

**CASSIUS VENTURES LTD.**

Unaudited Condensed Interim Consolidated Financial Statements

For the Six Months Ended April 30, 2014 and 2013

(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

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

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

	April 30, 2014	October 31, 2013
<b>Assets</b>		
Current assets		
Cash	\$ 5,393	\$ 65,685
Taxes receivable	40,031	38,645
Prepaid expenses	13,071	6,193
Total Current Assets	58,495	110,523
Restricted cash	-	5,750
Equipment	17,983	25,033
Mineral properties (Note 4)	4,630,701	4,480,341
<b>TOTAL ASSETS</b>	<b>\$ 4,707,179</b>	<b>\$ 4,621,647</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 850,168	\$ 598,714
Due to related parties (Note 9)	232,157	225,342
Total Current Liabilities	1,082,325	824,056
Deferred income tax payable	261,531	261,033
<b>TOTAL LIABILITIES</b>	<b>1,343,856</b>	<b>1,085,089</b>
<b>Shareholders' Equity</b>		
Share capital	5,668,005	5,668,005
Contributed surplus	267,136	267,136
Deficit	(2,571,818)	(2,398,583)
Total Shareholders' Equity	3,363,323	3,536,558
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 4,707,179</b>	<b>\$ 4,621,647</b>

Nature of operations and continuation of business (Note 1)

Commitment (Note 10)

Subsequent events (Note 13)

Approved by the Board:

"Steven Dean"

Director

"Robert Atkinson"

Director

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

**CASSIUS VENTURES LTD.**

## Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

	Three months ended		Six months ended	
	April 30,		April 30,	
	2014	2013	2014	2013
<b>Expenses</b>				
Consulting (Note 9)	\$ -	\$ 18,000	\$ -	\$ 36,000
Exploration expenditures	94,074	-	145,346	-
Foreign exchange loss (gain)	(27,346)	5,663	553	3,545
Office and general (Note 9)	2,157	11,885	11,514	22,969
Professional fees (Note 9)	3,943	5,119	5,693	17,100
Share-based payments (Notes 7 and 9)	-	2,013	-	6,787
Transfer agent and regulatory	5,384	4,183	9,684	6,983
Write-down of mineral properties (Note 4)	-	127,757	-	127,757
<b>Net loss from operations</b>	<b>(78,212)</b>	<b>(174,620)</b>	<b>(172,790)</b>	<b>(221,141)</b>
<b>Other income</b>				
Interest and other income	35	37	53	135
<b>Net loss before income taxes</b>	<b>(78,177)</b>	<b>(174,583)</b>	<b>(172,737)</b>	<b>(221,006)</b>
Income tax recovery (expense)	(17,407)	24,555	(498)	24,555
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (95,584)</b>	<b>\$ (150,028)</b>	<b>\$ (173,235)</b>	<b>\$ (196,451)</b>
<b>Loss per common share - basic and diluted</b>	<b>\$ (0.023)</b>	<b>\$ (0.036)</b>	<b>\$ (0.042)</b>	<b>\$ (0.048)</b>
<b>Weighted average number of common shares outstanding</b>	<b>4,114,848</b>	<b>4,114,848</b>	<b>4,114,848</b>	<b>4,114,848</b>

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

**CASSIUS VENTURES LTD.**

Consolidated Statements of Changes in Equity  
For the Six Months Ended April 30, 2014 and 2013 (Unaudited)

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	Share capital		Contributed Surplus	Deficit	Total equity
	Number of shares	Amount			
<b>Balance - October 31, 2013</b>	<b>4,114,848</b>	<b>\$ 5,668,005</b>	<b>\$ 267,136</b>	<b>\$ (2,398,583)</b>	<b>\$ 3,536,558</b>
Net loss for the period	-	-	-	(173,235)	(173,235)
<b>Balance - April 30, 2014</b>	<b>4,114,848</b>	<b>\$ 5,668,005</b>	<b>\$ 267,136</b>	<b>\$ (2,571,818)</b>	<b>\$ 3,363,323</b>

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	Share capital		Contributed Surplus	Deficit	Total equity
	Number of shares	Amount			
<b>Balance - October 31, 2012</b>	<b>4,114,848</b>	<b>\$ 5,668,005</b>	<b>\$ 260,349</b>	<b>\$ (1,551,596)</b>	<b>\$ 4,376,758</b>
Share-based payments	-	-	6,787	-	6,787
Net loss for the period	-	-	-	(196,451)	(196,451)
<b>Balance - April 30, 2013</b>	<b>4,114,848</b>	<b>\$ 5,668,005</b>	<b>\$ 267,136</b>	<b>\$ (1,748,047)</b>	<b>\$ 4,187,094</b>

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

**CASSIUS VENTURES LTD.**

## Consolidated Statements of Cash Flows (Unaudited)

	Three months ended		Six months ended	
	April 30,		April 30,	
	2014	2013	2014	2013
<b>Operating activities</b>				
Net loss for the period	\$ (95,584)	\$ (150,028)	\$ (173,235)	\$ (196,451)
Items not involving cash:				
Deferred income tax expense (recovery)	17,407	(24,555)	498	(24,555)
Share-based payments	-	2,013	-	6,787
Write-down of mineral properties	-	127,757	-	127,757
Net changes in non-cash working capital balances:				
Prepaid expenses	(1,350)	7,157	(6,879)	(8,099)
Due from related parties	-	(896)	-	42,087
Taxes receivable	(846)	3,194	(84)	(484)
Accounts payable and accrued liabilities	77,234	6,144	129,429	680
Due to related parties	1,483	29,683	6,815	60,436
Net cash used in operating activities	(1,656)	469	(43,456)	8,158
<b>Investing activities</b>				
Purchase of equipment	-	-	-	(1,473)
Redemption of GIC	5,750	-	5,750	-
Mineral property expenditures	(19,196)	(54,734)	(22,586)	(220,504)
Net cash used in investing activities	(13,446)	(54,734)	(16,836)	(221,977)
Change in cash during the period	(15,102)	(54,265)	(60,292)	(213,819)
Cash, beginning of period	20,495	180,469	65,685	340,023
<b>Cash, end of period</b>	<b>\$ 5,393</b>	<b>\$ 126,204</b>	<b>\$ 5,393</b>	<b>\$ 126,204</b>
<b>Supplemental cash flow information</b>				
Interest paid	\$ -	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -	\$ -
<b>Non-cash investing and financing activities</b>				
Equipment amortization capitalized in mineral properties	\$ 3,202	\$ 3,203	\$ 7,050	\$ 6,406
Mineral property expenditures in accounts payable	\$ 821,694	\$ 357,639	\$ 821,694	\$ 357,639

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

# **CASSIUS VENTURES LTD.**

Notes to the consolidated financial statements

Six Months Ended April 30, 2014 and 2013

Expressed in Canadian Dollars

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## **1. Nature of Operations and Continuance of Business**

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

The Company owns 100% of the issued and outstanding shares of Fortress de Nicaragua S.A. ("Fortress"), a private Nicaraguan company, which is the legal and beneficial owner of sixteen exploration concessions with a total area of approximately 137,000 hectares in Nicaragua.

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

The Company has yet to generate any revenues from operations and as at April 30, 2014, had an accumulated deficit of \$2,571,818 and a working capital deficit of \$1,023,830, including \$760,508 due and payable in respect of concession rents relating to the periods ending December 31, 2012, June 30, 2013, December 31, 2013, and June 30, 2014. 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.

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

## **2. Basis of Presentation**

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Auditing Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. These condensed interim consolidated financial statements do not include all disclosures required for annual audited financial statements. Accordingly, they should be read in conjunction with the notes to the Company's audited annual financial statements for the year ended October 31, 2013. The accounting policies followed in these condensed interim financial statements are the same as those applied in note 3 of the Company's audited annual consolidated financial statements for the year ended October 31, 2013, except for the adoption of new standards as described in note 3 of the condensed interim consolidated financial statements for the three months ended January 31, 2014 and 2013.

The Board of Directors approved these condensed interim consolidated financial statements on June 26, 2014.

## CASSIUS VENTURES LTD.

Notes to the consolidated financial statements

Six Months Ended April 30, 2014 and 2013

Expressed in Canadian Dollars

### 3. Changes in Accounting Policies and Accounting Standards Issued but Not Yet Applied

#### New and revised International Financial Reporting Standards

As of November 1, 2013, the Company adopted several new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards as listed in note 3 of the unaudited condensed interim financial statements for the three months ended January 31, 2014 and 2013.

### 4. Mineral Properties

	Nueva Segovia Mining S.A.	Fortress de Nicaragua S.A.	Total
<b>Balance October 31, 2012</b>	<b>104,704</b>	<b>4,697,306</b>	<b>4,802,010</b>
<b>Deferred exploration expenditures</b>			
Drilling and fieldwork costs	-	213,815	213,815
Assays	-	6,117	6,117
Claims/permitting	18,000	291,529	309,529
Other	-	36,319	36,319
<b>Total additions in the period</b>	<b>18,000</b>	<b>547,780</b>	<b>565,780</b>
Write down of mineral properties	(122,704)	(764,745)	(887,449)
<b>Balance - October 31, 2013</b>	<b>\$ -</b>	<b>\$ 4,480,341</b>	<b>\$ 4,480,341</b>
<b>Deferred exploration expenditures</b>			
Drilling and fieldwork costs	-	23,350	23,350
Assays	-	-	-
Claims/permitting	-	118,613	118,613
Other	-	8,397	8,397
<b>Total additions in the period</b>	<b>-</b>	<b>150,360</b>	<b>150,360</b>
<b>Balance - April 30, 2014</b>	<b>\$ -</b>	<b>\$ 4,630,701</b>	<b>\$ 4,630,701</b>

The Company is focused on the exploration and development of its Nicaraguan Gold Properties in two main project areas in Nicaragua: Nueva Segovia, and León.

In April 2013, the agreement between Nueva Segovia Mining S.A. ("Nueva Segovia") and the former landowner of the El Zúngano concession was terminated and Nueva Segovia provided notice to the Ministry of Energy and Mines that the concession should be returned to the former landowner. A total of \$122,704 of costs that were originally capitalized to mineral properties were written off with \$98,178 being allocated to the statement of loss and comprehensive loss and \$24,555 being charged as a reduction to the deferred tax liability. Refer to note 13 regarding the sale of Nueva Segovia subsequent to period end.

In June 2013, the Company provided notice to the Nicaraguan Ministry of Mines ("Ministry") that it was reducing its landholdings by 66,093 hectares. Once the notice is accepted by the Ministry, the Company will hold 11 concessions over 71,689 hectares. As a result of the notice sent to the Ministry, the Company recorded a write-down of \$764,745 on the consolidated statements of loss and comprehensive loss for the year ended October 31, 2013.



## CASSIUS VENTURES LTD.

Notes to the consolidated financial statements  
Six Months Ended April 30, 2014 and 2013  
Expressed in Canadian Dollars

### 4. Mineral Properties (continued)

The Company has recorded amounts owing in respect of all 17 concessions as a liability on the Company's Statement of Financial Position (see Note 5). Discussions between the Company and the Ministry are ongoing in regards to the extent of concession rents owing in respect of the Company's retained and relinquished landholdings. However, should the concession rents in respect of either relinquished or retained landholdings continue to remain outstanding or a revised arrangement is not agreed, the Ministry may choose, at its discretion, to forfeit the concessions held by the Company or pursue other remedies including legal steps against the Company's subsidiary, Fortress, for the amounts outstanding.

### 5. Accounts payable and accrued liabilities

		April 30, 2014	October 31, 2013
Payables and accrued liabilities related to concession rents	\$	760,508	\$ 495,726
Other payables and accrued liabilities		89,660	102,988
	\$	<b>850,168</b>	<b>\$ 598,714</b>

### 6. Share Capital

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

On April 23, 2014, the Company's common shares were consolidated on the basis of one post-consolidated share for every ten pre consolidated shares. All common share, stock option and share purchase warrant figures in these condensed interim consolidated financial statements have been retrospectively restated to present common share balances on a post-consolidated basis.

### 7. Stock Options

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

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

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

- (i) if options are granted within 90 days of a distribution by a prospectus, the minimum exercise price of those options will be the greater of the discounted market price and the per share price paid by the public investors for shares acquired under the distribution;
- (ii) the 90 day period begins on the date a final receipt is issued for the prospectus;
- (iii) for unit offerings, the minimum option exercise price will be the 'base' (or imputed) price of the shares included in the unit; and
- (iv) for all other financings, the minimum exercise price will be the average price paid by the public investors.

## CASSIUS VENTURES LTD.

Notes to the consolidated financial statements  
Six Months Ended April 30, 2014 and 2013  
Expressed in Canadian Dollars

### 7. Stock Options (continued)

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

As at April 30, 2014 and October 31, 2013, the Company had the following stock options outstanding:

	Options	Weighted average exercise price
Options outstanding - October 31, 2012	168,500	\$ 2.06
Forfeited	(5,000)	2.10
<b>Options outstanding and exercisable - October 31, 2013 and April 30, 2014</b>	<b>163,500</b>	<b>\$ 2.06</b>

There were no options granted for the six months ended April 30, 2014 and 2013.

The fair value of stock options vested during the six months ended April 30, 2014 was \$Nil. The fair value of stock options vested during the six months ended April 30, 2013 was \$6,787, which was recorded in contributed surplus with a corresponding charge to share-based payments.

The following table summarizes information about the stock options outstanding at April 30, 2014:

<b>Options Outstanding</b>			<b>Options Exercisable</b>
Exercise price	Number	Weighted average remaining life (years)	Number
\$ 1.65	25,000	2.9	25,000
\$ 2.10	128,500	2.2	128,500
\$ 2.50	10,000	3.0	10,000
	<b>163,500</b>	<b>2.2</b>	<b>163,500</b>

### 8. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number	Weighted average exercise price
Balance - October 31, 2012	862,500	\$ 3.00
Expired	(862,500)	3.00
<b>Balance - October 31, 2013 and April 30, 2014</b>	<b>-</b>	<b>\$ -</b>

## CASSIUS VENTURES LTD.

Notes to the consolidated financial statements  
Six Months Ended April 30, 2014 and 2013  
Expressed in Canadian Dollars

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### 9. Related Party Transactions

#### a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer, and Chief Financial Officer. No compensation was awarded to key management for the three and six months ended April 30, 2014. Compensation awarded to key management during the three and six months ended April 30, 2013 comprised share-based payments to a director of the Company totalling \$1,878 and \$6,368 respectively.

#### b) Payments for services by related parties

As disclosed in Note 10, the Company is charged shared lease and overhead, and service costs by Spur Ventures Inc. ("Spur"), a Company with a director and officer in common. For the three and six months ended April 30, 2014, the Company incurred \$1,701 (2013: \$4,903) and \$6,254 (2013: \$8,537) respectively in shared lease and overhead, and service costs. Refer to note 10 for a listing of future commitments in respect of lease costs. As at April 30, 2014, the Company owed \$29,473 to Spur (October 31, 2013: \$24,816).

During the three and six months ended April 30, 2014, the Company incurred corporate consulting fees of \$Nil (2013: \$6,000) and \$Nil (2013: \$12,000) respectively, to Sirocco Advisory Services Ltd. ("Sirocco"), a company controlled by a director and officer of the Company. As at April 30, 2014, the Company owed \$41,580 to Sirocco (October 31, 2013: \$41,580).

During the three and six months ended April 30, 2014, the Company incurred corporate consulting fees of \$Nil (2013: \$6,000) and \$Nil (2013: \$12,000) respectively, to Shariff Advisory Services Ltd. ("Shariff"), a company controlled by an officer of the Company. As at April 30, 2014, the Company owed \$41,580 to Shariff (October 31, 2013: \$41,580).

During the three and six months ended April 30, 2014, the Company incurred corporate consulting fees of \$Nil (2013: \$6,000) and \$Nil (2013: \$12,000) respectively, to JAT Metconsult Ltd. ("JAT"), a company controlled by a director and officer of the Company. As at April 30, 2014, the Company owed \$45,154 to JAT (October 31, 2013: \$45,154).

During the three and six months ended April 30, 2014, the Company incurred geological consulting fees of \$Nil (2013: \$Nil) and \$Nil (2013: \$15,200) respectively, to GeoConsul Canova Inc. ("Canova"), a company controlled by a director of the Company. As at April 30, 2014, the Company owed \$48,120 to Canova (October 31, 2013: \$48,120).

During the three and six months ended April 30, 2014, the Company incurred professional fees of \$Nil (2013: \$3,259) and \$1,250 (2013: \$7,742) respectively, to Oceanic Iron Ore Corp. ("Oceanic"), a company with a director and officer in common. As at April 30, 2014, the Company owed \$26,250 to Oceanic (October 31, 2013: \$24,937).

The amounts due to and from related parties are non-interest bearing, unsecured and due on demand.

## CASSIUS VENTURES LTD.

Notes to the consolidated financial statements

Six Months Ended April 30, 2014 and 2013

Expressed in Canadian Dollars

### 10. Commitment

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:

2014	3,782
2015	6,932
	<u>\$ 10,714</u>

### 11. 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.

A comparison of non-current assets at April 30, 2014 compared to October 31, 2013 by geographic location is shown below:

	<u>April 30, 2014</u>		
	<u>Canada</u>	<u>Nicaragua</u>	<u>Total</u>
Equipment	-	17,983	<b>17,983</b>
Mineral Properties	-	4,630,701	<b>4,630,701</b>
<b>Total non-current assets</b>	-	<b>4,648,683</b>	<b>4,648,683</b>

	<u>October 31, 2013</u>		
	<u>Canada</u>	<u>Nicaragua</u>	<u>Total</u>
Restricted cash	\$ 5,750	-	<b>\$ 5,750</b>
Equipment	-	25,033	<b>25,033</b>
Mineral Properties	-	4,480,341	<b>4,480,341</b>
<b>Total non-current assets</b>	<b>5,750</b>	<b>4,505,374</b>	<b>4,511,124</b>

A comparison of net loss for the three and six months ended April 30, 2014 compared to April 30, 2013 by geographic location is shown below:

	<u>Three months ended</u>	<u>Three months ended</u>	<u>Six months ended</u>	<u>Six months ended</u>
	<u>April 30, 2014</u>	<u>April 30, 2013</u>	<u>April 30, 2014</u>	<u>April 30, 2013</u>
Canada	<b>\$ (28,790)</b>	\$ (68,999)	<b>\$ (27,186)</b>	\$ (95,454)
Nicaragua	<b>(66,794)</b>	(41,137)	<b>(146,049)</b>	(100,997)
	<b>\$ (95,583)</b>	\$ (110,136)	<b>\$ (173,235)</b>	\$ (196,451)

## **CASSIUS VENTURES LTD.**

Notes to the consolidated financial statements

Six Months Ended April 30, 2014 and 2013

Expressed in Canadian Dollars

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### **12. Fair Value of Financial Instruments**

The carrying amount of cash and cash equivalents, taxes receivable, restricted cash, accounts payable and accrued liabilities and due from related parties approximates fair value due to their short term nature.

### **13. Subsequent Events**

Subsequent to April 30, 2014,

- a) In June 2014, the Company's wholly owned subsidiary, Fortress, entered into a share sale agreement to dispose of the issued and outstanding shares of Nueva Segovia, a subsidiary of Fortress, to Avaluce S.A. ("Avaluce"), a private Nicaraguan company for a nominal amount of consideration. Under the terms of the share sale agreement, Avaluce will assume all liabilities of Nueva Segovia.
- b) On June 13, 2014, the Company completed the first tranche of a non-brokered private placement raising gross proceeds of \$225,120 by the issuance of 4,502,400 common shares at \$0.05 per common share. Proceeds of \$162,120 have been used to settle certain related party liabilities in a shares for debt transaction with the balance being used for ongoing working capital and development purposes.