MAXTECH VENTURES INC.

Consolidated Financial Statements

Year Ended July 31, 2011

(An exploration stage company)

(Expressed in Canadian Dollars)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

To the Shareholders of Maxtech Ventures Inc.,

We have audited the accompanying consolidated financial statements of Maxtech Ventures Inc. and its subsidiaries ("the Company"), which comprise the consolidated balance sheets as at July 31, 2011 and 2010, and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for each of the years ended July 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Maxtech Ventures Inc. and its subsidiaries as at July 31, 2011 and 2010 and their financial performance and their cash flows for each of the years ended July 31, 2011 and 2010 in accordance with Canadian generally accepted accounting principles.

De Visser Gray LLP

INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

Vancouver, Canada
November 28, 2011

MAXTECH VENTURES INC.
Consolidated Balance Sheets
(Expressed in Canadian dollars)

	July 31, 2011	July 31, 2010
Assets		
Current assets		
Cash	$ 2,489,833	$ 103,250
Short term investments (note 2)	2,033,540	5,022,032
Marketable securities (note 5)	225,000	250,000
Amounts receivable	9,578	4,480
Prepaid expenses and deposits	6,079	11,672
	4,764,030	5,391,434
Long-term investment (note 6)	1	1
Machinery and equipment (note 7)	158,752	8,133
Resource property interests (note 8)	1,203,519	931,530
	$ 6,126,302	**$ 6,331,098**
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 17,932	$ 15,252
Shareholders' equity		
Share capital (note 9)	8,130,000	8,130,000
Contributed surplus	5,349,127	5,349,127
Accumulated comprehensive income	112,500	137,500
Deficit	(7,483,257)	(7,300,781)
	6,108,370	6,315,846
	$ 6,126,302	**$ 6,331,098**

Subsequent events (note 15)

Approved by the Board of Directors

"Thomas R. Tough" ***"Thomas Kennedy"***

Thomas R. Tough, Director **Thomas J. Kennedy, Director**

See notes to the consolidated financial statements

MAXTECH VENTURES INC.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended July 31,
(Expressed in Canadian dollars except for number of shares)

		2011		2010
Expenses				
Amortization	$	17,361	$	2,033
Consulting		45,930		58,339
Office facilities and administration		66,697		62,477
Professional fees		41,538		25,686
Salaries and wages		3,374		–
Shareholder information and printing		1,299		591
Transfer agent, filing and stock exchange fees		21,942		15,631
Travel and promotion		12,183		14,654
Loss before the following:		(210,324)		(179,411)
Interest income		36,726		180,227
Loan fee income		–		75,000
Foreign exchange loss		(8,878)		(340)
		27,848		254,887
Net income (loss) for the year	$	(182,476)	$	75,476
Other comprehensive income (loss)				
Unrealized gain (loss) on marketable securities		(25,000)		37,500
Comprehensive income (loss) for the year	$	(207,476)	$	112,976
Basic and diluted earning (loss) per share	$	(0.01)	$	0.00
Weighted average number of common shares outstanding		33,649,002		33,649,002

See notes to the consolidated financial statements

MAXTECH VENTURES INC.

Consolidated Statements of Shareholders' Equity

(Expressed in Canadian dollars except for number of shares)

	Number of Outstanding Shares	Share Capital	Contributed Surplus	Accumulated Comprehensive Income	Deficit	Total Shareholders' Equity
		$	$	$	$	$
Balance, July 31, 2009	33,649,002	8,130,000	5,349,127	100,000	(7,376,257)	6,202,870
Net income for the year	–	–	–	–	75,476	75,476
Unrealized gain on marketable securities (Note 5)	–	–	–	37,500	–	37,500
Balance, July 31, 2010	33,649,002	8,130,000	5,349,127	137,500	(7,300,781)	6,315,846
Net loss for the year	–	–	–	–	(182,476)	(182,476)
Unrealized loss on marketable securities (Note 5)	–	–	–	(25,000)	–	(25,000)
Balance, July 31, 2011	33,649,002	8,130,000	5,349,127	112,500	(7,483,257)	6,108,370

MAXTECH VENTURES INC.
Consolidated Statements of Cash Flows
For the Years Ended July 31,
Expressed in Canadian Dollars

Cash provided by (used in)	**2011**	**2010**
Operating activities		
Net income(loss) for the year	$ (182,476)	$ 75,476
Items not involving cash		
Accrued interest income	(13,539)	(22,031)
Amortization	17,361	2,033
Foreign currency loss	8,878	–
	(169,776)	55,478
Changes in non-cash operating working capital		
Receivables	(5,098)	10,876
Prepaid expenses	5,593	(1,172)
Accounts payable and accrued liabilities	2,680	(20)
Cash provided by (used in) operating activities	(166,601)	65,162
Investing activities		
Loan receivable	-	2,526,792
Machinery and equipment	(169,161)	-
Resource property interests	(270,808)	(2,000)
Short term investments	3,002,031	(2,518,926)
Cash provided by investing activities	2,562,062	5,866
Effect of exchange rate change on cash	(8,878)	-
Increase in cash	2,386,583	71,028
Cash, beginning of year	103,250	32,222
Cash, end of year	$ 2,489,833	$ 103,250

See notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Maxtech Ventures Inc. (the "Company" or "Maxtech") is a development stage company and is primarily engaged in the acquisition, exploration and development of mineral resource properties.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company and the recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete their development, and upon future profitable production or the realization of proceeds from the disposition of an interest or interests.

Current economic conditions may limit the Company's ability to access financing through equity markets and this may create significant uncertainty as to the Company's ability to fund ongoing operations for the next operating period.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assume that the Company will realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. Realization values may be substantially different from carrying values as presented in the financial statements should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation
These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries MaxTech Resources Private Limited and, Chimata Gold Corp., and its 53% owned subsidiary Emerging Minerals (BC) Corp. (formerly 911807 BC Ltd.) (collectively the 'Subsidiaries"). All material intercompany balances and transactions between the Company and the Subsidiaries have been eliminated.

During the year ended July 31, 2011, the Company abandoned its interests in two inactive subsidiaries: PT Muba Max Gas and Max Oil and Gas Corporation. No gain or loss resulted from this disposition.

Resource property interests
Mineral right acquisition costs and their related exploration costs are deferred until the rights are placed into production or disposed of. These costs will be amortized over the estimated useful life of the rights following the commencement of production, or written-off if the rights are disposed of.

Cost includes the cash consideration and the fair market value of shares issued on acquisition of mineral rights. Rights acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made.

The Company reviews capitalized costs on its mineral rights on a periodic basis and recognizes impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the rights or from the sale of the rights. Management's assessment of the right's estimated current fair market value is also based upon a review of other similar mineral rights transactions that have occurred in the same geographic area as that of the rights under review.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property investigation costs
Costs incurred for the initial review of mineral property prospects, where no interests are acquired within the area of investigation, are written off in the period incurred.

Asset retirement obligations
The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred and when a reasonable estimate of the fair value can be made based on expected future cash outflows discounted to present value.

The associated asset retirement costs are capitalized as part of the carrying amount of long lived assets. The liability is accreted over the estimated time period until settlement of the obligation and the asset is depreciated over its estimated remaining useful life. Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and the related capitalized asset retirement cost.

Impairment of long-lived assets
Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount of the asset exceeds its estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings.

Foreign Currency Translation
The financial statements are presented in Canadian dollars. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalent using foreign exchange rates at the balance sheet dates. Non-monetary items are translated at historical exchange rates. Revenues and expenses are translated using average rates of exchange during the year. Exchange gains or losses arising from currency translation are included in the determination of net income.

Cash equivalents
Cash equivalents consist of highly liquid investments that are readily convertible into cash with original maturity of less than three months. Interest earned is recognized immediately in operations. The Company had $nil cash equivalent as at July 31, 2011 (2010 - $nil).

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

Machinery and Equipment
Equipment is carried at cost less accumulated amortization. Amortization is calculated using the declining balance method at the following annual rate: Office equipment, field equipment, and vehicle – 20%. In the year of acquisition, amortization is recorded at one-half the normal rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Earnings (loss) per share
Basic earnings (loss) per share are calculated using the weighted average number of common shares outstanding.

The Company uses the treasury stock method for computing diluted earnings (loss) per share. This method assumes that any proceeds obtained upon exercise of options or warrants would be used to purchase common shares at the average market price during the period.

Diluted earnings per share are equal to basic earnings per share as the effect of applying the treasury stock method is insignificant. Diluted loss per share is not presented as it is anti-dilutive to the loss per share.

Share capital
Common shares issued for non-monetary consideration are recorded at their fair market value based upon the trading price of the Company's shares on the TSX Venture Exchange.

Stock-based compensation
The Company accounts for stock options granted to directors, officers, employees and non-employees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. If and when the stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital. The Company has not incorporated an estimated forfeiture rate for stock options that will not vest; rather the Company accounts for actual forfeitures as they occur.

The proceeds received by the Company on the exercise of options are credited to share capital.

Environmental expenditures
The operations of the Company have been and may in the future, be affected in varying degrees by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly from country to country and are not predictable. Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against operations as incurred or capitalized and amortized depending on their expected future economic benefit. Estimated future removal and site restoration costs are recognized when the ultimate liability is reasonably determinable, and are charged against operations over the estimated remaining life of the related business operations, net of expected recoveries.

Comprehensive income
Comprehensive income is the overall change in the net assets of the Company for the period, other than changes attributed to transactions with shareholders. It is made up of net income and other comprehensive income. Other comprehensive income includes gains or losses recognized in a period that are excluded from net income for that period in accordance with Canadian generally accepted accounting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Income taxes are accounted for using the liability method. Under this method income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between the tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are likely to be realized. Future income tax assets and liabilities are measured using tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled.

Financial instruments

The Company classifies its financial instruments into one of the following categories: held-to-maturity investments, loans and receivables, available-for-sale, held for trading or other financial liabilities. The Company has designated its cash and short-term investments as held-for-trading, marketable securities as available-for-sale, amounts receivable as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

All financial instruments are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend upon initial classification as follows: held-for-trading financial instruments are measured at fair value and changes in fair value are recognized in net income; available-for-sale financial instruments are measured at fair value with changes in fair value in other comprehensive income until the investment is no longer recognized or impaired, at which time the amounts would be recorded in net income.

Transactions costs that are directly attributable to the acquisition or issue of financial instruments and that are classified as other than held-for-trading, are expensed as incurred and included in the initial carrying value of such instruments.

Change in Accounting Policies

New accounting standards issued by CICA which have not been adopted are summarized as follows:

International Financial Reporting Standard ("IFRS")

In February 2008, the Canadian Accounting Standard Board "AcSB" announced that 2011 is the changeover date for publicly-listed companies to use IFRS. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011, although early adoption may be permitted. Due to the Company's July 31 fiscal year-end, the Company will adopt IFRS commencing August 1, 2011 and will restate the financial statements (for comparative purposes) reported by the Company for the year ended July 31, 2011. The Company is currently finalizing the transition from Canadian GAAP to IFRS reporting and is expected to finish in the first quarter of 2012.

3. SHORT TERM INVESTMENTS

As at July 31, 2011, short term investments was consisted of guaranteed investment certificates issued by a Canadian Chartered bank, having a maturity on December 17, 2012, and have interests ranged from 1.05 to 1.10% per annum.

(Expressed in Canadian dollars)

4. CORPORATE RESTRUCTURING

On January 15, 2011, the Company and its wholly owned subsidiary Chimata Gold Corp. ("Chimata), entered into an arrangement agreement ("Arrangement Agreement") to proceed with a corporate restructuring by way of a statutory plan of arrangement ("Plan of Arrangement") whereby Chimata will acquire all of Maxtech's interest in Guercheville Property (Note 8) from Maxtech in exchange for 33,649,002 common shares of Chimata (the "Chimata Gold Shares"). Upon the closing of the Arrangement Agreement, the 33,649,002 Chimata Gold Shares will then be distributed to the current shareholders of Maxtech pro-rata based on their relative shareholdings of Maxtech.

The Arrangement Agreement was approved by the Supreme Court of British Columbia on March 25, 2011 and by Maxtech's shareholders on March 17, 2011 and became effective, subsequent to the year-end, on August 17, 2011. As a result, Chimata was spun off from Maxtech and Chimata Gold Shares were distributed to Maxtech's shareholders on September 2, 2011.

Chimata has obtained the approval from TSX Ventures Exchange to list the common shares of Chimata on TSX Ventures Exchange and the common shares of Chimata started trading in TSX Ventures Exchange commencing September 16, 2011.

5. MARKETABLE SECURITIES

	July 31, 2011				July 31, 2010
	Cost	Carrying Value	Market Value	Unrealized Gain	Carrying Value
Available for sale					
Abacus Mining & Exploration Corp. – 1,250,000 shares	$112,500	$ 225,000	$ 225,000	$ 112,500	$ 112,500

As at July 31, 2011, marketable securities consisted solely of 1,250,000 shares of Abacus Mining and Exploration Corp ("Abacus"). As a result of the change of the carrying value of the "Abacus" shares from the prior year, the Company recorded a $25,000 other comprehensive loss for the year ended July 31, 2011 (2010 - $37,500 gain).

(Expressed in Canadian dollars)

6. LONG TERM INVESTMENT

On October 22, 2007 the Company entered into a subscription agreement with Societe Miniere Genevieve-Haiti, S.A. ("SGH"), a Haitian private company, to purchase 320,000 SGH common shares at $12.50 US per share for a total investment of US $4,000,000. SGH holds a number of advanced-stage exploration properties in Haiti which require additional expenditures to further explore and develop the properties. The Company, in order to earn an interest in the projects, has agreed to provide the necessary funding for this development through the purchase of common shares of SGH. The Company purchased 24,160 SGH common shares for US $302,000 during the year ended July 31, 2008.

The Company did not receive the 24,160 shares from SGH and decided not to continue with its investment and to instead pursue the recovery of the advances paid. At July 31, 2008, the Company wrote down its investment of US $302,000 to a nominal amount $1 due to the uncertainty surrounding its recovery. SGH then underwent a name change to SOMINE, S.A.

In the current year, Maxtech entered into an agreement with Simact Mining Holding Inc. ("SMHI") on behalf of SGH, pursuant to which SMHI will transfer 1,413,000 shares of Majescor Resources Inc. ("MJX Shares") to Maxtech for the reimbursement of Maxtech's US $302,000 investment. Subsequent to the year end, Maxtech received the MJX Shares on September 7, 2011. The Company will recognize a gain of $367,379 which is the market value that is determined by the closing price of the MJX shares on TSX Venture Exchange on September 7, 2011.

7. EQUIPMENT

	Cost	Accumulated Amortization	July 31, 2011 Net Book Value	July 31, 2010 Net Book Value
Field equipment	$151,809	$ 23,152	$ 128,657	$ 6,912
Office equipment	18,472	3,254	15,218	1,221
Vehicle	16,530	1,653	14,877	-
	$186,811	$ 28,059	$ 158,752	$ 8,133

(Expressed in Canadian dollars)

8. RESOURCE PROPERTY INTERESTS

	Ariane	Guercheville	Julia	Lalitpur	Total
Total as at July 31, 2009	$ 322,040	$ 322,040	$ 285,450	$ -	$ 929,530
Assays and analytical	-	-	2,000	-	2,000
Total as at July 31, 2010	$ 322,040	$ 322,040	$ 287,450	$ -	$ 931,530
Acquisition, renewal and holding	1,378	3,249	-	-	4,627
Drafting and map	-	-	-	2,445	2,445
Geologist and geophysics	33,750	33,750	71,407	43,368	182,275
Management	-	-	-	31,103	31,103
Supplies	-	-	-	32,678	32,678
Travelling and lodging	-	-	-	18,861	18,861
Total as at July 31, 2011	$ 357,168	$ 359,039	$ 358,857	$ 128,455	$1,203,519

Ariane & Guercheville

By an Option agreement dated March 5, 2007, the Company may acquire a 100% interest in two prospective gold properties in the Abitibi region of Quebec for consideration of:

- Cash payment of $45,000 for each property; and
- Undertaking the drilling of at least three holes on each property

For each property upon which an economic discovery is made, a bonus of $70,000 in the Company's common shares and a 2% NSR will be issued to the vendor. The Company can acquire 1% of the NSR for $1 million.

On October 20, 2010, the Company renegotiated the original agreement and acquired a 100% interest of Ariane and Guercheville property by paying the sum of $67,500 (paid). The Company also incurred $4,627 to acquire additional claims for both the properties.

Subsequent to the year ended July 31, 2011, the Company has transferred the Guercheville property to Chimata on August 17, 2011 when the Arrangement Agreement became effective (see note 4).

8. RESOURCE PROPERTY INTERESTS (Continued)

Julia

By an Option agreement dated November 30, 2005 and amended September 7, 2006, between the Company and an un-related party (the "Optionor"), the Company has acquired a 50% interest, subject to a 2% NSR, in a property consisting of 6 mineral claims in the Atlin Mining Division of British Columbia (the "Julia Property") for consideration of:

- Cash payment of $5,000 on signing (paid);
- Cash payment of $20,000 on decision to proceed with the second program (paid); and
- Incurring $150,000 in exploration expenditures on or before November 1, 2007 (completed).
- A total of $250,000 was spent on the exploration program initiated. (completed)

The Company can acquire 1% of the NSR for $1 million.

The expiry date of all the claims have been extended to October 30, 2017, and an additional $71,407 was spent on geochemical and geophysical survey during the year ended July 31, 2011 (2010 - $2,000). All the claims were in good standing as of July 31, 2011.

On May 31, 2011, the Company entered into an agreement with the Optionor whereby the Company and the Optionor agreed to transfer their interests in the Julia Property to Emerging Minerals (BC) Corp. a subsidiary owned by the Company and the Optionor.

Lalitpur District, India

In March 2010, the Company's wholly owned subsidiary, Maxtech Resources Private Limited ("MRPL"), was granted a Reconnaissance Permit in the Lalitpur District, Uttar Pradesh (U.P.) India to explore for platinum group minerals and gold mineralization.

For the year ended July 31, 2011, the Company incurred $128,454 exploration expenditure in connection with the Lalitpur Reconnaissance Permit.

S.E Guinea

On September 28, 2009, the Company entered into an Option Agreement with Soprex Mines/Hunter Mining Guinee "SM.HM Guinee" SARL, a company registered in Conakry, Guinea. Under the agreement, Maxtech can earn up an undivided 70% interest in a uranium concession and an iron concession located in S.E. Guinea. During the 2010 year, the Company decided not to renew the Option Agreement.

(Expressed in Canadian dollars)

9. SHARE CAPITAL

The authorized share capital of the Company consists of 100,000,000 common shares without par value.

The Company's issued and outstanding share capital is as follows:

	Shares	Amount
Balance, July 31, 2011 and 2010	33,649,002	$ 8,130,000

Stock Options

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 6,116,000. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the TSX Venture Exchange (the "Exchange") on the trading day immediately before the date of grant, less the discount permitted under the Exchange's policies, subject to a minimum of $0.10 per common share. Stock options granted under the Plan vest over a period of 18 months from the date of grant and vesting of the options shall occur equally every six months.

	2011			2010		
	# Shares	Weighted Average Exercise Price	Weighted Average Remaining Life in Years	# Shares	Weighted Average Exercise Price	Weighted Average Remainin g Life in Years
Outstanding, beginning of year	-	$ -	-	4,791,000	$ 1.60	1.48
Granted	-	-	-	-	-	-
Exercised/ cancelled	-	-	-	(4,791,000)	-	-
Outstanding, end of year	-	$ -	-	-	$ -	-

During 2010, the Company cancelled all the outstanding stock options (4,791,000) and has not granted any stock options in 2011 or 2010. As a result, the number of stock option outstanding as at July 31, 2011 was nil (2010 – nil).

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

During the year ended July 31, 2011 the Company paid $9,950 (2010 - $3,775) for consulting services provided by a company controlled by the Company's Chief Financial Officer. Maxtech had a $1,232 (2010 - $nil) payable to this company included in accounts payable balance as at July 31, 2011.

Payments to related parties are made in the normal course of business operations and were valued at fair value as determined by management. Amounts due to or from related parties are unsecured, non-interest bearing and have the same payment terms as other trade payables.

11. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	2011	2010
Net income (loss) for the year	$ (182,476)	$ 75,476
Canadian statutory tax rate	28.2%	28.5%
Expected income tax expense (recovery)	(51,465)	21,510
Net adjustment for current year non-deductible amounts	(26,747)	(16,389)
Unrecognized (recognized) benefits of non-capital losses	78,212	(5,121)
Income tax expense	$ -	$ -

The significant components of the Company's future income tax assets are as follows:

	2011	2010
Future income tax assets:		
Mineral properties and equipment	$ (75,715)	$ (147,965)
Unamortized share issuance costs	-	14,901
Non-capital loss carry forwards	360,731	176,250
Future income tax assets:	285,016	43,186
Valuation allowance	(285,016)	(43,186)
	$ -	$ -

As at July 31, 2011, the company has accumulated non capital losses for Canadian income tax purposes totalling approximately $1.37 million. The losses expire in the following periods:

Year of Origin	Year of Expiry	Non-capital losses
2006	2026	$ 103,000
2007	2027	359,000
2008	2028	648,000
2010	2030	54,000
2011	2031	212,000
		$ 1,376,000

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS

Carrying Amounts and Fair Values of Financial Instruments

The fair value of a financial instrument is the price at which a party would accept the right and/or obligations of the financial instrument from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1- Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2- Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3- Inputs that are not based on observable market data

The following table illustrates the classification of the Company's financial instruments recorded at fair value as at July 31, 2011 and 2010.

	Financial assets at fair value as at July 31, 2011			
	Level 1	Level 2	Level 3	Total
Cash	$ 2,489,833	$ -	$ -	$ 2,489,833
Short term investments	$ 2,033,540	$ -	$ -	$ 2,033,540
Marketable securities	$ 225,000	$ -	$ -	$ 225,000

	Financial assets at fair value as at July 31, 2010			
	Level 1	Level 2	Level 3	Total
Cash	$ 103,250	$ -	$ -	$ 103,250
Short term investments	$ 5,022,032	$ -	$ -	$ 5,022,032
Marketable securities	$ 250,000	$ -	$ -	$ 250,000

Financial Instrument Risk Exposure and Risk Management

The fair values of the Company's cash, marketable securities, short-term investments, amounts receivable, accounts payables and accrued liabilities approximate their carrying values because of their short term nature.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

<u>Currency risk</u>

The Company's India subsidiary makes it subject to foreign currency fluctuations which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and the Indian Rupee.

The Company does not invest in foreign currency contracts to mitigate the risks.

12. FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk that company will not be able to collect the amounts due resulting in financial loss. The Company's cash and short term investments are held in a Canadian financial institution. The Company does not have any asset-backed commercial paper in its cash, marketable securities or short-term investments. A portion of the Company's amount receivable consists of recovered travel expense.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at July 31, 2011, the Company has investments in guaranteed income certificates with fixed interest rates which are not subject to interest rate risk. As the Company does not have other investment having variable interest rate nor has interest bearing debt, management believes the Company is not subject to interest rate risk.

13. MANAGEMENT OF CAPITAL RISK

The Company manages its cash, short term investments, marketable securities, and common shares as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing development efforts, the Company does not plan to pay dividends in the near future. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating period.

(Expressed in Canadian dollars)

14. SEGMENT DISCLOSURES

The Company considers itself to operate in a single reportable operating segment, being exploration and development of mineral properties. Geographic segment disclosures are as follows:

	Years ended July 31, 2011 $	Years ended July 31, 2010 $
Income (loss):		
Canada	(234,307)	87,343
India	51,831	(11,867)
Total	(182,476)	75,476

	As at July 31, 2011 $	As at July 31, 2010 $
Current assets:		
Canada	4,709,984	5,350,810
India	54,046	40,622
Total	4,764,030	5,391,432
Machinery and equipment:		
Canada	141,821	8,133
India	16,931	-
Total	158,752	8,133
Mineral property interests:		
Canada	1,075,064	931,530
India	128,455	-
Total	1,203,519	931,530

15. SUBSEQUENT EVENTS

See notes 4 and 6.