

## **CASSIUS VENTURES LTD.**

### **Management Discussion and Analysis For the Period Ended April 30, 2021**

The Management Discussion and Analysis ("MD&A") of Cassius Ventures Ltd. (the "Company") has been prepared by management in respect of the three months ended April 30, 2021 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and six months ended April 30, 2021 and related notes thereto, as well as the Company's audited financial statements for the year ended October 31, 2020 and the related notes thereto. The Company reports its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. 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 16, 2021.

#### **Description of Business**

The Company is an exploration stage company focused on acquiring exploration and/or development stage mineral properties for the purposes of further exploration and development. 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 continues its pursuit of a viable property of merit in conjunction with a financing to support the exploration or development of such a property.

#### **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, 2021, had an accumulated deficit of \$6,580,026 and a working capital deficit of \$319,162.

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 to mitigate ongoing expenditures, including waiving compensation accrued to management over the last 6 years 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 April 30, 2021 the Company had outstanding promissory notes totaling \$192,300 (October 31, 2020 - \$174,900). The promissory notes bear interest at 7%, are unsecured, and payable on demand.

Interest incurred on the promissory notes for the three-month period ended April 30, 2021 totaled \$3,282 (2020 - \$2,914).

## **Overall Performance**

The following discussion of the Company's financial performance is based on the unaudited condensed interim financial statements for the three and six months ended April 30, 2021.

At April 30, 2021, the Company had total assets of \$8,362 (October 31, 2020 - \$2,397), comprising cash of \$7,209 (October 31, 2020 - \$1,204), prepaid expenses of \$833 (October 31, 2020 - \$833), and input tax receivables of \$320 (October 31, 2020 - \$360). The increase in cash was the result of issuance of \$17,400 in promissory notes, partly offset \$11,395 cash used in operating activities (including the settlement of \$5,853 in accounts payable and accrued liabilities). Prepaid expenses represent fees paid to maintain the Company's listing on the NEX Board of the TSX Venture Exchange.

Shareholders' deficit comprises share capital of \$5,968,027 (October 31, 2020 - \$5,968,027), contributed surplus of \$292,837 (October 31, 2020 - \$288,079) and a deficit of \$6,580,026 (October 31, 2020 - \$6,558,780). The increase in shareholders' deficit of \$16,488 results from the \$21,246 net loss for the six-month period ended April 30, 2021; partially offset by an increase to contributed surplus for share-based payments of \$4,758, representing the fair value recognized from the vesting of stock options to officers of the Company during the period.

The Company has a working capital deficit of \$319,162 at April 30, 2021 compared to a working capital deficit of \$302,674 at October 31, 2020. The increase in working capital deficit is due to operating expenses during the period which was financed by notes payable.

## **Segmented Information**

The Company operates in one business segment, being the acquisition, exploration and development of mineral properties.

## **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 financial statements for the period ended April 30, 2021:

The net loss recognized during the three-month period ended April 30, 2021, was mainly a result of \$1,681 incurred on transfer agent and regulatory filing fees (2020 - \$1,466), \$2,436 in legal and audit fees (2020 - \$383), \$3,282 of interest expense incurred on the Company's outstanding promissory notes (2020 - \$2,914), and \$4,758 in share-based payments from the vesting of stock options from the February 2021 stock option grant (2020 - \$nil). Professional fees increased over the same period in the prior year as a result of accruing annual audit fees.

During the six-month period ended April 30, 2021, the Company reported a net loss of \$21,246 (2020 - \$12,359) mainly as a result of \$5,765 on transfer agent and regulatory filing fees (2020 - \$5,855), \$3,936 in legal and audit fees (2020 - \$306) and share based payments of \$4,758 (2020 - \$nil) from the vesting of stock options from the February 2021 stock option grant. Professional fees increased over the same period in the prior year as a result of accruing annual audit fees.

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:

	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Total Revenue (Note 1)	\$ -	\$ -	\$ -	\$ -
Net loss for the period	\$ (12,269)	\$ (8,977)	\$ (14,937)	\$ (6,389)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Total Revenue (Note 1)	\$ -	\$ -	\$ -	\$ -
Net loss for the period	\$ (4,931)	\$ (7,428)	\$ (13,224)	\$ (5,577)
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

**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.

There were increases in net loss in Q4 2019 and 2020 due to tax provision and annual financial statement audit fees being accrued on an annual basis. Commencing Q1 2021, the Company accrued for audit fees on a quarterly basis. The net loss in Q3 2019 and Q1, Q2, and Q3 2020 and Q1 and Q2 2021 continue with the trend of past quarters of reduced operating expenditures until a property of merit is located.

### 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, 2020.

### 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.

### 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 775,000 stock options outstanding.

## Related Party Transactions

### a) Key Management Compensation

Key management includes the Company's directors, Chief Executive Officer, and Chief Financial Officer. During the three-month period ended April 30, 2021, the Company incurred \$4,758 (2020-\$nil) in compensation to key management in share-based payments.

### b) Payments for services by related parties

As at April 30, 2021, and October 31, 2020, the Company owed \$25,812 to Oceanic Iron Ore Corp., a company with an officer in common, being Chris Batalha.

As at April 30, 2021, the Company owed \$13,318 to Chris Batalha, a director and Chief Financial Officer of the Company, being Chris Batalha (October 31, 2020- \$5,891).

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 April 30, 2021, the Company had \$67,600 (October 31, 2020 - \$61,800) of outstanding promissory notes issued to John Thomas, a director and the CEO of the Company, and \$37,100 (October 31, 2020 - \$31,300) 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 the three and six-month period ended April 30, 2021, totalled \$1,787 and \$3,480, respectively (2020 - \$1,535 and \$3,026, respectively).

## 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 April 30, 2021, 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*

The Company is not 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 April 30, 2021, the Company had total current assets of \$8,362 (October 31, 2020 - \$2,397). Contractual undiscounted cash flow requirements for financial liabilities as at April 30, 2021, and October 31, 2020, are presented below.

**April 30, 2021**

	<b>Less than 1 year</b>	<b>1 - 3 years</b>	<b>4 - 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 69,826	\$ -	\$ -	\$ 69,826
Due to related parties	65,398	-	-	65,398
Promissory notes payable	192,300	-	-	192,300

**October 31, 2020**

	<b>Less than 1 year</b>	<b>1 - 3 years</b>	<b>4 - 5 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 75,679	\$ -	\$ -	\$ 75,679
Due to related parties	54,492	-	-	54,492
Promissory notes payable	174,900	-	-	174,900

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.

## **Commitments**

The Company has no commitments of significance.

## **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 April 30, 2021, had an accumulated deficit of \$6,580,026 and a working capital deficit of \$319,162, including \$192,300 owing through the issuance of promissory notes, which can be called on demand.

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 identify and obtain a viable property of merit in conjunction with a financing to support the exploration or development of such a property; 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, (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 commodities; and (6) 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](http://www.sedar.com).