

CASSIUS VENTURES LTD.

Management Discussion and Analysis For the Year Ended October 31, 2016

The MD&A of Cassius Ventures Ltd. (the “Company”) has been prepared by management in respect of the year ended October 31, 2016, and should be read in conjunction with the annual consolidated financial statements as of October 31, 2016 and related notes thereto of the Company. The Company reports its financial statements in accordance with International Financial Reporting Standards (“IFRS”). All figures are reported in Canadian dollars unless otherwise indicated.

Certain information included in this discussion may constitute forward looking statements. Forward looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The effective date of this report is February 22, 2017.

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 NEX Board of the TSX Venture exchange under the symbol “CZ.H”.

The Company was previously focused on mineral exploration of its two main project areas in Nicaragua: Nueva Segovia and León, held by Fortress de Nicaragua S.A. (“Fortress”), a private Nicaraguan company, which is the legal and beneficial owner of sixteen exploration concessions with a total area of approximately 137,000 hectares. In June 2013, the Company provided an application to the Nicaraguan Ministry of Mines (“MEM” or “Ministry”) to reduce its landholdings by 66,093 hectares. In April 2015, the Company completed the sale of Fortress to an arm’s length Nicaraguan party, as detailed below.

The Company continues its pursuit of a viable property of merit in conjunction with a financing to support the exploration or development of such a property.

Update on Listing Status

Given the Company has not maintained the requirements for a TSX Venture Exchange (“TSXV”) Tier 2 company, the Company’s listing was transferred to the NEX Board of the TSXV (the “NEX”) on November 26, 2015. The NEX trading platform is a separate board of the TSX-V. The Company’s existing share certificates will continue to represent the shares of the Company.

Disposition of Fortress

In February 2015, the Company executed a share sale agreement in respect of the sale of Fortress to an arms-length Nicaraguan party (the “Purchaser”) for a nominal amount of consideration. Under the terms of the share sale agreement, the Purchaser will assume all assets and liabilities of Fortress. The Company recorded an impairment charge to all capitalized costs in respect of the Nicaraguan gold properties borne by Fortress as at October 31, 2014.

On April 7, 2015, the company received shareholder approval of the sale of Fortress and on April 8, 2015, the Company received final regulatory approval, which completed the sale of Fortress. Upon closing the sale of Fortress, the Company wrote off all remaining assets and liabilities of Fortress, the majority of which comprised payables due to the Ministry, which the obligation now belongs to the Purchaser. As the majority of Fortress’ assets were written off during the year ended October 31, 2014, the Company recognized a gain on the sale of Fortress of \$1,506,445 during the year ended October 31, 2015.

The disposition of Fortress, and consequently the related payables associated with Fortress, vastly improved the working capital deficit balance and therefore, enabled management to carry on seeking a new property of merit, while incurring minimal costs to maintain operations.

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

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 October 31, 2016, had an accumulated deficit of \$6,427,416 and a working capital deficit of \$177,836.

The Company's working capital balance currently limits the Company's ability to fund significant capital expenditures and operations. These conditions, along with other factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

The continuation of the Company as a going concern is dependent on securing additional funding through equity or debt financing to (a) settle existing liabilities, (b) locate a property of merit to explore and develop and (c) support corporate overhead. Although management is of the opinion that sufficient working capital will be obtained to meet the Company's liabilities and commitments as they become due, either through the issuance of promissory notes or an equity financing, 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.

In the meantime, management have undertaken measures, beyond the sale of Fortress, to mitigate ongoing expenditures, including waiving compensation accrued to management over the last 32 months and reducing other overhead costs as required. Ongoing costs are currently expected to be funded through the issuance of either promissory notes or securities of the Company.

Promissory Notes

As at October 31, 2016, the Company had outstanding promissory notes totally \$111,000 (October 31, 2015 - \$57,000). The promissory notes bear interest at 7% per annum, and are unsecured and payable on demand.

Interest incurred on the promissory notes for the year ended October 31, 2016 totaled \$5,695 (2015 - \$2,751).

Overall Performance

The following discussion of the Company's financial performance is based on the annual consolidated financial statements for the year ended October 31, 2016.

At October 31, 2016, the Company had total assets of \$15,997 (2015 - \$1,765), comprising input tax credits receivable of \$105 (2015 - \$29), prepaid expenses of \$833 (2015 - \$867), and cash of \$15,059 (2015 - \$869).

The increase in input tax credits is a result of input tax credits paid on expenditures incurred during the period. The slight decrease in prepaid expense is a result of lower listing fees as the Company transitioned from the TSX Venture Exchange to the NEX in November 2015. The increase in cash represents a cash inflow of financing activities of \$54,000, in respect of the promissory notes issued to directors and officers and a former director of the Company, partially offset by the net operating cash outflow during the period

of \$39,810. The prepaid balance remained relatively consistent with the prior year and is in respect of prepaid regulatory listing fees. .

Shareholders' deficit comprises share capital of \$5,968,027 (2015 - \$5,968,027), contributed surplus of \$281,553 (2015 - \$269,534) and a deficit of \$6,427,416 (2015 – \$6,386,595). The increase in shareholders' deficit of \$28,802 results from the net loss for the year ended October 31, 2016 of \$40,821, partially offset by an increase to contributed surplus for share based payments of \$12,019, representing the fair value recognized from the vesting of stock options to directors, officers and consultant of the Company during the year.

The Company has a working capital deficit of \$177,836 at October 31, 2016 compared to a working capital deficit of \$149,034 at October 31, 2015.

Segmented Information

The Company operates in one business segment, being the acquisition, exploration and development of mineral properties. After the disposition of Fortress in April 2015, all of the Company's assets are located in Canada.

Selected Annual Information

Financial results for the years ended October 31, 2016, 2015 and 2014 were as follows:

	2016	2015	2014
Total Assets, October 31	\$ 15,997	\$ 1,765	\$ 68,410
Total long-term financial liabilities	-	-	-
Cash dividends declared per-share	-	-	-
Interest and other income (expense)	(5,695)	(2,751)	131
Net income (loss) for the year	(40,821)	966,368	(4,954,380)
Basic and diluted income (loss) per share	\$ (0.00)	\$ 0.09	\$ (0.80)
Weighted average number of common shares outstanding	10,217,248	10,217,248	6,180,707

Financial Results for the Fiscal Year Ended October 31, 2015

Total assets as at October 31, 2015, when compared to total assets as at October 31, 2014 decreased primarily due to a decrease in cash of \$60,126 resulting from the net operating cash outflow which included approximately \$36,000 in legal and finder's fees in conjunction with the impending sale of Fortress, as well as approximately \$81,000 in settlement of corporate and operating payables from current and prior periods, partially offset by a total of \$57,000 received as financing through the issuance of promissory notes. The net loss for the year ended October 31, 2015 when compared to the same period in the prior year decreased to a net income balance as a result of an impairment charge of \$4.8 million that was recognized in 2014 to write off mineral properties from the pending sale of Fortress. In 2015, the Company recognized the gain on sale of Fortress of \$1,506,445 representing the remaining assets and liabilities that were written off from the consolidated statement of Financial Position upon the completion of the sale of Fortress in April 2015. This gain was partially offset by \$359,248 of exploration expenditures with respect to concession rents attributable to landholdings that were written off on the consolidated statement of financial position in prior years, as well as a foreign exchange loss of \$125,042, representing a depreciation in the Canadian Dollar versus the Nicaraguan Cordoba, specifically in conjunction with the translation of foreign denominated payables before the sale of Fortress. Factors that have caused changes in operations and financial position

from the year ended October 31, 2015 to the year ended October 31, 2016 have been disclosed under the sections entitled “Results of Operations” and “Overall Performance”.

Results of Operations

The following discussion and analysis of the Company’s financial results of its operations should be read in conjunction with the Company’s annual audited consolidated financial statements for the years ended October 31, 2016 and 2015:

During the year ended October 31, 2016, the Company reported a net loss of \$40,821 (2015: net income of \$966,368). The decrease in net income from 2015 to a net loss position in 2016 is directly a result of the \$1.5 million gain on sale of Fortress that was recognized in 2015 as discussed above, also incurred in 2015 were \$359 thousand of exploration expenditures and \$125 thousand of foreign exchange loss, which partially offset the gain on sale. The net loss recognized in 2016 was mainly a result of \$13,927 incurred on transfer agent and regulatory filing fees (2015 - \$20,896), professional fees of \$7,246 in respect of audit fees for the Company’s annual audit and related tax work (2015 - \$15,205), interest expense of \$5,695 incurred on the Company’s outstanding promissory notes (2015 - \$2,751), and \$12,019 of share-based payments in respect of the March and July 2016 stock option grants (2015 - \$2,398).

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

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:

	Q4		Q3		Q2		Q1	
	2016		2016		2016		2016	
Total Revenue (Note 1)	\$	-	\$	-	\$	-	\$	-
Net loss for the period	\$	(19,885)	\$	(9,885)	\$	(6,213)	\$	(4,838)
Basic and diluted loss per share	\$	(0.00)	\$	(0.00)	\$	(0.00)	\$	(0.00)
	Q4		Q3		Q2		Q1	
	2015		2015		2015		2015	
Total Revenue (Note 1)	\$	-	\$	-	\$	-	\$	-
Net income (loss) for the period	\$	(15,591)	\$	(8,729)	\$	1,399,231	\$	(408,543)
Basic and diluted earnings (loss) per share	\$	(0.00)	\$	(0.00)	\$	0.14	\$	(0.04)

Note 1 – As the Company has yet to secure a mineral related asset, the Company has no revenue to report during the financial reporting periods noted above.

The net loss in Q1 2015 is reflective of the continued accrual of concession rents for concessions written off for accounting purposes but not yet sold, as well as foreign exchange losses based on translation of foreign denominated payables due to the Ministry. The net income of \$1,399,231 in Q2 2015 is primarily due to the gain on sale of Fortress in April 2015, as majority of balances written off from Fortress comprised payables owing to the MEM. The net loss in Q3, Q4 2015 and Q1, Q2, Q3, Q4 2016 is reflective of minimal overhead expenditures being incurred by the Company since the sale of Fortress, while continuing its search for a property of merit alongside a prospective financing.

Fourth Quarter Results

During the three months ended October 31, 2016, the Company reported net loss of \$19,885 (2015: \$15,591). The net loss was mainly due to professional fees of \$5,600 (2015: \$6,600) comprising fees for the annual financials statement audit and related tax work, \$2,901 (2015: \$3,887) of transfer agent and regulatory fees, and \$9,332 (2015: \$1,067) of share based payments, representing the calculated fair value of options vested during the period.

Critical Accounting Policies

A detailed summary of all the Company's significant accounting policies is included in Note 3 to the audited annual financial statements for the year ended October 31, 2016.

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.

Subsequent Events

There are no subsequent events to report.

Outstanding Share Data

As at the date of this report, the Company has 10,217,248 common shares issued and outstanding.

As at the date of this report, there were 915,000 stock options outstanding.

Related Party Transactions

a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer, and Chief Financial Officer. Compensation awarded to key management for the year ended October 31, 2016 comprised the following:

<u>Related Party</u>	<u>Relationship</u>	<u>Compensation Type</u>	<u>Year ended October 31, 2016</u>	<u>Year ended October 31, 2015</u>
John Thomas	CEO and Director	Share-based payments	\$ 4,381	\$ -
Chris Batalha	Director and CFO	Share-based payments	893	2,154
Robert G. Atkinson	Director	Share-based payments	1,753	-
Jason Birmingham	Director	Share-based payments	1,753	-
Eddy Canova	Director	Share-based payments	1,315	-
			<u>\$ 10,095</u>	<u>\$ 2,154</u>

b) Payments for services by related parties

For the year ended October 31, 2016, the Company incurred \$nil (2015: \$1,528) in shared lease and overhead, and service costs to Atlantic Gold Corporation ("Atlantic"), a company with a common director and officer, being Chris Batalha. As at October 31, 2016 and 2015, the Company owed \$28,215 to Atlantic.

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

As at October 31, 2016 and 2015, the Company owed \$4,000 to Chris Batalha, a director and Chief Financial Officer of the Company.

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

c) Promissory notes with related parties

As at July 31, 2016, the Company had \$40,500 (2015 - \$18,500) of outstanding promissory notes issued to John Thomas, a director and the CEO of the Company, and \$10,000 (2015 – nil) of outstanding promissory notes issued to Chris Batalha, a director and the CFO of the Company. The promissory notes are unsecured, bear interest at 7% per annum and are payable on demand. Interest incurred on the promissory notes due to related parties for year ended October 31, 2016 totalled \$3,224 (2015 - \$1,904).

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, amounts receivable, accounts payable and accrued liabilities, amounts due to related parties and promissory notes payable.

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

Fair Value Measurement

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

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

At October 31, 2016, cash was categorized as level 1. The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, amounts due to related parties and promissory notes payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Financial Instrument Risk Exposure

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

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and amounts receivable. The Company's

cash is being held with large financial institutions. Amounts receivable are comprised of GST receivable from the Government of Canada. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets noted above.

Foreign Exchange Rate Risk

Up until the sale of Fortress, the Company incurred exploration expenditures in US dollars and Nicaraguan Cordobas. The financial risk was the risk to the Company's operations that arose from fluctuations in foreign exchange rates and the degree of volatility of these rates. As the Company disposed of its foreign operations during the year, the Company is no longer exposed to any significant foreign exchange rate risk.

Interest Rate Risk

As the Company's promissory notes bear a fixed interest rate, the Company is not significantly impacted by interest rate risk.

Liquidity Risk

The Company's cash are invested in business accounts which are available on demand. The Company manages liquidity risk by preparing and maintaining cash forecasts, which illustrate cash spent to date and cash needs over the short term. As at October 31, 2016, the Company had total current assets of \$15,997 (October 31, 2015: \$1,765). Contractual undiscounted cash flow requirements for financial liabilities as at October 31, 2016 and October 31, 2015 are presented below.

October 31, 2016

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 21,582	\$ -	\$ -	\$ 21,582
Due to related parties	61,251	-	-	61,251
Promissory notes payable	111,000	-	-	111,000

October 31, 2015

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 33,868	\$ -	\$ -	\$ 33,868
Due to related parties	59,931	-	-	59,931
Promissory notes payable	57,000	-	-	57,000

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, all of which are uncertain.

Price Risk

The Company is not currently exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities with a potential future project may be subject to risks associated with fluctuations in the market price of commodities.

Legal Proceedings

The Company is not involved in any legal proceedings.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's proposed business, 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 October 31, 2016, had an accumulated deficit of \$6,427,416 and a working capital deficit of \$177,836, including \$111,000 owing through the issuance of promissory notes, which can be called on demand.

As discussed above, in April, 2015, the Company completed the sale of Fortress and no longer has a property of merit. Despite the fact that the completion of the sale of Fortress has eliminated a substantial amount of liabilities of the Company, the Company's working capital balance and asset profile currently limits the Company's ability to cover its current liabilities or fund future significant capital expenditures and operations. These conditions, along with other factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Although management is of the opinion that sufficient working capital will be obtained to meet the Company's liabilities and commitments as they become due, either through the issuance of promissory notes or an equity financing, 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.

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.

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 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, (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.