

CASSIUS VENTURES LTD.

Management Discussion and Analysis For the Three Months Ended January 31, 2012

The MD&A of Cassius Ventures Ltd. (the "Company") has been prepared by management in respect of the three months ended January 31, 2012, and should be read in conjunction with the unaudited condensed interim consolidated financial statements as of January 31, 2012 and related notes thereto of the Company. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS"). Previously the Company reported its interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("GAAP").

The Company's prior year comparatives in this MD&A have been presented in accordance with IFRS, as the Company's IFRS transition date was November 1, 2010. 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 April 26, 2012.

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.

The Properties have been explored historically with sampling work being done over all areas, as well as prospecting and trenching work in the Nueva Segovia project area. In July 2011, the Company commenced its 2011/2012 exploration program and in February 2012, the Company commenced its 2012 drill program, both of which are described in more detail below.

Progress to Date and Next Steps

The Company's 2011/2012 exploration program, which commenced in July 2011, 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

The company has identified a total of 32 anomalous areas at the Nueva Segovia project area. Results from the program were used to identify four reconnaissance drill targets in the area and on February 14, 2012, the Company commenced its 2,650 metre reconnaissance drill program, which it expects to complete over the coming months.

Work in the León areas has identified several gold anomalies and in addition identified an extensive trend of gold anomalies over 15 km in length. The Company is continuing to sample the anomalous areas and is planning to identify further drill targets in the coming months.

Acquisition of Fortress de Nicaragua S.A. (“Fortress”)

On May 3, 2011, the Company acquired 100% of the issued and outstanding shares of Fortress, a private company incorporated in Nicaragua, which is the legal and beneficial owner of sixteen exploration concessions located in Nicaragua (the “Nicaraguan Gold Properties”). The transaction closed on June 3, 2011. The agreement to acquire the outstanding shares of Fortress and a technical report entitled “Nicaraguan Gold Properties Property of Merit Report” both dated May 3, 2011, are disclosed and available for viewing on SEDAR at www.SEDAR.com.

Under the terms of the acquisition, the Company acquired all of the issued and outstanding shares of Fortress in exchange for 6,500,000 common shares of the Company with a fair value of \$1,040,000, plus reimbursement for certain expenses and assumption of certain property maintenance fees not to exceed US\$650,000. This transaction valued the shares issued to the Fortress Shareholders at \$1,040,000.

Pursuant to the transaction, the Company paid transaction costs of \$28,143 in professional fees, which have been expensed in the consolidated statement of loss, comprehensive loss and deficit for the year ended October 31, 2011. The Company also issued 455,000 common shares as finder’s fees with a fair value of \$72,800, which were been expensed as consulting fees on the statement of loss, comprehensive loss and deficit for the year ended October 31, 2011.

The Nicaraguan Gold Properties are subject to royalty agreements between Fortress and JAT Metconsult Ltd. (“JAT”), whose owner is an officer and director of the Company; as well as Sirocco Advisory Services Ltd. (“Sirocco”), whose owner is a director of the Company. Under the royalty agreements, JAT and Sirocco are each entitled to a 0.75% net smelter returns (“NSR”) royalty, increasing to 1% in the event gold production exceeds 200,000 ounces.

There are also two other royalty agreements between Fortress and various other parties, entitling these parties up to 1% of NSR royalties should the Nicaraguan Gold Properties enter into production.

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.

Concurrently with the closing of the Share Exchange Agreement, the Company completed a non-brokered private placement comprising of 10,000,000 units, at a price of \$0.25 per unit for gross proceeds of \$2,500,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.45 per share for a period of 24 months. The warrants are subject to an “accelerated expiry provision” whereby, in the event that the volume weighted average closing price of the Company’s shares is equal to or exceeds \$0.65 for a period of 15 consecutive trading days, the Company may give written notice to the warrant-holders that the warrants will expire on the 30th calendar day following the date of such notice. As part of the private placement, the Company issued 351,600 common shares with a fair value of \$87,900 as finders’ fees.

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.

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.

Description 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.



Nueva Segovia Project Area (formerly the Murra Mining District concession 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 Fortress Acquisition and the acquisition by Fortress of Nueva Segovia S.A. (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 Quebra village, on the main route that leads from Ocotol 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 Jalepena	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
Nueva Segovia	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 (formerly the CWN concession 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.

Chontales Project Area (formerly the CEN concession 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		

Like the León project, the Chontales project comprises deposits which are disseminated low sulphidation epithermal systems.

2011/12 Exploration Program

Fieldwork in respect of the 2011 / 2012 exploration program commenced in July 2011 and was initially focused on

- 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

Work was focused on the Nueva Segovia and León project areas. 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.

Nueva Segovia Project Area

The Company completed a total of 1,221 trench samples, 1,657 soil samples and 1,051 metres of trenching at Nueva Segovia. Results from this program were used to identify four drill targets: Manto de la Corona and Deaguada on the La Jalapeña concession, and El Olingo and La Lampara on the Los Angeles concession.

At Manto de la Corona, a total of 383 soil samples were taken with results ranging between 233 and 847 ppb Au. Furthermore, a significant amount of trenching activity in the area yielded assay values mostly between 0.3 g/t Au and 0.4 g/t with one assay yielding a result of 62.0 g/t Au. In one of the trenches, 222 samples were collected and returned an average grade of 0.5 g/t Au.

At Deaguada, 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.

Although this area has not been trenched, La Lampara has become a significant drill target due to a strong gold-arsenic anomaly with a maximum gold value of 696 ppb and an arsenic value of 2095 ppm.

León Project Area

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	336	1,298	469
La Raya II	20	452	204
Armenia	28	168	16
Total	384	1,918	689

At León, four areas are being developed with encouraging gold assay results: Cerro Rojo, Las Mercedes, Paso Real and Santa Barbara. Currently, all 4 areas are having extensive soil, rock sampling, prospecting and mapping carried out. 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 6,264 ppb Au, 81.4 ppm Ag, 492 ppm Mo, and 144 ppm Cu.

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. Mapping of the porphyry indicates coverage of approximately 6 km² of porphyry with oxidation, argillitization, some quartz veinlets, drizzly quartz, brecciation, and 1% to 2% pyrite. Stream sediment sample anomalies guided the exploration to this area with the collection of 1,058 soil samples and 148 rock samples at outcrops. Soil sampling was carried out on grids oriented N030°E over a 4.5 km length and with samples taken every 100 m, covering 21 km² of sampling overall.

As a result of the soil sampling, 17 anomalous Au values were discovered ranging from 40 ppb Au to 125 ppb Au. A correlation exists with Mo and Cu with values reaching 58 ppm Mo and 55 ppm Cu. Rock sampling resulted in the discovery of 10 anomalous gold values, most of which range from 51 ppb to 622 ppb Au, with one sample returning a value of 6,264 ppb Au. Rock sampling also returned anomalous values with respect to copper, molybdenum and silver with values reaching 492 ppm Mo, 97 ppm Cu and 77.8 g/t Ag respectively. An Induced Polarization ("IP") program for the area is being examined to cover an area of 11 km² with lines every 200 m and lines of 3.5 km long. Just 10 km southeast of the area a caldera is visible via satellite imagery occurring at the margin of the quaternary and tertiary volcanics, separated by the northwest trending fault and the caldera occurring on the fault.

Las Mercedes, on the east side of Leon and southeast of El Sauce, contains gold anomalies occurring near a northwest trending structural lineament. A total of 247 soil samples were collected with 25 samples returning anomalous values ranging from 50 ppb Au to 196 ppb Au. The anomalous gold values have corresponding Cu and Mo values in the soils with values attaining 92 ppm Cu and 60 ppm Mo respectively. Outcrop mapping and further sampling is scheduled to be carried out in the next month.

At Santa Barbara, just west of El Sauce, six rock samples gave gold 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.

The Paso Real property, approximately 25 km northwest of El Sauce, has had 85 rock samples 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. This area will be further examined in the coming weeks.

A summary of the total samples from both areas taken from July 2011 to January 2012 is shown below:

Total Rock Chip Samples	424
Total Trench Channel Samples	1,221
Total Soil Samples	3,575
Total Stream Sediment Samples	750
Total Samples	5,970
Total Metres Trenched	1,051

The exploration program is expected to continue through the coming months which will include the following:

- a 2,650 metre drill program on four drill targets at the Nueva Segovia project area (described below)
- continued soil sampling at the Nueva Segovia project area; and
- Geological mapping as well as rock chip sampling at the León project area

Results from the remainder of the program will be used to identify further exploration and drill targets.

2012 Reconnaissance Drill Program

As indicated above, work done as part of the 2011/ 2012 exploration program has helped to identify the first four reconnaissance drill targets, all located at the Nueva Segovia project area. The reconnaissance drill program, planned to drill 2,650 m, commenced on February 12, 2012. The drill plan covers the following anomalies:

Anomaly	Concession	Number of drillholes	Planned Drilling (m)
Manto de la Corona	La Jalapeña	4	1,000
Deaguada	La Jalapeña	2	350
La Olingo	Los Angeles	2	350
La Lampara	Los Angeles	4	950
Total Drilling		12	2,650

At Manto de la Corona, a total of four drill holes covering 1,000 metres have been planned over a 500 metre by 100 metre wide northwest trending Au soil anomaly. At Deaguada, a program of two drill holes over 350 metres have been planned on a sub-horizontal vein system. The Company plans to drill two holes at La Olingo covering approximately 350 metres cutting a stockwork oriented North-South, approximately 80 metres wide and 500 metres long. A program of four drill holes covering 950 metres has been planned in the La Lampara anomaly, which appears to be a sub-horizontal stockwork approximately 100 metres thick 1 km long.

The drilling will be of HQ diameter with core samples being collected up to a maximum length of 1.0 metre. Core samples collected will be sent to Inspectorate Laboratories in Managua, Nicaragua for sample preparation and assaying will be performed by Inspectorate Laboratories in Reno, Nevada. Reports on the results obtained will be released as assay results are available.

Drilling Progress to Date

At total of three holes have been drilled covering 799 m, all at Manto de la Corona. The drill holes were designed to test gold anomalies associated with quartz veins on the trenches with values ranging between 87 ppb Au and 400 ppb Au. Drilling to date has intercepted grey graphitic schists with locally

quartz-carbonate veins. At the first drill hole, schists were penetrated by fine quartz veins of 1 cm to 2 cm, with graphite and 1% - 2% pyrite. The second drill hole also intercepted schists with some quartz veins of 10 cm to 1.2 m in length occurring at five intervals between depths of 139 - 202 m cutting through the schists. Assay results for the three holes are pending.

A quartz vein of 2 m in thickness, continuous over 30 m (with historical campesino workings on the vein) is being uncovered, located, mapped, sampled and is scheduled to be drilled later in the drill program.

At La Lampara, 13 old workings and tunnels have been discovered. Fieldwork conducted on two of the tunnels uncovered quartz veins of 1 m to 2 m in width with oxidation in the veins. The schists containing the quartz veins show no signs of visible graphite. Recent panning of these quartz veins yielded visible gold grains. A drill has now been moved at 20 m north of these tunnels. This should locate the drill collar at 25 m to 30 m above the veins observed in the two tunnels. The quartz veins are estimated to be intercepted at an approximate depth of 25 m and at approximately 32 m depth. The two veins trend N90°E dipping 30°N and 29°S respectively.

Eddy Canova, a Qualified Person as defined by NI 43-101, has reviewed and is responsible for the technical information contained in the MD&A.

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.

Carrot River Property

On March 3, 2010, the Company entered into an option agreement with QMC Quantum Minerals Corp. ("QMC") pursuant to which the Company acquired an option to earn a 60% undivided interest in the Carrot River Property, located in northern Manitoba ("Carrot River Option Agreement"). The Property is comprised of 15 mining claims totaling 3,073 hectares and lies within the northern part of the Archean Superior Province and straddles the westerly extension of the Oxford-Knee Lakes greenstone belt. Under the terms of the Agreement, the Company is committed to the following terms:

	Cash Payment \$	Common Shares	Exploration Expenditures \$
Upon signing of agreement (issued and paid)	25,000	200,000	—
On or before March 3, 2011	50,000 (optional)	300,000 (optional)	250,000 (optional)
On or before March 3, 2012	75,000 (optional)	400,000 (optional)	300,000 (optional)
On or before March 3, 2013	100,000 (optional)	500,000 (optional)	350,000 (optional)
On or before March 3, 2014	150,000 (optional)	600,000 (optional)	450,000 (optional)
	400,000	2,000,000	1,350,000

On August 4, 2011, the Company delivered notice of termination under the terms of the Carrot River Option Agreement to QMC. The effective date of termination was September 3, 2011. As part of the termination provisions of the agreement, the Company paid \$76,825 to keep the claims in good standing for a period of twelve months after the termination date, as acknowledged by QMC under the Carrot River Option Agreement. The Company has no further obligations in respect of the Carrot River property.

Head Bay Property

On February 25, 2011, the Company entered into an Option Agreement with Johan Thom Shearer to acquire an undivided 100% interest in the Head Bay Property which is situated in the Alberni Mining Division of British Columbia. Under the terms of the Option Agreement, the Company is committed to the following terms:

	Cash Payment \$	Common Shares
Upon signing of agreement (paid)	12,000	
On or before February 25, 2012	15,000	
On or before February 25, 2013	20,000	
On or before February 25, 2014	25,000	
On or before February 25, 2015	50,000	
Issue within 5 business days of Exchange Approval of Agreement	Nil	100,000 (issued)
	\$122,000	100,000

On January 16, 2012, the Company delivered notice of termination under the terms of the Head Bay Option Agreement to Johan Thom Shearer. The Company made a payment in the amount of \$5,420 to Mr. Shearer in full satisfaction of any further obligations, as acknowledged by Mr. Shearer under the Head Bay Option Agreement. The Company has no further obligations in respect of the Head Bay property.

Overall Performance

The following discussion of the Company's financial performance is based on the unaudited interim consolidated financial statements for the three months ended January 31, 2012.

At January 31, 2012, the Company reported total assets of \$4,328,784 (October 31, 2011 - \$4,251,521), including cash and cash equivalents of \$686,275 (October 31, 2011 - \$1,420,752), and Mineral Properties of \$3,329,903 (October 31, 2011 - \$2,674,409).

The decrease in cash and cash equivalents of \$734,477 resulted from \$143,953 incurred in operating activities, \$4,913 from the purchase of equipment, \$31,345 of cash held as a guarantee for a refundable customs charge for the use of a drill at the exploration site, and \$554,266 in mineral property expenditures.

The increase in mineral properties of \$655,494 resulted from \$568,643 incurred as ongoing expenditures from the 2011/2012 exploration program which consisted of field work and assay costs in support of our sampling and trenching from the 2011/2012 exploration program, and \$86,851 of acquisition costs associated with the purchase of Nueva Segovia Mining.

Shareholders' equity comprises share capital of \$4,689,795 (October 31, 2011 - \$4,689,795), contributed surplus of \$190,533 (October 31, 2011 - \$133,157) and a deficit of \$1,253,119 (October 31, 2011 - \$1,128,456) for a net amount of \$3,627,209 (October 31, 2011 - \$3,694,496). The decrease in shareholders' equity of \$67,287 results from the net loss in the three months ended January 31, 2012 (\$124,663), partially offset by share-based compensation recognized under the graded amortization method from the granting of stock options in July 2011 (\$57,376).

Working capital amounts to \$712,339 at January 31, 2012 compared to \$1,444,989 at October 31, 2011.

Segmented Information

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 16 of the unaudited condensed interim consolidated financial statements for the three month period ended January 31, 2012.

Results of Operations

Three Months Ended January 31, 2012

During the three months ended January 31, 2012, the Company reported a net loss of \$124,663 (January 31, 2011: \$34,813). The loss of \$124,663 was mainly due to \$41,383 (January 31, 2011: \$Nil) of share-based compensation recognized under the graded amortization method from the granting of stock options in July 2011; office and general expenses of \$28,719 (January 31, 2012: \$1,131); and consulting fees of \$25,083 (January 31, 2011 - \$25,800) related to strategic corporate advisory and technical services provided by various consultants of the Company.

As at January 31, 2012, the Company has incurred \$1,207,617 in exploration expenditures related to the Nicaraguan gold properties. The exploration program is expected to continue through the coming months concurrently with the 2012 drill program

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

Due to the Company being in its early stage of development, management foresees further increases in the Company's expenses 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	Q4	Q3	Q2
	2012	2011	2011	2011
Total Revenue (Note 1)	\$ 6,583	\$ 73	\$ 1,747	\$ 809
Net loss for the period	\$ (124,663)	\$ (600,061)	\$ (216,165)	\$ (55,825)
Basic and diluted loss per share	\$ (0.00)	\$ (0.02)	\$ (0.01)	\$ (0.01)

	Q1	Q4	Q3	Q2
	2011	2010	2010	2010
Total Revenue (Note 1)	\$ -	\$ -	\$ -	\$ -
Net loss for the period	\$ (34,813)	\$ (38,713)	\$ (44,939)	\$ (25,537)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.00)

Note 1 – Revenue consists of interest income on GIC investments.

From the second quarter of 2010 to the second quarter of 2011, net loss remained fairly consistent given the limited level of activity of the business at the time. The net loss of the Company increased significantly in Q3 2011 as the Company incurred expenditures in 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 loss in Q1 2012 reflected expenditures incurred in advancing its exploration program in respect of the properties. The decrease in Q1 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 in the current quarter.

Critical Accounting Policies

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the unaudited condensed interim financial statements for the period ended January 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"). These condensed interim 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 reversed from share-based payment reserve.

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.

Basis of Presentation and Adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and required publicly accountable enterprise to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting (“IAS 34”) and IFRS 1, First Time Adoption of International Financial Reporting Standards (“IFRS 1”). The Company has consistently applied the same accounting policies in its opening IFRS consolidated statement of financial position at November 1, 2010 (“the transition date”) and throughout all periods presented, as if these policies had always been in effect. Note 5 of the condensed interim consolidated financial statements for the period ended January 31, 2012 discloses the impact of the transition to IFRS on the Company’s reported financial results, including the nature and effect of significant changes in accounting policies from those used in the Company’s consolidated financial statements for the year ended October 31, 2011.

The policies applied in the condensed interim consolidated financial statements are based on IFRS issued and outstanding as of April 26, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending October 31, 2012 could result in restatement of these condensed interim financial statements, including the transition adjustments recognized on change-over to IFRS.

The condensed interim financial statements should be read in conjunction with the Company’s Canadian GAAP annual financial statements for the year ended October 31, 2011.

Adoption of IFRS

The adoption of IFRS had no impact on the financial position, statements of loss and comprehensive loss or net cash flows of the Company as at the transition date of November 1, 2010. For the year ended October 31, 2011, the Company had the following reconciling items

(i) - Deferred taxes

Under IFRS, deferred income taxes are not recognized on exploration costs capitalized based in Nicaragua as the difference is considered to be a permanent difference for tax purposes, whereas under Canadian GAAP, such differences were considered temporary. This change in accounting decreased mineral properties and deferred income tax liabilities at October 31, 2011 by \$196,649 (November 1, 2010 - \$Nil). This amendment did not have an effect on the statement of loss and comprehensive loss, or the statement of cash flows

(ii) – Share-based payments

Under IFRS, the fair value of options granted are accrued over the vesting period using the graded method of amortization, whereas under Canadian GAAP, the straight-line method of amortization is used. As a result of this change in accounting, as at October 31, 2011, contributed surplus increased by \$60,905, share-based payment expense increased by \$52,416 and mineral properties increased by \$8,489. The amendment did not have an effect on the financial statements at November 1, 2010.

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 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.

The following is a brief summary of the new standards:

IFRS 9 - Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income.

IFRS 10 – Consolidated Financial Statements

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation - Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-monetary Contributions by Venturers.

IFRS 12 - Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine.

Critical Accounting Estimates

The preparation of the condensed interim 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 April 26, 2012, has an accumulated deficit of \$1,323,875 and working capital deficiency of \$40,667. The working capital deficiency limits the Company's ability to fund 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. The Company is currently in the process of securing additional investment which will likely take the form of a private placement to secure sufficient cash to fund ongoing operations. Although management is of the opinion that sufficient working capital will be obtained from external financing 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 a related company in respect of shared lease, overhead and service costs (amended on January 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:

2012	16,232
2013	22,180
2014	22,687
thereafter	20,797
	<u>\$ 81,896</u>

Escrow

As at January 31, 2012, the Company has 900,000 (October 31, 2011 – 1,200,000) common shares held in escrow.

Outstanding Share Data

As at the date of this report, the Company has 31,448,480 common shares issued and outstanding.

As at the date of this report, there were 1,535,000 stock options and 10,125,000 common share purchase warrants outstanding.

Related Party Transactions

During the period ended January 31, 2012 and 2011, the Company was involved in the following related party transactions to directors, officers, and related companies:

	2012	2011
Rent & shared services paid to Spur Ventures Inc. - A company associated by common directorship	\$ 5,270	\$ -
Consulting fees paid to Shariff Advisory Services Ltd. and JAT Metconsult Ltd - Whose owners are officers of the Company	12,000	-
Consulting fees paid to a Sirocco Advisory Services Ltd. - Whose owner is a director of the Company	6,000	-
Advisory and management fees paid to Oceanic Iron Ore Corp. - A company associated by common directorship	4,484	-
Advisory and management fees paid to Baron Financial Canada Ltd. - A company that provided officer services for the Company	-	20,000
Accounting and administrative fees paid to Sharon Lewis Consulting Ltd - Whose owner was a director of the Company	-	3,000
	\$ 27,754	\$ 23,000
Amount due to Oceanic Iron Ore Corp.	\$ 5,022	\$ -
Amount due to Spur Ventures Inc.	5,270	-
Amounts due to related parties	\$ 10,292	\$ -

The above transactions have been in the normal course of operations and have been recorded at their exchange amounts, which are the amounts agreed upon by the transacting parties.

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, 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 are designated as loans and receivables and are measured at amortized cost. Accounts payable, accrued liabilities and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

Fair Value Measurement

CICA HB 3862, "Financial Instruments Disclosures", requires disclosure of a three-level hierarchy 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, 2012, cash and cash equivalents were categorized as level 1. The fair values of other financial instruments, which include receivables, 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

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

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.

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

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.

Subsequent Events

- Subsequent to October 31, 2011, the Company received \$20,000 upon the exercise of 200,000 share purchase warrants
- On April 1, 2012, the Company granted a total of 100,000 stock options to purchase 100,000 common shares of the Company at an exercise price of \$0.25 per share, with 25% of the options vesting every 3 months. The expiry date of the stock options is April 1, 2017.

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 April 26, 2012, has an accumulated deficit of \$1,323,875 and working capital deficiency of \$40,667. The working capital deficiency limits the Company's ability to fund 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. The Company is currently in the process of securing additional investment which will likely take the form of a private placement to secure sufficient cash to fund ongoing operations. Although management is of the opinion that sufficient working capital will be obtained from external financing 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.

Management's Report on Internal Control over Financial Reporting

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

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.