

CENTURY ENERGY LTD.

FORM 51-102F1 MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED MAY 31, 2011

The following management's discussion and analysis of the consolidated financial condition and operating results of Century Energy Ltd. (the "Company") for the nine months ended May 31, 2011 is prepared as of July 27, 2011. The discussion should be read in conjunction with the unaudited interim consolidated financial statements of the Company and the notes thereto for the nine months ended May 31, 2011 and the audited consolidated financial statements for the year ended August 31, 2010. The unaudited interim consolidated financial statements are prepared under Canadian generally accepted accounting principles and include the operating results of the Company and its subsidiaries.

Forward-Looking Statements

Certain of the statements contained in this MD&A including, without limitation, financial and business prospects and financial outlook, reserve and production estimates, drilling and re-completion plans, timing of drilling, re-completion and tie-in of wells, productive capacity of wells and capital expenditures and the timing thereof may be forward-looking statements. Words such as "may", "will", "could", "anticipate", "expect", "plan", "continue" and similar expressions may be used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with oil and gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, incorrect assessment of the value of acquisitions, failure to realize the anticipated benefits of acquisitions, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources. As a consequence, actual exhaustive results may differ materially from those anticipated in the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhausted. Additional information on these and other factors that could effect the Company's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation to update or review them to reflect new events or circumstances except as required by applicable securities laws. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

THE COMPANY

The Company is a small oil and gas exploration and production company. The Company has one subsidiary, Topper Resources, USA, Inc., which is wholly owned.

The Company owns mineral interests with one producing well in the Roncott/Bakken oil field in Southern Saskatchewan and undeveloped lands in the Edam area of Saskatchewan.

CRITICAL ACCOUNTING POLICIES

A summary of significant accounting policies is presented in Note 2 of the consolidated financial statements for the year ended August 31, 2010. The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs, net of incentives, related to the exploration for and development of oil and gas reserves are capitalized in cost centers on a country-by-country basis. Costs include lease acquisition, geological and geophysical expenditures, carrying costs of non-productive properties, the drilling of productive and non-productive wells and related plant and production equipment costs.

Costs relating to properties which management considers to be unproved are initially held outside the cost centers. Costs held outside cost centers are evaluated periodically for impairment. When a decision to develop these properties has been taken, or there is evidence of impairment, the related costs are transferred to the relevant cost center.

For each cost centre, the Company calculates a "cost ceiling" which limits the net book value of capitalized costs to the undiscounted estimated future net revenues from production of proved reserves. This test also accounts for future site restoration and abandonment costs, financing costs and income taxes. Additional depletion is provided if the net book value of capitalized costs exceeds such future revenue.

Depletion is computed using the unit-of-production method where the ratio of production to proved reserves determines the proportion of depletable costs to be expensed. Undeveloped properties are excluded from the depletion calculation until the quantities of proved reserves can be determined.

The amounts recorded for depletion and amortization of oil and gas properties and equipment and the provision for future site restoration and abandonment costs are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

OVERVIEW

The Company receives oil and gas revenues from its producing property in the Roncott/Bakken oil field. In addition, the Company continues to evaluate oil and gas prospects for exploration and production opportunities.

SUMMARY OF QUARTERLY RESULTS

	<u>Revenues</u>	<u>Net Loss</u>	<u>Net Loss per Share Basic and Diluted</u>
Fiscal 2011			
First quarter	28,438	(61,534)	(.00)
Second quarter	30,271	(114,913)	(.00)
Third quarter	22,771	(74,638)	(.00)
Fiscal 2010			
First quarter	43,035	(17,603)	(.00)
Second quarter	31,908	(149,013)	(.00)
Third quarter	19,410	(105,845)	(.00)
Fourth quarter	19,701	(151,576)	(.01)
Fiscal 2009			
First quarter	218	(63,438)	(.00)
Second quarter	33	(129,310)	(.00)

SUMMARY OF PROPERTIES

In December 2007, the Company entered into a Participation Agreement with Ravenwood Energy Corp. ("Ravenwood") of Calgary, Alberta to acquire a 25% interest in the Kneller Prospect. In order to earn a 25% working interest, the Company paid 25% of the cost for the initial well on the prospect. The Company also paid a \$10,000 equalization fee for the right to participate in the well. The initial well was drilled to its target depth in January 2008 and was determined to be non-productive. The Company, with its joint venture partner, retained an interest in the leases and has the right to participate in additional wells drilled on the prospect by contributing its 25% share of subsequent well costs.

In June 2008 the Company agreed to purchase a 100% interest in certain petroleum and natural gas leases in Southern Saskatchewan, Canada. In consideration for the leases, the Company paid \$150,000. The vendor retains a 3% royalty interest on the monthly production from wells drilled on the leases acquired. In September 2008, the Company entered into a farm-in agreement with Triaxon Resources Ltd. whereby Triaxon agreed to pay 100% of the costs to drill and a complete a well. In

addition, the Company received proceeds of \$70,070 from Triaxon. Triaxon drilled and completed the well and earned a 70% interest. The Company retained a 30% interest. The Company also agreed to pay the facilities costs. The well was successful and began commercial production in early 2009, however the well has experienced significant decline and now produces only intermittently. Triaxon was subsequently sold to Crescent Point Energy who now operates the property. In 2010 the Company entered into a farm-in agreement with Atikwa Resources for the drilling of another well on its 30% interest. The well was completed for production and the Company will not receive revenue until Atikwa has received 300% of completion and equipping costs.

In December 2010, the Company acquired a 100% interest in the P&NG rights underlying one section of land in the Hearts Hill Area of South Central Saskatchewan for \$13,000. The acreage offsets another block which the Company had posted for the same sale but were unsuccessful in acquiring. Any drilling on the Hearts Hill prospect will have to await successful competitor activity.

The Company was the successful bidder on 1.5 sections of land posted for the February land sale near North Battleford Saskatchewan in a 50/50 partnership with Jespersion Resource Development Corporation. The Company paid \$121,500 for the right to explore these lands which are mapped as having heavy oil potential in both the McLaren and Waseca formation as evidenced by well logs on two suspended wells on the property which are currently owned by Galleon Energy. The Company is negotiating to purchase these wellbores so that it can re-complete them, bring them into production and thereafter carry out a development drilling program.

OIL AND GAS PRODUCTION

For three and nine month period ended May 31, 2011, the Company had a 30% working interest in a well adjacent to the Roncott Bakken oil field in Southeast Saskatchewan with net production of 3.5 bbls per oil per day. The Company sold its overriding royalty interest in one well in Texas for a gain of \$8,177 in the first quarter of 2011.

RESULTS OF OPERATIONS

For the Three Month Period ended May 31, 2011 compared with the Three Month Period ended May 31, 2010

Oil and gas revenues totaled \$22,771 for the three months ended May 31, 2011 compared to \$19,410 for the prior year. This is attributable to the Roncott well which produces approximately 3.5 barrels of oil per day.

Overall administrative expenses totaled \$69,569 in the current period compared to \$103,471 in the prior period. This decrease is primarily attributable to the following:

- Professional fees decreased from \$27,591 to \$19,245.
- Regulatory and transfer agent fees of \$7,329 were incurred in 2011 compared to \$2,314 in 2010.
- In 2011 geologic software expenses were \$8,185 compared to \$nil in 2010.
- Indemnification costs of \$55,726 incurred in 2010 resulted in higher costs in the prior period compared to 2011 when no such costs were incurred.

For the Nine Month Period ended May 31, 2011 compared with the Nine Month Period ended May 31, 2010

Oil and gas revenues totaled \$81,521 for the nine months ended May 31, 2011 compared to \$94,354 for the prior year. This is attributable to the Roncott well which has experienced a production decline from 2010 to 2011.

Overall administrative expenses totaled \$215,388 in the current period compared to \$299,220 in the prior period. This decrease is primarily attributable to the following:

- Indemnification costs of \$55,726 incurred in 2010 resulted in higher costs in the prior period compared to 2011 when no such costs were incurred.
- Professional fees were reduced by \$42,343 to \$51,719 in 2011 compared to \$94,062 in 2010.

LIQUIDITY AND CAPITAL RESOURCES

The 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.

	May 31, 2011	August 31, 2010
Deficit	\$ (7,766,091)	\$ (7,515,006)
Working capital (deficiency)	23,633	(88,907)

The Company's cash and cash equivalents decreased to \$100,822 on May 31, 2011 from \$116,464 on August 31, 2010. This is a result of the issue of 10,000,000 shares on October 29, 2010 for net proceeds of \$440,875 net of cash used for operating activities of \$177,748 less costs incurred for operations and \$131,578 incurred on oil and gas properties.

The Company's main source of liquidity is access to equity capital markets. The Company will require continued additional funding in order to execute on its business strategy. The Company anticipates that public capital markets will serve as the principal source of capital to finance its future oil and gas activities and/or significant property purchases. Changes in the capital markets, including a decline in the prices of natural gas and oil, could materially and adversely impact on the Company's ability to complete further equity financings, with the result that the Company may be forced to scale back its operational activities.

CASH FLOWS FROM OPERATING ACTIVITIES

The Company's loss for the three month period of \$74,638, offset by non-cash items of \$7,328 of stock-based compensation and \$12,777 of depletion, and changes to operating receivables and payables resulted in net cash of \$41,412 used in operating activities for the three months ended May 31, 2011.

The Company's loss for the nine month period of \$216,085, offset by non-cash items of \$29,750 of stock-based compensation and \$24,577 of depletion, and changes to operating receivables and payables resulted in net cash of \$324,940 used in operating activities for the nine months ended May 31, 2011.

CASH FLOWS FROM INVESTING ACTIVITIES

During the quarter ended May 31, 2011 seismic expenditures of \$13,534 were incurred on the Company's Saskatchewan lands .

CASH FLOWS FROM FINANCING ACTIVITIES

On October 29, 2010, the Company completed a non-brokered private placement for 10,000,000 units at a price of \$0.05 per unit for gross proceeds of \$500,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant, exercisable at a price of \$0.10 per warrant until April 28, 2012. In connection with the private placement, the Company paid cash commissions and expenses of approximately \$35,000 and issued 1,000,000 agents' warrants exercisable at a price of \$0.10 per warrant until April 28, 2012.

SHARE CAPITAL

At July 27, 2011, there were 47,537,224 common shares outstanding, 3,099,427 stock options and 17,213,000 share purchase warrants outstanding. The fully diluted position is 67,849,651 shares.

On July 22, 2011 the Company closed the first tranche of a non-brokered private placement, whereby it issued 5,700,000 units at a price of \$0.05 for gross proceeds of \$285,000.00. Each unit consists of one common share of the Corporation and one share purchase warrant. Each warrant will entitle the holder to buy one common share at an exercise price of \$0.10 at any time until the close of business on the earlier of : (i) 18 months from the date of the issuance of the warrant; and (ii) the date, following the expiry of 4 months from the date of the issuance of the warrant, occurring 30 days from the date of notice from the Company that there has been a period of 10 consecutive trading days during which time the closing trading price of the common shares of the Company was \$0.15 or higher.

The Corporation paid Canaccord Genuity Corp. a finder's fee in connection with this closing of \$25,650 in cash (representing 9% of the gross proceeds raised) and 513,000 finder's warrants (representing 9% of the Units issued) with an exercise price of \$0.10 and expiry date of January 22, 2013.

All shares and warrants issued and all shares issued in connection with the exercise of the warrants will be subject to a hold period expiring on November 23, 2011, in accordance with the policies of the TSX Venture Exchange and applicable

securities laws.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$22,500 (2010 - \$22,500) to a company controlled by a director.
- Paid or accrued consulting fees of \$31,500 (2010 - \$nil) to an officer and director.

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.

NEW ACCOUNTING PRONOUNCEMENTS

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 “Business Combinations” to replace Section 1581. Prospective application of the standard is effect for the first annual reporting period beginning on or after 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 for fiscal years beginning on or after 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.

International Financial Reporting Standards (“IFRS”)

In addition to the above new accounting pronouncements the Canadian Accounting Standards Board (“AcSB”) in 2006 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 International Financial Reporting Standards (“IFRS”) over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-accountable enterprises 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 of IFRS cannot be reasonably estimated at this time.

FINANCIAL INSTRUMENTS

The Company’s financial instruments consist of cash, receivables, accounts payable and accrued liabilities and amounts due to related parties. Unless otherwise noted, it is management’s opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

ADDITIONAL INFORMATION

Additional information pertaining to the Company is available on the SEDAR website at www.sedar.com.