



**Financial Statements**

**As at July 31, 2013**



Tel: 604 688 5421  
Fax: 604 688 5132  
www.bdo.ca

BDO Canada LLP  
600 Cathedral Place  
925 West Georgia Street  
Vancouver BC V6C 3L2 Canada

## INDEPENDENT AUDITOR'S REPORT

To the shareholders of Centurion Minerals Ltd.

We have audited the accompanying financial statements of Centurion Minerals Ltd., which comprise the statement of financial position as at July 31, 2013 and 2012, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Centurion Minerals Ltd. as at July 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements, which indicates that the Company has not yet achieved profitable operations and has accumulated losses of \$15,515,996 since inception. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

*(signed) "BDO Canada LLP"*

Chartered Accountants

Vancouver, British Columbia  
November 26, 2013

# Centurion Minerals Ltd

Statement of Financial Position

As at July 31, 2013

(Expressed in Canadian dollars)

|   | <u>Notes</u> | <u>July 31, 2013</u> | <u>July 31, 2012</u> |
|---|--------------|----------------------|----------------------|
| <b>Current assets</b>                             |              |                      |                      |
| Cash  |              | \$ 1,113             | \$ 9,350             |
| Excise taxes receivable                           |              | 3,222                | 26,698               |
| Prepaid expenses and deposits                     |              | 4,023                | 10,605               |
|   |              | <u>8,358</u>         | <u>46,653</u>        |
| <b>Non-current assets</b>                         |              |                      |                      |
| Property and equipment                            |              | 3,465                | 1,377                |
| Exploration and evaluation assets                 | 7            | 1,913,625            | 1,913,625            |
|   |              | <u>1,917,090</u>     | <u>1,915,002</u>     |
| <b>Total assets</b>                               |              | <u>\$ 1,925,448</u>  | <u>\$ 1,961,655</u>  |
| <b>Current liabilities</b>                        |              |                      |                      |
| Accounts payable and accrued liabilities          | 10           | \$ 341,572           | \$ 91,545            |
| Due to related parties                            | 12           | 584,399              | 375,001              |
| Short-term loan                                   | 13           | 135,000              | 135,000              |
| Total liabilities                                 |              | <u>1,060,971</u>     | <u>601,546</u>       |
| <b>Shareholders' equity</b>                       |              |                      |                      |
| Share capital                                     | 8            | 11,245,505           | 10,985,478           |
| Shares to be issued                               | 16           | 102,650              | -                    |
| Share option reserve                              |              | 2,088,950            | 2,088,950            |
| Share warrant reserve                             |              | 2,943,367            | 2,826,405            |
| Deficit   |              | (15,515,995)         | (14,540,724)         |
|   |              | <u>864,477</u>       | <u>1,360,109</u>     |
| <b>Total liabilities and shareholders' equity</b> |              | <u>\$ 1,925,448</u>  | <u>\$ 1,961,655</u>  |

Approved by the Board:

"David Tafel"

Director

"Kenneth A Cawkell"

Director

The accompanying notes form an integral part of these financial statements

# Centurion Minerals Ltd

## Statement of Comprehensive Loss

For the years ended July 31, 2013 and 2012

(Expressed in Canadian dollars)

|  | Notes | 2013                | 2012                  |
|--|-------|---------------------|-----------------------|
| <b>Operating expenses</b>                            |       |                     |                       |
| Accounting   | 12    | \$ 81,373           | \$ 165,172            |
| Administration                                       | 12    | 200,000             | 221,000               |
| Consulting   |       | 153,335             | 215,799               |
| Depreciation   |       | 1,256               | 1,179                 |
| Filing fees & communications                         |       | 92,884              | 182,276               |
| Impairment loss on exploration and evaluation assets |       | -                   | 4,769,033             |
| Insurance  |       | 32,104              | 31,679                |
| General exploration expenditures                     |       | 80,342              | 156,095               |
| Legal  | 12    | 28,851              | 24,704                |
| Office & miscellaneous                               |       | 44,107              | 80,416                |
| Permitting and site administration                   |       | -                   | 525,080               |
| Rent   |       | 42,769              | 100,657               |
| Stock-based compensation                             |       | -                   | 130,388               |
| Telephone  |       | 9,171               | 19,895                |
| Travel   |       | 75,950              | 249,255               |
| Wages  |       | 130,096             | 437,106               |
| <b>Loss before other items</b>                       |       | <b>(972,238)</b>    | <b>(7,309,734)</b>    |
| <b>Other items</b>                                   |       |                     |                       |
| Foreign exchange gain                                |       | 3,682               | 31,129                |
| Finance revenue                                      |       | -                   | 5,383                 |
| Finance costs  |       | (6,715)             | (26,612)              |
| <b>Comprehensive loss for the year</b>               |       | <b>\$ (975,271)</b> | <b>\$ (7,299,834)</b> |
| Basic and diluted earnings per common share          |       | \$ (0.02)           | \$ (0.20)             |
| Weighted average number of shares outstanding        |       | 46,867,473          | 35,980,685            |

The accompanying notes form an integral part of these financial statements

## Centurion Minerals Ltd

Statement of Change in Equity  
For the years ended July 31, 2013 and 2012  
(Expressed in Canadian dollars)

|  | Note | Number of<br>Common<br>Shares | Share Capital | Shares to be<br>issued | Share option<br>reserve | Share warrant<br>reserve | Deficit         | Total Equity |
|--|------|-------------------------------|---------------|------------------------|-------------------------|--------------------------|-----------------|--------------|
| <b>Balance at August 1, 2011</b>                           | 8    | 31,956,649                    | \$ 9,143,366  | \$ -                   | \$ 1,958,562            | \$ 2,737,528             | \$ (7,240,890)  | \$ 6,598,566 |
| Comprehensive loss   |      |                               |               |                        |                         |                          | (7,299,834)     | (7,299,834)  |
| Share-based compensation                                   |      | -                             | -             | -                      | 130,388                 | -                        | -               | 130,388      |
| Issue of shares for cash on private placement              |      | 9,975,000                     | 1,935,000     | -                      | -                       | -                        | -               | 1,935,000    |
| Value attributable to warrants issued in private placement |      | -                             | (252,380)     | -                      | -                       | 252,380                  | -               | -            |
| Issued for cash on exercise of warrants                    |      | 972,000                       | 212,760       | -                      | -                       | -                        | -               | 212,760      |
| Fair value of warrants exercised                           |      | -                             | 163,503       | -                      | -                       | (163,503)                | -               | -            |
| Share issue costs  |      | -                             | (216,771)     | -                      | -                       | -                        | -               | (216,771)    |
| <b>Balance at July 31, 2012</b>                            |      | 42,903,649                    | 10,985,478    | -                      | 2,088,950               | 2,826,405                | (14,540,724)    | 1,360,109    |
| Comprehensive loss   |      | -                             | -             | -                      | -                       | -                        | (975,271)       | (975,271)    |
| Issue of shares for cash on private placement              |      | 5,714,286                     | 400,000       | -                      | -                       | -                        | -               | 400,000      |
| Issued for cash on exercise of warrants                    |      | 90,000                        | 9,000         | -                      | -                       | -                        | -               | 9,000        |
| Value attributable to warrants issued in private placement |      | -                             | (120,687)     | -                      | -                       | 120,687                  | -               | -            |
| Fair value of warrants exercised                           |      | -                             | 3,725         | -                      | -                       | (3,725)                  | -               | -            |
| Share issue costs  |      | -                             | (32,011)      | -                      | -                       | -                        | -               | (32,011)     |
| Proceeds from subscriptions payable                        |      | -                             | -             | 102,650                | -                       | -                        | -               | 102,650      |
| <b>Balance at July 31, 2013</b>                            |      | 48,707,935                    | \$ 11,245,505 | \$ 102,650             | \$ 2,088,950            | \$ 2,943,367             | \$ (15,515,995) | \$ 864,476   |

The accompanying notes form an integral part of these financial statements

# Centurion Minerals Ltd

## Statement of Cash Flows

For years ended July 31, 2013 and 2012

(Expressed in Canadian dollars)

|   | <u>2013</u>      | <u>2012</u>        |
|---|------------------|--------------------|
| <b>Cash flows from operating activities</b>             |                  |                    |
| Net loss  | \$ (975,271)     | \$ (7,299,834)     |
| Adjustments to non-cash items                           |                  |                    |
| Depreciation and amortization                           | 1,256            | 1,179              |
| Finance expense   | 6,715            | 26,612             |
| Share-based compensation                                | -                | 130,388            |
| Impairment loss on exploration and evaluation assets    | -                | 4,769,033          |
| Deduct interest income relating to investing activities | -                | (5,383)            |
| Changes in non-cash working capital                     |                  |                    |
| Decrease in excise tax receivable                       | 23,476           | 413,315            |
| Decrease in prepaid expenses and deposits               | 6,582            | 3,183              |
| Increase (decrease) in trade and other payables         | 250,027          | (13,391)           |
| Increase in payable to related parties                  | 209,397          | 346,980            |
| <b>Net cash flows used in operating activities</b>      | <u>(477,818)</u> | <u>(1,627,918)</u> |
| <b>Cash flows used in investing activities</b>          |                  |                    |
| Expenditures on exploration & evaluation assets         | -                | (2,218,143)        |
| Purchase of property and equipment                      | (3,342)          | -                  |
| <b>Net cash flows used in investing activities</b>      | <u>(3,342)</u>   | <u>(2,218,143)</u> |
| <b>Cash flows from financing activities</b>             |                  |                    |
| Proceeds from issuance of shares and warrants           | 376,989          | 1,930,989          |
| Proceeds from subscriptions payable                     | 102,650          | -                  |
| Proceeds from short-term loan                           | -                | 135,000            |
| Net finance expense                                     | (6,715)          | (21,227)           |
| <b>Net cash from financing activities</b>               | <u>472,924</u>   | <u>2,044,762</u>   |
| Decrease in cash  | (8,237)          | (1,801,299)        |
| Cash, beginning of year                                 | 9,350            | 1,810,649          |
| <b>Cash, end of year</b>                                | <u>\$ 1,113</u>  | <u>\$ 9,350</u>    |
| Supplemental Cash Flow information                      |                  |                    |
| Interest Paid   | \$ 5,659         | \$ -               |
| Taxes Paid  | \$ -             | \$ -               |

The accompanying notes form an integral part of these financial statements

# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
As at July 31, 2013

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## **1. Corporate Information**

Centurion Minerals Ltd (the "Company" or "Centurion") is in the business of mineral exploration. The Company was incorporated on March 11, 2005 under the laws of the Province of British Columbia as 0718918 B.C. Ltd. The Company changed its name to Centurion Minerals Ltd on November 28, 2005.

The Company is listed on the TSX Venture Exchange, having the symbol CTN, as a Tier 2 mining issuer and is in the process of exploring its mineral properties. Management has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The address of the Company's corporate office and principal place of business is Suite 322, 470 Granville Street, Vancouver, British Columbia, Canada.

## **2. Basis of preparation**

### **Statement of compliance**

The audited financial statements have been prepared in accordance with International Accounting Standard ("IAS") 1 *Presentation of Financial Statements* ("IAS 1"), using accounting policies which are consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are in effect at July 31, 2013.

These financial statements for the year ended July 31, 2013 were approved and authorized for issue by the board of directors on November 26, 2013.

### **Basis of Measurement**

The financial statements have been prepared on a historical cost basis, except for cash and other financial instruments classified as fair value through profit or loss or available-for-sale that have been measured at fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest dollar except where otherwise indicated.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### **Going Concern of Operations**

These financial statements have been prepared on the basis that the Company is a going concern, which contemplates the realization of its assets and the settlement of its liabilities in the normal course of operations. However, the Company currently has no sources of revenue, incurred a net loss of \$975,271 during the year ended July 31, 2013 and, as of that date, its current liabilities exceeded its current assets by \$1,052,613 and the Company had an accumulated deficit of \$15,515,995. These conditions indicate the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
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## **2. Basis of preparation (continued)**

The Company's ability to continue as a going concern is dependent on the Company's ability to obtain additional debt or equity financing to successfully advance the exploration and development of mineral property interests in its exploration portfolio and/or to be able to derive material proceeds from the sale or divestiture of those properties and/or other assets such as royalty rights and equity interests. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to continue as a going concern. Such adjustments and classifications could be material.

## **3. Significant judgments and estimates**

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting year. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by management in preparing the financial statements is described below.

### **Exploration and Evaluation expenditure (Notes 9 and 15)**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and judgments made may change if new information becomes available (see "Impairment of Assets" below). If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the year the new information becomes available.

The Company assesses each significant asset yearly to determine whether any indication of impairment exists. Where an indication of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account.

Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### **Title to Mineral Property Interests (Note 9)**

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.



# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
As at July 31, 2013

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## **4. Summary of significant accounting policies**

### ***Basis of Consolidation***

The audited financial statements comprise the financial statements of the Company as at July 31, 2013 and include the statements of its 77% owned subsidiary, PT Tambang Mas Sable ("PT TMS") until December 12, 2012, the date of its disposition for no consideration. There were no results of operations with respect to PT TMS for the current fiscal year or for comparative years. The financial statements of the subsidiary were prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances, transactions, unrealized gains and losses resulting from intra-company transactions and dividends were fully eliminated.

### ***Mineral exploration and evaluation expenditures***

#### *Pre-exploration Costs*

Pre-exploration costs are expensed in the period in which they are incurred.

#### *Exploration and Evaluation Expenditures*

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses E&E assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. E&E assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral E&E expenditures are classified as intangible assets.

# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
As at July 31, 2013

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## **4. Summary of significant accounting policies (continued)**

### ***Impairment of non-financial assets***

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company considers each mineral property disclosed in the financial statements to represent a CGU and for which impairment evaluation is performed.

An impairment loss is charged to profit or loss except to the extent they reverse gains previously recognized in accumulated other comprehensive loss.

### ***Financial assets***

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash falls into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified company.

#### ***Impairment on Financial Assets***

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
As at July 31, 2013

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## **4. Summary of significant accounting policies (continued)**

### ***Financial liabilities***

The Company's financial liabilities include accounts payable, due to related parties and the short-term loan.

Financial liabilities are measured subsequently at amortized cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognized in profit or loss. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within 'finance costs' or 'finance revenue'.

### ***Rehabilitation provision***

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities may include dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground or environment is disturbed at the operating location. When the liability is initially recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred by the development / construction of the mine. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability.

The periodic unwinding of the discount is recognized in profit or loss as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in profit or loss.

### ***Other Provisions***

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

### ***Income Taxes***

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
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## **4. Summary of significant accounting policies (continued)**

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

### **Share Capital**

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, preferred shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **Share-based Payments**

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

# Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
As at July 31, 2013

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## **4. Summary of significant accounting policies (continued)**

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

### **Earnings / Loss Per Share**

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

## **5. Standards issued but not yet effective**

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

### **IFRS 9 Financial Instruments: Classification and Measurement**

IFRS 9 is effective for annual year ends commencing on or after January 1, 2015. This standard introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39. The Company will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

### **IFRS 10 Consolidated Financial Statements**

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess the full impact of IFRS 10 and will adopt the standard for the accounting period beginning on August 1, 2013.

# Centurion Minerals Ltd

Notes to financial statements  
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## 5. Standards issued but not yet effective (continued)

### IFRS 11 Joint Arrangements

IFRS 11 describes the accounting for arrangements in which there is joint control; proportionate consolidation is not permitted for joint ventures (as newly defined). IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers. The Company is yet to assess the full impact of IFRS 11 and will adopt the standard for the accounting period beginning on August 1, 2013.

### IFRS 12 Disclosures of Interests in Other Entities

IFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company is yet to assess the full impact of IFRS 12 and will adopt the standard for the accounting period beginning on August 1, 2013.

### 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 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. The Company is yet to assess the full impact of IFRS 13 and will adopt the standard for the accounting period beginning on August 1, 2013.

## 6. Operating segments

The Company operates in one industry segment, mineral exploration, within three geographic areas: Canada, Myanmar and Indonesia.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a company basis and are not allocated to operating segments.

The accounting policies used internally by the Company in reporting segments are the same as those contained in these accounts.

|                                 | Canada   | Indonesia    | Myanmar | Total        |
|---------------------------------|----------|--------------|---------|--------------|
| <b>July 31, 2013</b>            |          |              |         |              |
| Property and equipment          | \$ 3,465 | \$ -         | \$ -    | \$ 3,465     |
| Exploration & evaluation assets | \$ -     | \$ 1,913,625 | \$ -    | \$ 1,913,625 |
| <b>Year ended July 31, 2012</b> |          |              |         |              |
| Property and equipment          | \$ 1,377 | \$ -         | \$ -    | \$ 1,377     |
| Exploration & evaluation assets | \$ -     | \$ 1,913,625 | \$ -    | \$ 1,913,625 |

# Centurion Minerals Ltd

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## 7. Exploration and evaluation expenditures

|   | Kamona<br>(Miwah),<br>Indonesia | Sable,<br>Indonesia | Badak,<br>Indonesia | Halimon,<br>Indonesia | Banda Raya,<br>Indonesia | Menawan, Indonesia |           | Jimeu,<br>Indonesia | Total        |
|---|---------------------------------|---------------------|---------------------|-----------------------|--------------------------|--------------------|-----------|---------------------|--------------|
|   |                                 |                     |                     |                       |                          | Menawan            | Semelit   |                     |              |
| Balance, August 1, 2011                     | \$ 1,562,262                    | \$ 106,572          | \$ 653,845          | \$ 564,920            | \$ 1,049,025             | \$ 266,462         | \$ 77,609 | \$ 183,821          | \$ 4,464,516 |
| Property acquisition, bond,<br>permit costs | 1,670                           | -                   | 3,622               | -                     | -                        | -                  | -         | -                   | 5,292        |
| Exploration and evaluation<br>costs         | -                               | 20,100              | 1,107,813           | 63,056                | 966,055                  | 36,026             | -         | 19,800              | 2,212,850    |
| Impairment                                  | -                               | (126,672)           | (1,765,280)         | (627,976)             | (1,665,387)              | (302,488)          | (77,609)  | (203,621)           | (4,769,033)  |
| Balance, July 31, 2012                      | 1,563,932                       | -                   | -                   | -                     | 349,693                  | -                  | -         | -                   | 1,913,625    |
| Exploration and evaluation<br>costs         | -                               | -                   | -                   | -                     | -                        | -                  | -         | -                   | -            |
| Balance July 31, 2013                       | \$ 1,563,932                    | \$ -                | \$ -                | \$ -                  | \$ 349,693               | \$ -               | \$ -      | \$ -                | \$ 1,913,625 |

# Centurion Minerals Ltd

Notes to financial statements  
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## 7. Exploration and evaluation expenditures (continued)

| For the years ended July 31   | 2013                | 2012         |
|---|---------------------|--------------|
| <b>Mineral property costs</b>   |                     |              |
| Property acquisition costs  | \$ -                | \$ -         |
| Filing and legal fees   | -                   | 5,292        |
|   | -                   | 5,292        |
| <b>Exploration and development costs</b>                                    |                     |              |
| Wages and project management  | -                   | 475,183      |
| Assays  | -                   | 151,053      |
| Camp and supplies   | -                   | 655,263      |
| Drilling  | -                   | 319,201      |
| Equipment   | -                   | 2,009        |
| Geological consulting   | -                   | 245,863      |
| Geophysical   | -                   | 9,508        |
| GIS and survey  | -                   | 24,272       |
| Geological report   | -                   | 17,063       |
| Travel  | -                   | 313,435      |
|   | -                   | 2,212,850    |
| <b>Total mineral properties and exploration costs</b>                       | -                   | 2,218,142    |
| <b>Mineral properties and deferred exploration costs, beginning of year</b> | <b>1,913,625</b>    | 4,464,516    |
| <b>Impairment of exploration and evaluation expenditures</b>                | -                   | (4,769,033)  |
| <b>Mineral properties and deferred exploration costs, end of year</b>       | <b>\$ 1,913,625</b> | \$ 1,913,625 |

### Kamona Agreement (Miwah Prospect, Aceh Province, Northern Sumatra, Indonesia)

On October 25, 2010, the Company executed a binding Letter of Agreement (the "Agreement") with PT Bayu Kamona Karya ("Kamona"), the Indonesian company which holds the Mining Business Permit ("IUP") on the property that hosts the Miwah epithermal gold deposit in Aceh, Sumatra, Indonesia. Kamona maintains a 100% interest in the Miwah project, which is currently subject to an exploration program being conducted by East Asia Minerals Corporation, who has an opportunity to earn an 85% interest in the project subject to completing a feasibility study. Pursuant to this Agreement, the Company will have the right of first refusal to provide the necessary funding to satisfy the financial obligations associated with the Kamona IUP property agreements. Kamona's intention is to maintain a minimum 15% interest in the Miwah project and participate in any future mine development. In exchange for this funding, the Company will receive 72% of the benefit that the IUP holder receives both directly and indirectly from the joint venture company formed with respect to the Miwah Property. To maintain the right of first refusal, and to enable Kamona to prepare its development participation, an initial series of staged payments will be completed as indicated in the table below.



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Notes to financial statements  
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### 7. Exploration and evaluation expenditures (continued)

The Kamona IUP expired in November 2012; however, on January 8, 2013 East Asia Minerals Corporation obtained signed agreements granting extensions to its mining business licenses at its Miwah project in Indonesia. The extensions were granted by the Bupati of Pidie Regency, the local Indonesian government official with jurisdiction over mining business licenses. The licenses have been renewed for an additional two years until November 30, 2014. The Agreement is subject to shareholder approval and it is the Company's intention to await the update on the surface use restrictions imposed by the Ministry of Forestry and the status of a proposed feasibility study and before taking any further steps with respect to the Kamona Agreement.

|   | Cash                 | Shares           |
|---|----------------------|------------------|
| Execution of the letter of agreement (paid)   | \$ 150,000           | -                |
| On TSXV Approval of the LOA (paid)  | 1,350,000            | -                |
| Completion and filing of a 43-101 report on Miwah and upon TSXV and shareholder approval            | 4,750,000            | 1,500,000*       |
| Completion of a positive pre-feasibility study by an international mining engineering firm          | 3,000,000            | 500,000          |
| Completion of a positive bankable feasibility study   | 5,000,000            | 1,000,000        |
| On receipt by the IUP holder of the first mine development cash call in respect of the gold deposit | 10,000,000           | -                |
|   | <u>\$ 24,250,000</u> | <u>3,000,000</u> |
| Contingent upon the property containing a 43-101 compliant resource in excess of 10m oz Au **       | <u>\$ 5,000,000</u>  | -                |

\* An additional 1,000,000 two-year share purchase warrants are to be issued with an exercise price equal to the closing trading price on the date of issue.

\*\* The Agreement is subject to shareholder approval.

### Banda Raya Property, Aceh Province, Northern Sumatra, Indonesia

In May 2010 the Company executed a Joint Venture Agreement whereby the Company holds an 80% joint venture interest in the property. The Company shall manage all exploration activities, be responsible for license issuance costs and 100% of exploration expenditures and related costs through to feasibility study.

The project consists of a 10,000 hectare, concession located in Pidie Regency, which has been issued an IUP (business exploration license).

### Myanmar Properties

On March 8, 2013, the Company confirmed that an 80% interest in two mining exploration concession applications and associated land packages has been accepted for processing by the Myanmar Mining Ministry.

On March 12, 2013, Centurion signed a memorandum of understanding ("MOU") agreement with Eternal Gold Mining Co. Ltd, a Myanmar-based mining company, to explore and develop the Ba Mauk gold project in Sagaing Division, central Myanmar. Under the terms of the MOU, Centurion will act as operator and oversee the exploration activities and assessment of the resource potential of the 22,000 acre Ba Mauk gold project.

# Centurion Minerals Ltd

Notes to financial statements  
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## 7. Exploration and evaluation expenditures (continued)

### Impairment of Exploration and Evaluation Assets

During the previous year ended July 31, 2012, management determined that a full impairment on its non-core Indonesian projects was appropriate due to a change in the Company's strategic objectives and a new focus on the review and evaluation of mineral property interests outside of Indonesia. As a result of this decision, an impairment loss was recognized in the 2012 financial statements. The Company continues to maintain an interest in the Banda Raya project and the Kamona Agreement.

## 8. Share capital

|   |                                      |
|---|--------------------------------------|
| Authorized Ordinary share capital       | Unlimited                            |
| Authorized for share-based remuneration | 10% of issued and outstanding shares |
| Issued and fully paid                   | 48,707,935 common shares             |

Fully paid ordinary shares carry one vote per share and carry dividend rights. Ordinary shares have no par value. No shares were escrowed at July 31, 2013. The share option reserve contains the fair value of active and expired options. The share warrant reserve contains the fair value of active and expired warrants.

(a) On November 22, 2012 the Company closed a non-brokered private placement of 5,714,286 units priced at \$0.07 for gross proceeds of \$400,000. Each unit consisted of one common share and one half warrant. Each whole warrant is exercisable for one common share at \$0.10 for a period of eighteen months following the closing. The Company paid agent's fees of \$21,666 and issued a total of 58,800 agent's warrants on the same terms as those issued pursuant to the private placement. The fair value of the warrants of \$120,687 was bifurcated to warrant reserve. The fair value of the warrants was determined using the Black-Scholes option pricing model, in which the following assumptions were used:

|   |           |
|---|-----------|
| Risk-free rate  | 1.08%     |
| Dividend yield  | Nil%      |
| Volatility factor of the expected market price of the Company's common shares | 127.1%    |
| Weighted average expected life of the warrants                                | 1.5 years |

(b) On March 14, 2013, gross proceeds of \$9,000 were received on exercise of warrants for a total of 90,000 common shares of the Company at \$0.10 per common share. The fair value of these warrants was \$3,725.

(c) Gross proceeds of \$212,760 were received during the year ended July 31, 2012 on the exercise of warrants to purchase 972,000 common shares. The fair value of these warrants was \$163,503.

(d) On December 23, 2011 and January 4, 2012, the Company closed two tranches of a private placement totaling 3,125,000 units at \$0.40 per unit, for gross proceeds of \$1,250,000. Each unit consisted of one common share and one half-warrant. Each whole warrant is exercisable for one common share at \$0.55 for a period of eighteen months following the closing. In respect of this placement, the Company paid agent's fees of \$79,600 and issued a total of 248,750 agent's warrants on the same terms as those issued pursuant to the private placement. The fair value of the warrants of \$112,836 was bifurcated to warrant reserve. The fair value was determined using the Black-Scholes option pricing model, in which the following assumptions were used:

|   |           |
|---|-----------|
| Risk-free rate  | 0.998%    |
| Dividend yield  | Nil%      |
| Volatility factor of the expected market price of the Company's common shares | 74.5%     |
| Weighted average expected life of the warrants                                | 1.5 years |

# Centurion Minerals Ltd

Notes to financial statements  
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## 8. Share capital (continued)

(e) On May 24, 2012, the Company closed the first tranche of a private placement for gross proceeds of \$685,000 upon the issue of 6,850,000 Units, consisting of one common share and one half warrant. Each whole warrant is exercisable for one common share at \$0.12 for a period of eighteen months following the closing. The Company paid agent fees of \$40,000 and issued 500,000 non-transferrable agent's warrants. Agent's warrants are exercisable into Units at \$0.12 on the same terms as those issued pursuant to the private placement. Insiders of the Company participated in this private placement for a total of 1,300,000 Units. The fair value of the warrants of \$139,544 was bifurcated to warrant reserve. The fair value was determined using the Black-Scholes option pricing model, in which the following assumptions were used:

|   |        |
|---|--------|
| Risk-free rate  | 1.42%  |
| Dividend yield  | Nil%   |
| Volatility factor of the expected market price of the Company's common shares | 93.56% |
| Weighted average expected life of the warrants                                |        |

### Share Purchase Warrants

Details of outstanding warrants are as follows:

|                                     | <b>Number of<br/>warrants</b> | <b>Weighted<br/>average<br/>exercise<br/>price</b> |
|-------------------------------------|-------------------------------|--|
| Outstanding, August 1, 2011         | 5,386,130                     | \$ 0.81  |
| Issued                              | 5,736,250                     | 0.12   |
| Exercised                           | (972,000)                     | 0.22   |
| Expired                             | (4,414,130)                   | 1.21   |
| Outstanding, July 31, 2012          | 5,736,250                     | 0.26   |
| Issued                              | 2,915,943                     | 0.10   |
| Exercised                           | (90,000)                      | 0.10   |
| Expired                             | (1,811,250)                   | 0.55   |
| Outstanding, July 31, 2013          | 6,750,943                     | \$ 0.11  |
| Warrants exercisable at end of year | 6,750,943                     | \$ 0.11  |

The following warrants are outstanding at July 31, 2013:

| <b>Number of<br/>warrants</b> | <b>Exercise price<br/>per warrant</b> | <b>Expiry date</b> |
|-------------------------------|---------------------------------------|--------------------|
| 3,925,000                     | \$ 0.12                               | November 2013*     |
| 2,825,943                     | \$ 0.10                               | May 2014           |
| 6,750,943                     |                                       |                    |

\* Expired unexercised on November 24, 2013

# Centurion Minerals Ltd

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## 9. Employee Remuneration

### Share-based employee remuneration

As at July 31, 2013 and 2012, the Company maintained an equity settled share-based payment scheme for employee remuneration.

All share-based employee remuneration will be settled in equity, the company has no legal or constructive obligation to repurchase or settle the options.

The Company issues share purchase options to directors, officers and employees of the Company and persons who provide ongoing services to the Company under an incentive stock option plan. The aggregate number of shares of the Company that may be granted pursuant to the Plan is limited to 10% of the issued and outstanding shares of the Company. The Plan is administered by the Board of Directors, which determines individual eligibility under the Plan, the number of shares optioned to each grantee and the vesting period. The exercise price of share purchase options will be no less than the closing price of the shares on the TSX Venture Exchange on the date on which the option is granted. Options will expire no later than five years from the grant date, except that they will expire within thirty days when the holder is no longer qualified to hold the option (other than for cause, when the option will expire immediately). Options granted to Directors whom are not officers or employees of the Company expire within ninety days from the date of resignation or retirement. Individual grants vest immediately upon grant.

Share options and weighted average exercise prices are as follows for the reporting years presented:

|  | <b>Number of<br/>options</b> |    | <b>Weighted<br/>average<br/>exercise<br/>price</b> |
|--|------------------------------|----|--|
| Outstanding, August 1, 2011                | 3,102,500                    | \$ | 0.79   |
| Granted                                    | 501,000                      |    | 0.40   |
| Outstanding, July 31, 2012                 | 3,603,500                    |    | 0.74   |
| Cancelled                                  | (1,286,638)                  |    | 1.28   |
| Outstanding and exercisable, July 31, 2013 | 2,316,862                    | \$ | 0.44   |

The following options are outstanding at July 31, 2013:

| <b>Number of<br/>options<br/>outstanding and<br/>exercisable</b> |    | <b>Exercise<br/>price per<br/>option</b> | <b>Expiry date</b> | <b>Weighted<br/>Average<br/>Remaining Life<br/>(years)</b> |
|--|----|--|--------------------|--|
| 670,000  | \$ | 0.10                                     | June 2014          | 0.84   |
| 477,000  | \$ | 0.26                                     | September 2014     | 1.10   |
| 462,500  | \$ | 0.60                                     | March 2015         | 1.60   |
| 240,000  | \$ | 1.40                                     | June 2015          | 1.86   |
| 19,862   | \$ | 1.35                                     | February 2016      | 2.55   |
| 30,000   | \$ | 0.80                                     | July 2016          | 2.93   |
| 334,000  | \$ | 0.40                                     | January 2017       | 3.46   |
| 83,500   | \$ | 0.40                                     | March 2017         | 3.59   |
| <b>2,316,862</b>   |    |  |                    | <b>2.20</b>  |

## Centurion Minerals Ltd

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### 9. Employee Remuneration (continued)

The weighted average share price of share options exercised during the year was \$Nil (2012: \$Nil).

The fair value of options granted was determined using Black-Scholes option pricing model, the principal assumptions used in the valuation are shown below:

|                         | <u>2013</u> | <u>2012</u> |
|-------------------------|-------------|-------------|
| Volatility              | -           | 144.9%      |
| Risk-free interest rate | -           | 1.18%       |
| Expected life (years)   | -           | 4.1         |
| Expected dividend yield | -           | -           |

A total of \$Nil share-based compensation expense has been included in comprehensive loss for the year-end (2012: \$130,388) and credited to the share option reserve.

### 10. Accounts payable and accrued liabilities

|                     | <u>July 31, 2013</u> | <u>July 31, 2012</u> |
|---------------------|----------------------|----------------------|
| Trade payables      | \$ 296,572           | \$ 61,545            |
| Accrued liabilities | <u>45,000</u>        | <u>30,000</u>        |
|                     | <u>\$ 341,572</u>    | <u>\$ 91,545</u>     |

Trade payables are non-interest bearing.

### 11. Capital commitments and other contingencies

#### Operating lease commitments – Company as lessee

The Company has a lease expiring June 30, 2016 for office space occupied by its head office. There are no restrictions placed on the lessee through entering into the leases. Future minimum payments under non-cancellable operating lease as at the end of the indicated periods are as follows:

|  | <u>July 31, 2013</u> | <u>July 31, 2012</u> |
|--|----------------------|----------------------|
| Within one year                            | \$ 26,669            | \$ 46,383            |
| After one year but no more than five years | 52,202               | -                    |
| More than five years                       | <u>-</u>             | <u>-</u>             |
|  | <u>\$ 78,871</u>     | <u>\$ 46,383</u>     |

Total operating lease expense included in general and administrative expense for 2013 was \$42,769 (2012: \$49,193).

# Centurion Minerals Ltd

Notes to financial statements  
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## 11. Capital commitments and other contingencies (continued)

The Company has a lease expiring September 30, 2015 for office equipment used by its head office. There are no restrictions placed on the lessee through entering into the leases. Future minimum payments under non-cancellable operating lease as at the end of the indicated periods are as follows:

|  | <u>July 31, 2013</u> | <u>July 31, 2012</u> |
|--|----------------------|----------------------|
| Within one year                            | \$ 2,964             | \$ 2,964             |
| After one year but no more than five years | 3,458                | 6,422                |
| More than five years                       | -                    | -                    |
|  | <u>\$ 6,422</u>      | <u>\$ 9,386</u>      |

## Exploration and Evaluation Commitments and Contingencies

The Company has mineral property commitments as outlined in Note 9. A liability has not been recorded for future option or royalty payments. All property option agreements are cancellable at the option of the Company without recourse.

## 12. Related party disclosures

### Transactions with and amounts due from (to) related parties

#### (a) (i) Management Services Agreements

Total fees of \$200,000 (2012: \$221,000) were paid to directors of the Company for administration services.

#### (ii) Accounting Fees

Total fees of \$50,500 were paid to a former officer of the Company for accounting services (2012: \$90,000).

#### (iii) Legal Fees

The Company paid legal fees of \$33,840 (2012: \$48,243) to a law firm of which a director of the Company is a partner, of which \$4,989 (2012: \$29,025) are included in share issue costs and \$Nil (2012: \$5,115) are included in exploration and evaluation assets.

#### (iv) Geological Consulting services

The Company paid geological consulting fees of \$80,000 (2012: \$120,000) to a former officer of the Company.

#### (b) Due to Directors and Officers

A total of \$234,830 (July 31, 2012: \$157,323) is due to directors and \$18,221 (July 31, 2012: \$nil) to former directors expense reimbursements and administration fees. Moreover, a total of \$90,447 (July 31, 2012: \$53,532) in legal fees was due to a law firm of which a director is a partner.

# Centurion Minerals Ltd

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## 12. Related party disclosures (continued)

A total of \$240,901 (July 31, 2012: \$164,146) is due to former officers of the corporation, or companies controlled by officers of the corporation, for expense reimbursements as well as geological consulting and accounting fees.

Balances payable are non-interest bearing and have no specific terms of repayment.

### Compensation of key management personnel of the Company

|                      | <u>2013</u>       | <u>2012</u>       |
|----------------------|-------------------|-------------------|
| Wages and benefits   | \$ 330,500        | \$ 431,000        |
| Medical benefits     | 16,197            | 15,207            |
| Share-based payments | -                 | 130,388           |
|                      | <u>\$ 346,697</u> | <u>\$ 576,595</u> |

There are no other related party transactions.

## 13. Short term loan

The Company was advanced an interest free loan of \$135,000. A facility fee of \$25,000 is payable in respect of this advance, which was accrued as at July 31, 2013. The loan has no due date, is unsecured and remains unpaid at the date of these financial statements.

## 14. Financial risk management objectives and policies

The Company's principal financial instruments comprise financial liabilities and financial assets. The Company's principal financial liabilities comprise accounts payable and accrued liabilities, short term loan and due to related parties. The main purpose of these financial instruments is to manage short term cash flow and raise finance for the Company's capital expenditure program. The Company's financial assets include only cash, which arises directly from the Company's financing activities.

### Risk exposures and responses

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are market risks, comprising commodity price risk, cash flow interest rate risk and foreign currency risk and liquidity risk and credit risk. Management reviews and agrees policies for managing each of these risks which are summarized below.

The Company's senior management oversees the management of financial risks. The Company's senior management is supported by the board of directors (the "Board") that advises on financial risks and the appropriate financial risk governance framework for the Company. The Board provides assurance to the Company's senior management that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and the Company's risk appetite. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. At this stage, the Company does not currently apply any form of hedge accounting.

Management reviews each of these risks which are summarized below.

## **Centurion Minerals Ltd**

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### **14. Financial risk management objectives and policies (continued)**

#### ***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: commodity price risk, interest rate risk and currency risk. Financial instruments affected by market risk include deposits, accounts receivable, accounts payable and accrued liabilities.

The sensitivity analyses have been prepared on the basis that the amount of net debt and the proportion of financial instruments in foreign currencies are all constant.

The following assumptions have been made in calculating the sensitivity analyses:

- The statement of financial position sensitivity relates to US dollar denominated payables;
- The sensitivity of the relevant loss before tax item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities as at July 31, 2013; and
- The impact on equity is the same as the impact on loss before tax.

#### ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not consider its exposure to interest rate risk to be significant as only its cash is subject to variable interest rate, the balance of which is minimal.

#### ***Commodity price risk***

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the mix of mineral products it is exploring for. The Company is currently still in the exploration phase, and, as such, this risk is left unmitigated due to a lack of available mitigating options.

The effect of a change in the Indonesian Rupiah rate on the Company's comprehensive loss is negligible.

#### ***Liquidity risk***

The Company monitors its risk of a shortage of funds through regular monitoring of performance to budgeted expenditures, liquidity ratios and forecasting its financing needs.

The Company's objective is to maintain sufficient cash on hand to complete its current work programs and ensure the Company remains a going concern. As at July 31, 2013, the Company had no committed borrowing facilities.



# Centurion Minerals Ltd

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## 14. Financial risk management objectives and policies (continued)

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

|  |              |
|--|--------------|
| July 31, 2013                            | On Demand    |
| Accounts payable and accrued liabilities | \$ 341,572   |
| Due to related parties                   | 584,399      |
| Short-term loan                          | 135,000      |
|  | <hr/>        |
|  | \$ 1,060,971 |
|  | <hr/>        |
| July 31, 2012                            |              |
| Accounts payable and accrued liabilities | \$ 91,545    |
| Due to related parties                   | 375,001      |
| Short-term loan                          | 135,000      |
|  | <hr/>        |
|  | \$ 601,546   |
|  | <hr/>        |

### Credit risk

With respect to credit risk arising from the financial assets of the Company, which comprise only cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Company limits its counterparty credit risk on these assets by dealing only with financial institutions with the highest credit ratings available and with reputable institutions.

### Capital management

The objectives of the Company's capital management are:

- to ensure that it maintains a sufficient working capital to conduct its business and maximize shareholder value; and
- to ensure the Company's ability to continue as a going concern.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended July 31, 2013 and 2012.

The Company monitors capital using liquidity and market ratio analysis. Management also monitors budget to actual performance to ensure sufficient cash on hand exists to complete the Company's objectives. The Company is not exposed to any externally imposed capital requirements.

### Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for cash, accounts payable, due to related parties and short term loan approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

## Centurion Minerals Ltd

Notes to financial statements  
(Expressed in Canadian Dollars)  
As at July 31, 2013

### 15. Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

|  | 2013         | 2012           |
|--|--------------|----------------|
| Loss before income taxes for the year      | \$ (975,271) | \$ (7,299,834) |
| Combined Canadian and provincial tax rate  | 26.00%       | 25.63%         |
| Expected income tax recovery               | (254,000)    | (1,871,000)    |
| Effect of changes in income taxation rate  | (135,000)    | 45,000         |
| Non-deductible expenses                    | -            | 35,000         |
| Share issue costs and other                | (8,000)      | (54,000)       |
| Change in unrecognized deferred tax assets | 397,000      | 1,845,000      |
| Total income tax (recovery) expense        | \$ -         | \$ -           |

Effective June 30, 2013, the Canadian Federal corporate tax rate remained the same, while the BC provincial tax rate increased from 10.0% to 11.0%.

Details of the Company's deferred tax assets and liabilities are as follows:

|                                   | 2013         | 2012         |
|-----------------------------------|--------------|--------------|
| Non-capital loss carry forwards   | \$ 1,969,000 | \$ 1,610,000 |
| Share issuance costs and other    | 103,000      | 150,000      |
| Exploration and evaluation assets | 1,703,000    | 1,618,000    |
| Unrecognized deferred tax asset   | (3,775,000)  | (3,378,000)  |
| Deferred tax assets (liabilities) | \$ -         | \$ -         |

At July 31, 2013, the Company has non-capital losses of \$7,573,000 \$ (2012: \$6,440,000) expiring in various amounts from 2016 to 2033 which are available for deduction against future income for tax purposes.

In assessing the realizability deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

## **Centurion Minerals Ltd**

Notes to financial statements  
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### **16. Events after reporting date**

#### **Private Placement of Units**

On August 7, 2013, the Company closed a first tranche of a non-brokered private placement, in the amount of 1,566,429 Units priced at \$0.07 for gross proceeds of \$109,650. Each Unit consists of one common share and one half warrant. Each whole warrant is exercisable for one common share at \$0.10 for a period of eighteen months after issuance and will be subject to a four month hold period expiring in December 2013. A total of \$102,650 in subscriptions payable had been received with respect to this financing prior to July 31, 2013.

On October 29, 2013, the Company closed a non-brokered private placement of 3,094,286 units at a price of \$0.07 per unit for gross proceeds of \$216,600. Each Unit consists of one common share and one half warrant. Each whole warrant is exercisable for one common share at \$0.10 for a period of eighteen months and will be subject to a four month hold period expiring in February 2014.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED  
JULY 31, 2013**

**CENTURION MINERALS LTD.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2013**

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## **INTRODUCTION**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Centurion Minerals Ltd. (the "Company") constitutes management review of the factors that affected the Company's financial and operating performance for the year ended July 31, 2013. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended July 31, 2013 and 2012, together with the notes thereto. The audited financial statements have been prepared in accordance with International Accounting Standard ("IAS") 1 Presentation of Financial Statements ("IAS 1"), using accounting policies which are consistent with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are in effect at July 31, 2013. Accordingly, certain disclosures included in annual financial statements prepared in accordance with IFRS as issued by the IASB have been condensed or omitted.

The Company's reporting currency is Canadian dollars unless otherwise stated. The date of this Management's Discussion and Analysis is November 26, 2013. Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.centurionminerals.com](http://www.centurionminerals.com).

## **DESCRIPTION OF BUSINESS**

Centurion Minerals Ltd. (the "Company" or "Centurion") was incorporated on March 11, 2005 in the Province of British Columbia as 0718918 B.C. Ltd. The Company changed its name to Centurion Minerals Ltd. on November 28, 2005.

The Company is listed on the TSX Venture Exchange, having the symbol CTN as a Tier 2 mining issuer and is in the process of exploring its mineral properties. Management has not yet determined whether these properties contain mineral reserves that are economically recoverable.

The Company has not earned revenues from its exploration activity and is considered to be in the exploration stage.

## **DISCUSSION OF HISTORY OF OPERATIONS**

The Company is in the process of securing several prospective gold mineral exploration concessions in Myanmar. Additionally, subject to shareholder approval and certain additional milestone payments, the Company has the right to an indirect 10.8% interest in any income generated from the property that hosts the Miwah gold deposit (see "Mineral Properties, Kamona Agreement" below).

## **MINERAL PROPERTIES**

### **Myanmar Opportunities**

In March 2013, the Company, through its local Myanmar partner, Crown Mineral Co. ("Crown"), confirmed an 80% interest in two mining exploration concession applications and associated land packages. The applications have been accepted for approval by the Myanmar (central government) Ministry of Mines. The Company is now seeking approval from the regional government.

### **Slate Belt Concession:**

The "Slate Belt" gold concession is located south of Mandalay and covers an area of approximately 692 square kilometers. It is bordered by the Modi Taung gold mine in the south and the Lebyin gold and polymetallic mine in the east, both discovered by Ivanhoe Mines Ltd. in the late 1990s to early 2000s. The Slate Belt concession was included in the area operated by Ivanhoe and historical exploration work yielded a number of gold prospects and anomalies within the concession boundaries

**CENTURION MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Bandi Gold Concession:**

The "Bandi" concession is located north of Mandalay city and is approximately 943 square kilometres in size. The area is flanked by two operating gold mines, one of which is the Phayaung Taung mine located to the south. The Bandi concession geology consists of granitic intrusions, marls, and other sedimentary rock types, all of which are cut by north-trending structures. Adjacent to the Bandi Concession, gold skarn deposits are reportedly controlled by these structures.

The two concessions fall within the major gold and associated mineral belts that strike through central Myanmar. Numerous gold occurrences at varying stages of exploration have been noted within the belts, but few have been explored systematically using modern methodology. Myanmar's exploration and mining permits are presently issued by the central Government and allow a mineral concession to be explored for up to 5 years followed by 25 years of production. Subject to receipt of all regulatory approvals, Centurion will hold an 80% interest in the Myanmar mineral concessions with 20% held by its Myanmar partner, Crown Minerals Co. The mineral concessions under application are road accessible and exploration activities can be carried out year round.

**Eternal Projects:**

In March 2013, the Company signed a memorandum of understanding ("MOU") agreement with Eternal Gold Mining Co. Ltd, ("Eternal") to explore and develop the Ba Mauk gold project in central Myanmar. Eternal is one of the largest private Myanmar gold mining producers and operates multiple gold mines and exploration projects in the nation. Under the terms of the MOU, Centurion will act as operator and oversee the exploration activities and assessment of the resource potential of the 22,000 acre Ba Mauk gold project. Ba Mauk is located in the northern tip of the north-trending, western volcano-plutonic belt that hosts a high concentration of gold mines and prospects in Myanmar. Gold mineralization that occurs within massive pyrite-quartz tension vein arrays has to date been reported to occur within multiple underground tunnels (adits). The adits range from 40 metres (m) to 140 m in depth.

**GPM Asia Strategic Alliance Agreement:**

In December 2012, the Company and GPM Asia Limited ("GPM Asia"), a private mining company with operations in Southeast Asia, entered into a Strategic Alliance Agreement which set out the process pursuant to which both groups could work together to negotiate acquisition, financing and development strategies with respect to projects in Myanmar that Centurion has identified, and develop strategies to advance the Company's current Aceh, Indonesia projects. Under the terms of the Strategic Alliance Agreement, GPM Asia was to have made an initial equity investment into the Company by way of private placement for up to 5 million shares of the Company at a price of \$0.10 per share by February 28, 2013. This condition was not met, however the Company has been in communication with GPM and continues to explore possible joint project development strategies. GPM Asia is one of Vietnam's leading heavy minerals producers specializing in mining and processing minerals since 2007. GPM Asia is affiliated with shareholders of GeoProMining Group ("GPM Group") an international, diversified metals resource company with mining operations in multiple countries.

**Indonesian Properties**

**Kamona Agreement (Miwah Deposit, Aceh Province, Northern Sumatra, Indonesia):**

In October 2010 (as amended on December 1, 2010), the Company executed a binding Letter of Agreement (the "Agreement") with PT Bayu Kamona Karya ("Kamona"), the Indonesian company which holds the Mining exploration Permit (IUP) for the property that hosts the Miwah gold deposit in Aceh, Sumatra, Indonesia. Pursuant to a NI 43-101 technical report dated May 5, 2011, the Miwah deposit contains an estimated 3.14 million ounces gold (103.9Mt of 0.94g/t gold) at the inferred resource category. The project and surrounding satellite prospects are currently subject to an exploration program being conducted by Kamona's earn-in partner, East Asia Minerals Corporation. Kamona's intention is to maintain a minimum 15% interest in the Miwah prospect and participate in any future mine development. Pursuant to this Agreement, the Company will receive 72% of Kamona's interest in any income generated from the Property's commercial production in exchange for providing the necessary funding to satisfy the financial obligations associated with the Kamona IUP Property Agreements.

**CENTURION MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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To maintain its rights with respect to the Agreement an initial series of staged payments totalling \$1.5 million has been paid. Additional payments are linked to a series of milestone achievements leading up to mine construction. The Company has received preliminary approval from the TSX Venture Exchange, however, prior to making any further payments, the Company requires shareholder approval.

The Kamona IUP expired in November 2012, however, in January 2013, East Asia Minerals Corporation received signed agreements granting 2 year extensions to the mining business licences on the Miwah project. In October 2013, East Asia announced that its local partner had requested the Miwah Project be placed into a state of suspension in order to preserve the time remaining on the IUPs and maintain the exploration rights, while the surface use restrictions are being reviewed by the Ministry of Forestry. It is Centurion's intention to await the update on the surface use restrictions imposed by the Ministry and the status of a proposed feasibility study before taking any further steps with respect to the Kamona Agreement.

**Banda Raya Property (Aceh Province, Northern Sumatra, Indonesia):**

In May 2010 the Company executed a Joint Venture Agreement whereby the Company holds an 80% joint venture interest in the property. The Company manages the exploration activities, and is responsible for all exploration expenditures and related costs through to feasibility study.

The project is located in Pidie Regency, Aceh province and consists of a 10,000 hectare concession which has been granted an IUP (business exploration license). No activities were undertaken on Banda Raya during the year.

**Mineral Property Expenditures**

Note 7 of the annual financial statements outlines mineral property and deferred exploration cost expenditures during the year.

During the year ended July 31, 2013, the Company incurred general exploration expenditures of \$80,342 (2012: \$156,095) and project related consulting expenses of \$153,335 (2012: \$215,799) related to Indonesian mineral projects and Myanmar project due diligence.

**RESULTS OF OPERATIONS**

The Company had a loss and comprehensive loss of \$975,271 during the current year versus \$7,299,834 in the comparative year, being a decrease of \$6,324,563, or 87%. Most of the decrease is due to a \$4,769,033 write down of mineral property costs in 2012. A reduction of exploration support activities and cut-backs of staff and contractors in Indonesia during the current year also contributed to the decrease.

As the Company has no revenues, recent volatility of commodity prices has not adversely affected operations. However, refer to comments under "Risks and Uncertainties".

The Company suspended all exploration activity in Indonesia in April 2012 due to the March presidential decree (No. 24/2012), pursuant to which foreign owned mining companies, beginning 5 years after production, will be required to divest their holdings in mining projects to Indonesians to reach the authorized maximum ceiling of 49% (formerly 80%). This must be completed within 10 years after commencement of production. As a result of this decree, the Company has modified its strategic direction and redefined its Indonesian presence by actively seeking to advance its Banda Raya and Kamona interests through joint venture opportunities.

**CENTURION MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Further changes from the previous fiscal year comprehensive loss are as follows:

- General Exploration expenses (2013: \$80,342, 2012: \$156,095) – lowered due to cancellation of consulting agreements at a total of US\$16,500 per month to the Company's Indonesian contractor. Current year costs include Myanmar travel, due diligence expenses.
- Consulting expenses (2013: \$153,335, 2012: \$215,799) – are lower due to cancellation of many individual consulting agreements in Indonesia, including our JV partner costs on Halimon, Banda Raya, Badak and Sable (properties written off in the last fiscal year), and expat costs accrued to an officer of the Company for project oversight. Current costs include wages accrued to an officer of the company that were deferred in exploration and evaluation asset costs, and salaries paid to the Company's Myanmar and Indonesian representatives.
- Permitting and site administration (2013: \$Nil, 2012: \$525,080) – related to Indonesian field administration and contractor-related costs in the comparative year. Current year costs are negligible due to cancellation of exploration contracts in Indonesia.
- Accounting (2013: \$81,373, 2012: \$165,172) – were lower due to a reduction in fees paid to the Company's CFO, as well as an under-accrual in the comparative year for the 2011 audit.
- Administration (2013: \$200,000, 2012: \$221,000) – is reduced due to lower fees paid to a director.
- Filing fees & communication (2013: \$92,884, 2012: \$182,276) – were higher in the comparative year as a result of a marketing fee of \$24,900 paid in the comparative year.
- Rent (2013: \$42,769, 2012: \$100,657) – was reduced as the corporate head office is shared. No Indonesian office costs were incurred in the current year.
- Share-based compensation (2013: \$Nil, 2012: \$130,388) – no stock options granted nor vested in the current year.
- Office & miscellaneous (2013: \$44,107, 2012: \$80,416), Legal (2013: \$28,851, 2012: \$24,704), Telephone (2013: \$9,171, 2012: \$19,895), Travel (2013: \$75,950, 2012: \$249,255), and Wages (2013: \$130,096, 2012: \$437,106) – all reduced due to cancellation of Indonesian operations.

## **LIQUIDITY**

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. The Company's activities have been funded through equity financing and the Company expects that it will continue to be able to utilize this source of financing until it develops cash flow from operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

Operating cash outflows consist mainly of head office costs and exploration costs. Head office costs are mostly fixed in nature and are monitored by senior management on a daily basis.

The Company's committed capital expenditures and mineral property commitments are outlined in Notes 7 and 11 of the financial statements.

At July 31, 2013, the Company had a working capital deficit of \$1,052,613 which included a cash balance of \$1,113. Related party payables included in the working capital deficit are \$584,399. Also included in this deficit is a short-term loan of \$135,000.

As at July 31, 2012, the Company had a working capital deficit of \$554,893 which included a cash balance of \$9,350. In the year ended July 31, 2013, changes in cash balances are due to operating activities described above (outflow of \$477,818). Financing activities consisted of proceeds from private placements and exercise of warrants of \$479,639 (net of financing fees of \$32,011).

On November 22, 2012 the Company announced that it closed a non-brokered private placement consisting of 5,714,286 units priced at \$0.07 for total gross proceeds of \$400,000. Each unit is comprised of one common share and one half warrant, with each whole warrant being exercisable for one common share at \$0.10 for a period of eighteen months following the closing. The Company paid finders' fees of \$21,666 and issued 58,800



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non-transferrable Agent's warrants. Agent's warrants are exercisable into Units at \$0.10 on the same terms as those issued pursuant to the private placement.

**CAPITAL RESOURCES**

Aside from the November 22, 2012 private placement, 90,000 common shares were issued for warrants exercised in the year.

Refer Note 8 of the financial statements for a description of share capital.

**SELECTED ANNUAL INFORMATION.**

|   | July 31,<br>2013 | July 31,<br>2012 | July 31,<br>2011 |
|---|------------------|------------------|------------------|
| <b>Financial results:</b>               |                  |                  |                  |
| Net loss for the year                   | \$ (975,271)     | \$ (7,299,834)   | \$ (3,686,461)   |
| Comprehensive loss for the year         | (975,271)        | (7,299,834)      | (3,686,461)      |
| Basic and diluted loss per share        | (0.02)           | (0.20)           | (0.12)           |
| Net expenditures on resource properties | -                | 2,212,850        | 3,750,185        |
| <b>Financial position data:</b>         |                  |                  |                  |
| Cash and short term deposits            | 1,113            | 9,350            | 1,810,649        |
| Resource properties                     | 1,913,625        | 1,913,625        | 4,464,516        |
| Total assets                            | 1,925,447        | 1,961,655        | 6,731,523        |
| Shareholders' equity                    | \$ 864,476       | \$ 1,360,109     | \$ 6,598,566     |

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JULY 31, 2013**

**SELECTED FINANCIAL DATA**

| <b>Financial results</b>          | Jul. 31<br>2013 | Apr. 30<br>2013 | Jan. 31<br>2013 | Oct. 31<br>2012 |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net loss for the period           | \$ (975,271)    | \$ (202,209)    | \$ (291,530)    | \$ (217,098)    |
| Comprehensive loss for the period | (975,271)       | (202,209)       | (291,530)       | (217,098)       |
| Basic and diluted loss per share  | (0.02)          | -               | (0.01)          | -               |
| Balance sheet data                |                 |                 |                 |                 |
| Cash                              | 1,113           | 12,472          | 14,950          | 11,310          |
| Resource properties               | 1,913,625       | 1,943,625       | 1,943,625       | 1,943,625       |
| Total assets                      | 1,917,090       | 1,976,340       | 2,013,339       | 2,003,898       |
| Shareholders' equity              | \$ 864,477      | \$ 1,071,020    | \$ 1,220,229    | \$ 1,207,867    |
| <hr/>                             |                 |                 |                 |                 |
| <b>Financial results</b>          | Jul. 31<br>2012 | Apr. 30<br>2012 | Jan. 31<br>2012 | Oct. 31<br>2011 |
| Net loss for the period           | \$ (7,299,834)  | \$ (593,678)    | \$ (854,543)    | \$ (677,919)    |
| Comprehensive loss for the period | (7,299,834)     | (593,678)       | (854,543)       | (677,919)       |
| Basic and diluted loss per share  | (0.20)          | (0.02)          | (0.02)          | (0.02)          |
| Balance sheet data                |                 |                 |                 |                 |
| Cash                              | 9,350           | 10,948          | 123,737         | 706,954         |
| Resource properties               | 1,913,625       | 6,632,176       | 6,271,502       | 5,224,959       |
| Total assets                      | 1,961,655       | 6,688,506       | 6,645,091       | 6,226,848       |
| Shareholders' equity              | \$ 1,360,109    | \$ 5,995,055    | \$ 6,489,496    | \$ 6,133,407    |

**RELATED PARTY TRANSACTIONS**

Several directors of the Company supply administrative, geological services and legal services to the Company at arm's length rates.

*Transactions with and amounts due from (to) related parties*

(a) (i) Management Services Agreements

Total fees of \$200,000 were accrued/paid (2012: \$221,000) to directors of the Company for various administrative and strategic advisory services. (Accrued a total of \$54,000 to Mr. Cawkell and \$11,000 to Mr. Vineberg for their strategic advisory services; \$12,000 to Mr. Del Campo for his advisory and audit committee roles; \$15,000 to Mr. Lenarciak- Chairman, for his travel time related to financing and project discussions. Mr. Tafel -CEO, was paid \$9,000 and accrued \$99,000 for his management services to the Company.)

(ii) Accounting Fees

Accounting fees of \$50,500 (\$7,500 were paid and \$43,000 accrued) (2012: \$90,000) to the former CFO of the Company for accounting services.

(iii) Legal Fees

The Company accrued legal fees of \$33,840 (2012: \$48,243) to a law firm in which Mr. Cawkell is a partner, of which \$4,989 (2012: \$29,025) are included in share issue costs and \$Nil (2012: \$5,115) are included in exploration and evaluation assets.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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(iv) Geological Consulting services

The Company accrued geological consulting fees of \$80,000 (2012: \$120,000) to the former COO of the Company.

(b) Due to Directors and Officers

A total of \$234,830 (July 31, 2012: \$157,323) is due to current directors as unpaid fees, expense reimbursements and \$18,221 (July 31, 2012: \$nil) to former directors expense reimbursements and administration fees. Moreover, a total of \$90,447 (July 31, 2012: \$53,532) in legal fees was due to a law firm of which Mr. Cawkell is a partner.

A total of \$240,901 (July 31, 2012: \$164,146) is due to former officers of the corporation, or companies controlled by officers of the corporation, for expense reimbursements as well as geological consulting and accounting fees.

Balances payable are non-interest bearing and have no specific terms of repayment.

#### **OUTSTANDING SHARE DATA**

As of the date of this MD&A:

- a) Authorized Share capital: unlimited common shares without par value
- b) Number of shares held in escrow: Nil common shares
- c) Number of common shares issued at the date of this MD&A: 53,368,650.

#### **OPTIONS**

A summary of options outstanding at July 31, 2013 is indicated in Note 9 of the annual financial statements.

#### **WARRANTS**

A summary of warrants outstanding at July 31, 2013 is indicated in Note 8 of the annual financial statements.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements. Commitments are outlined in Note 11 of the annual financial statements.

#### **FINANCIAL AND OTHER INSTRUMENTS**

The Company has classified its financial instruments as follows:

|  |  |
|--|--|
| Cash and cash equivalents  | Financial assets at fair value through profit and loss |
| Accounts payable and accrued liabilities,<br>due to related parties, short-term loan | Other financial liabilities                            |

For certain of the Company's financial assets and liabilities, including cash and cash equivalents, accounts payable and accrued liabilities, due to related parties and short-term loan the carrying amounts approximate their fair values due to the relatively short periods to maturity of the instruments.

#### **Currency Risk**

Currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate. The functional currency of the Company is the Canadian dollar. Many property-related

**CENTURION MINERALS LTD.**  
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commitments are denominated in US dollars. This gives rise to significant exposure to market risks from changes in foreign currency rates. The financial risk is the risk to the Company's operations that arises from fluctuations in foreign exchange rates and the degree of volatility of these rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk. The Company mitigates its risk to fluctuations in the US dollar by maintaining minimal cash balances in US dollars.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments. Term deposits are at current market rates and are renewable within a period of 30 days or less.

**Credit Risk**

Credit risk is the risk of unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash equivalents and receivables. The cash equivalents consist mainly of short-term money market deposits. The Company has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote.

The Company has no trade receivables. All balances relate to recoveries of consumption taxes paid by the Company. As with any tax receivable, collection is subject to changes in tax law, tax audit and changes in applicable tax rates. The Company mitigates this risk by recording only those amounts that management considers to be reasonably certain of collection.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity risk is to ensure that it always has sufficient cash and credit facilities to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Company's reputation. Management typically forecasts cash flows for a period of three to six months to identify financing requirements. These requirements are then addressed primarily through access to capital markets.

The Company's financial liabilities mature within one year. All financial liabilities are non-interest bearing.

**Other Price Risk**

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on future cash flows associated with financial instruments. The Company has no forward purchase or sale contracts negotiated at July 31, 2013.

**CAPITAL MANAGEMENT DISCLOSURES**

The Company's objectives when managing capital are to:

- (a) Provide an adequate return to shareholders;
- (b) Provide adequate and efficient funding for operations;
- (c) Continue the development and exploration of its mineral properties;
- (d) Support any expansion plans;
- (e) Allow flexibility to investment in other mineral revenues; and
- (f) Maintain a capital structure which optimizes the cost of capital at acceptable risk.

In the management of capital, the Company includes all accounts included in shareholders' equity. As at July 31, 2013, the Company had no bank indebtedness.

**CENTURION MINERALS LTD.**  
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The Company is not subject to any externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the fiscal year.

**RECENT ACCOUNTING PRONOUNCEMENTS**

There were no changes to the Company's accounting policies during the year.

**RISKS AND UNCERTAINTIES**

The Company is in the mineral exploration and development business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business. Some of the possible risks include the following:

- a) The industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates.
- b) The only source of future funds for further exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, which are presently available to the Company are the sale of equity capital or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration or development. Management was successful in accessing the equity markets during the year, but there is no assurance that such sources will be available on acceptable terms in the future.
- c) Any future equity financings by the Company for the purpose of raising additional capital may result in substantial dilution to the holdings of existing shareholders.
- d) The Company's operations are located in countries that are subject to a high degree of political risk due to political, economic, social and other uncertainties, including the risk of civil rebellion, exploration, nationalization, land ownership disputes, renegotiation or termination of existing contracts, mining licenses and permits or other agreement, changes in laws or taxation policies, currency exchange restrictions and changing political conditions.
- e) The Company's rights in the IUPs are held pursuant to joint venture agreements with Indonesian partners. Restructuring of the Company's joint venture arrangements into foreign capital investment companies, as permitted under current Indonesian Mining Law, will require certain governmental approvals and there is no certainty that any such approvals will be obtained.
- f) The Company must comply with environmental regulations governing air and water quality and land disturbance and provide for mine reclamation and closure costs.
- g) The continued operations of the Company require various licenses and permits from various governmental authorities. There is no assurance that the Company will be successful in obtaining the necessary licenses and permits to continue its exploration and development activities in the future or, if granted, that the licenses and permits will remain in force as granted.
- h) There is no certainty that the properties which the Company has deferred as assets on its balance sheet will be realized at the amounts recorded. These amounts should not be taken to reflect realizable value.
- i) While management believes that control over bank accounts and Company assets is adequate, it is also aware that internal control weaknesses were identified in respect of a lack of segregation of duties, and a high risk of management override of controls and procedures. It is management's opinion that these weaknesses in internal controls over financial reporting are inherently related to the small size of the issuer.

**CENTURION MINERALS LTD.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on any forward-looking statements. The Company has not completed a feasibility study on any of its projects to determine if it hosts a mineral resource that can be economically developed and profitably mined.

**OTHER INFORMATION**

Additional information is available on the Company's website at [www.centurionminerals.com](http://www.centurionminerals.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

**CAUTION REGARDING FORWARD LOOKING STATEMENTS**

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

**SUBSEQUENT EVENTS**

Other subsequent events are disclosed in Note 16 of the annual financial statements.

**CORPORATE INFORMATION (as at November 26, 2013)**

|                 |  |
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| Head Office:    | Suite 322 – 470 Granville Street, Vancouver, B.C. V6C 1V5  |
| Directors:      | Alfred Lenarciak<br>David Tafel<br>Kenneth A. Cawkell<br>Joseph Del Campo<br>Stephen Wilkinson         |
| Officers:       | David Tafel, President and CEO<br>Kenneth A. Cawkell, Interim CFO                                      |
| Auditor:        | BDO Canada LLP<br>Suite 600, Cathedral Place<br>925 West Georgia Street, Vancouver, B.C. V6C 3L2       |
| Legal Counsel:  | Cawkell Brodie Glaister LLP<br>439 Helmcken St. Vancouver, B.C. V6B 2E6                                |
| Transfer Agent: | Computershare Investor Services<br>2 <sup>nd</sup> Floor – 510 Burrard Street, Vancouver, B.C. V6C 3B9 |