foreign operations		91,154	84,289	(32,502)	37,571
Total comprehensive income / (loss) for the period		(2,911,983)	49,976,190	(5,104,181)	47,330,209
Earnings / (loss) per common share – basic and diluted	13	(0.032)	0.526	(0.054)	0.499
Weighted average number of common shares outstanding		94,221,186	94,862,421	94,299,287	94,863,241

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Changes in Equity
(Unaudited)
For the six months ended September 30, 2013

(Expressed in Canadian Dollars)

	Share capital \$	Contributed surplus \$	Share option reserve \$	Warrants \$	Foreign currency translation reserve \$	Retained earnings / (Deficit) \$	Total \$
Balance - April 1, 2013	115,023,227	2,758,368	12,570,181	-	(57,315)	17,564,169	147,858,630
Loss for the period	-	-	-	-	-	(5,071,679)	(5,071,679)
Other comprehensive loss for the period	-	-	-	-	(32,502)	-	(32,502)
Total comprehensive loss for the period	-	-	-	-	(32,502)	(5,071,679)	(5,104,181)
Shares repurchased (note 9)	(142,549)	-	-	-	-	-	(142,549)
Equity-settled share option arrangement	-	-	678,812	-	-	-	678,812
Balance - September 30, 2013	114,880,678	2,758,368	13,248,993	-	(89,817)	12,492,490	143,290,712
Balance - April 1, 2012	115,310,770	-	8,479,048	3,180,592	(4,583)	(17,595,895)	109,369,932
Profit for the period	-	-	-	-	-	47,292,638	47,292,638
Other comprehensive income for the period	-	-	-	-	37,571	-	37,571
Total comprehensive income for the period	-	-	-	-	37,571	47,292,638	47,330,209
Shares repurchased	(16,661)	-	-	-	-	-	(16,661)
Equity-settled share option arrangement	-	-	2,494,634	-	-	-	2,494,634
Share options expired	-	-	(9,838)	-	-	9,838	-
Balance - September 30, 2012	115,294,109	-	10,963,844	3,180,592	32,988	29,706,581	159,178,114

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

Century Iron Mines Corporation
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited)
For the three and six months ended September 30, 2013

(Expressed in Canadian Dollars)

		Three months ended		Six months ended	
	Notes	September 30,		September 30,	
		2013	2012	2013	2012
		\$	\$	\$	\$
Cash provided by / (used in)					
Operating activities					
Profit / (loss) before income tax		(3,015,970)	49,891,901	(5,084,512)	47,292,638
Adjustments for					
Bank interest received		(79,308)	(169,138)	(135,889)	(375,751)
Depreciation of property, plant and equipment	12	59,229	42,195	105,645	73,713
Loss on disposals of fixed assets		-	-	16,515	-
Foreign exchange (gain) / loss		115,847	(165,893)	(27,606)	(63,214)
Share option expenses	10	165,697	1,262,754	678,812	2,494,634
Gain on deemed disposal of Labec Century		-	(53,470,746)	-	(53,470,746)
Changes in non-cash working capital					
Decrease / (increase) in accounts receivable		(1,077,261)	(203,139)	8,743,034	(265,471)
Decrease / (increase) in sales taxes recoverable		1,523,304	(2,276,867)	1,844,890	(3,928,903)
Increase in prepaid expenses and deposits		(336,967)	(340,304)	(277,145)	(1,175,328)
Increase / (decrease) in accounts payable and accrued liabilities		367,124	1,685,525	(466,954)	842,521
Cash flows from operating activities		(2,278,305)	(3,743,712)	5,396,790	(8,575,907)
Income tax paid		(226,632)	-	(226,632)	-
Net cash generated by / (used in) operating activities		(2,504,937)	(3,743,712)	5,170,158	(8,575,907)
Investing activities					
Bank interest received		79,308	169,138	135,889	375,751
Short term bank deposit		(1,000,000)	-	(1,000,000)	-
Exploration and evaluation assets		(599,515)	(9,044,539)	(1,970,363)	(17,276,792)
Reimbursement received for Sunny Lake exploration expenditures	5	-	-	8,612,875	-
Investment tax credits received		2,670,728	86,472	2,673,274	86,472
Net cash outflow from deemed disposal of Labec Century		-	(176,756)	-	(176,756)
Acquisition of property, plant and equipment	6	(12,036)	(245,483)	(137,502)	(360,260)
Net cash generated by / (used in) investing activities		1,138,485	(9,211,168)	8,314,173	(17,351,585)
Financing activities					
Repurchase of shares	9	(64,984)	(16,661)	(142,549)	(16,661)
Net cash used in financing activities		(64,984)	(16,661)	(142,549)	(16,661)
Net change in cash and cash equivalents		(1,431,436)	(12,971,541)	13,341,782	(25,944,153)
Cash and cash equivalents - Beginning of period		34,147,648	54,437,941	19,359,987	67,391,504
Effect of foreign exchange rate changes, net		(22,187)	(23,968)	(7,744)	(4,919)
Cash and cash equivalents - End of period		32,694,025	41,442,432	32,694,025	41,442,432

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

Century Iron Mines Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013

(Expressed in Canadian Dollars)

1. Nature of operations

Century Iron Mines Corporation (the “Company”), formerly known as Red Rock Capital Corp., was incorporated under the Canada Business Corporations Act on July 10, 2007. The Company is a base metal exploration and mining company with assets in the Provinces of Quebec and Newfoundland and Labrador, Canada.

The Company is a public limited company, which is listed on the Toronto Stock Exchange (the “TSX”) under the symbol “FER”. The Company is incorporated and domiciled in Canada. Its registered office is located at Suite 1301, 200 University Avenue, Toronto, Ontario, Canada M5H 3C6. The Company’s ultimate holding company is Century Eagle Holdings Limited, incorporated in the British Virgin Islands.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on November 13, 2013.

2. Basis of preparation

The condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2013, which have been prepared in accordance with IFRS as issued by the IASB.

3. Significant accounting policies

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those of the previous financial year.

Basis of measurement

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

Short term bank deposits

Short term bank deposits include short term deposits with banks with original maturities at purchase date of one year or less, but more than three months.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

4. Critical accounting estimates and judgments

The Group makes estimates and assumptions concerning the future that are believed to be reasonable under the circumstances. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events. The 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 equity incentive 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

The Group owns 60% interest in Labec Century Iron Ore Inc. ("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.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets

	Duncan Lake property \$	Sunny Lake property \$	Altius properties \$	Other property \$	Total \$
Balance - March 31 and April 1, 2013	15,729,444	15,983,419	7,283,494	632,729	39,629,086
Additions, net of investment tax credits	(772,989)	(5,127,180)	535,841	(63,768)	(5,428,096)
Reimbursement of Net Initial Exploration Expenditures	-	(8,612,875)	-	-	(8,612,875)
Balance - September 30, 2013	<u>14,956,455</u>	<u>2,243,364</u>	<u>7,819,335</u>	<u>568,961</u>	<u>25,588,115</u>

The Group has accrued \$12,249,620 (March 31, 2013: \$8,049,757) 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, the Company's wholly-owned subsidiary Canadian Century Iron Ore Corporation ("Canadian Century") entered into an option and joint venture agreement (the "Augyva Agreement") with Augyva Mining Resources Inc. ("Augyva") to have an option to obtain a 51% interest in the Duncan Lake property once \$6.0 million has been funded on or before the fourth anniversary of the date of the Augyva Agreement. The Group completed its funding commitment of \$6.0 million on the Duncan Lake property in November 2010 and, as a result, obtained a 51% interest in this property. Canadian Century recognized its share of costs incurred in the Duncan Lake property.

Canadian Century 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. The transfer registration was completed 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 International Resources Development & Investment Limited ("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.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

Sunny Lake property

The mining claims were formerly held solely by 0849873 B.C. Ltd. ("B.C. Ltd."), a wholly-owned subsidiary of the Company.

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.

The operating company for the Sunny Lake Joint Venture, WISCO Century Sunny Lake Iron Mines Limited ("WISCO Century Sunny Lake" or the "Operator"), was incorporated on June 29, 2012. 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.

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.

At September 30, 2013, the Group owns 82.9% of the Sunny Lake property.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

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.

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 the 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.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

6. Property, plant and equipment

	Land \$	Drilling & field equipment \$	Camp and properties \$	Leasehold improvements \$	Computer & office equipment \$	Vehicles \$	Total \$
Cost							
Balance - March 31 and April 1, 2013	169,677	2,693,923	1,461,497	320,332	321,009	427,189	5,393,627
Additions	-	17,142	4,140	91,969	11,251	13,000	137,502
Disposals	-	-	-	(27,525)	-	-	(27,525)
Exchange differences	-	-	-	3,897	568	-	4,465
Balance - September 30, 2013	169,677	2,711,065	1,465,637	388,673	332,828	440,189	5,508,069
Accumulated depreciation							
Balance - March 31 and April 1, 2013	-	735,359	332,894	94,840	147,580	125,067	1,435,740
Depreciation	-	281,144	146,495	41,076	60,021	43,536	572,272
Disposals	-	-	-	(11,010)	-	-	(11,010)
Exchange differences	-	-	-	1,380	237	-	1,617
Balance - September 30, 2013	-	1,016,503	479,389	126,286	207,838	168,603	1,998,619
Net book value							
Balance - September 30, 2013	169,677	1,694,562	986,248	262,387	124,990	271,586	3,509,450
Balance - March 31, 2013	169,677	1,958,564	1,128,603	225,492	173,429	302,122	3,957,887

7. Investment in a joint venture

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

	\$
Balance - March 31 and April 1, 2013	58,991,381
Share of profit or loss of Labec Century	-
Balance - September 30, 2013	58,991,381

Labec Century was formerly a wholly-owned subsidiary of the Company.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

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 Canada Attikamagen Resources Development & Investment Limited (“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, the Company’s wholly-owned subsidiary Century Iron Ore Holdings Inc. (“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. On September 19, 2013, WISCO Attikamagen purchased an additional 20 million Class B non-voting equity shares for a subscription price of \$20 million. After the subscription, WISCO Attikamagen’s ownership is increased to 40% of the non-voting equity shares of Labec Century, while Century Holdings’ ownership is reduced to 60% of the non-voting equity shares. As a result of completion of the initial closing transactions in 2012, Labec Century ceased to be a subsidiary of the Group and became a joint venture of the Group that is accounted for in accordance with IFRS 11.

At the balance sheet date, the Group owns 60% interest in Labec Century. 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 Province of Quebec, Canada.

The summarized financial information of Labec Century as of September 30, 2013 is as follows:

	\$’000
Assets	
Current assets	27,313
Non-current assets	31,834
Liabilities	
Current liabilities	5,515
Non-current liabilities	-
Cash and cash equivalents	22,908
Current financial liabilities	<u>5,515</u>

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.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

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").

On September 30, 2013, the Company entered into an agreement to acquire from Champion its remaining interest in the Attikamagen property. Consideration for the purchase is 2 million common shares issued from the Company's treasury and 1 million warrants of the Company with variable exercise prices of \$0.75 to \$2.50 per share over the 5-year life of the warrants. In addition, Champion will receive a 2% net smelter return royalty on iron and minerals produced from the property. Upon completion of the transaction, the Company, indirectly and directly, together with Labec, Century will own 100% interest in the property. The transaction has been approved by the Company's Board of Directors and the TSX. The closing date of the transaction is expected to be on or before November 29, 2013.

8. Investment in an associate

The Group's investment in Northern Star is as follows:

	\$
Balance - March 31 and April 1, 2013	1,547,516
Share of profit or loss of Northern Star	<u>-</u>
Balance - September 30, 2013	<u>1,547,516</u>

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

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

9. Share capital

Authorized

Unlimited number of common shares, with no par value.

Issued and fully paid

The changes in share capital during the period are as follows:

	Number of common shares	\$
Balance - March 31 and April 1, 2013	94,474,158	115,023,227
Repurchase of common shares (i)	<u>(315,587)</u>	<u>(142,549)</u>
Balance - September 30, 2013	<u>94,158,571</u>	<u>114,880,678</u>

- (i) The Company initiated an automatic purchase plan under a normal course issuer bid ("NCIB") beginning on September 12, 2012. The NCIB was amended in May 2013 such that 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 2,500,000 common shares. Daily purchases were limited to 16,167 common shares, save and except that the Company was permitted to make block purchases. The NCIB expired in August 2013. During the period when the program operated, a total of 677,000 common shares were repurchased and cancelled.

The NCIB was renewed in September 2013. The renewed NCIB is effective between September 17, 2013 and September 16, 2014. It allows for the purchase of up to 1,823,000 of the Company's outstanding common shares, and the purchase of up to 14,094 common shares on any given day other than under a block purchase or otherwise in a permitted transaction that is exempted from this daily limit under TSX policies.

During the six months ended September 30, 2013, the Company repurchased for cancellation 315,587 common shares under the plan with an aggregate cost of \$142,549.

Century Iron Mines Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013

(Expressed in Canadian Dollars)

10. Share-based payment

The Group has adopted an equity incentive plan (the “Plan”) which is administered by the Board of Directors of the Group. The Plan provides that the Board of Directors of the Group may from time to time, at its discretion and in accordance with TSX Venture Exchange Inc. or TSX requirements, grant to directors, officers, employees and consultants to the Group, options to purchase common shares and other forms of equity-based incentive compensation, provided that the number of common shares issued and reserved for issuance will not exceed 15% of the issued and outstanding common shares, and that to insiders will not exceed 10% of the issued and outstanding common shares.

Share options

Share options granted under the Plan 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.

Share options issued under the Plan and outstanding as of September 30, 2013 are as follows:

	Number of options	Weighted average exercise price \$
Balance - April 1 and September 30, 2013	<u>9,870,000</u>	2.92

The exercise prices and exercise periods of the share options outstanding as of September 30, 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
<u>440,000</u>	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 3.1 years.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

11. Other operating income

	Three months ended		Six months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Interest income	90,438	169,138	149,675	375,751
Other income	7,886	183	7,886	183
	<u>98,324</u>	<u>169,321</u>	<u>157,561</u>	<u>375,934</u>

12. Expenses by nature

	Three months ended		Six months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Depreciation of property, plant and equipment	292,824	251,615	572,272	486,644
Less: capitalized as exploration and evaluation assets	(233,595)	(209,420)	(466,627)	(412,931)
Depreciation charged to profit or loss	<u>59,229</u>	<u>42,195</u>	<u>105,645</u>	<u>73,713</u>
Employee benefits expense				
Salaries and wages	2,394,539	1,811,578	3,693,626	3,339,697
Share option expenses	156,877	1,235,009	658,625	2,456,446
Less: capitalized as exploration and evaluation assets	(882,208)	(811,802)	(1,674,934)	(1,859,999)
	<u>1,669,208</u>	<u>2,234,785</u>	<u>2,677,317</u>	<u>3,936,144</u>

13. 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 are anti-dilutive.

Century Iron Mines Corporation
Notes to the Condensed Consolidated Interim Financial Statements
(Unaudited)
September 30, 2013

(Expressed in Canadian Dollars)

14. Related party transactions

- (a) In addition to transactions detailed elsewhere in the condensed consolidated interim financial statements, the Group has the following related party transactions:
- (i) As of September 30, 2013, the Group had accounts receivable of \$4,874,588 (March 31, 2013: \$13,697,158) from Labec Century. The balance represents exploration expenditure of the Attikamagen property incurred and paid by the Group on behalf of Labec Century after Labec Century became the Group's joint venture. In June 2013, the Group received the repayment of \$11,429,435 from Labec Century in relation to Labec Century's audited exploration expenditures previously funded by the Group and reimbursed pursuant to the Attikamagen Shareholders Agreement.
 - (ii) As of September 30, 2013, the Group had accounts receivable of \$16,950 (March 31, 2013: \$16,950) from Augyva. The President and CEO and a key officer of the Group are directors of Augyva.
- (b) The remuneration of the Group's directors and officers during the period is summarized below:

	Three months ended		Six months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Salaries	1,319,878	319,567	1,645,197	1,251,598
Share option expenses	109,208	834,068	450,745	1,770,933
	<u>1,429,086</u>	<u>1,153,635</u>	<u>2,095,942</u>	<u>3,022,531</u>

15. 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 and foreign currency exchange 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 and short term bank deposit are held with major Canadian chartered banks. The Group's receivables mainly represented an amount owing from its joint venture Labec Century. Management believes the risk of loss to be minimal.

Century Iron Mines Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013

(Expressed in Canadian Dollars)

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 September 30, 2013, the Group had cash and cash equivalents and short term bank deposit of \$33,694,025 to settle accounts payable and accrued liabilities of \$1,714,896. Most 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 only and it has no interest bearing debt. The Group's current policy is to invest excess cash in interest bearing accounts of reputable Canadian chartered banks. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of the reputable Canadian chartered banks 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 loss or equity at September 30, 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 principal drivers of the Group's foreign currency exchange fluctuations are the foreign currency transactions and the translation of the foreign currency monetary items of the Group's overseas subsidiaries. Management believes the foreign currency exchange risk derived from currency conversions is low and, therefore, does not hedge its foreign currency exchange risk.

16. Capital commitments

- (i) Pursuant to the Altius Agreement (note 5), 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 the Astray-X project to Northern Star as described in note 5, 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.

Century Iron Mines Corporation

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited)

September 30, 2013

(Expressed in Canadian Dollars)

- (ii) On September 30, 2013, the Company entered into an agreement to acquire from Champion its remaining interest in the Attikamagen property. Consideration for the purchase is 2 million common shares issued from the Company's treasury and 1 million warrants of the Company with variable exercise prices of \$0.75 to \$2.50 per share over the 5-year life of the warrants. The closing date of the transaction is expected to be on or before November 29, 2013. Further details of the transaction are provided in note 7.

- (iii) The Company initiated an automatic purchase plan under an NCIB beginning on September 12, 2012. The NCIB was amended in May 2013 such that 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 2,500,000 common shares. Daily purchases were limited to 16,167 common shares, save and except that the Company was permitted to make block purchases. The NCIB expired in August 2013. During the period when the program operated, a total of 677,000 common shares were repurchased and cancelled.

The NCIB was renewed in September 2013. The renewed NCIB is effective between September 17, 2013 and September 16, 2014. It allows for the purchase of up to 1,823,000 of the Company's outstanding common shares, and the purchase of up to 14,094 common shares on any given day other than under a block purchase or otherwise in a permitted transaction that is exempted from this daily limit under TSX policies.