CASSIUS VENTURES LTD.

Management Discussion and Analysis
For the Six Months Ended April 30, 2014

The MD&A of Cassius Ventures Ltd. (the "Company") has been prepared by management in respect of the six months ended April 30, 2014, and should be read in conjunction with the unaudited condensed interim consolidated financial statements as of April 30, 2014 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 June 26, 2014.

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 two main project areas in Nicaragua: Nueva Segovia and León. 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.

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

Exploration Approach and Progress to Date

In Nueva Segovia, the Company is targeting high grade quartz vein deposits, while in León, the Company is targeting a large gold/molybdenum/silver/copper porphyry as well as high grade vein targets.

Exploration work has consisted of:

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

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

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

- A trench/pit and drill program of 2,000m to follow up drilling results at Manto de la Corona, La

Lampara, and Mina America within the Nueva Segovia project area;

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

As part of its ongoing discussions with the Ministry in respect of concessions held and rents owing, in June 2013, the Company submitted an application to the MEM to reduce its landholdings by 66,093 hectares. The application is subject to approval by the Ministry.

Following approval, the Company will hold 11 concessions over 71,689 hectares, including a significant portion of the Nueva Segovia and León project areas, where most of its work to date has been targeted and where exploration results have been the most encouraging.

Discussions between the Company and MEM and the Ministry of Finance are ongoing in regards to the extent of concession rents owing in respect of the Company's retained and relinquished landholdings.

The Company continues to explore alternatives to finance the development of its properties, including joint venture and / or partnership structures with junior and senior gold companies.

Summary Financial Performance

At April 30, 2014, the Company's total assets increased to $4,707,179 from $4,621,647 at October 31, 2013. The most significant assets at April 30, 2014 were mineral properties of $4,630,701 (October 31, 2013: $4,480,341).

As at April 30, 2014, the Company had an accumulated deficit of $2,571,818 and a working capital deficit of $1,023,830.

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 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. As at the date of this report, under existing Nicaraguan legislation and mining laws, the Company owes US $233,561 in relation to concession rents for the six months ending June 30, 2014.

Discussions between the Company and the MEM and the Ministry of Finance are ongoing in regards to the extent of concession rents owing in respect of both the relinquished landholdings and the Company's retained 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 MEM 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.

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

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain.

The continuation of the Company as a going concern is dependent on securing additional funding through equity financing to settle existing liabilities, complete its exploration and drilling program in Nicaragua and support corporate overhead. Although management is of the opinion that sufficient working capital will be obtained from external sources to meet the Company's liabilities and commitments as they become due, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company as market conditions have limited the availability of funds. In the event the Company is unable to arrange necessary financing, the Company may be forced to cease operations.

Capital Restructuring

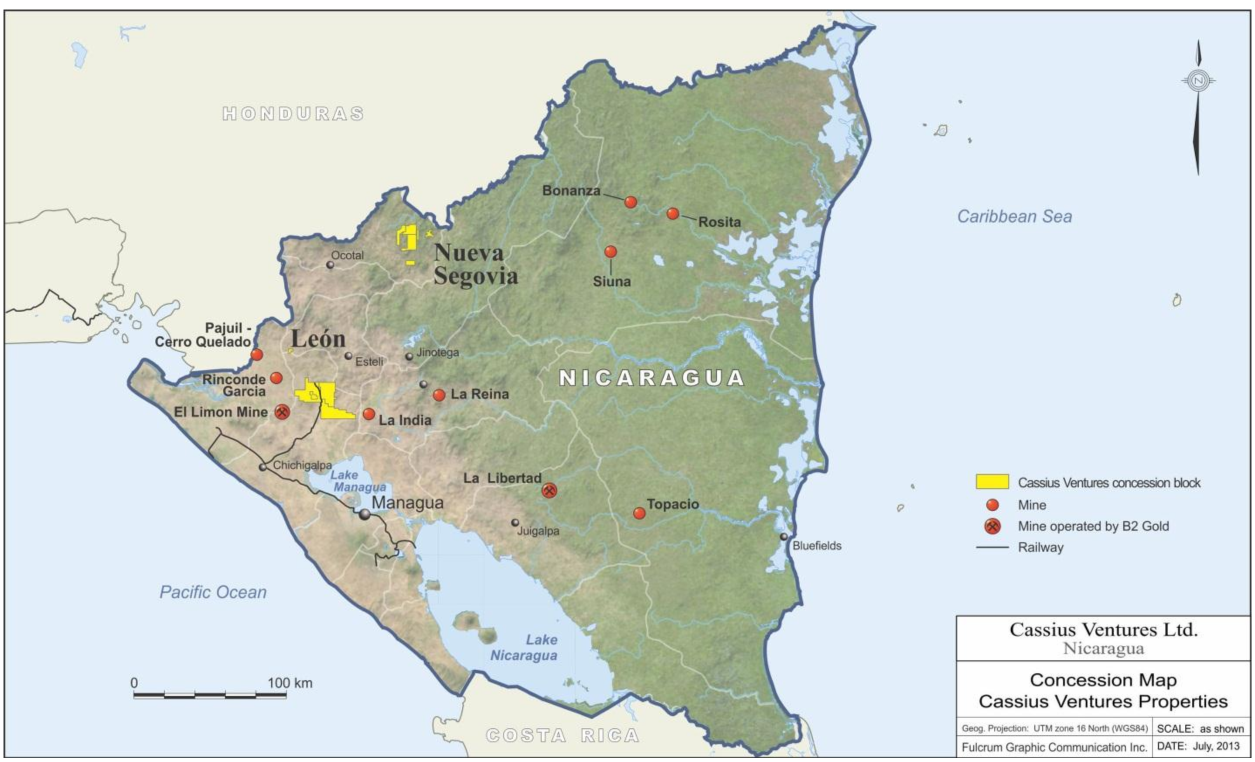
Effective April 23, 2014, the Company completed a consolidation of its common shares on the basis of ten (10) pre-Consolidation common shares for one (1) post-Consolidation common share. As at the effective date of April 23, 2014, the Company had 4,114,848 common shares issued and outstanding.

Subsequent to the consolidation, 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 are being 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.

Overview of the Properties

The Company's remaining 11 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.cassiusventures.com) and on SEDAR (www.SEDAR.com). This report focuses on the historic work conducted on the Properties by Fortress.

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



Nueva Segovia Project Area

The Nueva Segovia project area consists of a contiguous land package with a total area of approximately 24,000 hectares over 7 concessions acquired as part of the acquisition of Fortress. The Nueva Segovia project area is located 16 km Northeast of Jicaro and 6 km North of Murra in the sector of Alto el Picaho, La Quiebra village, on the main route that leads from Ocotal to the North.

Name	Area (Ha)	Date of approval	Issued Years
La Union	340	March 13, 2008	25
El Carmen	1,600	February 2, 2006	25
La Jalapeña	4,862	July 20, 2006	25
Los Angeles	12,932	July 20, 2006	25
Murra	822	May 23, 2006	25
Mina America	163	January 8, 2007	25
Mina America II	3,576	March 13, 2008	25
Total	**24,295**		

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

León Project Area

The León project area consists of a contiguous land package with a total area of approximately 47,000 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	31,815	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	**47,394**		

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, but is currently being explored by Condor Gold PLC (AIM CNR). The deposits in these areas comprise disseminated low sulphidation epithermal systems, in addition to an Au-Mo mineralization porphyry system.

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

2011/12 Exploration Program

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

- Stream sediment, soil, rock chip, and trench channel sampling on concessions not previously sampled as well as concessions worked on historically
- Soil geochemistry surveys on prospective areas

- Trenching on four historic targets in addition to other targets identified as part of exploration program
- Identification of reconnaissance drill targets based on sampling and trenching results
- 1,270 metres of drilling across targets in the Nueva Segovia area

Nueva Segovia Project Area

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

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

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

2011/2012 Exploration Program Results - Manto de la Corona Target

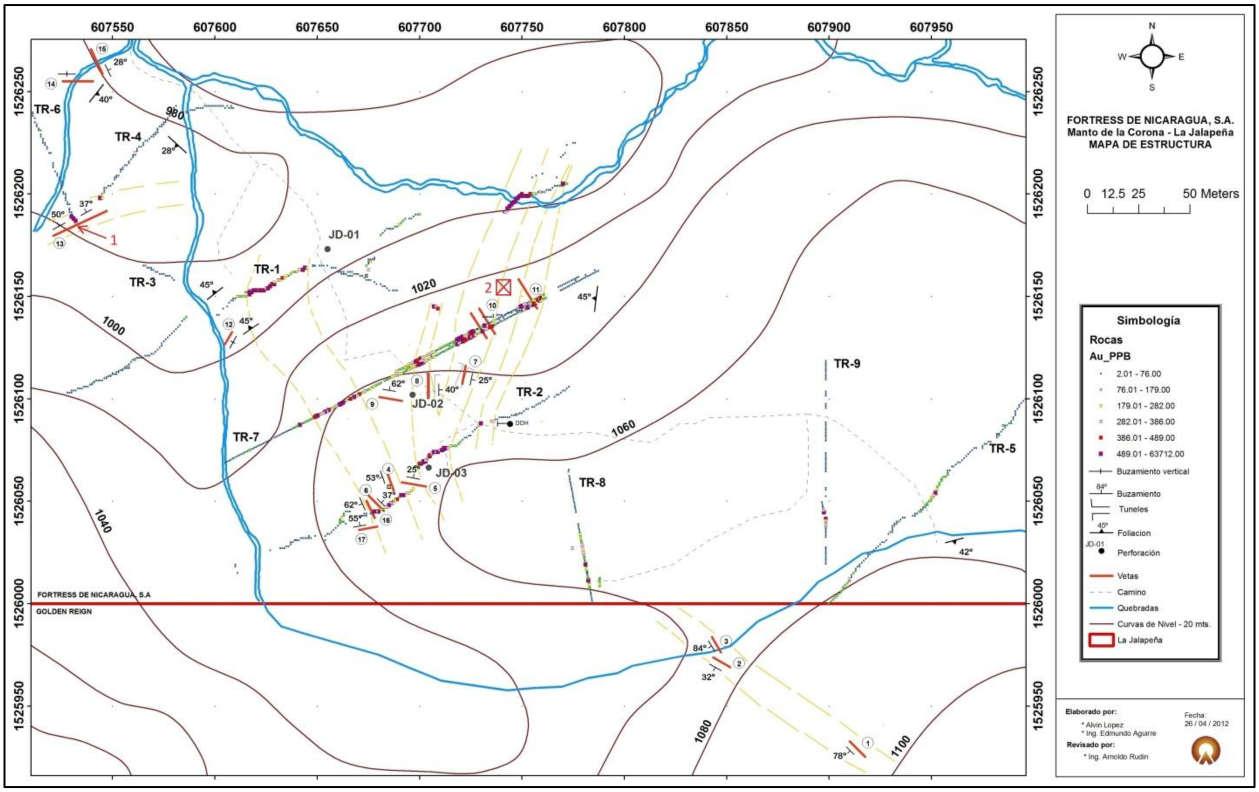
The Company completed a total of 1,221 trench samples, 1,657 soil samples and 1,051 metres of trenching at Nueva Segovia, with work focused on the Manto de la Corona, La Lampara and Deagueda targets.

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

The Company completed three drill holes over 800 metres at Manto de La Corona (see Figure 1 below). Highlights from these holes include:

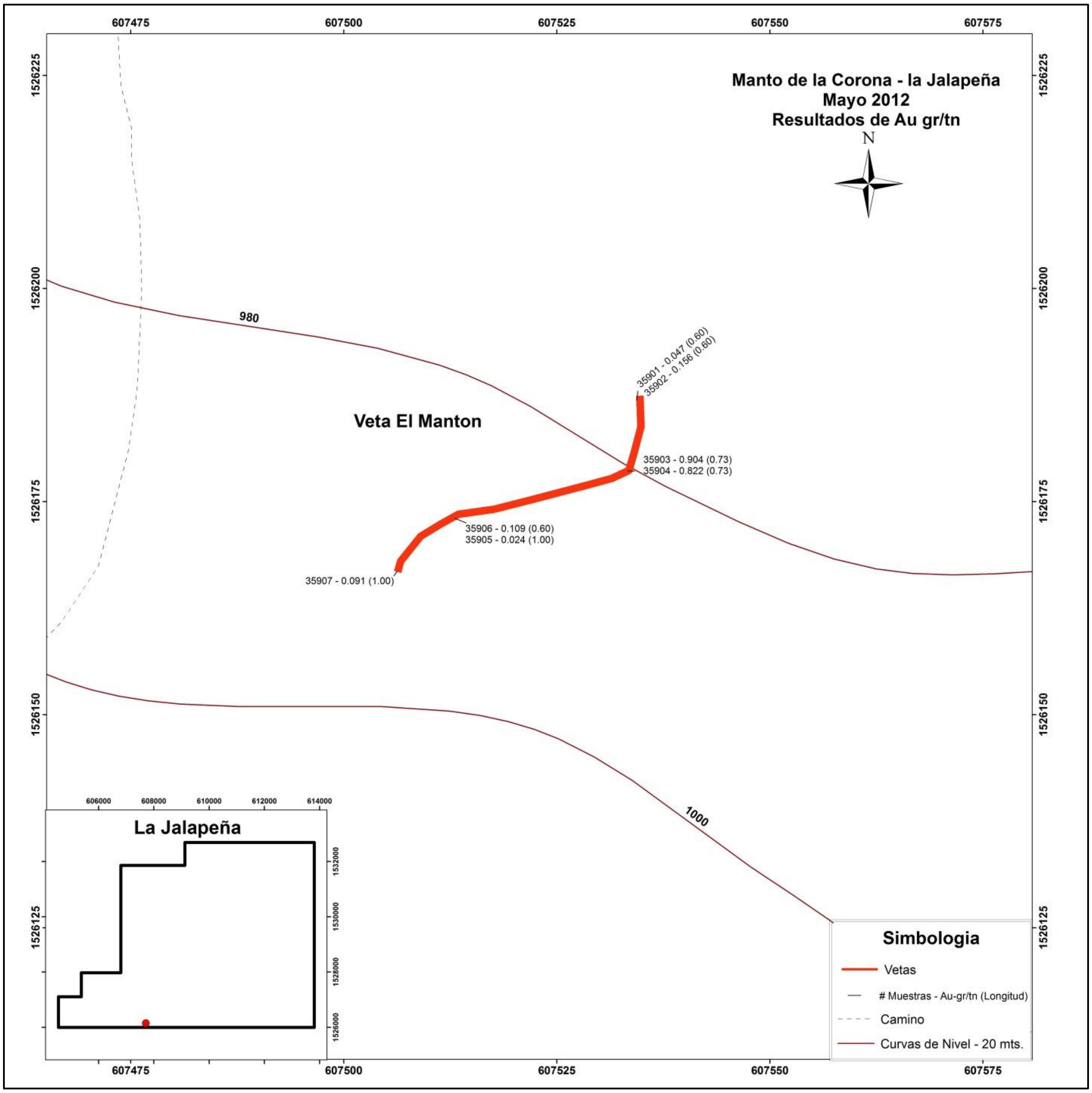
- Anomalous Au values in drill hole JD-01 at 38 m grading 0.12 g/t Au over 1.52 m
- Nine Au values in drill hole JD-02 assaying greater than 0.20 g/t Au with a maximum at 44.08 m assaying 0.81 g/t Au over 0.92 m
- Three Au intersections in drill hole JD-03 of 0.91 g/t Au over 9.92 m at 33.5 m depth,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

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



In addition to drilling, two gold mineralized quartz veins with surface exposure were sampled. The first quartz vein (El Manton) is 200 m west of drill hole JD-01 with exposure measuring 60 meters in length and 3 to 4 meters in width. Assay results from four channels sampled on this vein returned seven anomalous gold assays between 0.09 g/t Au and 0.90 g/t Au with one channel assaying 0.86 g/t Au over 1.72 m (See Figure 2 below).

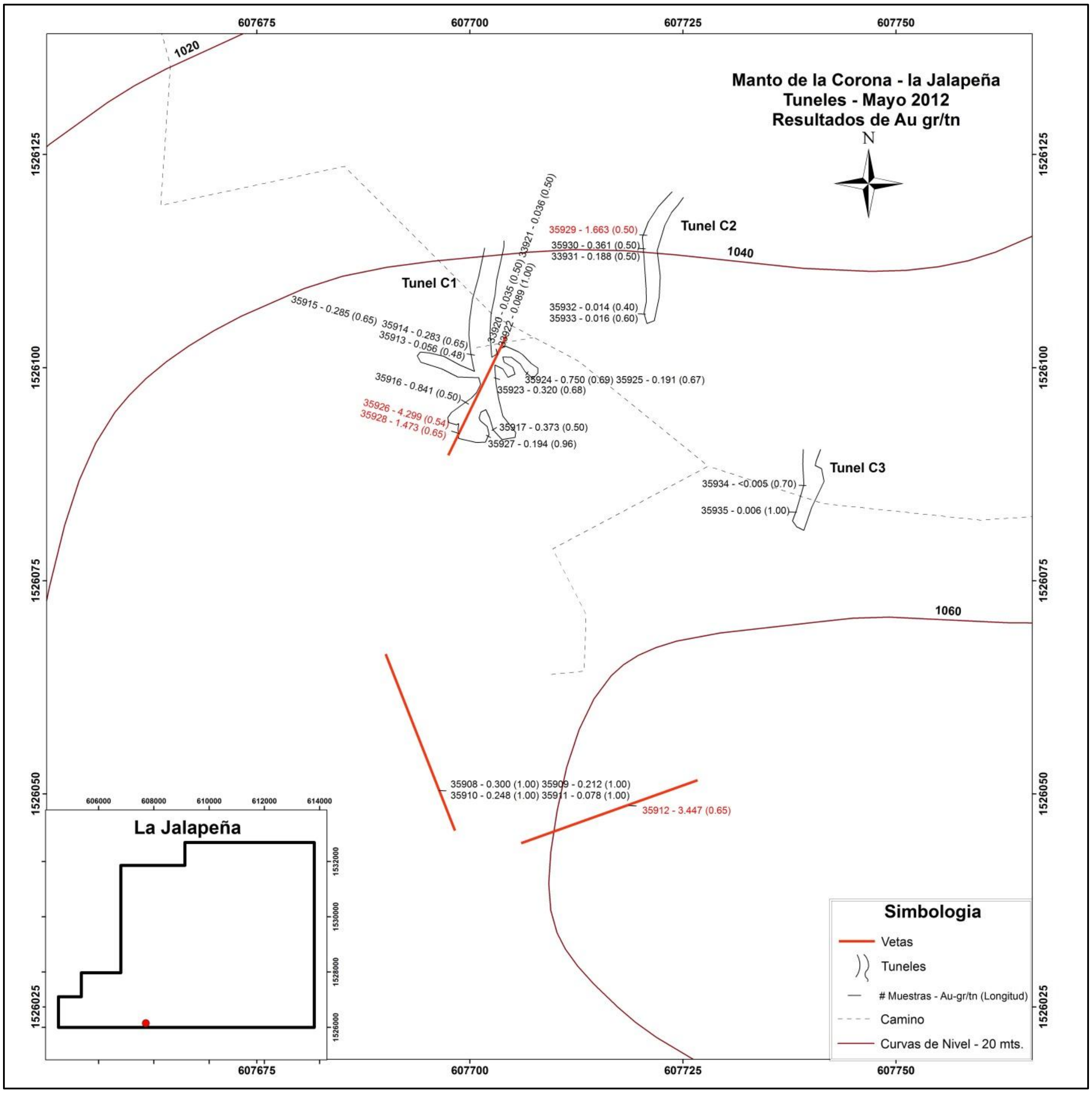
Figure 3 - El Manton Vein, Nueva Segovia, Nicaragua



A second quartz vein, 70 m east of drill hole JD-01, was observed underground in tunnels and has widths of 0.3 m to 0.5 m dipping at a shallow angle to the east. Channel samples collected from Tunnel C1 included assay results from 0.19 g/t Au to 6.25 g/t Au, with assays of 6.25 g/t Au over 0.30 m, 4.30 g/t Au over 0.54 m, 1.47 g/t Au over 0.65 m and 0.84 g/t Au over 0.50 m (See Figure 3 below). In Tunnel C2, four samples returned anomalous assays ranging between 0.19 g/t Au to 1.66 g/t Au and one channel returned an intersection of 1.66 g/t Au over 0.50 m. Two quartz veins 50 m south of Tunnel C1 were channel sampled and returned values between 0.21 g/t Au and 3.45 g/t Au, with one channel sample returning an assay of 3.45 g/t Au over 0.65 m.

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

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

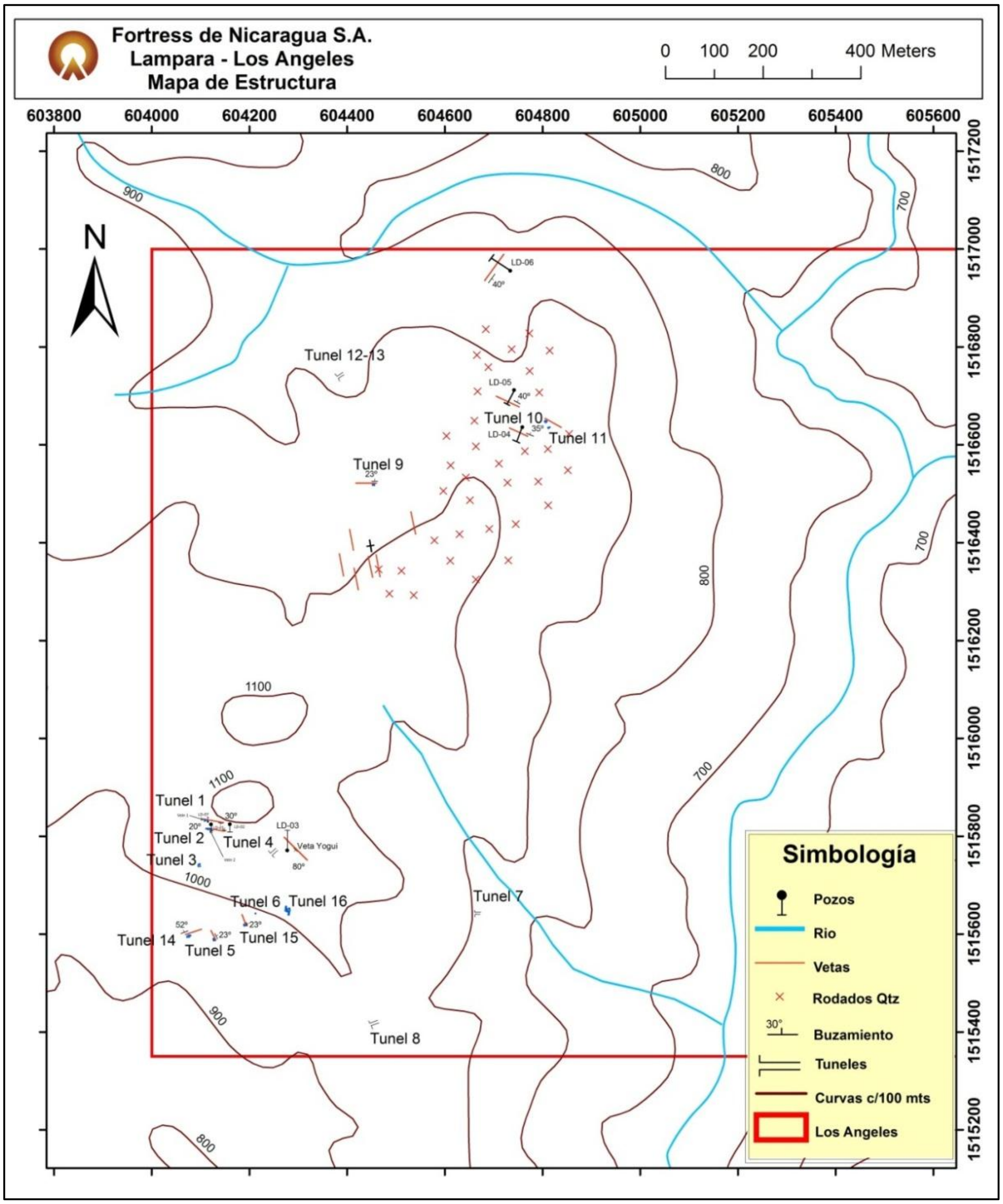


2011/2012 Exploration Program Results - La Lampara Target

At the La Lampara target, just south of Manto de la Corona, sixteen historic tunnels have been reopened and some of the tunnels had channel samples (see Figure 4 below) collected of which a summary of the results are presented below:

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

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



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

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

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

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

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

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

2011/2012 Exploration Program Results – Deagueda and El Olingo Targets

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

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

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

León Project Area

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

Cerro Rojo Target

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

Las Mercedes Target

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

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

2011/2012 Exploration Program Results - Cerro Rojo Target

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

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

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

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

Soil sampling returned 17 anomalous Au values ranging from 40 ppb Au to 125 ppb Au (Figure 5). A correlation exists between Au and Mo with values reaching 58 ppm Mo.

Rock sampling resulted in the discovery of 9 anomalous gold values, most of which range from 51 ppb to 7,791 ppb Au, with one sample returning a value of 14,001 ppb Au. Geochemistry maps of this zone (see Figures 5 and 6 below) demonstrate a very strong gold anomaly associated with this pyrite rich quartz-feldspar porphyry in addition to an association with Mo and Ag, with one sample returning values of 14.01 g/t Au, 0.065% Mo and 40.7 g/t Ag. This demonstrates the potential for gold – molybdenum mineralization in a porphyry mineralized with pyrite.

Where the quartz-feldspar porphyry is brecciation, quartz veined, quartz flooded and silicified, samples returned nine values greater than 1.00 g/t Au. The porphyry over one area is brecciated and silicified over a distance of 15 to 20 m and with fine quartz veinlets. Surface grab rock samples in this area returned values of 14.01 g/t Au, 7.79 g/t Au, 6.26 g/t Au, 2.60 g/t Au, 2.02 g/t Au, 1.99 g/t Au, 1.48 g/t Au, 1.13 g/t Au and 1.05 g/t Au (see Figure 6 below).

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

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

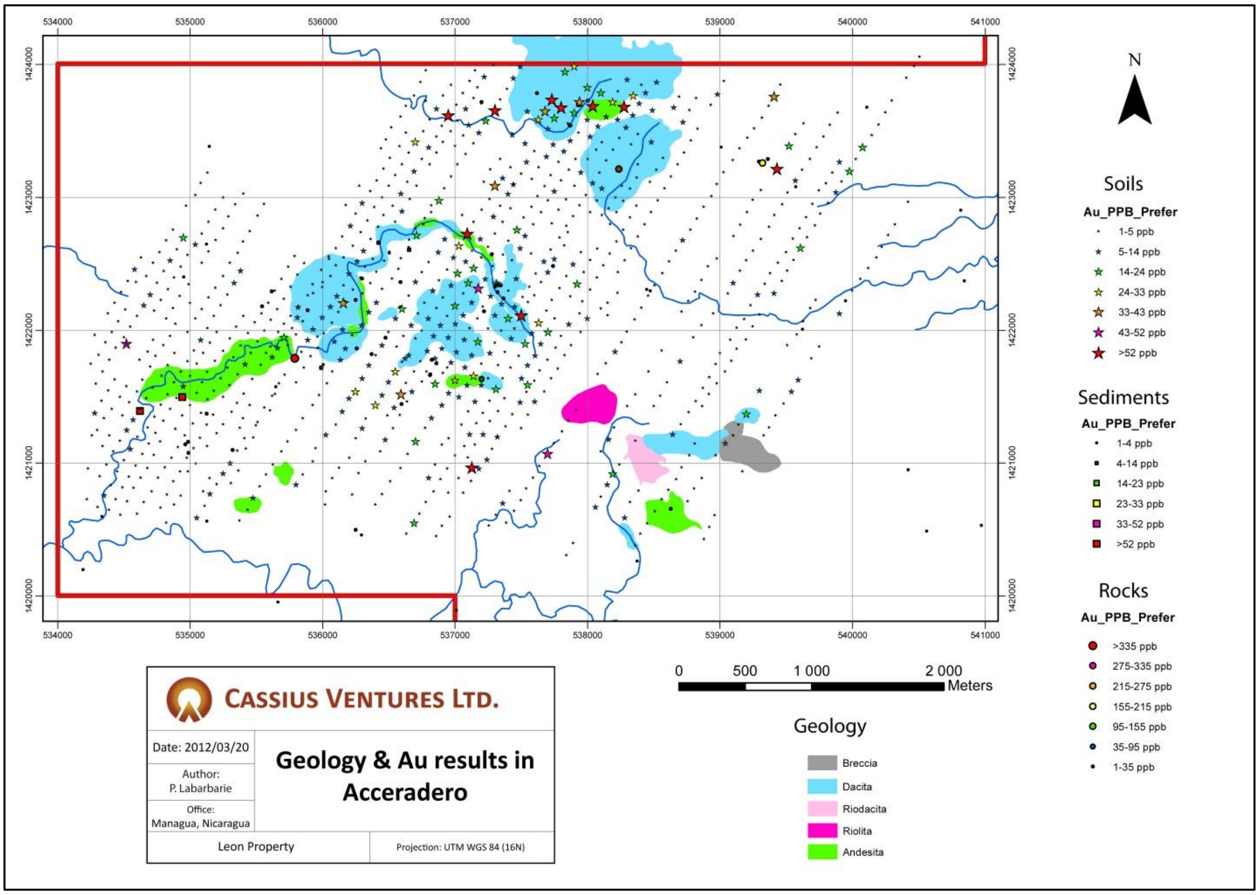
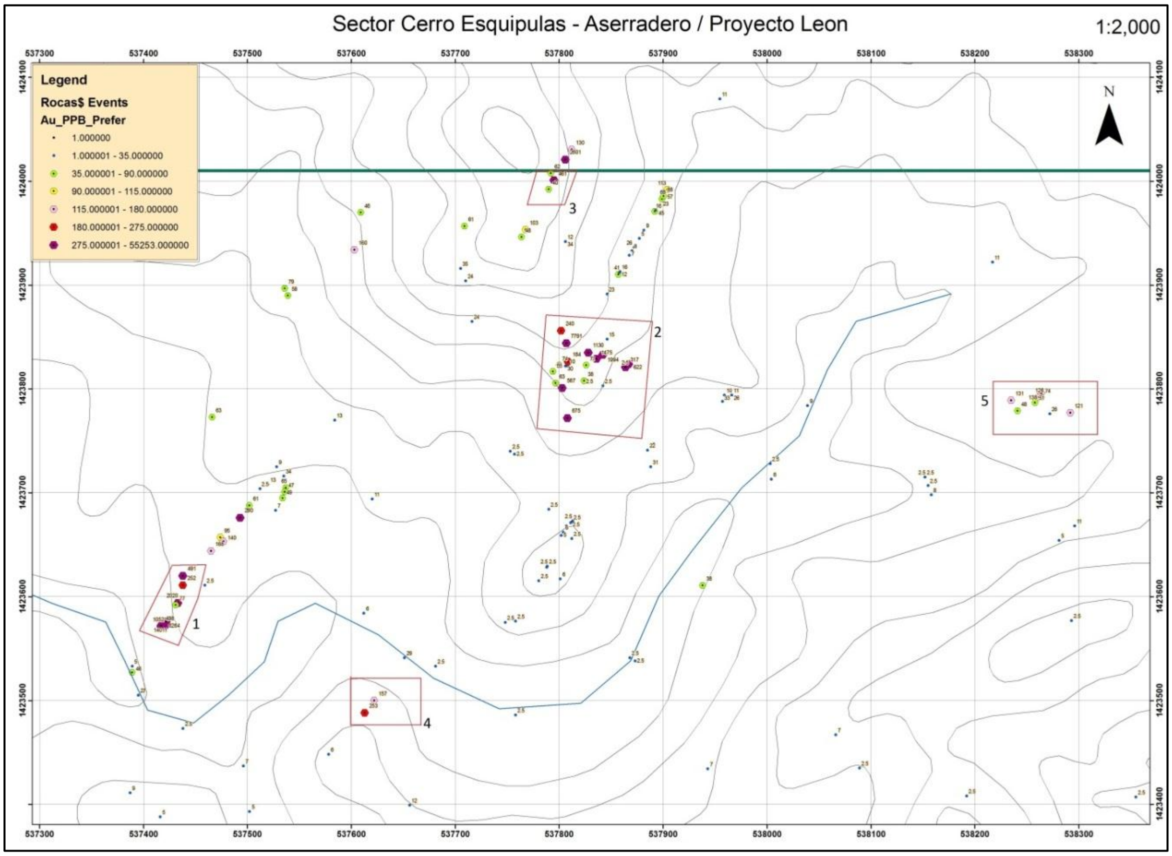


Figure 7 - Cerro Rojo Rock Sample Analysis Results, León Property, Nicaragua



2011/2012 Exploration Program Results - Las Mercedes Target

At Las Mercedes, on the east side of León, several soil geochemical gold anomalies have been outlined with values greater than 43 ppb Au. Follow up of the soil geochemical anomalies has resulted in the discovery of two mineralized sites on the same quartz vein structure in silicified andesites grading 32.15 g/t Au and 55.25 g/t Au from grab samples taken at a 90 m separation along a 90° trend. In addition, 825 m to the north of the sample grading 32.15 g/t Au, is a second mineralized quartz vein structure that has been discovered in silicified andesites assaying 28.23 g/t and occurring along the same gold soil geochem anomaly trends of 090°.

Figure 8 - Las Mercedes - Gold Soil Anomalies

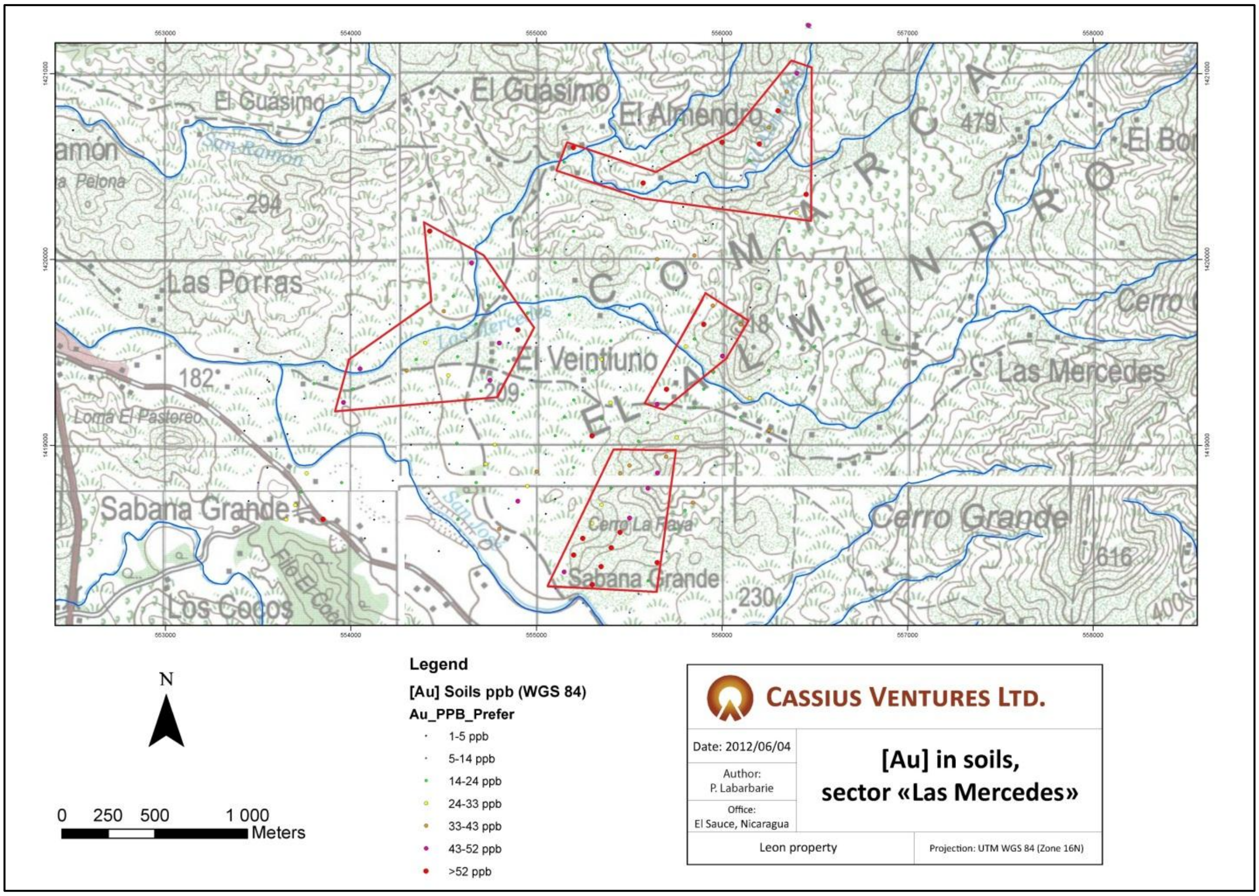
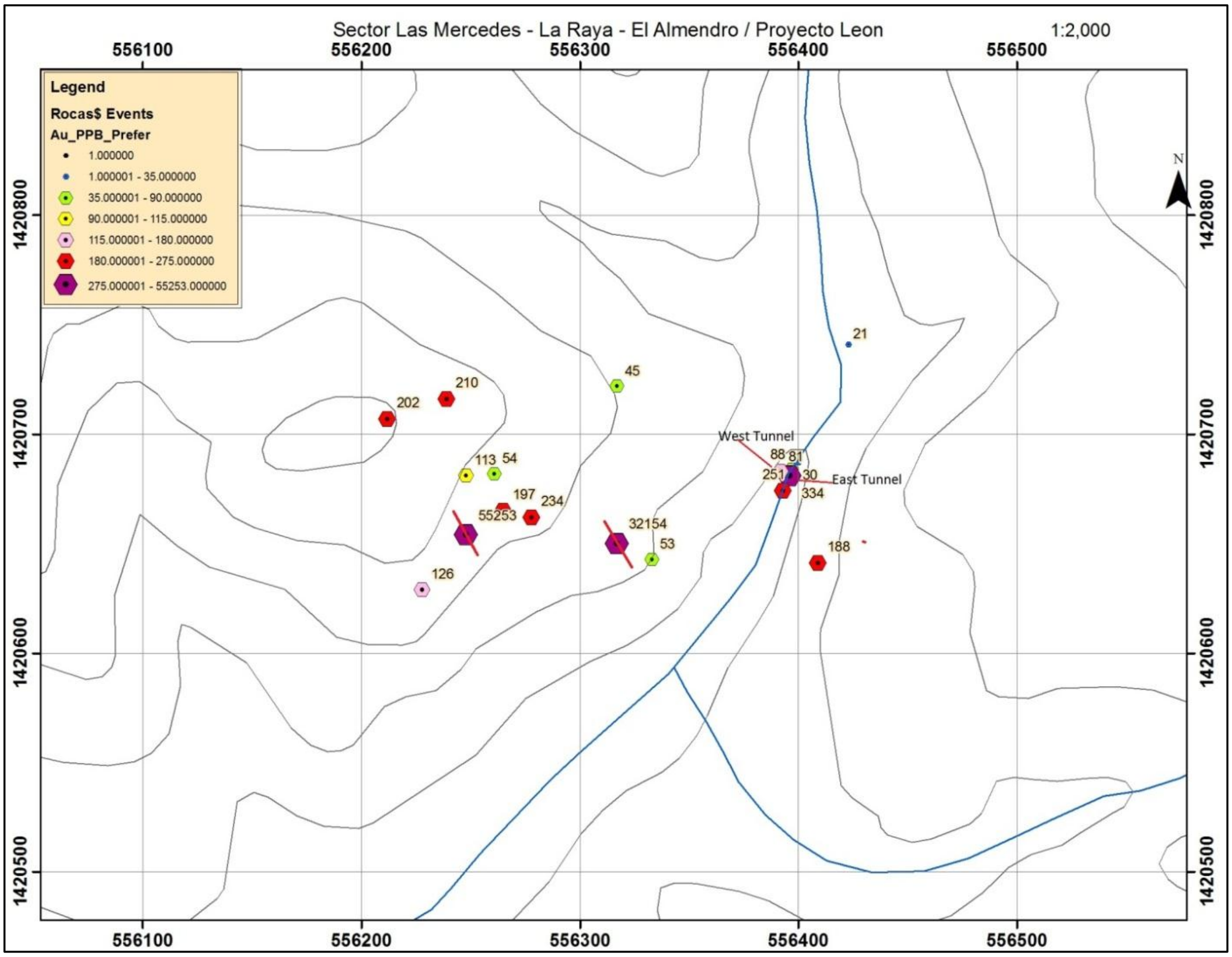


Figure 9 - Gold Rock Anomalies - Las Mercedes, León, Nicaragua



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

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

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

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

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

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

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

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

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

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

Concession Maintenance

The Company is required to pay concession rents to the Ministry of Mines and Energy in Nicaragua twice annually to keep claims in good standing. As of the date of this report, a total of US $84,005 is currently unpaid with respect to Fortress' concession rents for the 2nd half of 2012, a total of US $201,279 is currently unpaid with respect to Fortress' concession rents for the 1st half of 2013, a total of US $214,292 is currently unpaid with respect to Fortress' concession rents for the 2nd half of 2013, and a total of US $233,561 is currently unpaid with respect to Fortress' concession rents for the 1st half of 2014.

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 Mining S.A. ("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.

Since August 2012, the Company has been in discussions with the MEM in regards to the restructuring of its landholdings and associated rents. As indicated above, as part of the restructuring, in June 2013, the Company submitted an application to the Ministry to reduce its landholdings. Although the Company has recorded the concession rents owing as a liability on the Company's statement of financial position, discussions between the Company and MEM 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.

Overall Performance

The following discussion of the Company's financial performance is based on the unaudited condensed interim consolidated financial statements for the six months ended April 30, 2014.

At April 30, 2014, the Company reported total assets of $4,707,179 (October 31, 2013 - $4,621,647), including mineral properties of $4,630,701 (October 31, 2013 - $4,480,341).

The decrease in cash of $60,292 resulted from the incurrence of $22,586 in respect of mineral property exploration costs and a net operating cash outflow of $43,456, partially offset by a cash inflow of $5,750 upon the redemption of a term deposit.

The increase in mineral properties of $150,360 resulted from the accrual of concession rents related to the second semester of 2013 first semester of 2014 as well as ongoing overhead expenses with respect to the Company's office in Nicaragua.

Shareholders' equity comprises share capital of $5,668,005 (October 31, 2013 - $5,668,005), contributed surplus of $267,136 (October 31, 2013 - $267,136) and a deficit of $2,571,818 (October 31, 2013 – $2,398,583) for a net amount of $3,363,323 (October 31, 2013 - $3,536,558). The decrease in shareholders' equity of $173,235 results from the net loss for the six months ended April 30, 2014.

The Company has a working capital deficit of $1,023,830 at April 30, 2014 compared to a working capital deficit of $713,533 at October 31, 2013. The working capital decrease primarily results from expenditures relating to the Company's overhead expenses with respect to the Company's office in Nicaragua, continued accrual of concession rents for the six months ended April 30, 2014, as well as for corporate overhead.

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 11 of the unaudited condensed interim consolidated financial statements for the six months ended April 30, 2014.

Results of Operations

The following discussion and analysis of the Company's financial results of its operations should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the six months ended April 30, 2014 and 2013:

Six Months Ended April 30, 2014

During the six months ended April 30, 2014, the Company reported a net loss of $173,235 (2013: $196,451). The loss of $173,235 was mainly due to $145,346 (2013: $Nil) of exploration expenditures with respect to concession rents attributable to landholdings that have been written off on the consolidated statement of financial position. Office and general expenses of $11,514 (2013: $22,969) consisting of insurance, website maintenance, bank fees, rent, and other office expenditures further contributed to the loss.

Three Months Ended April 30, 2014

During the three months ended April 30, 2014, the Company reported a net loss of $95,584 (2013: $150,028). The loss of $95,584 was mainly due to $94,074 (2013: $Nil) of exploration expenditures with respect to concession rents attributable to landholdings that have been written off on the consolidated statement of financial position, partially offset by a foreign exchange gain of $27,346 (2013: foreign exchange loss of $5,663) representing the effect of revaluation of foreign currency balances due to the strengthening of the Canadian Dollar against the Nicaraguan Cordoba and the US dollar. Transfer agent and regulatory fees of $5,384 (2013: $4,183) further contributed to the loss.

As at April 30, 2014, the Company has incurred $3,281,663 in exploration expenditures related to the Properties.

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

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

Summary of Quarterly Results

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

	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Total Revenue (Note 1)	$ -	$ -	$ -	$ -
Net income (loss) for the period	$ (173,235)	$ (77,651)	$ 21,406	$ (671,942)
Basic and diluted gain (loss) per share	$ (0.042)	$ (0.019)	$ 0.005	$ (0.163)

	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Total Revenue (Note 1)	$ -	$ -	$ -	$ -
Net income (loss) for the period	$ (150,028)	$ (46,423)	$ (96,550)	$ (91,791)
Basic and diluted loss per share	$ (0.036)	$ (0.011)	$ (0.023)	$ (0.022)

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 losses in Q3 to Q4 2012 reflected expenditures incurred in advancing the Company's exploration program in respect of the Properties. In Q1 2013, the net loss was significantly reduced from Q4 2012 due to the fact that the Company recorded a foreign exchange gain of $2,118 in Q1 2013 versus a foreign exchange loss of $30,449 in Q4 2012, as well as other income of $25,264 earned in Q4 2012 from providing services to an affiliated company with directors in common, of which no such income was earned in Q1 2013. In Q2 2013, the net loss increased mainly due to previously capitalized costs related to the El Zúngano concession which were written off to the statement of loss and comprehensive loss given Nueva Segovia terminated the agreement for the El Zúngano concession with the former landowner of the concession. In Q3 2013, the net loss significantly increased mainly due to previously capitalized costs related to certain landholdings within the Nueva Segovia, León and Chontales concession areas that were written off to the statement of loss and comprehensive loss as the Company made a submission to the Nicaraguan Ministry of Mines that it is reducing its landholdings by 66,093 hectares. In Q4 2013, the Company recorded net income of $21,406 resulting from $57,607 earned in Q4 2013 from providing services to an affiliated company with directors in common, of which no such income was earned in Q3 2013, as well as a reversal of a write-down originally recorded in Q3 2013 of $136,265. In Q1 and Q2 2014, the Company was in a net loss position again as no significant income was earned, and concession rents related to relinquished concessions continued to be recognized in the statement of loss.

Critical Accounting Policies

Other than changes in accounting policies noted below, a detailed summary of all the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the year ended October 31, 2013.

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 the new and amended IFRS pronouncements in accordance with the transitional provisions outlined in the respective standards as listed below.

a) Pronouncement affecting financial statement presentation or disclosures

IFRS 12, Disclosure of interests in other entities

The Company adopted IFRS 12 on November 1, 2013. IFRS 12 establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for any period that precedes the first annual period for which IFRS 12 is applied. The adoption of IFRS 12 will result in enhanced disclosures on the annual consolidated financial statements; however, it does not impact the Company’s financial position or results.

IFRS 13, Fair value measurement

The Company adopted IFRS 13 with prospective application from November 1, 2013. IFRS 13 is a comprehensive standard for fair value measurement and disclosure 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. The disclosure requirements of IFRS 13 are incorporated in note 12 of the condensed interim consolidated financial statements for the six months ended April 30, 2014.

Amendment to IAS 1, Presentation of Financial Statements

The Company adopted the amendments to IAS 1 on November 1, 2013, with retrospective application. The amendments to IAS 1 require items to be grouped within other comprehensive income that may be reclassified to profit or loss and those that will not be reclassified. The adoption of the IAS 1 amendments did not have an effect on the Company’s financial statements for the current period or prior year, except for added disclosure.

Amendment to IAS 34, Interim financial reporting

The Company adopted the amendments to IAS 34 effective November 1, 2013. IAS 34 was amended to establish criteria for disclosing total segmented assets and require certain fair value disclosures. The fair value disclosures have been incorporated into the unaudited condensed interim consolidated financial statements for the six months ended April 30, 2014.

IFRS 10 - Consolidated financial statements

The Company adopted IFRS 10 on November 1, 2013 with retrospective application. IFRS 10 requires an entity to consolidate an investee when it has power over the investee, 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. IFRS 10 supersedes IAS 27, Consolidated and

Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities. The Company has concluded that IFRS 10 did not have an effect on the financial statements for the current period or prior periods presented.

IFRS 11- Joint arrangements

The Company adopted IFRS 11 on November 1, 2013 with retrospective application. IFRS 11 requires a venturer to classify its interest in a joint agreement 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. The Company has concluded that IFRS 11 did not have an effect on the financial statements for the current period or prior periods presented as the Company does not have any joint arrangements.

b) Standards not yet effective

IFRS 9 – Financial instruments

In November 2009, the IASB issued IFRS 9 Financial Instruments as the first step in its project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on the measurement of financial liabilities and derecognition of financial instruments. The required adoption date for IFRS 9 has been deferred from the original adoption date of January 1, 2015 to all annual periods beginning on or after January 1, 2018. The Company has yet to commence assessing the impact of this new standard.

Critical Accounting Estimates

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

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

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.

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
	$ 10,714

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.

Outstanding Share Data

As at the date of this report, the Company has 8,617,248 common shares issued and outstanding.

As at the date of this report, there were 163,500 stock options and no common share purchase warrants outstanding.

Related Party Transactions

a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer, and Chief Financial Officer. 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 the section entitled "Commitment", 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, being Steven Dean and Irfan Shariff, respectively. 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 Steven Dean, 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 Irfan Shariff, 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., a company controlled by John Thomas, 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 Eddy Canova, 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.

Market Trends

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

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

Financial Instruments and Risks

Financial Risk Management

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

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

Fair Value Measurement

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

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

At April 30, 2014, cash was categorized as level 1. The fair values of other financial instruments, which include receivables, deposits, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Financial Instrument Risk Exposure

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

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and taxes receivable. The Company's cash is being held with large financial institutions. Taxes receivable are comprised of GST receivables from the Government of Canada and VAT receivables from the Government of Nicaragua. The Company's credit risk is mitigated by maintaining its financial liquid assets with highly reputable counterparties. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets noted above.

Foreign Exchange Rate Risk

The Company incurs exploration expenditures in US dollars and Nicaraguan Cordobas. 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. At April 30, 2014 and 2013, the Company had not entered into any hedging contracts to minimize its foreign exchange risk. A change of 10% of the Canadian dollar against the Nicaraguan Cordoba would result in a change in net loss of $11,737.

Interest Rate Risk

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 our cash needs over the short term. At April 30, 2014, the Company had total current assets of $58,495 (October 31, 2013: $110,523). Contractual undiscounted cash flow requirements for financial liabilities as at April 30, 2014 and October 31, 2013 are presented below.

April 30, 2014

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 850,168	$ -	$ -	$ 850,168
Due to related parties	232,157	-	-	232,157

October 31, 2013

	Less than 1 year	1 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 598,714	$ -	$ -	$ 598,714
Due to related parties	225,342	-	-	225,342

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.

Discussions between the Company and the MEM are ongoing in regards to the extent of concession rents owing in respect of both the relinquished landholdings and the Company’s retained landholdings. Should the concession rents in respect of either relinquished or retained landholdings continue to remain outstanding, the MEM may choose, at some future point, to forfeit the concessions held by the Company.

The Company’s ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain. Further information relating to liquidity risk is disclosed in the section entitled “Liquidity and Capital Resources”.

Price Risk

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

Legal Proceedings

The Company is not involved in any legal proceedings.

Risks and Uncertainties

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

Going Concern

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

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

The Company's ability to continue operations in the normal course of business is dependent on several factors, including the ability to secure additional financing. In addition, the recoverability of the amounts shown for mineral properties are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production, all of which are uncertain.

The continuation of the Company as a going concern is dependent on securing additional funding through equity financing to complete its exploration and drilling program in Nicaragua and support corporate overhead. Although management is of the opinion that sufficient working capital will be obtained from external sources to meet the Company's liabilities and commitments as they become due, there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company as market conditions have limited the availability of funds. In the event the Company is unable to arrange necessary financing, the Company may be forced to cease operations.

Exploration, Development and Operating Risks

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

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

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

Political Stability and Government Regulation Risks

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

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

Fluctuations in Metal Prices

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

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

Exchange Rate Fluctuations

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

Key Personnel

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

Share Price Volatility and Liquidity

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

Disclosure Controls and Procedures

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

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

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

Forward-Looking Statements

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

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