CASSIUS VENTURES LTD.

Management Discussion and Analysis
For the Three Months Ended January 31, 2013

The MD&A of Cassius Ventures Ltd. (the "Company") has been prepared by management in respect of the three months ended January 31, 2013, and should be read in conjunction with the unaudited condensed interim consolidated financial statements as of January 31, 2013 and related notes thereto of the Company. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is March 28, 2013.

Description of Business

The Company was incorporated on February 23, 2007 by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act of British Columbia under the name "Cassius Ventures Ltd.". The Company currently trades on the TSX Venture Exchange under the trading symbol "CZ".

The Company is focused on the exploration and development of its Nicaraguan gold properties (the "Properties"), which comprise 17 concessions over 160,000 hectares over three main project areas in Nicaragua: Nueva Segovia, León, and Chontales.

Work done from colonial times to the 1950's in the Nueva Segovia area established a network of tunnels, but no records of production exist and virtually no modern exploration has taken place since then. The Properties were staked by Fortress starting in 2005 and since then, sampling work has been undertaken over all areas, as well as prospecting, trenching work and drilling in the Nueva Segovia project area. To date, approximately $5.5 million has been spent advancing the Properties.

Exploration Approach and Progress to Date

In Nueva Segovia, the Company is targeting high grade quartz vein deposits, while in León, the Company is targeting a large gold/molybdenum/silver/copper porphyry as well as high grade vein targets. Work has not yet commenced in Chontales, but targets in the area are expected to be epithermal vein systems.

Exploration work has consisted of:

- Stream sediment, soil, rock chip, and trench channel sampling on concessions not previously sampled as well as concessions worked on historically
- Soil geochemistry surveys on prospective areas
- Trenching on four historic targets in addition to other targets identified as part of the exploration program
- 1,270 metres of drilling over 10 holes focused on targets in the Nueva Segovia project area

The work has resulted in the identification of high grade anomalous values in drilling identified at Nueva Segovia targets of Manto de la Corona, La Lampara and El Escandolo/Cobano, as well as the occurrence of a 6 km² porphyry with a potential gold/molybdenum/silver/copper mineralization (Cerro Rojo) and high grade vein targets (Las Mercedes) in the León area.

Going forward, the Company has prepared a detailed plan to advance the properties, which includes:

- A trench/pit and drill program of 2,000m to follow up drilling results at Manto de la Corona, La Lampara, and Mina America within the Nueva Segovia project area;

- Airborne magnetics, mapping, prospecting, rock geochemistry, a trench/pit exploration program, induced polarization and 1,500m of drilling within the above identified gold/molybdenum/silver/copper porphyry at Cerro Rojo as well as at Las Mercedes, all within the León project area; and

- Airborne magnetics, mapping, prospecting, soil geochemistry, a trench/pit exploration program, induced polarization and 500m of drilling over 5 targets in the Chontales project area.

In addition, the Company is in the process of exploring a number of alternatives to finance the development of its properties, including joint venture and / or partnership structures with mid to large tier gold companies.

In the light of challenging equity market conditions, the Company has been engaged in discussions with the Nicaraguan mining ministry to re-structure its concession holdings and rents held by its wholly owned subsidiary Fortress de Nicaragua S.A. As part of the restructuring, the Company is considering the extent of concessions held as well as potential joint venture opportunities in regards to certain concessions.

The restructuring is being undertaken in order to enable the Company to optimize its cash position in the coming months.

Summary Financial Performance

At January 31, 2013, the Company's total assets decreased to $5,279,157 from $5,310,196 at October 31, 2012. The most significant assets at January 31, 2013 were mineral properties of $4,986,373 (October 31, 2012: $4,802,010) and cash and cash equivalents of $180,469 (October 31, 2012: $340,023).

As at January 31, 2013, the Company had an accumulated deficit of $1,598,019 and a working capital balance of $176,125.

Acquisition of Nueva Segovia Mining S.A.

On January 30, 2012, Fortress completed an acquisition of the issued and outstanding shares of Nueva Segovia Mining S.A. ("Nueva Segovia"), a private company incorporated in Nicaragua, from Infinito International Holdings Corp ("Infinito"). Nueva Segovia is the legal and beneficial owner of a concession located in Nicaragua known as El Zúngano, of which the Company wishes to conduct exploration activities.

Under the terms of the agreement, Fortress acquired all the issued and outstanding shares of Nueva Segovia in exchange for $5,000.

Pursuant to the transaction, the Company paid transaction costs of $9,371 in professional fees, which have been expensed in the consolidated statement of loss, comprehensive loss and deficit.

The El Zúngano concession is subject to an agreement between Nueva Segovia and the owner of the concession, entitling the owner to payments of US $100,000 due on January 5, 2013 and US $495,000 due on January 5, 2014. The agreement also entitles the owner to a 1.5% royalty from sales of metals up to a maximum of US $10,000,000 should the concession enter into production. Nueva Segovia may terminate the agreement upon 30 days written notice providing concession rent payments are made up to the termination date. On January 9, 2013, the company announced that it was in the process of renegotiating the agreement in relation to the El Zúngano concession with the former landowner of the concession. As at the date of this report, the Company has not made the US $100,000 payment which was due on January 5, 2013. In the event the Company is unable to come to terms on an amended agreement, the Company may choose to return the concession to the former landowner.

The Company is also required to pay concession rents to the Ministry of Mines and Energy in Nicaragua twice annually to keep claims in good standing. As of the date of this report, a total of US $132,078 is currently unpaid with respect to Fortress' concession rents for the 2nd half of 2012 and a total of US $201,365 is currently unpaid with respect to Fortress' concession rents for the 1st half of 2013. Furthermore, as of the date of this report, a total of US $17,958 is currently unpaid with respect to Nueva Segovia's concession rents for the 2nd half of 2012 and a total of US $18,000 is currently unpaid with respect to Nueva Segovia's concession rents for the 1st half of 2013.

Overview of the Properties

Including the El Zúngano concession acquired in January 2012, the Company owns 17 concessions situated across three main project areas (Nueva Segovia, León, and Chontales) over 160,000 ha in Nicaragua. The 16 concessions acquired as part of the acquisition of Fortress are the subject of a National Instrument 43-101 technical report prepared by Moose Mountain Technical Services of Cranbrook, British Columbia entitled "Nicaraguan Gold Properties Property of Merit Report", which is available for review the Company's website (www.cassisuventures.com) and on SEDAR (www.SEDAR.com). This report focuses on the historic work conducted on the Properties by Fortress.

Figure 1 - Concessions held by Cassius Ventures Ltd., Nicaragua

Nueva Segovia Project Area

The Nueva Segovia project area consists of a contiguous land package with a total area of approximately 60,000 hectares over 9 concessions acquired as part of both the acquisition of Fortress and the acquisition by Fortress of Nueva Segovia (outlined above). The Nueva Segovia project area is located 16 km Northeast of Jicaro and 6 km North of Murra in the sector of Alto el Picaho, La Quiebra village, on the main route that leads from Ocotal to the North.

Name	Area (Ha)	Date of approval	Issued Years
La Union	824	March 13, 2008	25
El Carmen	1,600	February 2, 2006	25
La Jalapeña	4,862	July 20, 2006	25
Los Angeles	16,051	July 20, 2006	25
Murra	8,674	May 23, 2006	25
Bana	1,300	December 13, 2006	25
Mina America	163	January 8, 2007	25
Mina America II	3,576	March 13, 2008	25
El Zúngano	23,814	April 7, 2010	25
Total	**60,864**		

The deposits in these areas are mesothermal quartz vein deposits and mineralization includes arsenopyrite, pyrite and free gold.

León Project Area

The León project area consists of a contiguous land package with a total area of approximately 63,000 hectares. Cerro Santa Barbara, which is in the northern part of the La Leonesa concession is 5.7 km west of El Sauce, a small community 35 km Southwest of Esteli. The Armenia concession is approximately 4 km South of Cerro Santa Barbara.

Name	Area (Ha)	Date of approval	Issued Years
La Leonesa	47,190	March 13, 2008	25
Paso Real	634	February 2, 2006	25
La Raya II	13,445	March 13, 2008	25
Armenia	1,500	February 19, 2009	25
Total	**62,769**		

The León project area is located between El Limon, operated by B2 Gold (TSX - BTO) and the La India mine, which is closed at present. The deposits in these areas comprise disseminated low sulphidation epithermal systems, in addition to an Au-Mo mineralization porphyry system.

The target for exploration in this area is a large copper/gold/silver/molybdenum porphyry system, in addition to epithermal vein hosted gold deposits.

Chontales Project Area

The Chontales project area covers a total area of approximately 38,000 hectares. The Chontales project consists of four individual concessions. The Muhan concession is centered around the village of Muhan in the province of Chontales. The Las Parras concession is centered around the village of La Bates in the province of Region Autonoma Atlantico Sur. The Francia Norte and La Argentina concessions are centered around the village of Presillatas in the province of Region Autonoma Atlantico Sur. The main centres in the area are villa Sandino and Muelle De Los Bueyes.

Name	Area (Ha)	Date of approval	Issued Years
La Argentina	1,020	March 13, 2008	25
Muhan	25,610	February 2, 2006	25
Las Parras	9,378	March 13, 2008	25
Francia Norte	1,955	February 19, 2009	25
Total	**37,963**		

The targets in the Chontales comprise epithermal vein hosted gold systems.

2011/12 Exploration Program

Fieldwork in respect of the 2011 / 2012 exploration program was initially focused on the Nueva Segovia and León project areas, in particular:

- Stream sediment, soil, rock chip, and trench channel sampling on concessions not previously sampled as well as concessions worked on historically
- Soil geochemistry surveys on prospective areas
- Trenching on four historic targets in addition to other targets identified as part of exploration program
- Identification of reconnaissance drill targets based on sampling and trenching results
- 1,270 metres of drilling across targets in the Nueva Segovia area

Permitting applications have been submitted for the Chontales project areas. A summary of results from the initial program is set out below by project area.

<u>Nueva Segovia Project Area</u>

At Nueva Segovia, the Company is targeting high grade quartz vein hosted deposits (typically 300,000 to 1,000,000 ounces Au.). The rationale for this focus includes:

- Multiple old workings near surface pre 1950’s with samples grading up to 13 g/t Au
- Drill hole LD-05 at La Lampara intersected targeted quartz vein structure at 30.63m depth with 53.06 g/t Au over 1.5m
- Multiple “look-a-likes” of the adjacent San Albino property, whose latest resource resulted in approximately 900,000 equivalent oz. Au at approximately 8 g/t Au in November 2012

The Company has proposed a program that includes a trench/pit and drill program of 2,000m to follow up results from the 2011/12 exploration program at Manto de la Corona, La Lampara and Mina America.

2011/2012 Exploration Program Results - Manto de la Corona

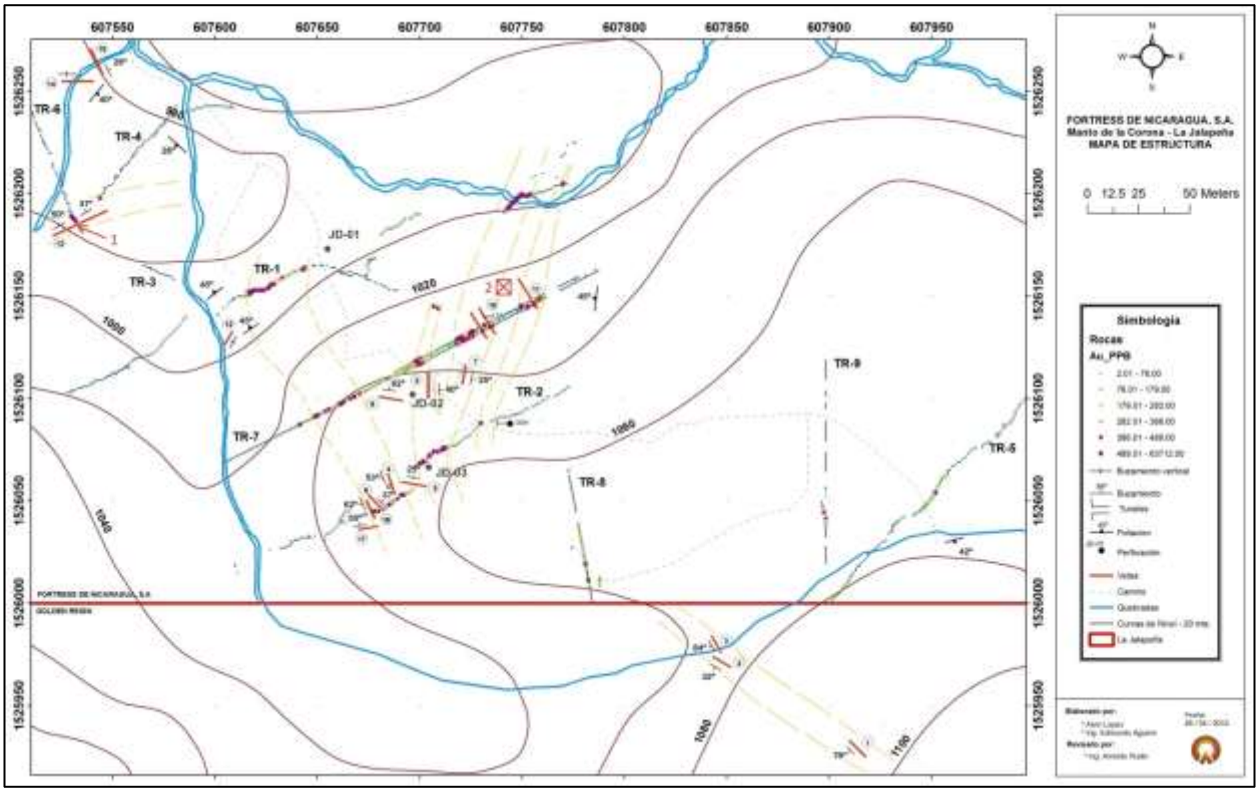
The Company completed a total of 1,221 trench samples, 1,657 soil samples and 1,051 metres of trenching at Nueva Segovia, with work focused on the Manto de la Corona, La Lampara, Deagueda, El Olingo, El Escandolo and Cobano targets.

At Manto de la Corona, located in the northern part of Nueva Segovia, between June 2011 and February 2012, a total of 383 soil samples were taken with results ranging between 233 and 847 ppb Au. A significant amount of trenching activity in the area yielded assay values mostly between 0.3 g/t Au and 0.4 g/t Au with one assay yielding a result of 63.70 g/t Au. In one of the trenches, 222 samples were collected and returned an average grade of 0.5 g/t Au.

The Company completed three drill holes over 800 metres at Manto de La Corona (see Figure 2 below). Highlights from these holes include:

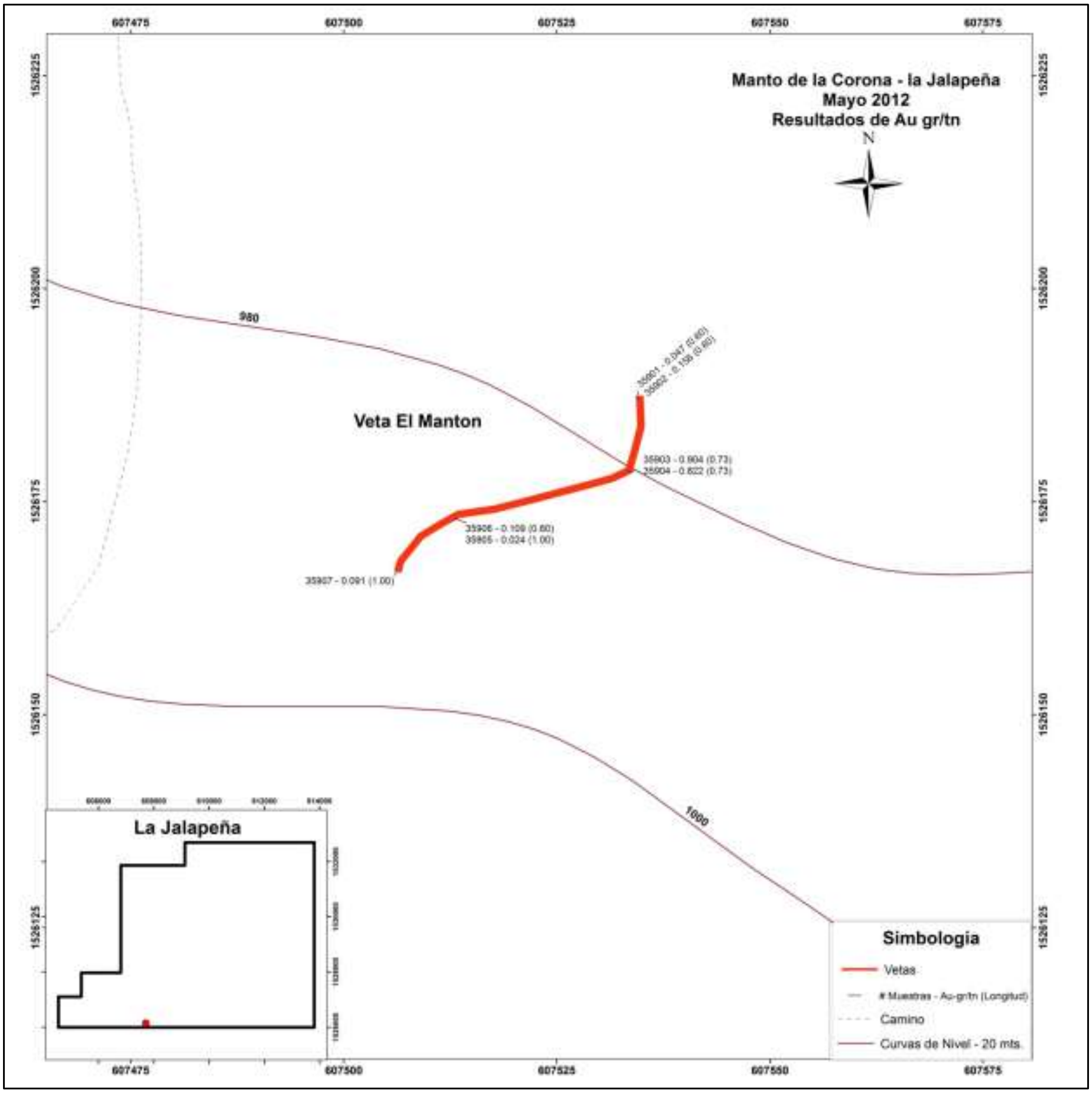
- Anomalous Au values in drill hole JD-01 at 38 m grading 0.12 g/t Au over 1.52 m
- Nine Au values in drill hole JD-02 assaying greater than 0.20 g/t Au with a maximum at 44.08 m assaying 0.81 g/t Au over 0.92 m
- Three Au intersections in drill hole JD-03 of 0.91 g/t Au over 9.92 m at 33.5 m depth, 0.33 g/t Au over 3 m at 174.15 m depth and 0.21 g/t Au over 4.3 m at 210.0 m depth

Figure 2 - Veins, Trenches and Drill Holes at Manto De La Corona, Nueva Segovia, Nicaragua



In addition to drilling, two gold mineralized quartz veins with surface exposure were sampled. The first quartz vein (El Manton) is 200 m west of drill hole JD-01 with exposure measuring 60 meters in length and 3 to 4 meters in width. Assay results from four channels sampled on this vein returned seven anomalous gold assays between 0.09 g/t Au and 0.90 g/t Au with one channel assaying 0.86 g/t Au over 1.72 m (See Figure 3 below).

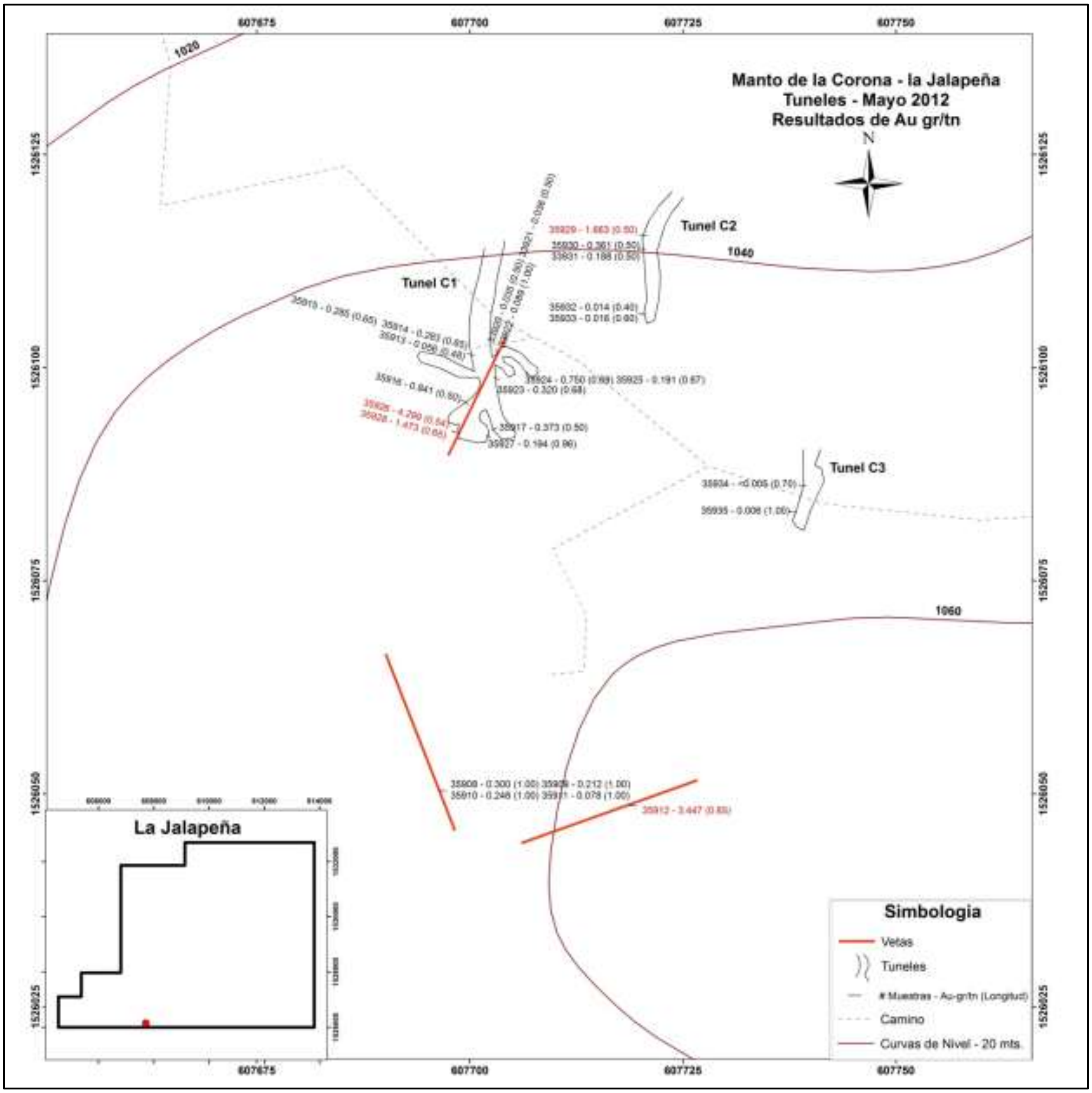
Figure 3 - El Manton Vein, Nueva Segovia, Nicaragua



A second quartz vein, 70 m east of drill hole JD-01, was observed underground in tunnels and has widths of 0.3 m to 0.5 m dipping at a shallow angle to the east. Channel samples collected from Tunnel C1 included assay results from 0.19 g/t Au to 6.25 g/t Au, with assays of 6.25 g/t Au over 0.30 m, 4.30 g/t Au over 0.54 m, 1.47 g/t Au over 0.65 m and 0.84 g/t Au over 0.50 m (See Figure 4 below). In Tunnel C2, four samples returned anomalous assays ranging between 0.19 g/t Au to 1.66 g/t Au and one channel returned an intersection of 1.66 g/t Au over 0.50 m. Two quartz veins 50 m south of Tunnel C1 were channel sampled and returned values between 0.21 g/t Au and 3.45 g/t Au, with one channel sample returning an assay of 3.45 g/t Au over 0.65 m.

Veins continue down dip and are expected to be explored further in due course.

Figure 4 – Manto de La Corona: Additional Veins and Tunnels, Nueva Segovia, Nicaragua

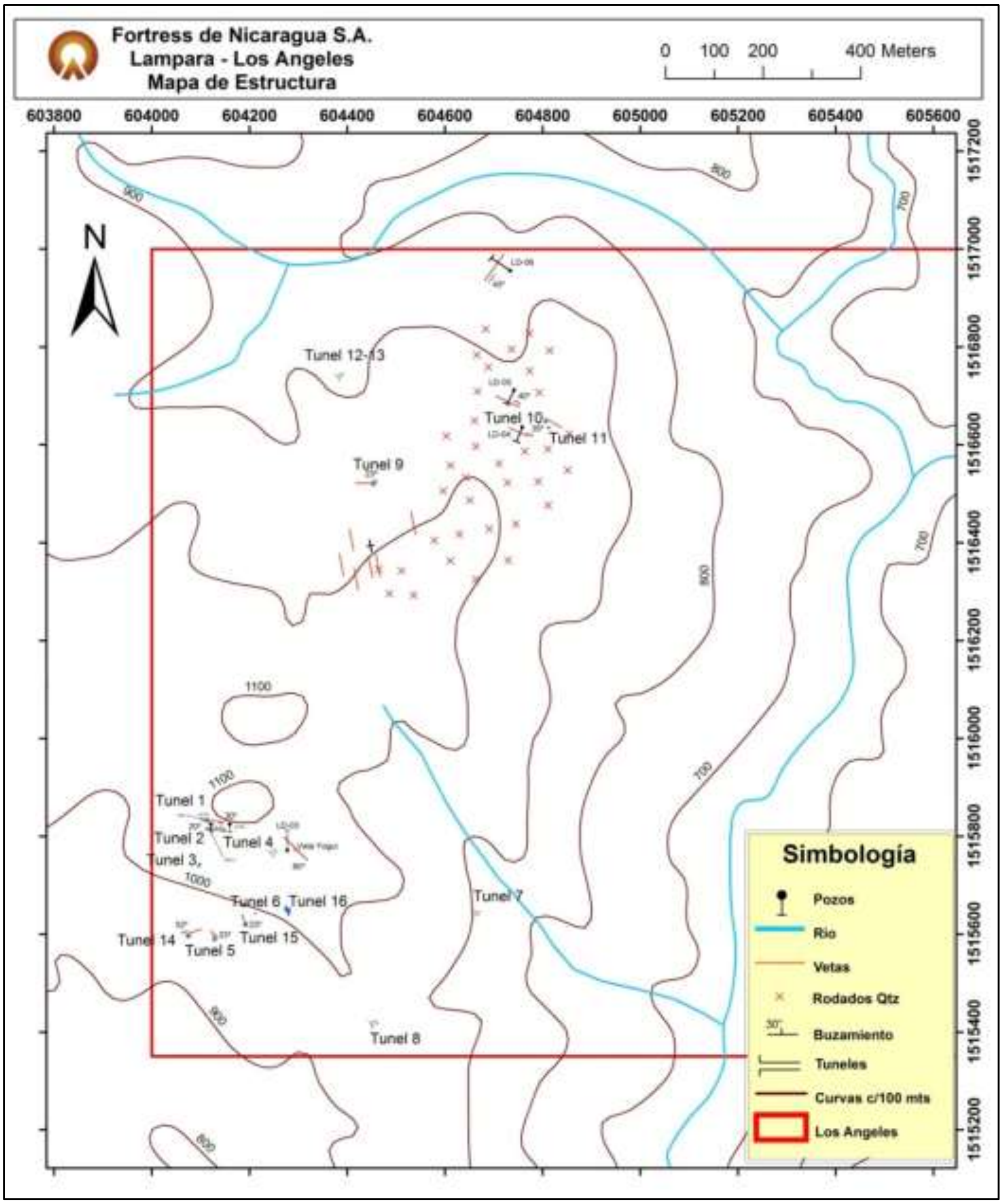


2011/2012 Exploration Program Results - La Lampara

At La Lampara, just south of Manto de la Corona, sixteen historic tunnels have been reopened and some of the tunnels had channel samples (see Figure 5 below) collected of which a summary of the results are presented below:

- Five channel samples from Tunnel 1 assayed between 1.15 g/t Au and 11.05 g/t Au
- Four channel samples from Tunnel 2 assayed between 1.20g/t Au and 4.85 g/t Au
- Channel sampling at Tunnel 6 grading 1.57 g/t Au over 1.0 m, 5.25 g/t Au over 0.75 m and 12.97 g/t Au over 1.00 m and
- Channel sampling at tunnel 14 graded 1.30 g/t Au over 0.50 m and 1.58 g/t Au over 0.81 m.

Figure 5 - Tunnels and Drill Holes at La Lampara, Nueva Segovia, Nicaragua



The Company has completed seven drill holes over 470 m at La Lampara.

Drill hole LD-01 intersected 0.70 g/t Au over 1.04 m while results from drill hole LD-02 indicate anomalous gold values for four samples, with values ranging between 34 ppb Au to 175 ppb Au testing the veins of Tunnels 1 and 2.

Drill hole LD-03, testing the extension of veins from Tunnels 1 and 2 intersected 0.61 g/t Au over 3.0 m at a depth of 61.4 m including one assay which graded 1.04 g/t Au over 1.5 m.

Drill hole LD-04 and LD-05 tested veins in Tunnels 10 and 11. Six anomalous gold values were intersected grading 0.15 to 0.54 g/t Au in drill hole LD-04.

Drill hole LD-05 returned an interval of 1.50 m at 53.06 g/t Au (uncut) at 30.63 m depth.

Drill hole LD-06, testing a vein north of Tunnels 10 and 11, had five anomalous Au values with the highest being 140 ppb Au and drill hole LD-07, testing Tunnel 1, had three values ranging between 0.14 g/t Au to 0.29 g/t Au with one intersection at 1.23 m grading 0.22 g/t Au over 1.81 m.

2011/2012 Exploration Program Results - Deagueda, El Olingo, El Escandolo and Cobano

At Deagueda, over 300 metres of trenching has been cut, identifying a possible series of sub-parallel, sub-horizontal stockworks, each of which are 20-30 metres thick. A total of 252 soil samples were taken in this area with assay results ranging between 85 and 1,070 ppb Au and an average result of 300 ppb Au.

In the El Olingo anomaly, a total of 97 soil samples were collected in the area with assay results returning gold values ranging from 100 to 1,075 ppb with an average value of 266 ppb Au, some of which are samples taken from fairly oxidized rock.

At El Escandalo, located in the southern part of Nueva Segovia, gently dipping quartz vein structures have been observed in underground old tunnel workings. The tunnels had 44 channel samples collected with assays grading between 1.03 g/t Au and 14.30 g/t Au. The gold mineralization in the quartz vein at El Escandalo occurs at three sites along a strike length distance of 565 m. An exposed occurrence of wide quartz veins measuring 3.0 m to 6.0 m in width by 50 m along its southeast trend has been uncovered at Cobano. Three grab samples collected along the quartz vein trend produced assay results of 3.8 g/t Au, 5.96 g/t Au and 19.59 g/t Au. Several additional samples have been collected on quartz veins at Cobano. One sample returned a value of 3.02 g/t Au and two assays were anomalous at 0.15 g/t Au and 0.79 g/t Au.

All four areas noted above have gold bearing quartz veins occurring along prominent structural trends. The areas warrant further mapping, prospecting, sampling and trenching.

León Project Area

The Company is targeting a large gold/molybdenum/silver/copper porphyry (Cerro Rojo) as well as high grade vein targets (Las Mercedes) in the León area. The rationale for this focus includes:

Cerro Rojo

- Structural mapping and geochemical anomalies give strong indication of a large 6km² porphyry system with oxidation, argillitization, quartz veinlets locally and brecciation with 1-2% pyrite
- Surface grab samples with nine samples returned values between 1.05 – 14.01 g/t Au and strong Ag and Mo mineralization association.
- Presence of other porphyry deposits in the region including Los Lirios in Honduras (300 million tonnes @ 0.4 g/t Au and 0.39 g/t Cu) and the recent B2 Gold/Calibre La Primavera discovery (261.7 m @ 0.78 g/t Au and 0.297% Cu)

Las Mercedes

- Several anomalous soil samples have been identified
- Prospecting and mapping identified quartz vein hosted mineralization with rock chip samples at surface grading 28.23 g/t, 32.15 g/t and 55.25 g/t Au along E-W epithermal quartz vein structures.
- Adjacent to and along structural trends hosting the La India deposit (16.2 MT @ 4.6 g/t Au – 2.375M oz. Au - Sept 2012 indicated +inferred resource) and El Limon (174,100 oz. Au @ 4.68 g/t Au proven and probable, 102,900 oz. Au @ 5.68 g/t Au M&I resource, 577,900 oz. Au @ 5.99 g/t Au inferred resource)

The Company has proposed a program that includes airborne magnetics, mapping, prospecting, rock and soil geochemistry, a trench/pit exploration program, induced polarization and 1,500m of drilling at both Cerro Rojo and Las Mercedes to follow up results from the 2011/12 exploration program.

2011/2012 Exploration Program Results - Cerro Rojo

At León, work has concentrated on stream sediment sampling with some soil sampling in areas of flat relief. A table showing the work carried out so far is shown below:

Concession	**Rock Chip Samples**	**Soil Samples**	**Stream Sediment Samples**
La Leonesa	559	1,479	469
La Raya II	125	452	204
Armenia	28	168	16
Total	**712**	**2,099**	**689**

In the last quarter at Cerro Rojo, 1,058 soil samples were collected with maximum values of 125 ppb Au, 150 ppm Mo, and 297 ppm Cu. Furthermore, 148 rock samples were collected with maximum values of 14,011 ppb Au, 81.4 ppm Ag, and 653 ppm Mo.

Cerro Rojo, located in the northwest part of León and west of El Sauce, contains an occurrence of intermediate quartz-feldspar porphyry that is oxidized and argillitized. Geological mapping, prospecting and rock sampling demonstrate the coarse nature of the porphyry, potassic alteration – argillitization weathered, friable, and oxidation of the sulphides (pyrite). The sulphides are weathered, meteorized, rarely visible and only visible in the lower elevation areas (1% to 4% pyrite), and with quartz veining and brecciation. This brecciation is visible on the northern part of the porphyry and with meteorized, altered and weathered feldspars. The porphyry may cover an area of approximately 6 km².

Soil sampling returned 17 anomalous Au values ranging from 40 ppb Au to 125 ppb Au (Figure 6). A correlation exists between Au and Mo with values reaching 58 ppm Mo.

Rock sampling resulted in the discovery of 9 anomalous gold values, most of which range from 51 ppb to 7,791 ppb Au, with one sample returning a value of 14,001 ppb Au. Geochemistry maps of this zone (see Figures 6 and 7 below) demonstrate a very strong gold anomaly associated with this pyrite rich quartz-feldspar porphyry in addition to an association with Mo and Ag, with one sample returning values of 14.01 g/t Au, 0.065% Mo and 40.7 g/t Ag. This demonstrates the potential for gold – molybdenum mineralization in a porphyry mineralized with pyrite.

Where the quartz-feldspar porphyry is brecciation, quartz veined, quartz flooded and silicified, samples returned nine values greater than 1.00 g/t Au. The porphyry over one area is brecciated and silicified over a distance of 15 to 20 m and with fine quartz veinlets. Surface grab rock samples in this area returned values of 14.01 g/t Au, 7.79 g/t Au, 6.26 g/t Au, 2.60 g/t Au, 2.02 g/t Au, 1.99 g/t Au, 1.48 g/t Au, 1.13 g/t Au and 1.05 g/t Au (see Figure 7 below).

Further work in this area will be focused on helping to identify the mineralized areas in the porphyry.

Figure 6 - Cerro Rojo Geology and Geochemistry, León, Nicaragua

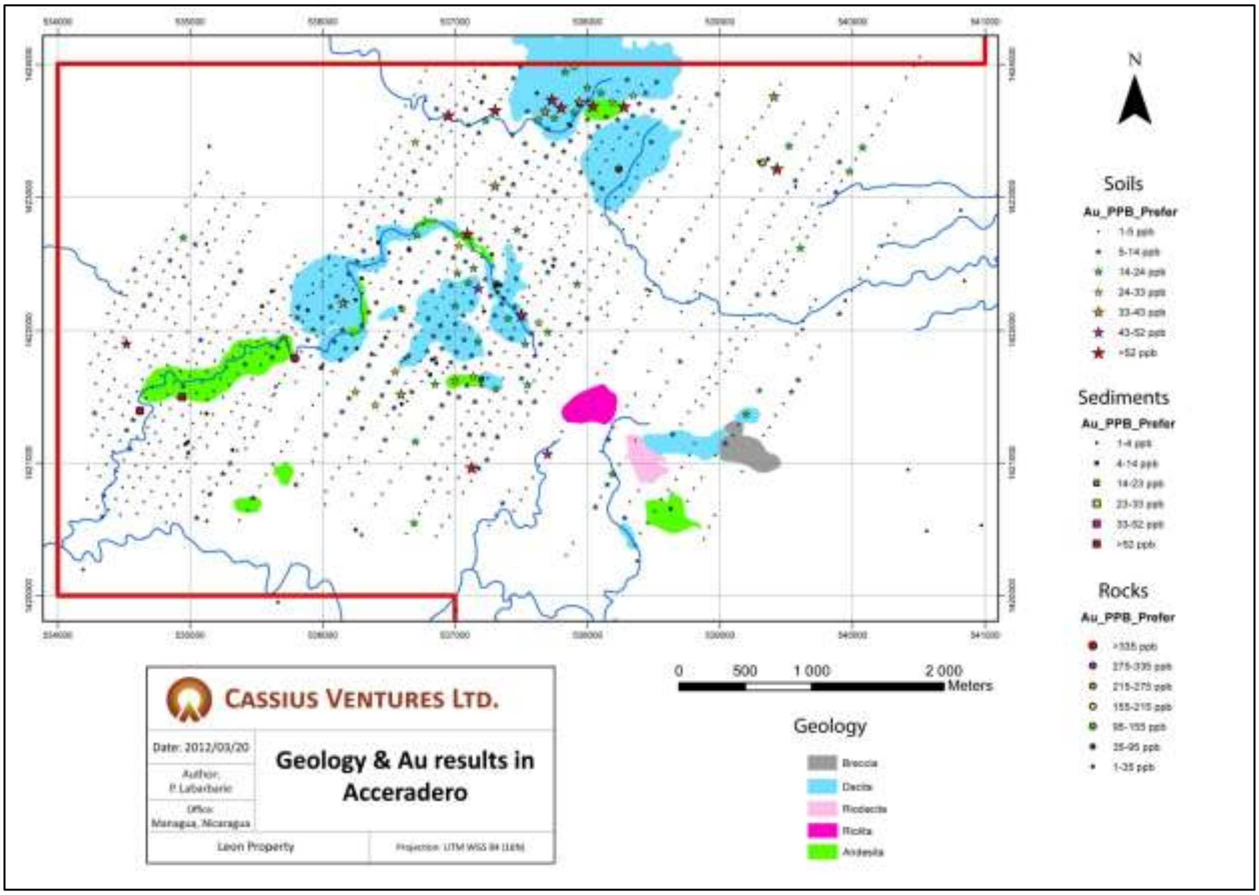
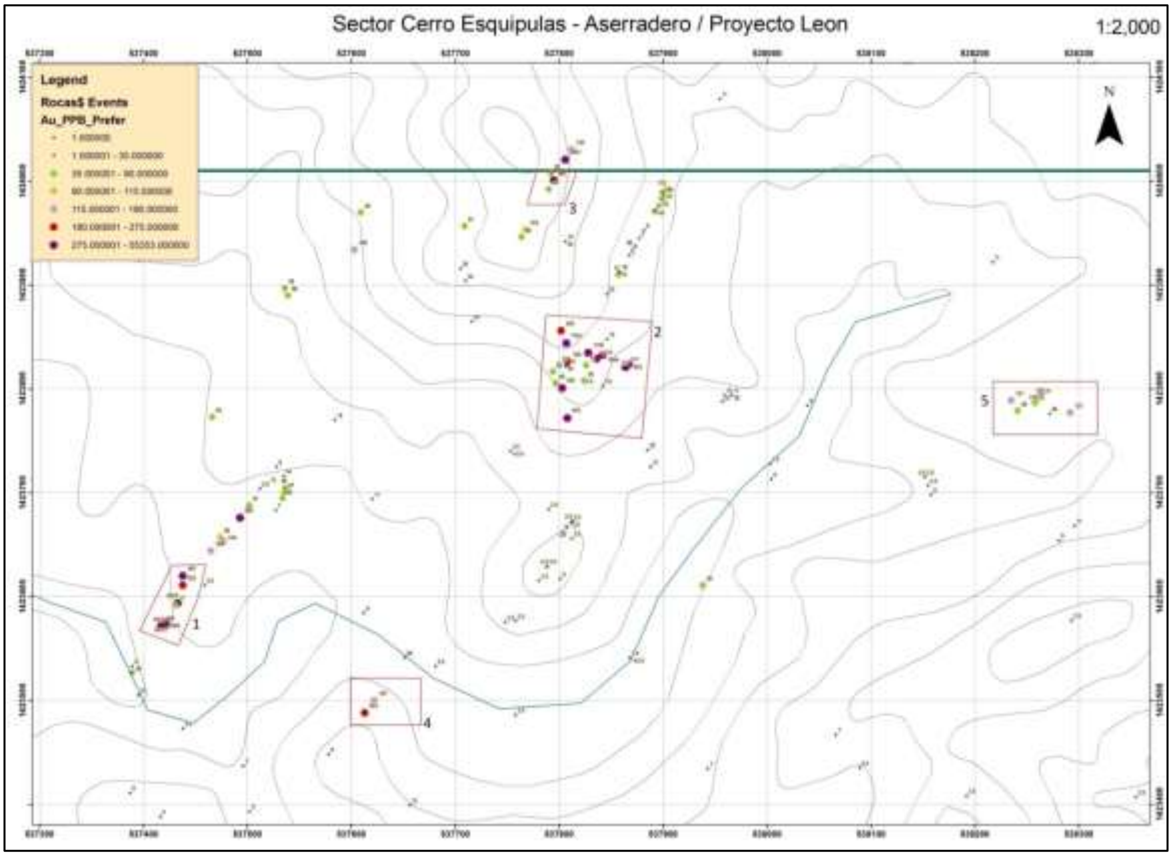


Figure 7 - Cerro Rojo Rock Sample Analysis Results, León Property, Nicaragua



2011/2012 Exploration Program Results - Las Mercedes

At Las Mercedes, on the east side of León, several soil geochemical gold anomalies have been outlined with values greater than 43 ppb Au. Follow up of the soil geochemical anomalies has resulted in the discovery of two mineralized quartz veins in silicified andesites grading 32.15 g/t Au and 55.25 g/t Au from grab samples. In addition, 500 m to the north of the sample grading 32.15 g/t Au, a third mineralized quartz vein has been discovered in silicified andesites assaying 28.23 g/t and occurring along the same gold soil geochem anomaly trend.

<u>Figure 8 - Las Mercedes - Gold Soil Anomalies</u>

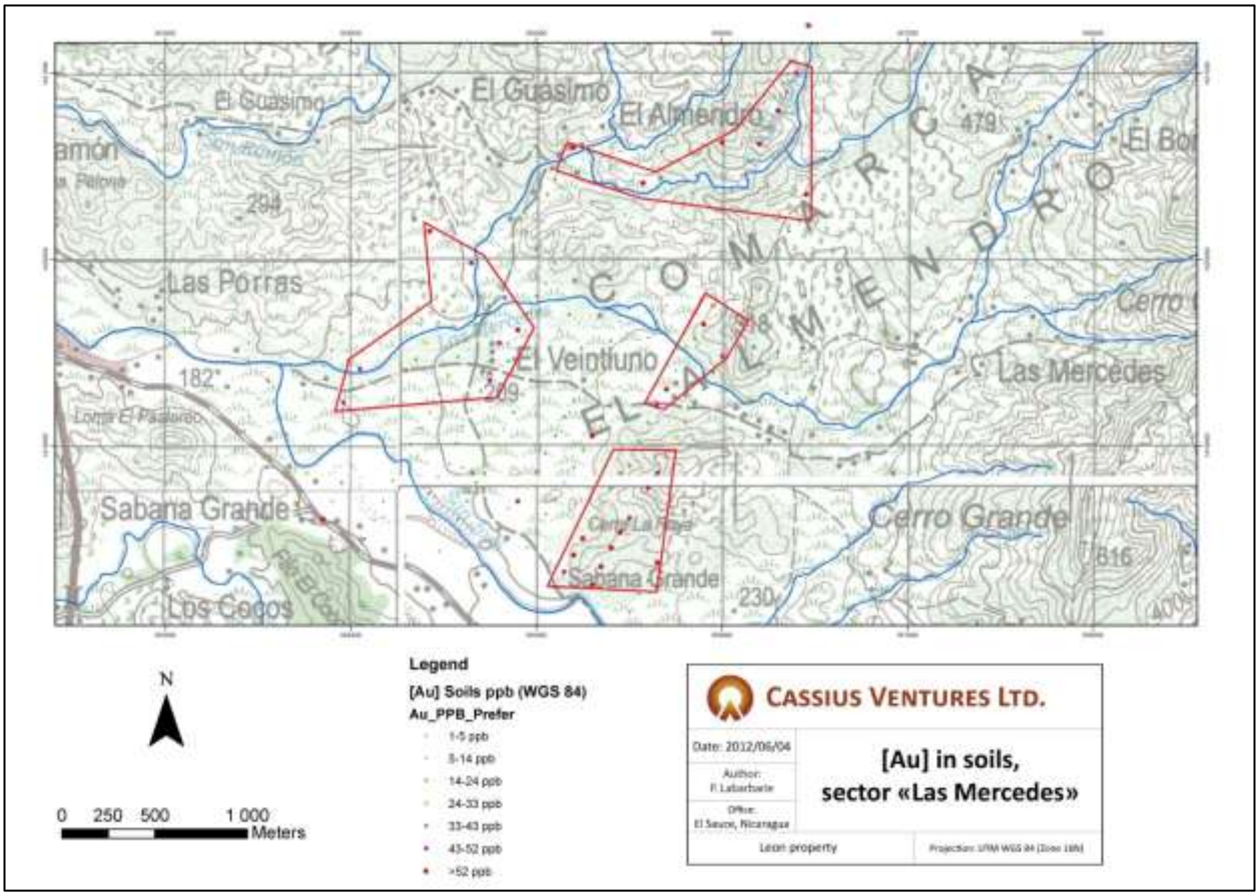
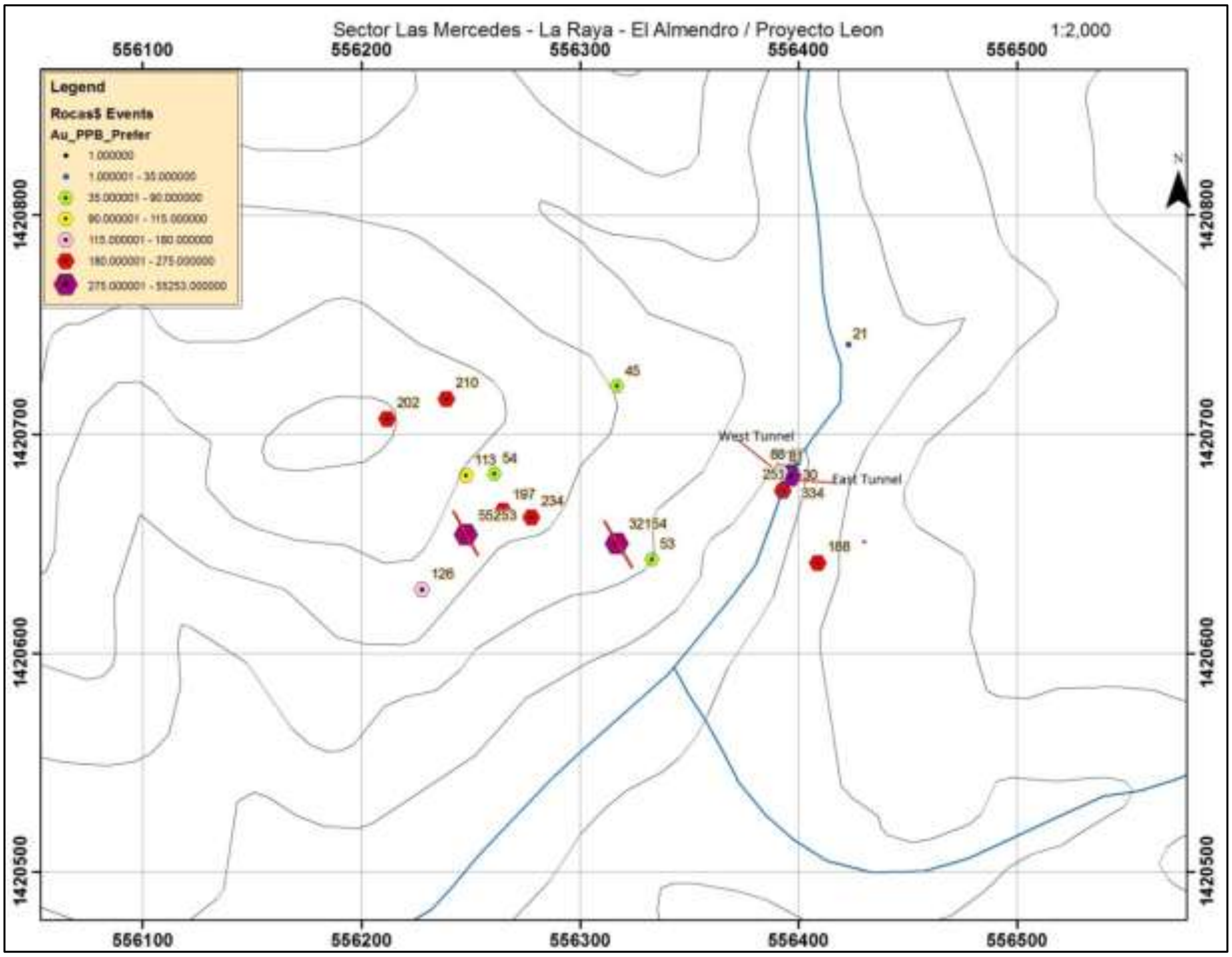


Figure 9 - Gold Rock Anomalies - Las Mercedes, León, Nicaragua



A more recent sampling program, which occurred in November and December 2012, took place over an area of previously identified gold mineralization. This channel sampling program successfully defined and followed the main mineralized structure over a distance of 141m which is open along strike. The program has also sampled two other previously identified mineralized structures, one 137 m east-northeast and a second 825 m north-northeast of channel 1.

A total of 8 channels were cut and 92 samples were collected over a silicified porphyritic quartz-andesite penetrated by oxidized quartz veins, mineralized with oxidized pyrite and traces of galena. Out of the 8 channels that were cut, 7 channels were cut over a main structure over a distance of 141m at 25m intervals. The eighth channel sampled a parallel structure 30m north of the main structure.

The first channel cut mineralized silicified quartz andesites and graded 2.74 g/t Au over 3.0m with one value grading 6.90 g/t Au over 1.0m. Another three channels sampling the extension of the same structure returned anomalous gold values with channel 3 (55m east of channel 1) grading 0.16 g/t Au over 6.0m, channel 5 (25.6m west of channel 1) grading 0.15 g/t Au over 3.0m, and channel 7 (74.6 m west of channel 1) grading 0.21 g/t Au over 2.0m.

Channel 8, located 137 m east-northeast of channel 1, represents a parallel structure 30 m north of the main structure, sampled in quartz veins, quartz breccias and silicified porphyritic quartz diorites mineralized with pyrite. Sampling from this channel returned three anomalous values between 0.13 g/t Au and 0.20 g/t Au each at 1.0m in width. All other channel samples returned insignificant values.

Better definition of the extent of the mineralized structures could be achieved by carrying out ground IP as sulfides are present in the structure. Furthermore, a pit digging program will help to better define the orientation of the fresh structures. The proposed work will aid to define potential drill targets in the area.

2011/2012 Exploration Program Results - Santa Barbara and Paso Real

At Santa Barbara, six rock samples returned Au assays greater than 0.275 g/t Au. The blocks are quartz blocks occurring on the edge of a dome that may appear to have intermediate porphyritic sub-intrusives in contact with andesites.

At Paso Real, 85 rock samples were collected with 11 samples resulting in anomalous gold values ranging from 0.44 g/t Au to 19.73 g/t Au. Two samples demonstrate high silver and copper values of 443 g/t Ag and >1% Cu respectively.

Note: The drilling referred to in the sections above is of HQ diameter with core samples being collected up to a maximum length of 1.0 metre. Core samples collected are sent to Inspectorate Laboratories in Managua, Nicaragua for sample preparation and assaying is performed by Inspectorate Laboratories in Reno, Nevada.

Eddy Canova, P.Geo., OGQ(403), the Director of Exploration for the Company and a Qualified Person as defined by NI 43-101, has reviewed and is responsible for the technical information contained in the MD&A.

Overall Performance

The following discussion of the Company's financial performance is based on the unaudited interim condensed consolidated financial statements for the three months ended January 31, 2013.

At January 31, 2013, the Company reported total assets of $5,279,157 (October 31, 2012 - $5,310,196), including cash and cash equivalents of $180,469 (October 31, 2012 - $340,023), and Mineral Properties of $4,986,373 (October 31, 2012 - $4,802,010).

The decrease in cash and cash equivalents of $159,554 resulted from the incurrence of $165,770 for mineral property acquisition and exploration costs and equipment purchases of $1,473, partially offset by a net operating cash inflow of $7,689.

The increase in mineral properties of $184,363 resulted from expenditures incurred in respect of the Nicaraguan Gold Properties including the sampling program with related assay costs, field visits with prospective investors, as well as concession rents related to the first semester of 2013.

Shareholders' equity comprises share capital of $5,668,005 (October 31, 2012 - $5,668,005), contributed surplus of $265,123 (October 31, 2012 - $260,349) and a deficit of $1,598,019 (October 31, 2012 – $1,551,596) for a net amount of $4,335,109 (October 31, 2012 - $4,376,758). The decrease in shareholders' equity of $41,649 results from the net loss for the three months ended January 31, 2013 ($46,423), partially offset by share-based payments recognized under the graded amortization method from the granting of stock options ($4,774).

The Company has a working capital deficit of $176,125 at January 31, 2013 compared to a working capital balance of $18,089 at October 31, 2012. The working capital decrease primarily results from expenditures relating to the Company's exploration program.

<u>Segmented Information</u>

The Company operates in one business segment, being the acquisition, exploration and development of mineral properties. The Company's assets are located in Canada and Nicaragua. For further information regarding financial position and results based on geographical location, please refer to Note 11 of the unaudited condensed interim consolidated financial statements for the three months ended January 31, 2013.

Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three months ended January 31, 2013 and 2012:

<u>Three months ended January 31, 2013 and 2012</u>

During the three months ended January 31, 2013, the Company reported a net loss of $46,423 (January 31, 2012: $124,663). The loss of $46,423 was mainly due to office and general expenses of $11,084 (January 31, 2012: $39,377) consisting of insurance, website maintenance, bank fees, rent, and other office expenditures; Professional fees of $11,981 (January 31, 2012: $18,545) comprising various accounting, audit, tax and legal expenditures of the Company; and consulting fees of $18,000 (January 31, 2012 - $25,083) related to strategic corporate advisory and technical services provided by various consultants of the Company.

As at January 31, 2013, the Company has incurred $2,872,590 in exploration expenditures related to the Nicaraguan gold properties.

Since incorporation the Company has no operating revenues as it is still in the acquisition and exploration stage.

Given the Company's early stage of development, management expects that further expenditures will be incurred during the coming year resulting from its exploration activities. These expenses are contingent upon the Company's ability to fund these projects through private placements and other forms of financing. In the event that the Company does not receive the required funding, management will review all on-going expenditures and take appropriate actions to remedy any potential funding shortage.

Summary of Quarterly Results

The following table sets forth selected unaudited quarterly financial information for the last eight completed quarters. The data in the table has been presented in conformity with IFRS and is presented in Canadian dollars:

	Q1 2013	Q4 2012	Q3 2012	Q2 2012
Total Revenue (Note 1)	$ 98	$ 22,056	$ 257	$ 4,156
Net loss for the period	$ (46,423)	$ (96,550)	$ (91,791)	$ (110,136)
Basic and diluted loss per share	$ (0.001)	$ (0.002)	$ (0.003)	$ (0.003)

	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Total Revenue (Note 1)	$ 6,583	$ 73	$ 1,747	$ 809
Net loss for the period	$ (124,663)	$ (684,075)	$ (132,151)	$ (55,825)
Basic and diluted loss per share	$ (0.004)	$ (0.033)	$ (0.005)	$ (0.004)

Note 1 – Revenue consists of interest income on GIC investments as well as income earned providing services to an affiliated company with directors in common.

The net loss of the Company increased significantly in Q3 2011 from Q2 2011 as the Company incurred expenditures related to the acquisition of the Nicaraguan Gold Properties and advanced its exploration program in respect of the Properties. In Q4 2011, the net loss further increased due to the write off of expenditures which resulted from the termination of the Carrot River Option Agreement and the Head Bay Agreement. The net losses in Q1 and Q2 2012 reflected expenditures incurred in advancing its exploration program in respect of the Properties. The decrease in net loss in Q1 to Q3 2012 over Q4 2011 reflected the fact that the expenses attributable to termination of the properties written off in the prior year were reduced significantly over the last half of 2012. In Q1 2013, the net loss was significantly reduced from Q4 2012 due to the fact that the Company recorded a foreign exchange gain of $2,118 in Q1 2013 versus a foreign exchange loss of $30,449 in Q4 2012, as well as other income of $25,264 earned in Q4 2012 from providing services to an affiliated company with directors in common, of which no such income was earned in Q1 2013.

Critical Accounting Policies

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the year ended October 31, 2012.

Mineral Properties

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition costs are capitalized and deferred until such time as the property is put into production or the property is disposed of, either through sale or abandonment, or becomes impaired. If a property is put into production the cost of acquisition will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property will be credited against the carrying value of the property. If a property is abandoned, the acquisition costs will be written off to operations.

Recorded costs of mineral properties are not intended to reflect present or future values of the properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that changes in future conditions could require a material change in the recognized amounts.

Although the Company has taken steps that it considers adequate to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Title to mineral properties in foreign jurisdictions is subject to uncertainty and consequently, such properties may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Mineral Property Expenditures

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of mineral properties. Exploration expenditures relate to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Impairment of Mineral Properties

The Company regularly reviews the recoverability of the carrying value of each mineral property. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Translation of Foreign Currencies

Functional and presentation currency - Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars which is the functional currency of Cassius Ventures Ltd, along with its wholly owned subsidiaries Fortress de Nicaragua S.A. and Nueva Segovia Mining S.A.

Transactions and balances - Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recorded in the consolidated statement of loss and comprehensive loss.

Share-based Payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to contributed surplus.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are transferred from contributed surplus.

Current and Deferred Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Recent Accounting Standards Not Yet Effective

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 9, *Financial Instruments*, IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, IFRS 13, *Fair Value Measurement*, amended IAS 28, *Investments in Associates and Joint Ventures, and IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine*. Each of the new standards is effective for annual periods beginning on or after January 1, 2013 (with the exception of IFRS 9 which will be effective for annual periods beginning on or after January 1, 2015) with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

Critical Accounting Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of commitments and contingencies at the date of the consolidated financial statements as well as the reported amount of revenues and expenses during the period. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Significant areas requiring the use of management estimates include assumptions and estimates relating to but not limited to, the determining of mineral resources, fair values for purposes of impairment analysis, reclamation obligations, share based payments, valuation allowances for deferred income tax assets, and deferred income tax liabilities.

Liquidity & Capital Resources

The 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, 2013, had an accumulated deficit of $1,598,019 and a working capital deficit of $176,125. The Company's working capital balance limits the Company's ability to fund significant capital expenditures and operations. These 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. In addition, the recoverability of the amounts shown for mineral 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, all of which are uncertain.

The continuation of the Company as a going concern is dependent on securing additional funding through equity financing to complete its exploration and drilling program in Nicaragua and support corporate overhead. Although management is of the opinion that sufficient working capital will be obtained from external sources to meet the Company's 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 as market conditions have limited the availability of funds. In the event the Company is unable to arrange necessary financing, the Company may be forced to cease operations.

Off Balance Sheet Transactions

There are currently no off balance sheet arrangements which could have a material effect on current or future results of operations, or the financial condition of the Company.

Commitments

Effective July 1, 2011, the Company entered into an agreement with an affiliated company in respect of shared lease, overhead and service costs (amended on July 1, 2012). Under the agreement, the Company is billed quarterly for office rental and other services relating to its head office in Vancouver, Canada. The agreement expires on September 29, 2015, but either party may terminate the agreement provided 90 days' notice. The Company is committed to the following future payments:

2013	5,549
2014	7,562
2015	6,932
	$ 20,043

Escrow

As at January 31, 2013, the Company had 300,000 (October 31, 2012 – 600,000) common shares held in escrow. The remaining 300,000 shares held in escrow will be released on July 29, 2013.

Outstanding Share Data

As at the date of this report, the Company has 41,148,480 common shares issued and outstanding.

As at the date of this report, there were 1,685,000 stock options and 5,000,000 common share purchase warrants outstanding.

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 is presented in the table below:

	Three months ended January 31, 2013	Three months ended January 31, 2012
Consulting fees	$ 18,000	$ 18,000
Share-based payments	4,490	40,983
	$ 22,490	$ 58,983

b) Payments for services by related parties

As disclosed in the section above entitled "Commitments", the Company is charged shared lease, overhead, and service costs by an affiliated company, with a common director and officer. The Company is also charged for accounting and administrative services by another affiliated company with a common director and officer. Amounts incurred for these services are presented in the table below:

	Three months ended January 31, 2013	Three months ended January 31, 2012
Purchase of services:		
Professional fees	$ 4,483	$ 4,484
Geological consulting fees	15,200	-
Office and general	3,634	5,270
	$ 23,317	$ 9,754

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Amounts due to related parties at January 31, 2013 amounted to $146,454 to directors and officers of the Company as well as companies controlled by directors and officers of the Company (October 31, 2012 - $101,397) and amounts due from related parties at January 31, 2013 amounted to $2,502 from a company controlled by directors of the Company (October 31, 2012 - $45,486). The amounts due to and from related parties are non-interest bearing, unsecured and due on demand.

Market Trends

The price of the common shares of the Company and the financial results of the Company bears the risk of being affected by declines in commodity prices such as gold and other metals. The viability of the Company's Nicaraguan gold projects is directly affected by fluctuations in the price of gold. Although the price of gold on average has increased over the last 5 years, there continues to be a risk that gold prices may decline and directly correlating to the economic feasibility of any future development.

Furthermore, the Company incurs costs in Canadian dollars, US dollars and Nicaraguan Cordobas. Unfavorable movements in exchange rates between any of the three currencies may result in additional operating costs to the Company. Although the Canadian dollar has appreciated against both the US dollar and Nicaraguan Cordoba over the previous few years, there continues to be a risk that exchange rates to the Canadian dollar may deteriorate in the future, which may significantly impact future operating costs.

Financial Instruments and Risks

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable, accrued liabilities, and due to related parties.

Cash and cash equivalents are designated as held-for-trading and carried at fair value. Receivables and amounts due from related parties are designated as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities, and amounts due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Fair Value Measurement

A three-level hierarchy exists for fair value measurements based upon the significance of inputs used in making fair value measurements as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data.

At January 31, 2013, cash and cash equivalents were categorized as level 1. The fair values of other financial instruments, which include receivables, deposits, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and cash equivalents and receivables. The Company has concentration of risk with respect to cash being held with large financial institutions. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets noted above.

Foreign Exchange Rate Risk

The Company's exploration expenditures are predominately in US dollars and Nicaraguan Cordobas and equity raised is primarily in Canadian dollars. 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.

The Company is exposed to fluctuations in foreign currency at the time payments are due on exploration costs in US dollars and Nicaraguan Cordobas. The Company manages this risk by monitoring fluctuations in foreign exchange rates and considers using derivative instruments to reduce its exposure to foreign currency risk. A change of 10% of the Canadian dollar against the Nicaraguan Cordoba would result in a change in net loss of $10,890.

Interest Rate Risk

The Company's cash contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

Liquidity Risk

The Company's cash and cash equivalents are invested in business accounts and term deposits which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and our cash needs over the short term. At January 31, 2013, the Company had total current assets of $252,709 (October 31, 2012: $436,313). Contractual undiscounted cash flow requirements for financial liabilities as at January 31, 2013 and October 31, 2012 are presented below.

January 31, 2013

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 282,380	$ -	$ -	$ 282,380
Due to related parties	146,454	-	-	146,454

October 31, 2012

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 316,827	$ -	$ -	$ 316,827
Due to related parties	101,397	-	-	101,397

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. In addition, the recoverability of the amounts shown for mineral 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, all of which are uncertain. Further information relating to liquidity risk is disclosed in the section entitled "Liquidity and Capital Resources".

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Legal Proceedings

The Company is not involved in any legal proceedings.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties in Central America. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are primarily early stage exploration with no known resources or reserves), the following risk factors, among others, will apply

Going Concern

The 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, 2013, had an accumulated deficit of $1,598,019 and a working capital deficit of $176,125. The Company's working capital balance limits the Company's ability to fund significant capital expenditures and operations. These 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. In addition, the recoverability of the amounts shown for mineral 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, all of which are uncertain.

The continuation of the Company as a going concern is dependent on securing additional funding through equity financing to complete its exploration and drilling program in Nicaragua and support corporate overhead. Although management is of the opinion that sufficient working capital will be obtained from external sources to meet the Company's 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 as market conditions have limited the availability of funds. In the event the Company is unable to arrange necessary financing, the Company may be forced to cease operations.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted but could have a material adverse effect upon the Company's operations.

Mining operations generally involve a high degree of risk. The operations of the Company are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

There is no certainty that the expenditures made by the Company toward the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, Mineral Reserves or any other mineral occurrences.

Political Stability and Government Regulation Risks

The operations of the Company are currently conducted in Nicaragua and Canada. As such, the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to: terrorism; extreme fluctuations in currency exchange rates; and changing political conditions, currency controls and governmental regulations. Changes, if any, in mining or investment policies or shifts in political attitudes in any of these countries may adversely affect the operations or profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

Fluctuations in Metal Prices

The price of the common shares, and the consolidated financial results and exploration, development and mining activities of the Company, may in the future be significantly and adversely affected by declines in the prices of gold and other metals or minerals. The prices of gold and other metals or minerals fluctuate widely and are affected by numerous factors beyond the control of the Company such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world, the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market prices of gold or other metals or minerals could cause continued development of and commercial production from the properties in which the Company holds an interest to be impracticable. Depending on the prices of gold and other metals and minerals, cash flow from mining operations could not be sufficient and the Company may lose its interest in, or may be forced to sell, some of its properties. Future production from the Company’s properties is dependent upon the prices of gold and other metals and minerals being adequate to make these properties economically viable.

In addition to adversely affecting the resource estimates of the Company and its financial condition, declining commodity prices can affect operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

Exchange Rate Fluctuations

Exchange rate fluctuations may affect the costs that the Company incurs in its operations. Precious metals and other minerals are generally priced in U.S. dollars and the costs of the Company are incurred in Canadian dollars, Nicaraguan Cordoba, or U.S. dollars. The appreciation of non-U.S. dollar currencies against the U.S. dollar can increase the cost of exploration and production in U.S. dollar terms, which could materially and adversely affect the Company's profitability, results of operations and financial condition.

Key Personnel

The Company is dependent upon the services of key executives, including the directors of the Company and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the inability of the Company to attract and retain additional highly-skilled employees may adversely affect its business and future operations.

Share Price Volatility and Liquidity

Publicly quoted securities are subject to a relatively high degree of price volatility. It may be anticipated that the quoted market for our shares will be subject to market trends generally, notwithstanding any potential success of us in creating sales and revenues. In addition, our shareholders may be unable to sell significant quantities of shares into the public trading markets without a significant reduction in the price of their shares, if at all.

Disclosure Controls and Procedures

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with Canadian generally accepted accounting principles.

TSX-V listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a TSX-V issuer to design and implement on a cost effective basis DC&P and ICFR as defined in Multinational Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Forward-Looking Statements

This MD&A contains forward-looking information (within the meaning of Canadian securities laws) about the Company and its future plans. Forward-looking information reflects management's expectations or beliefs regarding future events rather than historical facts, and in this MD&A include, without limitation, statements regarding potential mineralization and resources, exploration results, and future plans and objectives of the Company. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "scheduled", "believes", or variations of such words and phrases or statements that certain actions, events or results "potentially", "may", "could", "would", "might" or "will" be taken, occur or be achieved. There can be no assurance that forward-looking statements will prove to be accurate, and actual results could differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements are based on certain assumptions that management believes are reasonable at the time they are made. In making the forward-looking statements in this MD&A, the Company has applied several material assumptions, including, but not limited to, the assumption that: (1) the Company's ability to discover minerals in commercially feasible quantities in Nicaragua, (2) the Company's ability to raise the necessary financing for ongoing operations and to complete any acquisitions or pursue any planned exploration programs, (3) there being no significant disruptions affecting operations, whether due to labour/supply disruptions, damage to equipment or otherwise; (4) permitting, development, expansion and power supply proceeding on a basis consistent with the Company's current expectations; (5) certain price assumptions for gold; (6) prices for availability of natural gas, fuel oil, electricity, parts and equipment and other key supplies remaining consistent with current levels; (7) the accuracy of current mineral resource work and studies on the Company's property; and (8) labour and material costs increasing on a basis consistent with the Company's current expectations. Important factors that could cause actual results to differ materially from the Company's expectations include, among others, risks related to the ability of the Company to obtain necessary financing and adequate insurance; the economy generally; fluctuations in the currency markets; fluctuations in the spot and forward price of gold or certain other commodities (e.g., diesel fuel and electricity); changes in interest rates; disruption to the credit markets and delays in obtaining financing; the possibility of cost overruns or unanticipated expenses; employee relations. Accordingly, readers are advised not to place undue reliance on forward-looking statements. Except as required under applicable securities legislation, the Company undertakes no obligation to publicly update or revise forward-looking statements, whether as a result of new information, future events or otherwise. Reference to the section entitled "Risks and Uncertainties" immediately preceding this section.

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