# CASSIUS VENTURES LTD.

Unaudited Condensed Interim Consolidated Financial Statements

For the Three Months Ended January 31, 2016 and 2015

(Expressed in Canadian dollars)

## NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Cassius Ventures Ltd. ("the Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**CASSIUS VENTURES LTD.**
Condensed Interim Consolidated Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

| | | January 31, 2016 | | October 31, 2015 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash | **$** | **6,885** | $ | 869 |
| Amounts receivable | | **133** | | 29 |
| Prepaid expenses | | **-** | | 867 |
| **TOTAL ASSETS** | **$** | **7,018** | $ | 1,765 |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | **$** | **29,746** | $ | 33,868 |
| Due to related parties (Note 8) | | **61,839** | | 59,931 |
| Promissory notes payable (Note 5) | | **69,000** | | 57,000 |
| **TOTAL LIABILITIES** | | **160,585** | | 150,799 |
| **Shareholders' Deficit** | | | | |
| Share capital | | **5,968,027** | | 5,968,027 |
| Contributed surplus | | **269,839** | | 269,534 |
| Deficit | | **(6,391,433)** | | (6,386,595) |
| Total Shareholders' Deficit | | **(153,567)** | | (149,034) |
| **TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT** | **$** | **7,018** | $ | 1,765 |

Nature of operations and continuation of business (Note 1)
Subsequent Events (Note 10)

Approved for Issuance by the Board of Directors:

*"John A. Thomas"* Director

*"Robert Atkinson"* Director

## CASSIUS VENTURES LTD.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Unaudited)
For the Three months ended January 31, 2016 and 2015
(Expressed in Canadian Dollars)

| | | January 31, 2016 | | January 31, 2015 |
|---|---|---|---|---|
| **Operating Expense** | | | | |
| Exploration expenditures | $ | - | $ | 224,304 |
| Foreign exchange loss | | 25 | | 170,612 |
| Office and general (Note 9) | | 321 | | 4,904 |
| Professional fees | | - | | 3,063 |
| Share-based payments (Notes 8 and 9) | | 305 | | - |
| Transfer agent and regulatory | | 3,126 | | 5,660 |
| **Net loss from operations** | | (3,777) | | (408,543) |
| **Other income (expense)** | | | | |
| Interest expense | | (1,061) | | - |
| **Net loss and comprehensive loss for the period** | $ | (4,838) | $ | (408,543) |
| **Loss per common share - basic and diluted** | $ | (0.00) | $ | (0.04) |
| **Weighted average number of common shares outstanding** | | 10,217,248 | | 10,217,248 |

(The accompanying notes are an integral part of unaudited interim consolidated financial statements)

**CASSIUS VENTURES LTD.**
Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)
For the Three months ended January 31, 2016 and 2015
(Expressed in Canadian Dollars)

| | Share capital | | | | |
|---|---|---|---|---|---|
| | Number of shares | Amount | Contributed surplus | Deficit | Total equity |
| **Balance - October 31, 2015** | **10,217,248** | **$ 5,968,027** | **$ 269,534** | **$ (6,386,595)** | **$ (149,034)** |
| Share based payments | - | - | 305 | - | 305 |
| Net loss for the period | - | - | - | (4,838) | (4,838) |
| **Balance - January 31, 2016** | **10,217,248** | **$ 5,968,027** | **$ 269,839** | **$ (6,391,433)** | **$ (153,567)** |

| | Share capital | | | | |
|---|---|---|---|---|---|
| | Number of shares | Amount | Contributed Surplus | Deficit | Total equity |
| **Balance - October 31, 2014** | **10,217,248** | **$ 5,968,027** | **$ 267,136** | **$ (7,352,963)** | **$ (1,117,800)** |
| Net loss for the period | - | - | - | (408,543) | (408,543) |
| **Balance - January 31, 2015** | **10,217,248** | **$ 5,968,027** | **$ 267,136** | **$ (7,761,506)** | **$ (1,526,343)** |

(The accompanying notes are an integral part of unaudited interim consolidated financial statements)

**CASSIUS VENTURES LTD.**
Condensed Interim Consolidated Statements of Cash Flows (Unaudited)
For the Three months ended January 31, 2016 and 2015
(Expressed in Canadian Dollars)

| | January 31, 2016 | January 31, 2015 |
|---|---|---|
| **Operating activities** | | |
| Net income (loss) for the period | **$ (4,838)** | $ (408,543) |
| Items not involving cash: | | |
| Share-based payments | **305** | - |
| Net changes in non-cash working capital balances: | | |
| Prepaid expenses | **867** | (9,532) |
| Amounts receivable | **(104)** | 921 |
| Accounts payable and accrued liabilities | **(4,122)** | 357,263 |
| Due to related parties | **1,908** | 1,073 |
| Net cash used in operating activities | **(5,984)** | (58,818) |
| **Financing activities** | | |
| Promissory notes, gross proceeds received | **12,000** | - |
| Net cash provided in financing activities | **12,000** | **-** |
| Change in cash during the period | **6,016** | (58,818) |
| Cash, beginning of period | **869** | 60,995 |
| **Cash, end of period** | **$ 6,885** | $ 2,177 |
| **Supplemental cash flow information** | | |
| Interest paid | **$ -** | **$ -** |
| Income taxes paid | **$ -** | **$ -** |

(The accompanying notes are an integral part of unaudited interim consolidated financial statements)

## 1. Nature of Operations and Continuance of Business

Cassius Ventures Ltd. (the "Company") is an exploration stage company focused on acquiring exploration and/or development stage mineral properties for the purposes of further exploration and development. The Company was incorporated under the Business Corporations Act (British Columbia) on February 23, 2007. The Company maintains its head office at 595 Burrard Street, Suite 3083, Vancouver, British Columbia. The Company's registered and records office is located at 595 Burrard Street, Suite 2900, Vancouver, British Columbia. Its common shares are traded on the NEX Board of the TSX Venture exchange under the symbol "CZ.H".

The Company was previously focused on mineral exploration of its Nicaraguan Gold properties as held by Fortress de Nicaragua S.A. ("Fortress"), a private Nicaraguan company, which is the legal and beneficial owner of sixteen exploration concessions with a total area of approximately 137,000 hectares in Nicaragua. In April, 2015, the Company disposed of Fortress to an arm's length Nicaraguan party.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has yet to generate any revenues from operations and as at January 31, 2016, had an accumulated deficit of $6,391,433 and a working capital deficit of $153,567. The above conditions, along with other factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing.

Although management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's remaining current liabilities as well as future liabilities and commitments as they become due, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. The condensed interim consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, and changes to the statement of comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

## 2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual financial statements for the year ended October 31, 2015. The accounting policies followed in these condensed interim financial statements are the same as those applied in note 3 of the Company's audited annual consolidated financial statements for the year ended October 31, 2015.

The Board of Directors approved these condensed interim consolidated financial statements on March 24, 2016.

## 3. Accounting Standards Issued but Not Yet Applied

*IFRS 9 – Financial instruments*

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on the measurement of financial liabilities and derecognition of financial instruments. The IASB has suspended the originally planned effective date of January 1, 2015 for IFRS 9. The Company will commence assessing the impact of this new standard upon the announcement of its new effective date.

## 4. Mineral Properties

<u>Fortress de Nicaragua S.A.</u>

On February 12, 2015, the Company executed a share sale agreement with an arm's length Nicaraguan party in respect of the sale of Fortress, subject to regulatory and shareholder approval. During the year ended October 31, 2014, the Company recorded an impairment charge of $4,871,196. On April 8, 2015, the sale of Fortress was completed. Although no consideration was received for the sale of Fortress, the Company relinquished obligations totalling $1,506,445 which had been previously recorded as a liability on the consolidated statement of financial position, and was recorded as a gain on the sale of Fortress in the consolidated statement of income (loss) during the year ended October 31, 2015.

## 5. Promissory Notes Payable

As at January 31, 2016, the Company had outstanding promissory notes totalling $69,000 (October 31, 2015 - $57,000). The promissory notes bear interest at 7% and are unsecured and payable on demand.

Interest incurred on the promissory notes for the three month period ended January 31, 2016 totalled $1,061 (2015 - $nil).

## 6. Share Capital

The Company has an unlimited number of common shares without par value authorized.

## 7. Stock Options

The Company has established a stock option plan (the "Plan") for its directors, executive officers, employees and consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company exercisable for a period of up to 5 years from the date of grant.

(Expressed in Canadian Dollars)

**7. Stock Options (continued)**

Within any 12 month period, the maximum number of common shares reserved for issuance to any individual cannot exceed 5% of the issued common shares, and the maximum number of common shares reserved for issuance to any insider cannot exceed 10% of the issued common shares. The aggregate number of common shares reserved for issuance to insiders cannot exceed 10% of the issued common shares. Within any 12 month period, the maximum number of options granted to any one consultant cannot exceed 2% of the issued common shares and the maximum number of options granted to all employees and consultants conducting investor relations activities cannot exceed 2% of the issued common shares.

The exercise price of an option granted under this plan shall not be less than the discounted market price provided that:

(i) if options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those options will be the greater of the discounted market price and the per share price paid by the public investors for shares acquired under the distribution;

(ii) the 90 day period begins on the date a final receipt is issued for the prospectus;

(iii) for unit offerings, the minimum option exercise price will be the ‘base’ (or imputed) price of the shares included in the unit; and

(iv) for all other financings, the minimum exercise price will be the average price paid by the public investors.

Subject to the discretion of the Board, the options granted to an optionee under this Plan shall fully vest on the date of grant of such options. In accordance with the policies of the TSXV, and subject to their approval to the contrary, options issued to consultants providing investor relations services must vest (and not otherwise be exercisable) in stages over a minimum of 12 months with no more than 25% of the options vesting in any 3 month period.

As at January 31, 2016 and 2015, the Company had the following stock options outstanding and exercisable:

| | Options | Weighted average exercise price |
|---|---|---|
| October 31, 2014 | 146,000 | 2.05 |
| Granted | 250,000 | 0.05 |
| Forfeited | (50,000) | 2.21 |
| **October 31, 2015 and January 31, 2016** | **346,000** | **$ 0.05** |
| **Options exerciseable - January 31, 2016** | **221,000** | **$ 0.05** |

On April 7, 2015, the Company re-priced a total of 96,000 stock options, with original exercise prices ranging from $1.65 to $2.10 and expiry dates ranging from July 18, 2016 to April 30, 2017, to $0.05 per option. The incremental fair value granted as a result of the modification was $243 and was expensed during the year ended October 31, 2015. The incremental fair value is the difference between the value of the options at the modification date calculated using the original exercise prices and the modified exercise price. On May 29, 2015, the Company granted a total of 250,000 stock options to the Chief Financial Officer of the Company with an exercise price of $0.05, expiring on May 29, 2020.

As at January 31, 2016, all outstanding stock options had an exercise price of $0.05 with a weighted average remaining life of 3.3 years.

## 8. Related Party Transactions

a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer, and Chief Financial Officer. Compensation awarded to key management for the three month period ended January 31, 2016 comprised share based payments of $305 (2015 - $Nil) relating to the continued vesting of options granted to a director and the Chief Financial Officer of the Company in May, 2015.

b) Payments for services by related parties

Up until December 31, 2014, the Company was charged shared lease and overhead, and service costs by Atlantic Gold Corporation ("Atlantic"), a Company with a director and officer in common. For three month period ended January 31, 2016, the Company incurred $nil (2015: $1,528) in shared lease and overhead, and service costs. As at January 31, 2016 and October 31, 2015, the Company owed $28,215 to Atlantic.

As at January 31, 2016 and October 31, 2015, the Company owed $25,812 to Oceanic Iron Ore Corp., a company with a director and officer in common.

As at January 31, 2016 and October 31, 2015, the Company owed $4,000 to the Chief Financial Officer of the Company.

c) Promissory notes with related parties

In February 2015, the Company issued promissory notes totalling $37,000, $18,500 to a current director of the Company, and $18,500 to a former director of the Company. In January 2016, the Company issued an additional $12,000 of promissory notes to a director of the Company. The promissory notes are unsecured, bear interest at 7% per annum and are payable on demand. Interest incurred on the promissory notes for the three month period ended January 31, 2016 totalled $708 (2015 - $Nil).

The amounts due to and from related parties other than those described in Note 8(c) above are non-interest bearing, unsecured and due on demand.

## 9. Fair Value of Financial Instruments

Fair value is based on available public market information or, when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The carrying values of cash and cash equivalents, receivables, accounts payable, promissory notes, and due to related parties approximate their fair values due to their short term nature.

## 10. Subsequent Events

Subsequent to period end, the Company issued a total of $12,000 in promissory notes under the same terms and conditions as disclosed in note 5.