

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

ARIES VENTURES INC
Form 10QSB/A
January 17, 2003

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the quarterly period ended March 31, 2001

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-14136

Aries Ventures Inc.

(Exact name of small business issuer as specified in its charter)

Nevada

84-0987840

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification Number)

28720 Canwood Street, Suite 207, Agoura Hills, California 91301

(Address of principal executive offices)

Issuer's telephone number: (818) 879-6501

Not Applicable

(Former name, former address and former fiscal year, if changed
since last report.)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of March 31, 2001, the Company had 3,533,177 shares of common stock issued and outstanding.

Documents incorporated by reference: None.

-1-

ARIES VENTURES INC. (FORMERLY CASMYN CORP.) AND SUBSIDIARIES

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Balance Sheets - March 31, 2001
(Unaudited) and September 30, 2000

Condensed Consolidated Statements of Operations
(Unaudited) - Three Months and Six Months Ended March
31, 2001 and 2000

Condensed Consolidated Statements of Comprehensive Loss
(Unaudited) - Three Months and Six Months Ended March
31, 2001 and 2000

Condensed Consolidated Statements of Cash Flows
(Unaudited) - Six Months Ended March 31, 2001 and 2000

Notes to Condensed Consolidated Financial Statements
(Unaudited) - Three Months and Six Months Ended March
31, 2001 and 2000

Item 2. Management's Discussion and Analysis or Plan of Operation

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 6. Exhibits and Reports on Form 8-K

SIGNATURES

-2-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries Condensed Consolidated Balance Sheets

	March 31, 2001 ----- (Unaudited)	September 30, 2000 -----
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 262,207	\$ 488,783
Marketable securities	30,000	553,550
Due from Resource Ventures, Inc. (Note 7)	131,809	226,244
Accrued interest receivable	-	22,920

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Prepaid expenses and other current assets	33,226	86,072
	-----	-----
	457,242	1,377,569
	-----	-----
PROPERTY AND EQUIPMENT	25,844	25,844
Less: accumulated depreciation and amortization	(11,883)	(5,908)
	-----	-----
	13,961	19,936
	-----	-----
OTHER		
Deposits	2,309	9,244
	-----	-----
	\$ 473,512	\$ 1,406,749
	=====	=====

(continued)

-3-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Balance Sheets (continued)

	March 31, 2001	September 30, 2000
	-----	-----
	(Unaudited)	
LIABILITIES		
CURRENT		
Accounts payable	\$ 124,718	\$ 196,973
Accrued liabilities	-	24,949
Common stock repurchase obligation (Note 5)	19,625	48,909
	-----	-----
	144,343	270,831
	-----	-----
COMMITMENTS AND CONTINGENCIES (Note 3)		
SHAREHOLDERS' EQUITY (Notes 1, 4, 5 and 6)		
Preferred stock, \$0.01 par value		
Authorized - 10,000,000 shares		
Issued and outstanding - None	-	-
Common stock, \$0.01 par value		
Authorized - 50,000,000 shares		
Issued and outstanding - 3,533,177 shares	35,332	35,332

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Additional paid-in capital	2,013,684	2,013,684
Accumulated deficit	(1,719,847)	(1,082,898)
Accumulated other comprehensive income	-	169,800
	-----	-----
	329,169	1,135,918
	-----	-----
	\$ 473,512	\$ 1,406,749
	=====	=====

See accompanying notes to condensed consolidated financial statements.

-4-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended March 31,	
	2001	2000
	----	----
REVENUES	\$ -	\$ -
	-----	-----
COSTS AND EXPENSES		
General and administrative	107,907	202,509
Legal fees	36,037	338,925
Depreciation and amortization	2,987	2,889
Interest income	(3,984)	(65,568)
Other expense	172	390
	-----	-----
	143,119	479,145
	-----	-----
LOSS FROM CONTINUING OPERATIONS	(143,119)	(479,145)
	-----	-----
REORGANIZATION COSTS (Note 5)		
"Fresh-Start" accounting adjustments to the carrying value of assets and liabilities	-	(17,604,326)
Legal fees	-	(313,806)
Administrative costs	(1,500)	(417,342)
	-----	-----
LOSS FROM REORGANIZATION	(1,500)	(18,335,474)

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

LOSS FROM DISCONTINUED OPERATIONS (Note 2)	----- - -----	----- (403,277) -----
NET LOSS	\$ (144,619) =====	\$ (19,217,896) =====

(continued)

-5-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited) (continued)

	Three Months Ended March 31,	
	----- 2001 -----	----- 2000 -----
LOSS PER COMMON SHARE - BASIC AND DILUTED (Note 1)		
Loss from continuing operations	\$ (0.04)	\$ (0.98)
Loss from discontinued operations	-	(0.83)
Loss from reorganization	- -----	(37.64) -----
Loss applicable to common shareholders	\$ (0.04) =====	\$ (39.45) =====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED (Note 1)	3,533,177 =====	487,156 =====

See accompanying notes to condensed consolidated financial statements.

-6-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

	Three Months Ended March 31,	
	2001	2000
	-----	-----
NET LOSS	\$ (144,619)	\$ (19,217,896)
Other comprehensive income (loss):		
Unrealized loss on marketable securities	-	(144,847)
	-----	-----
COMPREHENSIVE LOSS	\$ (144,619)	\$ (19,362,743)
	=====	=====

See accompanying notes to condensed consolidated financial statements.

-7-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

	Six Months Ended March 31,	
	2001	2000
	-----	-----
REVENUES	\$ -	\$ -
	-----	-----
COSTS AND EXPENSES		
General and administrative	279,742	402,175
Legal fees	60,452	455,084
Stock option costs	-	49,974
Depreciation and amortization	5,974	5,778
Loss on disposition and write-down of marketable securities	304,274	-
Interest income	(19,082)	(137,395)
Other expense	339	370
	-----	-----
	631,699	775,986
	-----	-----
LOSS FROM CONTINUING OPERATIONS	(631,699)	(775,986)
	-----	-----
REORGANIZATION COSTS (Note 5)		

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

"Fresh-Start"		
accounting		
adjustments to		
the carrying		
value of assets		
and liabilities	-	(17,604,326)
Legal fees	-	(478,835)
Administrative costs	(5,250)	(418,172)
	-----	-----
LOSS FROM		
REORGANIZATION	(5,250)	(18,501,333)
	-----	-----
LOSS FROM DISCONTINUED		
OPERATIONS (Note 2)	-	(648,848)
	-----	-----

(continued)

-8-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited) (continued)

	Six Months Ended March 31,	
	2001	2000
	----	----
NET LOSS FROM OPERATIONS		
BEFORE CHARGES RELATED		
TO FIRST CONVERTIBLE		
PREFERRED STOCK	\$ (636,949)	\$ (19,926,167)
Less: Penalty on First		
Convertible Preferred		
Stock (Note 4)	-	(798,771)
	-----	-----
NET LOSS APPLICABLE TO		
COMMON STOCKHOLDERS	\$ (636,949)	\$ (20,724,938)
	=====	=====
LOSS PER COMMON SHARE -		
BASIC AND DILUTED		
(Note 1)		
Loss from continuing		
operations	\$ (0.18)	\$ (1.59)
Loss from discontinued		
operations	-	(1.33)
Loss from reorganization	-	(37.98)

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Loss from charges related to First Convertible Preferred Stock	-	(1.64)
	----	-----
Loss applicable to common shareholders	\$ (0.18)	\$ (42.54)
	=====	=====
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED (Note 1)		
	3,533,177	487,156
	=====	=====

See accompanying notes to condensed consolidated financial statements.

-9-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

	Six Months Ended March 31,	
	-----	-----
	2001	2000
	----	----
NET LOSS	\$ (636,949)	\$ (19,926,167)
Other comprehensive income (loss):		
Unrealized loss on marketable securities		(445,818)
Reclassification adjustment for unrealized gain included in net loss	-	-
	(169,800)	
	-----	-----
COMPREHENSIVE LOSS	\$ (806,749)	\$ (20,371,985)
	=====	=====

See accompanying notes to condensed consolidated financial statements.

-10-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

	Six Months Ended March 31,	
	2001	2000
	----	----
OPERATING ACTIVITIES		
Net loss from operations before charges related to First Convertible Preferred Stock	\$ (636,949)	\$ (19,926,167)
Adjustments to reconcile net loss to net cash used in continuing operating activities:		
Loss from discontinued operations	-	648,848
"Fresh-Start" accounting adjustments to the carrying value of assets and liabilities	-	17,604,326
Depreciation and amortization	5,975	5,778
Loss on disposition and write-down of marketable securities	304,274	-
Amortization of discount on marketable securities	-	(19,345)
Stock option costs	-	49,974
Changes in operating assets and liabilities:		
(Increase)		
decrease in:		
Receivables	22,920	200
Prepaid expenses and other		
current assets	52,846	(36,665)
Decrease in other assets	6,935	-
Increase		
(decrease) in:		
Accounts payable	(72,255)	633,159
Accrued liabilities	(24,949)	387,354
	-----	-----
Net cash used in continuing operating activities	(341,203)	(652,538)
	-----	-----

(continued)

-11-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited) (continued)

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

	Six Months Ended March 31,	
	----- 2001 -----	2000 -----
INVESTING ACTIVITIES		
Advances to discontinued operations	\$ -	\$ (134,000)
Payments from Resource Ventures, Inc.	150,000	-
Increase in amount due from Resource Ventures, Inc.	(55,565)	-
Proceeds from disposition of marketable securities	49,476	93,457
	-----	-----
Net cash provided by (used in) investing activities	143,911	(40,543)
	-----	-----
FINANCING ACTIVITIES		
Decrease in common stock repurchase obligation	(29,284)	-
	-----	-----
Net cash used in financing activities	(29,284)	-
	-----	-----
CASH AND CASH EQUIVALENTS:		
Net decrease	(226,576)	(693,081)
At beginning of period	488,783	2,276,351
	-----	-----
At end of period	\$ 262,207	\$ 1,583,270
	=====	=====

See accompanying notes to condensed consolidated financial statements.

-12-

Aries Ventures Inc. (formerly Casmyn Corp.) and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)
Three Months and Six Months Ended March 31, 2001 and 2000

1. Organization and Basis of Presentation

Basis of Presentation - The accompanying condensed consolidated financial statements include the operations of Aries Ventures Inc. ("Aries"), a Nevada corporation, the successor to Casmyn Corp., a Colorado corporation ("Casmyn"), and its wholly-owned and controlled subsidiaries. Unless the context indicates otherwise, Aries and its subsidiaries are collectively referred to herein as the "Company". All intercompany accounts and transactions have been eliminated on consolidation. The condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States.

Comments - The accompanying interim condensed consolidated financial statements

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

are unaudited, but in the opinion of management of the Company, contain all adjustments, which include normal recurring adjustments, necessary to present fairly the financial position at March 31, 2001, the results of operations for the three months and six months ended March 31, 2001 and 2000, comprehensive loss for the three months and six months ended March 31, 2001 and 2000, and cash flows for the six months ended March 31, 2001 and 2000. The consolidated balance sheet as of September 30, 2000 is derived from the Company's audited financial statements.

Certain information and footnote disclosures normally included in financial statements that have been prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although management of the Company believes that the disclosures contained in these financial statements are adequate to make the information presented therein not misleading. For further information, refer to the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-KSB for the fiscal year ended September 30, 2000, as filed with the Securities and Exchange Commission.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The results of operations for the three months and six months ended March 31, 2001 is not necessarily indicative of the results of operations to be expected for the full fiscal year ending September 30, 2001.

Business - The Company currently has no business operations. The Company's efforts are focused on seeking a new business opportunity, seeking recovery from its litigation and claims against former management and certain other entities

-13-

(see Note 3), and maintaining the corporate entity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

During the three months and six months ended March 31, 2000, the Company's only operating activities were conducted through its Zimbabwe subsidiary, which is engaged in gold mining activities in Zimbabwe (a country located in southern Africa). As a result of the Zimbabwe subsidiary being spun-off to all of the Company's shareholders effective July 1, 2000 (see Note 4), the Zimbabwe subsidiary's operations were classified for accounting purposes as discontinued operations during the three months and six months ended March 31, 2000.

The Company maintains its corporate offices in the United States. Financial information with respect to the operations of the Zimbabwe subsidiary is presented at Note 2.

Reclassification - Certain prior period amounts have been reclassified to conform to the current year presentation.

Loss Per Share - Basic loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated assuming the issuance of common shares, if dilutive, resulting from the exercise of stock options and warrants. These

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

potentially dilutive securities were not included in the calculation of loss per share for the three months and six months ended March 31, 2001 and 2000 because the Company incurred a loss during such periods and thus their effect would have been anti-dilutive. Accordingly, basic and diluted loss per share are the same for the three months and six months ended March 31, 2001 and 2000.

Reverse Stock Split - All common share and per share amounts presented herein reflect the 1-for-500 reverse split of outstanding shares of common stock effective April 11, 2000.

-14-

2. Discontinued Operations; Segment and Geographic Information

During the three months and six months ended March 31, 2000, the Company, through its discontinued Zimbabwe subsidiary (which was spun-off to all of the Company's shareholders on July 1, 2000), operated in one business segment, gold mining. The Zimbabwe subsidiary's operations have been presented for accounting purposes as a discontinued operation in the financial statements. The Zimbabwe subsidiary's mining operations produce gold that is required to be sold to the Reserve Bank of Zimbabwe. During the three months and six months ended March 31, 2000, the Zimbabwe subsidiary sold 2,860 ounces and 5,538 ounces of gold, respectively. The gold mining operations in Zimbabwe as presented herein are a discrete business entity and do not include the allocation of any expenses incurred by the Company's United States corporate offices.

During the three months and six months ended March 31, 2000, the Company advanced \$92,000 and \$134,000, respectively, to or on behalf of the Zimbabwe subsidiary's discontinued operations. The Zimbabwe subsidiary did not transfer any funds to the Company during the three months and six months ended March 31, 2000.

The Zimbabwe subsidiary recognizes revenue from the sale of gold production upon the sale and delivery of gold bullion to the Reserve Bank of Zimbabwe.

Financial information with respect to the Zimbabwe subsidiary's gold mining operations for the three months and six months ended March 31, 2000 is presented below.

-15-

Casmyn Mining Corporation Statements of Operations (Unaudited)

	Three Months Ended March 31, 2000 -----	Six Months Ended March 31, 2000 -----
Revenues:		
Gold sales	\$ 824,106 -----	\$ 1,605,413 -----
Costs and Expenses:		
Mineral production	812,188	1,515,264
Depreciation, depletion and amortization	325,940	631,942
General and administrative	72,428	139,465
Provision for reclamation		

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

and remediation	8,574	16,608
	-----	-----
	1,219,130	2,303,279
	-----	-----
Loss from operations	(395,024)	(697,866)
Other income (expense), net	(8,253)	49,018
"Fresh-Start" accounting adjustments to the carrying value of assets and liabilities	(14,067,076)	(14,067,076)
	-----	-----
Net loss	\$ (14,470,353)	\$ (14,715,924)
	=====	=====

-16-

Casmyn Mining Corporation
Balance Sheet (Unaudited)
March 31, 2000

ASSETS

Current Assets:

Cash	\$ 62,570
Trade receivable	234,899
Mining supplies	541,947
Prepaid expenses and other current assets	4,480

	843,896

Property and Equipment	929,220
Less: accumulated depreciation, depletion and amortization	-

	929,220

	\$ 1,773,116
	=====

LIABILITIES AND SHAREHOLDER'S DEFICIENCY

Current Liabilities:

Accounts payable	\$ 432,015
Accrued liabilities	37,921
Reserve for reclamation and remediation	249,908

	719,844

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Investments and advances by parent company	26,922,522 -----
Shareholder's deficiency, net	(25,869,250) -----
	\$ 1,773,116 =====

-17-

3. Legal Proceedings

In conjunction with the Company's bankruptcy proceedings (see Note 5), the Company initiated litigation in courts in the United States, Canada and the Bahamas against various members of former management and other persons and entities. The Company also asserted claims against certain professional firms that had previously provided legal and accounting services to the Company under the auspices of former management.

During September 2002, the Company concluded legal settlements with respect to all litigation and claims that it had been pursuing in various jurisdictions against the Company's former officers, directors, auditors and legal counsel. These legal settlements provided for aggregate lump-sum cash payments to the Company of approximately \$6,900,000, which resulted in net payments of approximately \$5,700,000, after deduction for contingency legal fees and other related expenses.

The completion of the legal settlements terminated all litigation and claims that the Company has been asserting against all of the settling defendants.

During February 2002, the Company settled all outstanding debts and claims that it had against WaterPur International, Inc. ("WaterPur") in exchange for 1,000,000 shares of WaterPur common stock and warrants to purchase 250,000 shares of WaterPur common stock, exercisable for a period of three years at \$1.00 per share. The Company has not ascribed any value to such securities because no fair market value was ascertainable and the previous investments in WaterPur were written off in prior years as the Company deemed such investments impaired. In conjunction with this settlement, the acquisitions previously effected by WaterPur on May 10, 1999 were rescinded, and WaterPur acquired Aquentium, Inc., an investment and holding company incorporated in the state of Nevada, in a reverse merger transaction.

-18-

4. Preferred Stock

On April 14, 1997, the Company completed the placement of 751,200 shares of First Convertible Preferred Stock. An additional 83,467 shares of First Convertible Preferred Stock were issued to Societe Generale in exchange for a previously issued convertible debenture. On September 2, 1997, the Company completed the placement of an additional 533,885 shares of First Convertible Preferred Stock.

Each share of First Convertible Preferred Stock had a stated value of \$25.00 per share and was entitled to a dividend of 8% per annum, payable quarterly, to be paid in additional shares of First Convertible Preferred Stock, and was convertible into shares of common stock over a five year period at an increasing discount to the market price of the common stock at the time of conversion,

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

subject to certain adjustments. The number of shares that could be converted by a holder over a ten-month period beginning in July 1997 was limited to 10% per month on a cumulative basis.

The Company had 523,784 shares of First Convertible Preferred Stock issued and outstanding on September 30, 1999 and December 31, 1999. Pursuant to the Preferred Stock Investment Agreements dated April 11, 1997 and September 2, 1997 (the "Investment Agreements"), a technical default occurred when the Company's common stock was delisted from the NASDAQ SmallCap Market on July 31, 1998. The Investment Agreements obligated the Company to pay the holders of the First Convertible Preferred Stock a cash penalty of 3% of the total purchase price of the Preferred Stock during any period in excess of 30 days that the Company's common stock was not listed and traded on NASDAQ or a national securities exchange. The Investment Agreements provided the holders of the First Convertible Preferred Stock with the right to have their shares redeemed by the Company at the adjusted liquidation preference plus accrued but unpaid dividends if the 3% penalty was not paid within 30 days of when due.

As a result of the default caused by the delisting of the Company's common stock from the NASDAQ SmallCap Market on July 31, 1998, which occurred under the auspices of former management, the Company recorded a penalty with respect to the First Convertible Preferred Stock of \$798,771 for the three months ended December 31, 1999, which was not paid. The accrued liability with respect to the penalty on First Convertible Preferred Stock of \$5,715,978 at December 31, 1999 was settled as part of the bankruptcy proceedings.

Since the right to require the Company to redeem the shares of First Convertible Preferred Stock outstanding at September 30, 1999 was outside the control of the Company, the carrying value of the outstanding shares of First Convertible Preferred Stock at such date was recorded in the financial statements at their redemption liquidation preference of \$21,466,557, and such shares were reclassified out of the shareholders' deficiency section of the balance sheet at such date.

-19-

5. Restructuring and Reorganization; Application of Fresh-Start Accounting; Spin-off of Resource

a. Restructuring and Reorganization

During the fiscal year ended September 30, 1999, as a result of various actions and transactions authorized by former management over the past few years, the Company encountered severe financial difficulties. These financial difficulties included significant losses, dissipation of the Company's working capital and managerial resources, delisting of the Company's common stock from the NASDAQ SmallCap Market, and the Company's defaulting on certain obligations to the holders of the First Convertible Preferred Stock (see Note 4). As a result of these developments, the Board of Directors was reconfigured and new management was appointed to address and resolve these problems, as described below.

During August 1998, the Board of Directors of the Company was reconfigured, with two members resigning and four new members being appointed. On October 1, 1998, Aryn S. Dahya resigned as President and Chief Executive Officer and was replaced by Mark S. Zucker, one of the new directors.

During October and November 1998, the Company completely restructured its management team, which then began a comprehensive review and evaluation of the Company's existing business operations and capital structure, with the objective of rationalizing the Company's capital structure and maximizing the entity value for all of the Company's equity holders.

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

In October 1998, the Company began the implementation of a plan to streamline its operations worldwide and divest all non-core business interests. By that time, the Company's only significant remaining operations were its gold mining operations in Zimbabwe. Accordingly, new management focused its operational turnaround efforts on the Zimbabwe gold mining operations. The Company implemented programs to evaluate ways to improve production and achieve production efficiencies, increase gold reserves, reduce capital expenditures and operating costs, maximize operating profits and operating cash flows, and evaluate future opportunities. New management downsized the Company's executive management and corporate staff, closed the Company's executive and administrative offices in Vancouver, British Columbia, Canada, and relocated them to Los Angeles, California, which resulted in substantial cost savings to the Company.

On June 2, 1999, the holders of more than 10% of the outstanding shares of common stock and the holders of more than 10% of the outstanding shares of First Convertible Preferred Stock sent a letter to the Company's Board of Directors proposing amendments to the Company's Articles of Incorporation and calling for a special meeting of the Company's shareholders to consider a vote on such amendments. The proposed amendments called for a 1-for-500 reverse stock split of the common stock, a conversion of each share of First Convertible Preferred Stock into 8.5 shares of post-reverse split common stock, and an increase in the Company's authorized shares of capital stock. These amendments, had they been approved by the Company's shareholders, would have resulted in the then current

-20-

holders of the First Convertible Preferred Stock owning approximately 90% of the issued and outstanding shares of common stock following the completion of the above-described reverse stock split and conversion. Management of the Company responded to this proposal and engaged in extensive discussions with such shareholders. The Company's Board of Directors ultimately made a determination not to take a position or make a recommendation regarding this proposal.

On December 7, 1999, Casbyn filed for reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court") in order to proceed with an equity recapitalization. The Zimbabwe gold mining operations were owned by a separate subsidiary of Casbyn which was not a part of the Chapter 11 bankruptcy filing, and which continued to conduct business as usual during the bankruptcy proceedings. Casbyn operated as debtor-in-possession during the bankruptcy proceedings.

On March 31, 2000, the Bankruptcy Court confirmed the Debtor's Second Amended Chapter 11 Plan of Reorganization (the "Plan"). The Bankruptcy Court entered its Order Confirming Debtor's Second Amended Chapter 11 Plan of Reorganization on March 31, 2000, resulting in the Plan becoming effective on April 11, 2000. Pursuant to the Bankruptcy Court Order, the record date to determine the distribution of cash and securities to common and preferred shareholders entitled to receive consideration under the Plan was set as April 11, 2000. Creditors and shareholders voted overwhelmingly to approve the Plan.

Pursuant to the confirmed Plan, all of the 523,784 shares of First Convertible Preferred Stock outstanding were cancelled, and each cancelled share of First Convertible Preferred Stock became convertible into 5.27 shares of common stock. The shares of First Convertible Preferred Stock represented substantially all of Casbyn's debt obligations, with aggregate claims in excess of \$27,000,000. In accordance with the Plan, creditors and preferred shareholders received approximately 85% of the common equity, and existing common shareholders

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

received approximately 15% of the common equity, subject to certain adjustments authorized by the Plan. Approximately 3,533,000 shares of common stock were issued and outstanding upon implementation of the Plan.

The implementation of the Plan resulted in the Company's shareholders' equity increasing by \$11,361,875, from \$(8,435,357) at December 31, 1999 to \$2,926,518 at March 31, 2000, in spite of write-downs of \$17,604,326 resulting from the adoption of "fresh-start reporting" as of March 31, 2000.

In accordance with the Plan, on April 11, 2000, the Company effected a 1-for-500 reverse split of its 243,578,142 shares of common stock outstanding. Shareholders owning less than 50,000 shares of common stock on April 11, 2000 were entitled to receive a cash payment of \$1.00 per share after adjusting for the 1-for-500 reverse stock split. Any certificates for old common and preferred stock not presented to the Company's transfer agent by the close of business on April 10, 2001 were automatically cancelled without any further notice or action by the Company. In conjunction with the shares of common stock being issued to preferred and common shareholders pursuant to the Plan, the Plan also authorized the issuance of certain common stock purchase warrants to such recipients.

-21-

Pursuant to the confirmed Plan, the Company's common and preferred shareholders, individually and as classes, were deemed to have transferred to the Company any and all rights that they may have had, known and unknown, to sue the former or present officers, directors, professionals, and agents of the Company for any causes of action whatsoever relating to their acts, conduct or responsibilities with respect to the Company and arising from 1994 forward. In addition, during March 2000, the Company acquired certain rights to assert claims and to sue certain individuals and entities from the placement agent of the Company's First Convertible Preferred Stock.

On April 28, 2000, in accordance with the Plan, Casmyn was merged with and into Aries Ventures Inc. ("Aries"), with Aries being the surviving corporation. Aries was incorporated in Nevada on April 21, 2000 as a wholly-owned subsidiary of Casmyn for this purpose.

On May 18, 2000, the name of the Company's subsidiary incorporated in the state of Nevada to own the Company's mining investments and properties was changed from Goldco Ltd. to Resource Ventures, Inc. ("Resource").

On June 1, 2000, the Bankruptcy Court approved and entered an Order Authorizing Non-Material Modification of Debtor's Second Amended Chapter 11 Plan of Reorganization (the "Modification Order"). The Modification Order authorized the Company to bypass the issuance of "New Goldco Warrants" as provided for in the Plan, and instead to issue and distribute to its shareholders all or a majority of the common stock of the Company's wholly-owned subsidiary that owns the Company's mining investments and properties in Zimbabwe.

Pursuant to the Modification Order, effective July 1, 2000, the Company's Board of Directors authorized the distribution of all of the shares of common stock of Resource to the Company's shareholders of record on April 11, 2000. Accordingly, shareholders entitled to exchange their old securities for new securities pursuant to the Plan received one share of common stock and one common stock purchase warrant (designated as the "Series A" warrants) in Aries and Resource, respectively. Each Series A warrant entitled the holder to purchase one share of common stock at \$6.00 per share through April 11, 2001, which was subsequently extended to October 11, 2003.

When new management was appointed on October 1, 1998, the Company had a shareholders' deficiency of approximately \$(21,600,000). Between October 1998

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

and September 2002, as a result of new management's successful efforts to restructure and recapitalize the Company and to pursue various legal claims, the Company's shareholders' equity increased by over \$26,000,000, to approximately \$4,700,000 at September 30, 2002, which consists primarily of cash (see Note 3). In addition, shareholders of record on July 1, 2000 received an identical equity interest in the Company's former mineral assets, consisting primarily of the Zimbabwe gold mining properties, through the spin-off of the Company's former Nevada subsidiary.

-22-

b. Accounting Adjustments as a Result of Confirmation of Plan, Adoption of Fresh-Start Reporting and Spin-off of Resource

As a result of confirmation of the Plan on March 31, 2000, the Company adopted "fresh-start reporting" pursuant to the guidance provided by the American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code". The Company adopted fresh-start reporting effective March 31, 2000. Fresh-start reporting assumes that a new reporting entity has been created and requires that assets and liabilities be adjusted to their "fair value" in conformity with the procedures specified by Accounting Principles Board Opinion No. 16, "Business Combinations". In conjunction with the revaluation of the assets and liabilities, a reorganization value for the Company was determined which generally approximated its fair value before considering any debt and approximated the amount a willing buyer would pay for the assets of the Company after reorganization. Under fresh-start reporting, the reorganization value of the Company was allocated to all of its assets. The Company "pushed-down" the impact of fresh-start reporting to the Zimbabwe subsidiary.

Significant adjustments to the Company's consolidated financial statements as a result of confirmation of the Plan on March 31, 2000, adoption of fresh-start reporting and distribution of all of the shares of Resource are as follows: (i) all of the 523,784 shares of First Convertible Preferred Stock outstanding were cancelled, and each cancelled share of First Convertible Preferred Stock became convertible into 5.27 shares of common stock under the Plan. Approximately \$27,589,000 of liabilities, consisting of delisting charges of \$6,122,000 and contractual redemption amounts of \$21,467,000 related to the First Convertible Preferred Stock, were liquidated by the cancellation of the shares of First Convertible Preferred Stock and their conversion into common stock under the Plan; (ii) a 1-for-500 reverse split of the 243,578,142 shares of common stock outstanding was effected on April 11, 2000. Shareholders owning less than 50,000 shares of common stock were entitled to receive a cash payment of \$1.00 per share after adjusting for the 1-for-500 reverse stock split. The Company disbursed \$53,413 in this regard; (iii) accumulated deficit at March 31, 2000 of \$87,507,653 was eliminated against additional paid-in capital; (iv) based in part on the advice of a mining consulting firm, the Company's assets, consisting primarily of property and equipment owned by the Company's Zimbabwe subsidiary and utilized in gold mining operations in Zimbabwe, were reduced to a net fair value of approximately \$1,000,000 at March 31, 2000, resulting in a charge to operations of approximately \$17,600,000 at March 31, 2000, as a result of various factors related to the operations of the Company's subsidiary in Zimbabwe, including political instability, economic uncertainties, operational difficulties, a lack of comparable transactions, and various other risks. Subsequent to March 31, 2000, the political and economic environment in Zimbabwe has continued to deteriorate; (v) direct incremental costs of the bankruptcy reorganization aggregated approximately \$931,000, consisting of legal fees of \$482,000 and administrative costs of \$449,000 (including management bonuses), which were charged to operations at March 31, 2000; (vi) effective July 1, 2000, the Company's Board of Directors authorized the distribution of all of the shares of common stock of Resource to the Company's shareholders of record on

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

April 11, 2000. Accordingly, shareholders entitled to exchange their old

-23-

securities for new securities pursuant to the Plan received one share of common stock and one common stock purchase warrant (designated as the "Series A" warrants) in Aries and Resource, respectively. Approximately 3,533,000 shares of common stock and 3,533,000 Series A warrants were issued and outstanding in Aries and in Resource upon implementation of the Plan; (vii) in conjunction with the distribution of the shares of Resource on July 1, 2000, the Company transferred all of its mining assets and operations, including related liabilities, with an adjusted net book value of approximately \$1,000,000, and \$250,000 cash to Resource. Aries retained cash and investments of approximately \$2,150,000 at June 30, 2000, as well as certain litigation rights; and (viii) the implementation of the Plan resulted in the Company's shareholders' equity increasing by \$11,361,875, from \$(8,435,357) at December 31, 1999 to \$2,926,518 at March 31, 2000, in spite of write-downs of \$17,604,326 resulting from the adoption of "fresh-start reporting" as of March 31, 2000.

6. Issuance of Stock Options

The confirmed Plan authorized the Company to adopt an Employee Stock Option Plan, providing for the granting of stock options for up to 10% of the total outstanding shares of common stock of the Company (353,318 shares), and a Management Incentive Stock Option Plan, providing for the granting of stock options for up to 7% of the total outstanding shares of common stock of the Company (247,322 shares), as of April 11, 2000, the effective date of the confirmed Plan, which represent stock options to acquire an aggregate of 600,640 shares of common stock. On November 1, 2000, the Company granted stock options under these stock option plans to management and directors aggregating 353,318 shares of common stock, exercisable for a period of five years at \$0.23 per share, which was fair market value on the date of grant. The stock options vest in equal annual increments on September 30, 2001, 2002 and 2003.

7. Due from Resource Ventures, Inc.

In conjunction with the spin-off of Resource effective July 1, 2000, the Company capitalized Resource with \$250,000 cash and provided a short-term advance of \$150,000. During the fiscal year ended September 30, 2000, subsequent to the spin-off of Resource effective July 1, 2000, the Company allocated certain common corporate services to Resource aggregating \$76,244, which has been reflected as due from Resource in the financial statements at September 30, 2000. The aggregate amount due from Resource as of September 30, 2000 of \$226,244 was received by the Company during the nine months ended June 30, 2001, of which \$150,000 was received during the six months ended March 31, 2001. As of March 31, 2001, amounts due from Resource aggregated \$131,809. During the three months and six months ended March 31, 2001, the Company allocated certain common corporate services to Resource aggregating \$8,949 and \$55,565, respectively.

-24-

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Cautionary Statement Pursuant to Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995:

This Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2001 contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, including statements that include the

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

words "believes", "expects", "anticipates", or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the Company's expectations regarding its working capital requirements, financing requirements, business prospects, and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this Quarterly Report on Form 10-QSB for the quarterly period ended March 31, 2001 involve known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to differ materially from those expressed in or implied by the forward-looking statements contained herein.

General Overview:

As of March 31, 2001, the Company had no business operations. The Company's efforts are focused on seeking a new business opportunity, seeking recovery from its litigation and claims against former management and certain other entities (which effort was successfully concluded in September 2002), and maintaining the corporate entity. The acquisition of a new business opportunity may result in a change in name and in control of the Company.

During the three months and six months ended March 31, 2000, the Company's only operating activities were conducted through its Zimbabwe subsidiary, which is engaged in gold mining activities Zimbabwe (a country located in southern Africa). As a result of the Zimbabwe subsidiary being spun-off to all of the Company's shareholders effective July 1, 2000, the operations of the Zimbabwe subsidiary were classified for accounting purposes as discontinued operations during the three months and six months ended March 31, 2000.

Financial information with respect to the Zimbabwe subsidiary for the three months and six months ended March 31, 2000 is presented subsequently as part of the discussion of discontinued operations. The gold mining operations in Zimbabwe as presented herein are a discrete business entity and do not include the allocation of any expenses incurred by the United States corporate offices.

Results of Operations:

Three Months Ended March 31, 2001 and 2000:

Continuing Operations:

General and Administrative. General and administrative expenses were \$107,907 and \$202,509 for the three months ended March 31, 2001 and 2000, respectively.

-25-

Significant components of general and administrative expenses include management and directors' compensation, accounting fees, insurance costs, travel and offices expenses. These costs were incurred to manage the discontinued operations, maintain the corporate structure, pursue legal claims and restructure the Company. The reduction in expenses in 2001 as compared to 2000 reflects reduced management compensation, accounting fees, shareholders' expenses, travel and office expenses. The Company continued to reduce general and administrative expenses during the remainder of the fiscal year ended September 30, 2001 as compared to the fiscal year ended September 30, 2000.

Legal Fees. Legal fees were \$36,037 and \$338,925 for the three months ended March 31, 2001 and 2000, respectively, reflecting efforts to restructure the Company and investigate and evaluate potential legal claims. The reduction in legal fees in 2001 as compared to 2000 was a result of the Company concentrating

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

its legal activities through a contingency fee law firm.

Depreciation and Amortization. Depreciation and amortization was \$2,987 and \$2,889 for the three months ended March 31, 2001 and 2000, respectively.

Interest Income. Interest income was \$3,984 and \$65,568 for the three months ended March 31, 2001 and 2000, respectively.

Other Expense. Other expense was \$172 and \$390 for the three months ended March 31, 2001 and 2000, respectively.

Loss From Continuing Operations. The loss from continuing operations was \$143,119 and \$479,145 for the three months ended March 31, 2001 and 2000, respectively.

Reorganization Costs. Reorganization costs related to the bankruptcy proceedings aggregated \$1,500 and \$18,335,474 for the three months ended March 31, 2001 and 2000, respectively. For the three months ended March 31, 2000, these costs included an adjustment to reduce the Company's assets, consisting primarily of property and equipment owned by the Company's Zimbabwe subsidiary and utilized in gold mining operations in Zimbabwe, to net fair value of approximately \$1,000,000 at March 31, 2000 based on "fresh-start accounting", which resulted in a charge to operations of \$17,604,326. These costs also included direct incremental costs of \$731,148, consisting of legal fees of \$313,806 and administrative costs (including management bonuses) of \$417,342 for the three months ended March 31, 2000.

Loss From Discontinued Operations. The loss from discontinued operations for the three months ended March 31, 2000, consisting of the results of operations of the Zimbabwe subsidiary, was \$403,277. This loss does not include the allocation of any expenses incurred by the Company's United States corporate offices.

Net Loss. The net loss was \$144,619 and \$19,217,896 for the three months ended March 31, 2001 and 2000, respectively.

-26-

Discontinued Operations:

The gold mining operations in Zimbabwe are operated as a separate business entity by local management and do not include the allocation of any expenses incurred by the Company's United States corporate offices.

Revenues. Revenues from gold sales for three months ended March 31, 2000 were \$824,106. During the three months ended March 31, 2000, 2,860 ounces of gold were sold at an average price of \$288 per ounce.

Mineral Production. Mineral production costs for the three months ended March 31, 2000 were \$812,188 or 98.6% of revenues. The average direct production cash cost per ounce of gold was \$284 for the three months ended March 31, 2000.

Depreciation, Depletion and Amortization. Depreciation, depletion and amortization expense was \$325,940 for the three months ended March 31, 2000.

General and Administrative. General and administrative expenses were \$72,428 for the three months ended March 31, 2000.

Provision for Reclamation and Remediation. During the three months ended March 31, 2000, the Zimbabwe subsidiary recorded a provision for reclamation and remediation of \$8,574. The Zimbabwe subsidiary records additions to the provision for reclamation and remediation based on ounces of gold produced.

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Loss from Operations. The loss from operations was \$395,024 for the three months ended March 31, 2000.

Other Expense. Other expense was \$8,253 for the three months ended March 31, 2000.

"Fresh-Start" Accounting Adjustments to the Carrying Value of Assets and Liabilities. As a result of confirmation of the Plan on March 31, 2000, the Company adopted "fresh-start reporting" effective March 31, 2000, which resulted in a charge to operations of \$17,604,326, of which \$14,067,076 was allocable to the Zimbabwe subsidiary. The Company "pushed-down" the impact of fresh-start reporting to the Zimbabwe subsidiary.

Net Loss. The net loss was \$14,470,353 for the three months ended March 31, 2000, which included the previously described fresh-start accounting adjustments pushed down to the Zimbabwe subsidiary.

Six Months Ended March 31, 2001 and 2000:

-27-

Continuing Operations:

General and Administrative. General and administrative expenses were \$279,742 and \$402,175 for the six months ended March 31, 2001 and 2000, respectively. Significant components of general and administrative expenses include management and directors' compensation, accounting fees, insurance costs, travel and offices expenses. These costs were incurred to manage the discontinued operations, maintain the corporate structure, pursue legal claims and restructure the Company. The reduction in expenses in 2001 as compared to 2000 reflects reduced directors' fees, management compensation and travel, offset in part by increased accounting fees, shareholders' expenses, insurance costs and offices expenses. The Company continued to reduce general and administrative expenses during the remainder of the fiscal year ended September 30, 2001 as compared to the fiscal year ended September 30, 2000.

Legal Fees. Legal fees were \$60,452 and \$455,082 for the six months ended March 31, 2001 and 2000, respectively, reflecting efforts to restructure the Company and investigate and evaluate potential legal claims. The reduction in legal fees in 2001 as compared to 2000 was a result of the Company concentrating its legal activities through a contingency fee law firm.

Stock Option Costs. Stock option costs were \$49,974 for the six months ended March 31, 2000, and consisted of costs with respect to the cashless exercise provision of an option to acquire First Convertible Preferred Stock granted to an officer in January 1999.

Depreciation and Amortization. Depreciation and amortization was \$5,974 and \$5,778 for the six months ended March 31, 2001 and 2000, respectively.

Loss on Disposition and Write-Down of Marketable Securities. The Company recorded a loss of \$304,274 with respect to the disposition and write-down of marketable securities during the six months ended March 31, 2001.

Interest Income. Interest income was \$19,082 and \$137,395 for the six months ended March 31, 2001 and 2000, respectively.

Other Expense. Other expense was \$339 and \$370 for the six months ended March 31, 2001 and 2000, respectively.

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Loss From Continuing Operations. The loss from continuing operations was \$631,699 and \$775,986 for the six months ended March 31, 2001 and 2000, respectively.

Reorganization Costs. Reorganization costs related to the bankruptcy proceedings aggregated \$5,250 and \$18,501,333 for the six months ended March 31, 2001 and 2000, respectively. For the six months ended March 31, 2000, these costs included an adjustment to reduce the Company's assets, consisting primarily of property and equipment owned by the Company's Zimbabwe subsidiary and utilized in gold mining operations in Zimbabwe, to net fair value of approximately \$1,000,000 at March 31, 2000 based on "fresh-start accounting", which resulted in a charge to operations of \$17,604,326. These costs also included direct incremental costs of \$897,007, consisting of legal fees of \$478,835 and

-28-

administrative costs (including management bonuses) of \$418,172 for the six months ended March 31, 2000.

Loss From Discontinued Operations. The loss from discontinued operations for the six months ended March 31, 2000, consisting of the results of operations of the Zimbabwe subsidiary, was \$648,848. This loss does not include the allocation of any expenses incurred by the Company's United States corporate offices

Net Loss From Operations Before Charges Related to First Convertible Preferred Stock. The net loss from operations before charges related to First Convertible Preferred Stock was \$636,949 and \$19,926,167 for the six months ended March 31, 2001 and 2000, respectively.

Net Loss Applicable to Common Shareholders. During the three months ended December 31, 1999, the Company recorded a penalty on First Convertible Preferred Stock of \$798,771 related to the delisting of the Company's common stock from NASDAQ on July 31, 1998. As a result, the net loss applicable to common shareholders was \$636,949 and \$20,724,938 for the six months ended March 31, 2001 and 2000, respectively.

Discontinued Operations:

The gold mining operations in Zimbabwe are operated as a separate business entity by local management and do not include the allocation of any expenses incurred by the Company's United States corporate offices.

Revenues. Revenues from gold sales for six months ended March 31, 2000 were \$1,605,413. During the six months ended March 31, 2000, 5,538 ounces of gold were sold at an average price of \$290 per ounce.

Mineral Production. Mineral production costs for the six months ended March 31, 2000 were \$1,515,264 or 94.4% of revenues. The average direct production cash cost per ounce of gold was \$274 for the six months ended March 31, 2000.

Depreciation, Depletion and Amortization. Depreciation, depletion and amortization expense was \$631,942 for the six months ended March 31, 2000.

General and Administrative. General and administrative expenses were \$139,465 for the six months ended March 31, 2000.

Provision for Reclamation and Remediation. During the six months ended March 31, 2000, the Zimbabwe subsidiary recorded a provision for reclamation and remediation of \$16,608. The Zimbabwe subsidiary records additions to the provision for reclamation and remediation based on ounces of gold produced.

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

Loss from Operations. The loss from operations was \$697,866 for the six months ended March 31, 2000.

Other Income. Other income was \$49,018 for the six months ended March 31, 2000.

-29-

"Fresh-Start" Accounting Adjustments to the Carrying Value of Assets and Liabilities. As a result of confirmation of the Plan on March 31, 2000, the Company adopted "fresh-start reporting" effective March 31, 2000, which resulted in a charge to operations of \$17,604,326, of which \$14,067,076 was allocable to the Zimbabwe subsidiary. The Company "pushed-down" the impact of fresh-start reporting to the Zimbabwe subsidiary.

Net Loss. The net loss was \$14,715,924 for the six months ended March 31, 2000, which included the previously described fresh-start accounting adjustments pushed down to the Zimbabwe subsidiary.

Consolidated Financial Condition - March 31, 2001:

Liquidity and Capital Resources:

Overview. The Company had cash and cash equivalents of \$262,207 at March 31, 2001, as compared to \$488,783 at September 30, 2000, a decrease of \$226,576. As of March 31, 2001, the Company's working capital was \$312,899, as compared to working capital of \$1,106,738 at September 30, 2000, reflecting current ratios of 3.2:1 and 5.1:1, respectively.

Operating. The Company's operations utilized cash resources of \$341,203 and \$652,538 during the six months ended March 31, 2001 and 2000, respectively. The reduction in cash used in operating activities in 2000 as compared to 1999 was primarily a result in reduced legal fees, reorganization costs, and management compensation.

As of March 31, 2001, the Company had no business operations. The Company's efforts are focused on seeking a new business opportunity, seeking recovery from its litigation and claims against former management and certain other entities (which effort was successfully concluded in September 2002), and maintaining the corporate entity.

The Company anticipates that its working capital resources are adequate to fund anticipated costs and expenses during the remainder of the fiscal year ending September 30, 2001.

Investing. During the six months ended March 31, 2001, net cash provided by investing activities was \$143,911, consisting of the proceeds from the disposition of marketable securities of \$49,476 and the repayment of an advance from Resource Ventures, Inc. of \$150,000, net of an increase in the amount due from Resource Ventures, Inc. of \$55,565. During the six months ended March 31, 2000, net cash utilized in investing activities was \$40,543, consisting of advances of \$134,000 to or on behalf of the Zimbabwe subsidiary prior to its spin-off on July 1, 2000, net of the proceeds from the disposition of marketable securities of \$93,457.

Financing. During the six months ended March 31, 2001, the Company's common stock repurchase obligation decreased by \$29,284.

-30-

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In conjunction with the Company's bankruptcy proceedings, the Company initiated litigation in courts in the United States, Canada and the Bahamas against various members of former management and other persons and entities. The Company also asserted claims against certain professional firms that had previously provided legal and accounting services to the Company under the auspices of former management.

During September 2002, the Company concluded legal settlements with respect to all litigation and claims that it had been pursuing in various jurisdictions against the Company's former officers, directors, auditors and legal counsel. These legal settlements provided for aggregate lump-sum cash payments to the Company of approximately \$6,900,000, which resulted in net payments of approximately \$5,700,000, after deduction for contingency legal fees and other related expenses.

The completion of the legal settlements terminated all litigation and claims that the Company has been asserting against all of the settling defendants.

During February 2002, the Company settled all outstanding debts and claims that it had against WaterPur International, Inc. ("WaterPur") in exchange for 1,000,000 shares of WaterPur common stock and warrants to purchase 250,000 shares of WaterPur common stock, exercisable for a period of three years at \$1.00 per share. The Company has not ascribed any value to such securities because no fair market value was ascertainable and the previous investments in WaterPur were written off in prior years as the Company deemed such investments impaired. In conjunction with this settlement, the acquisitions previously effected by WaterPur on May 10, 1999 were rescinded, and WaterPur acquired Aquentium, Inc., an investment and holding company incorporated in the state of Nevada, in a reverse merger transaction.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

A list of exhibits required to be filed as part of this report is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

(b) Reports on Form 8-K

Three Months Ended March 31, 2001: None

-31-

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ARIES VENTURES INC.

Edgar Filing: ARIES VENTURES INC - Form 10QSB/A

(Registrant)

DATE: December 23, 2002

By: /s/ MARK S. ZUCKER
Mark S. Zucker
Chairman of the Board of
Directors

DATE: December 23, 2002

By: /s/ ROBERT N. WEINGARTEN
Robert N. Weingarten
President and Chief
Financial Officer

-32-

INDEX TO EXHIBITS

Exhibit Number -----	Description of Document -----
99.1	Certification - Section 906 of the Sarbanes-Oxley Act of 2002

-33-