

CENTURY ENERGY LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

FOR THE THREE MONTH PERIOD ENDED NOVEMBER 30, 2009

CENTURY ENERGY LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited – Prepared by Management)
AS AT

	November 30, 2009	August 31, 2009
ASSETS		
Current		
Cash	\$ 5,811	\$ 3,648
Receivables	<u>27,056</u>	<u>25,575</u>
	32,867	29,223
Oil and gas properties (Note 3)	<u>177,697</u>	<u>174,444</u>
	<u>\$ 210,564</u>	<u>\$ 203,667</u>

LIABILITIES AND SHAREHOLDERS' DEFICIENCY

Current		
Accounts payable and accrued liabilities	<u>\$ 225,556</u>	<u>\$ 218,568</u>
Shareholders' deficiency		
Capital stock (Note 4)	6,734,210	6,734,210
Contributed surplus (Note 4)	358,832	341,860
Deficit	<u>(7,108,034)</u>	<u>(7,090,971)</u>
	<u>(14,992)</u>	<u>(14,901)</u>
	<u>\$ 210,564</u>	<u>\$ 203,667</u>

Nature and continuance of operations (Note 1)
Subsequent event (Note 10)

On behalf of the Board:

“Jimmy McCarroll” Director

“Cory Kent” Director

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

CENTURY ENERGY LTD.**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

(Unaudited – Prepared by Management)

	Three Month Period Ended November 30, 2009	Three Month Period Ended November 30, 2008
REVENUE		
Oil and gas revenue, net of royalties	\$ 43,035	\$ 228
DIRECT COSTS		
Depletion	974	-
Operating and production costs	20,328	10
	21,302	10
	21,733	218
EXPENSES		
Consulting fees	332	690
Dry hole cost	-	500
Foreign exchange loss (gain)	(985)	2,466
Management fees	7,500	7,500
Office and miscellaneous	761	1,328
Professional fees	8,453	22,340
Regulatory and transfer agent fees	1,985	3,244
Rent	1,600	1,726
Shareholder information and investor relations	-	10,000
Stock-based compensation (Note 4)	16,972	10,260
Telephone	438	1,470
Travel and promotion	1,740	2,132
	38,796	63,656
Loss and comprehensive loss for the period	(17,063)	(63,438)
Deficit, beginning of period	(7,090,971)	(6,852,398)
Deficit, end of period	\$ (7,108,034)	\$ (6,915,836)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	25,641,422	24,762,395

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

CENTURY ENERGY LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)

	Three Month Period Ended November 30, 2009	Three Month Period Ended November 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (17,063)	\$ (63,438)
Items not involving cash:		
Depletion	974	-
Stock-based compensation	16,972	10,260
Changes in non-cash working capital items:		
Increase in receivables	(1,481)	(966)
Increase (decrease) in accounts payable and accrued liabilities	<u>26,608</u>	<u>(30,395)</u>
Net cash provided by (used in) operating activities	<u>26,010</u>	<u>(84,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from oil and gas properties	-	58,396
Oil and gas property expenditures	<u>(23,847)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>(23,847)</u>	<u>58,396</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscriptions received in advance	<u>-</u>	<u>58,396</u>
Net cash provided by financing activities	<u>-</u>	<u>58,396</u>
Change in cash during the period	2,163	12,267
Cash, beginning of period	<u>3,648</u>	<u>44,608</u>
Cash, end of period	<u>\$ 5,811</u>	<u>\$ 56,875</u>

Supplemental disclosure with respect to cash flows (Note 5)

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

CENTURY ENERGY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
NOVEMBER 30, 2009

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company's principal business is the exploration and development of oil and gas properties. The recoverability of the amounts shown for oil and gas properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

	November 30, 2009	August 31, 2009
Deficit	\$ (7,108,034)	\$ (7,090,971)
Working capital deficiency	(192,689)	(189,345)

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal and recurring accruals) considered necessary for fair presentation have been included. Operating results for the three month period ending November 30, 2009 are not necessarily indicative of the results that may be expected for the year ended August 31, 2010.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended August 31, 2009. For further information, refer to the financial statements and footnotes thereto included for the year ended August 31, 2009.

Change in accounting policies

Effective September 1, 2009, the Company adopted the following new accounting standards issued by the CICA:

Goodwill and intangible assets (Section 3064)

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets". This new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the adoption of this standard, EIC 27, "Revenue and Expenditures in the Pre-operating Period", will be withdrawn. The adoption of this section did not have an impact on the Company's consolidated financial statements.

Future accounting changes

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Consolidated financial statements (Section 1601) and non-controlling interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of this section to have a significant effect on its financial statements.

CENTURY ENERGY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
NOVEMBER 30, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Future accounting changes (cont'd...)

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. OIL & GAS PROPERTIES

The Company entered into agreements to acquire interests in various oil and gas properties as follows:

	November 30, 2009	August 31, 2009
Balance, beginning of period	\$ 174,444	\$ 150,000
Proved properties – additions	4,227	98,103
Recoveries	-	(70,070)
Depletion during the period	<u>(974)</u>	<u>(3,589)</u>
Balance, end of period	<u>\$ 177,697</u>	<u>\$ 174,444</u>

Bakken Property, Southern Saskatchewan

During the year ended August 31, 2008, the Company acquired a 100% interest in certain oil and gas leases in the Bakken oil formation in Southern Saskatchewan. In consideration for the leases, the Company paid cash consideration of \$150,000. The vendor retains a 3% royalty interest on the monthly production from wells drilled on the leases. The Company subsequently entered into a farm in agreement with Triaxon Resources Ltd. ("Triaxon") whereby Triaxon agreed to pay 100% of the costs to drill and complete a well, in consideration for cash payments totaling \$70,070 (received during the year ended August 31, 2009). Triaxon drilled and completed the well and earned a 70% interest in the well. The Company retained a 30% interest. The Company also agreed to pay the facilities costs. The initial well was successful, and began commercial production in fiscal 2009.

Kneller Prospect, Edmonton, Alberta

During the year ended August 31, 2008, the Company entered into a participation agreement with Ravenwood Energy Corp to acquire a 25% interest in Ravenwood's Kneller Prospect. The initial well was unsuccessful; however, the Company, with its joint venture partner retained an interest in the leases.

CENTURY ENERGY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
NOVEMBER 30, 2009

4. SHARE CAPITAL AND CONTRIBUTED SURPLUS

a) Common shares issued and outstanding:

	Number of Shares	Capital Stock	Contributed Surplus
Authorized			
Unlimited number of common shares			
Balance, August 31, 2008	24,762,395	\$ 6,656,537	\$ 268,159
Private placements	787,350	70,862	-
Share issuance costs	-	(1,440)	-
Stock-based compensation	-	-	73,701
Stock issued for settlement of debt	<u>91,677</u>	<u>8,251</u>	<u>-</u>
Balance, August 31, 2009	25,641,422	6,734,210	341,860
Stock-based compensation	<u>-</u>	<u>-</u>	<u>16,972</u>
Balance, November 30, 2009	<u>25,641,422</u>	<u>\$ 6,734,210</u>	<u>\$ 358,832</u>

Stock options

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years and are subject to vesting provisions as determined by the board of directors of the Company.

As at November 30, 2009 the Company had outstanding stock options, enabling the holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date	Exercisable
619,476	\$ 0.10	December 22, 2009 (subsequently expired)	619,476
985,427	0.20	July 23, 2012	985,427
386,000	0.20	June 12, 2013	321,666
403,000	0.10	September 30, 2013	352,004

CENTURY ENERGY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
NOVEMBER 30, 2009

4. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

Stock options (cont'd...)

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2008	2,070,711	\$ 0.16
Options granted	403,000	0.10
Options expired	<u>(79,808)</u>	<u>(0.16)</u>
Balance, August 31, 2009 and November 30, 2009	<u>2,393,903</u>	<u>\$ 0.16</u>
Number of options currently exercisable	<u>2,278,573</u>	<u>\$ 0.16</u>

The Company recognizes stock-based compensation expense for all stock options granted using the fair value based method of accounting. The fair value of the options vested in the three months ended November 30, 2009 is \$16,972 (2008 - \$10,260). The weighted average fair value of options granted in the period was \$Nil (2008 - \$0.08).

The following assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	November 30, 2009	November 30, 2008
Risk-free interest rate	-	3.11%
Expected life of options	-	5 years
Annualized volatility	-	100.60%
Dividends	-	0.00%

Warrants

At November 30, 2009, the Company had outstanding share purchase warrants, enabling holders to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date
1,892,092	\$ 0.18	July 17, 2010
304,380	0.18	August 11, 2010
787,350	0.18	December 31, 2010

CENTURY ENERGY LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
NOVEMBER 30, 2009

4. SHARE CAPITAL AND CONTRIBUTED SURPLUS (cont'd...)

Warrants (cont'd...)

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, August 31, 2008	2,906,472	\$ 0.19
Warrants issued	787,350	0.18
Warrants expired	(710,000)	(0.18)
Balance, August 31, 2009 and November 30, 2009	2,983,822	\$ 0.18
Number of warrants currently exercisable	2,983,822	\$ 0.18

5. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Three Month Period Ended November 30, 2009	Three Month Period Ended November 30, 2008
Cash paid during the period for income taxes	\$ -	\$ -
Cash paid during the period for interest	\$ -	\$ -

The significant non-cash transaction for the three month period ended November 30, 2009 included \$Nil (August 31, 2009 - \$19,620, November 30, 2008 - \$Nil) of accounts payable in oil and gas properties.

6. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and development of oil and gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the early production stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

6. CAPITAL MANAGEMENT (cont'd...)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended November 30, 2009. The Company is not subject to externally imposed capital requirements.

7. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2009, the Company had a cash balance of \$5,811 (August 31, 2009 - \$3,648) to settle current liabilities of \$225,556 (August 31, 2009 - \$218,568). The Company expects to fund these liabilities through the issuance of capital stock over the coming year. Subsequent to November 30, 2009 the Company completed a non-brokered private placement of 4,500,000 units for gross proceeds of \$315,000 (Note 10).

Market risk

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

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of November 30, 2009, the Company did not have any investments invested in investment-grade short-term deposit certificates.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in US Dollars (US).

7. FINANCIAL INSTRUMENTS

Market risk (cont'd...)

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Sensitivity Analysis

The carrying amount of cash, receivables, and accounts payable and accrued liabilities, approximates their fair value due to their short term nature.

The Company operates in the United States and is exposed to risk from changes in the U.S. dollar. A 10% fluctuation in the U.S. dollar against the Canadian dollar would affect net loss for the period by approximately \$1,160.

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$7,500 (2008 - \$7,500) to a company controlled by a director.
- a) Paid or accrued legal fees of \$3,428 (2008 - \$5,209) to a law firm in which a director is an employee of the firm.
- c) Included in accounts payable at November 30, 2009 is \$39,603 (August 31, 2009 - \$26,276) due to a Company controlled by a director of the Company, a director and an officer of the Company. The amounts are non-interest bearing unsecured and have no fixed terms of repayment.

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

9. SEGMENTED INFORMATION

The Company operates in the oil and gas industry. All of the Company's properties are located in Canada.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
NOVEMBER 30, 2009

10. SUBSEQUENT EVENT

Subsequent to the period ended November 30, 2009, the Company completed a non-brokered private placement for 4,500,000 units at a price of \$0.07 per unit for gross proceeds of \$315,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, exercisable at a price of \$0.14 per warrant until December 18, 2010. In connection with the private placement, the Company paid offering, cash commissions and expenses of \$31,800 and issued 450,000 agents' warrants exercisable at a price of \$0.10 per unit until December 18, 2010.