MAXTECH VENTURES INC.

Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended April 30, 2012

(An exploration stage company)

(Unaudited)

(Expressed in Canadian Dollars)

Notice to Reader

In accordance with National Instrument 51-102 released by Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the accompanying condensed interim consolidated financial statements for the three and nine months ended April 30, 2012.

Maxtech Ventures Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

	Note	April 30, 2012	July 31, 2011
			(Note 15)
		$	$
Assets			
Current Assets			
Cash		600,677	2,489,833
Short-term investment	4	3,054,326	2,033,540
Marketable securities	6	502,120	225,000
Other receivables		5,618	9,578
Prepaid expenses and deposits		2,500	6,079
		4,165,241	4,764,030
Long-term investment	7	-	1
Note receivable	8	642,000	-
Machinery and equipment	9	148,806	158,752
Exploration and evaluation assets	10	961,475	1,203,519
Total Assets		5,917,522	6,126,302
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		11,250	17,932
Shareholders' Equity			
Share capital	11	7,770,961	8,130,000
Contrubuted surplus		5,349,127	5,349,127
Accumulated other comprehensive income	6	108,165	112,500
Deficit		(7,321,981)	(7,483,257)
		5,906,272	6,108,370
Total Liabilities and Shareholders' Equity		5,917,522	6,126,302

Nature of operations and going concern *1*

See accompanying notes to the consolidated financial statements

Approved and authorized for issuance by the Board of Directors on June 20, 2012

"Curt Huber"
Director

"Sonny Janda"
Director

Maxtech Ventures Inc.

Condensed Interim Consolidated Statement of Loss and Comprehensive Loss

(Unaudited - expressed in Canadian dollars except the number of shares)

		Three Months Ended April 30,		Nine Months Ended April 30,	
	Note	**2012**	**2011**	**2012**	**2011**
			(Note 15)		(Note 15)
		$	$	$	$
Expenses					
Amortization		8,574	804	27,221	1,738
Consulting		29,885	5,000	61,093	29,193
Office facilities and administration		9,610	10,165	38,856	52,675
Professional fees		11,013	7,656	33,779	29,707
Salaries and wages		3,011	3,239	10,256	3,239
Transfer agent, filing and stock exchange fees		7,147	12,450	11,929	20,937
Travel and promotion		1,224	-	7,252	14,040
Loss before the following		(70,464)	(39,314)	(190,386)	(151,529)
Interest income		24,745	14,508	52,787	29,853
Gain from recovery of long term investment write off	7	-	-	297,535	-
Gain from disposition of marketible securities		8,889		8,889	
Foreign exchange loss		(15,971)	(3,907)	(23,903)	(9,598)
Net income (loss) for the period		(52,801)	(28,713)	144,922	(131,274)
Other comprehensive income (loss):					
Unrealized gain (loss) on marketable securities	6	(108,419)	(62,500)	(4,335)	-
Comprehensive income (loss)		(161,220)	(91,213)	140,587	(131,274)
Basic and diluted income (loss) per share		(0.00)	(0.00)	0.00	(0.00)
Weighted average number of common shares outstanding		33,649,002	33,649,002	33,649,002	33,649,002

See accompanying notes to the consolidated financial statements

Maxtech Ventures Inc.
Condensed Interim Consolidated Statements of Changes in Equity
Nine months ended April 30, 2012
(Unaudited -Expressed in Canadian Dollars except for number of shares)

		Share capital		Contributed surplus			
	Note	Number	Amount	Share-based compensation	Accumulated Other Comprehehsive Income (loss)	Deficit	Total shareholders' equity
			$	$	$	$	$
					(Note 6)		
Balance, August 1, 2010		33,649,002	8,130,000	5,349,127	137,500	(7,300,781)	6,315,846
Net loss for the period		–	–	–	–	(131,274)	(131,274)
Balance, April 30, 2011		33,649,002	8,130,000	5,349,127	137,500	(7,432,055)	6,184,572
Balance, August 1, 2011		33,649,002	8,130,000	5,349,127	112,500	(7,483,257)	6,108,370
Corporate restructuring	5	–	(359,039)	–	–	16,354	(342,685)
Unrealized gain from marketable securities		–	–	–	(4,335)	–	(4,335)
Net income for the period		–	–	–	–	144,922	144,922
Balance, April 30, 2012		33,649,002	7,770,961	5,349,127	108,165	(7,321,981)	5,906,272

See accompanying notes to the consolidated financial statements

MAXTECH VENTURES INC.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - expressed in Canadian dollars)

		Three Months Ended April 30,		Nine Months Ended April 30,	
Cash provided by (used in)	**Note**	**2012**	**2011**	**2012**	**2011**
		$	$	$	$
Operating activities					
Income(loss) for the period		(52,801)	(28,713)	144,922	(131,274)
Items not involving cash		–			
Accrued interest income	4,8	(3,534)	–	(31,576)	–
Amortization		8,574	804	27,221	1,738
Gain from recovery of long term investment write off	7	–	–	(297,535)	–
Foreign currency loss		15,971	–	23,903	–
Changes in non-cash operating working capital					
Receivables		1,504	(10,344)	3,960	(37,751)
Prepaid expenses		(2,500)	–	3,579	11,672
Accounts payable and accrued liabilities		(801)	15,825	(6,681)	5,423
Cash used in operating activities		(33,587)	(22,428)	(132,207)	(150,192)
Investing activities					
Note receivable	8	–	–	(600,000)	–
Acqusition of equipment and machinery		–	(13,506)	(17,275)	(165,110)
Exploration and evaluation assets	10	(28,173)	(61,310)	(116,996)	(215,602)
Short term investments	4	(21,210)	2,070,108	(1,021,210)	3,020,793
Cash used in investing activities		(49,383)	1,995,292	(1,755,481)	2,640,081
Effect of exchange rate change on cash		3,107	–	4,032	–
Decrease in cash		(79,863)	1,972,864	(1,883,656)	2,489,889
Cash, beginning of period		686,040	620,275	2,489,833	103,250
Cash, end of period		606,177	2,593,139	606,177	2,593,139

Cash received during the period for interest expense		–	5,441	21,210	6,098
Cash paid during the period for income taxes		–	–	–	–

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The continued operations of the Company and the recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. The Company may have to raise additional funds to complete the development phase of its programs. Funding for operations and exploration has been obtained primarily through public and private share offerings. While the Company has been successful in doing so in the past, there are no assurance that it will be able to continue to do so in the future.

These condensed interim consolidated financial statements and the accompanying notes for the three and nine months ended April 30, 2012 (the "Financial Statements") have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses and does not expect to earn revenue from operations in the near future. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing to finance its exploration programs and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The Financial Statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These Financial Statements, including comparatives within, have been prepared in accordance with International Accounting Standards 34, "Interim Financial Reporting" ("IAS 34"), using accounting policies consistent with the International Financial Report Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee. Any subsequent changes to IFRS, that are given effect to in the Company's annual consolidated financial statements for the year ending July 31, 2012 could result in revisions to these financial statements, including the transition adjustments recognized on change-over to IFRS (Note 15).

The preparation of these Financial Statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements. They also have been applied in preparing an opening IFRS balance sheet at August 1, 2010 for the purposes of the transition to IFRS, as required by the First Time Adoption of International Financial Reporting Standards (IFRS 1). The impact of the transition from Canadian GAAP to IFRS is explained in Note 15.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of consolidation and presentation

These Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars, which is the functional currency of the Company, unless otherwise specified.

These Financial Statements include the accounts of the Company and its wholly owned subsidiaries Maxtech Resources Private Limited and its 53% owned subsidiary Emerging Minerals (BC) Corp. (collectively the ‘Subsidiaries”). All material intercompany balances and transactions between the Company and the Subsidiaries have been eliminated.

The preparation of these Financial Statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) The recoverability of accounts receivable and prepaid expenses
b) The recognition of deferred tax assets.
c) The estimated useful lives of equipment which are included in the consolidated statements of financial position and the related amortization included in the consolidated statements of comprehensive loss.
d) The recoverability of exploration and evaluation assets

c) Significant accounting policies

These financial statements are based on the accounting policies consistent with those disclosed in Note 2 and 3 to the Company’s interim condensed consolidated financial statements for the quarter ended October 30, 2011, which are the Company’s first interim financial statements prepared in accordance with IFRS. The Company has not adopted new accounting policies since then.

The following are new and revised accounting pronouncements that have been issued but are not yet effective. The Company is currently evaluating the impacts upon the implementation of these issued standards on its financial statements.

IFRS 9 “Financial Instruments” covers the classification and measurement of financial assets as part of its project to replace IAS 39, “Financial Instruments: Recognition and Measurement.” Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively.

IFRS 10 "Consolidated Financial Statements" was issued in May 2011 and will replace portions of IAS 27 "Consolidation and Separate Financial Statements" and interpretation SIC-12 "Consolidation - Special Purpose Entities." The key features of IFRS 10 include consolidation using a single control model, definition of control, considerations on power and continuous reassessment. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 11 "Joint Arrangements" requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 "Income Taxes" establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, and special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 "Fair Value Measurement" is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRSs. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

In addition, there have been amendments to existing standards, including IAS 27 "Separate Financial Statements", and IAS 28 "Investments in Associates and Joint Ventures." IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

4. SHORT TERM INVESTMENTS

As at January 31, 2012 the Company's short term investments consisted of various redeemable guaranteed investment certificates ("GICs") issued by a Canadian Chartered bank, with a principal amount of $3,041,210 and $13,116 in accrued interest (July 31, 2011 - $2,020,000 principal plus $13,540 accrued interest). These GICs have a maturity on December 15, 2014, and interests ranged from 1.15 to 1.30% per annum.

5. CORPORATE RESTRUCTURING

On January 15, 2011, the Company and its former 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 whereby Chimata acquired all of Maxtech's interest in Guercheville Property (Note 10) in exchange for 33,649,002 common shares of Chimata (the "Chimata Gold Shares").

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 on August 17, 2011 (the "Effective Date"). As a result, Chimata was spun off from Maxtech and Chimata shares were distributed to Maxtech's shareholders on September 2, 2011 (Note 11). Chimata obtained the approval from TSX Ventures Exchange to list its common shares on TSX Ventures Exchange commencing September 16, 2011.

(Unaudited -expressed in Canadian dollars)

6. MARKETABLE SECURITIES

The Company designates marketable securities as an available for sale financial asset, which requires the Company to re-measure the value of these marketable securities at their market values, at each reporting date. The change of the un-realized gain/loss is recorded to the account of "other comprehensive income" and will be reclassified as realized gain or loss when these securities are sold. The Company recorded $4,335 other comprehensive loss, being the change in accumulated unrealized gain during the nine months ended April 30, 2012. Details of the Company's marketable securities are as follows:

	April 30, 2012		
	Cost	Market Value/ (Carrying Value)	Unrealized Gain
Abacus Mining & Exploration Corp. – 1,200,000 shares	$108,000	$ 312,000	$ 204,000
Majescor Resources Inc. – 1,358,000 shares (Note 7)	$285,955	$ 190,120	$ (95,835)
	$393,955	$ 502,120	$ 108,165

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

7. 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 required additional expenditures to further explore and develop the properties. 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, but to instead pursue the recovery of the advances paid. During the year ended July 31, 2008, the Company wrote down its investment to a nominal amount of $1.00 and recorded a loss of $297,535 due to the uncertainty surrounding its recovery. SGH has since changed its name to Société Minière du Nord-Est S.A. (SOMINE S.A.).

In 2011, Maxtech entered into an agreement with Simact Mining Holding Inc. ("SMHI") on behalf of SGH, pursuant to which SMHI would transferd 1,413,000 shares of Majescor Resources Inc. ("MJX Shares") to Maxtech for the reimbursement of Maxtech's investment in SGH.

Maxtech received the MJX Shares on September 7, 2011 with a market value of $367,380 determined by the closing price of the MJX shares on TSX Venture Exchange on September 7, 2011. As a result, the Company has recognized a gain of $297,535 which is the recovery to the write down previously recorded in 2008.

(Unaudited -expressed in Canadian dollars)

8. NOTE RECEIVABLE

On June 16, 2011, the Company and Chimata Gold Corp. (the Company's former subsidiary) entered into a loan agreement whereby Maxtech advanced $600,000 to Chimata to finance its operations. The loan is unsecured and bears an interest of Canadian bank's prime borrowing rate (3% as at April 30, 2012) plus 5% per annum. The principal and accrued interest of the loan will be due on December 31, 2012. As at April 30, 2012, the Company's note receivable balance was comprised of $600,000 principal and $42,000 accrued interest.

9. MACHINERY AND EQUIPMENT

	April 30, 2012			July 31, 2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Field equipment	$153,199	$ 42,554	$ 110,645	$ 128,657
Office equipment	19,758	5,795	13,963	15,218
Vehicle	31,128	6,930	24,198	14,877
	$204,085	$ 55,279	$ 148,806	$ 158,752

10. EXPLORATION AND EVALUATION ASSETS

	Ariane	Guercheville	Julia	Lalitpur	Total
As at July 31, 2011	$ 357,168	$ 359,039	$ 358,857	$ 128,455	$1,203,519
Acquisition, renewal and holding	-	-	-	-	-
Analysis	-	-	-	21,213	21,213
Geologist and geophysics	-	-	8,685	45,144,	53,829
Management	-	-	-	14,012	14,012
NI – 43101 report	-	-	6,500	-	6,500
Supplies	-	-	-	21,441	21,441
Disposal (Note 5)	-	(359,039)	-	-	(359,039)
As at April 30, 2012	$ 357,168	$ -	$ 374,042	$ 230,265	$ 961,475

Ariane & Guercheville

By an Option agreement dated March 5, 2007, the Company had the opportunity to acquire a 100% interest in two prospective gold properties in the Abitibi region of Quebec for consideration of a cash payment of $45,000 for each property and by 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. In addition, the Company could acquire 1% of the NSR for $1 million.

10. EXPLORATION AND EVALUATION ASSETS (Continued)

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).

When the Arrangement Agreement became effective on August 17, 2011 (Note 5), the Company transferred the Guercheville property to Chimata Gold Corp. at $359,039 which was the cost and carrying value at the date of transfer (Note 11). The Company did not record gain or loss in connection with this transfer.

No exploration cost was incurred on the Ariane property during the nine months ended April 30, 2012.

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 iron, precious metal, including the platinum group minerals and gold mineralization.

During the nine months ended April 30, 2012, the Company incurred $101,810 exploration expenditure in connection with the Lalitpur Reconnaissance Permit.

Julia Claims

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 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 Prospect"). The Company can acquire 1% of the NSR for $1 million. In addition, the Company holds a 100% interest in 3 adjacent mineral claims at the project.

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 Prospect to Emerging Minerals (BC) Corp. a subsidiary owned by the Company and the Optionor.

The expiry date of all the claims have been extended to October 30, 2017. All the claims were in good standing as of April 30, 2012. No exploration cost was incurred during the nine months ended April 30, 2012.

11. SHARE CAPITAL

The authorized share capital of the Company consists of unlimited number of common shares without par value.

In accordance with the Arrangement Agreement, the Company created a new class of common share ("New Common Share") and a new class of preferred share ("Class A Preferred Shares"). At the Effective Date (Note 5), each common share of the Company ("Common Share") was exchanged into one New Common Share and one Class A preferred share. The Company then fully redeemed the Class A preferred shares by distributing to the shareholders of Maxtech the 33,649,002 Chimata Gold Shares.

The class of Common Share and Class A preferred share were eliminated and cancelled upon the completion of the Arrangement Agreement.

(Unaudited -expressed in Canadian dollars)

11. SHARE CAPITAL (Continued)

There was no share issuance or redemption during the quarter ended April 30, 2012. The continuity of the Company's outstanding share capital as at April 30, 2012 is as follows:

Common Share	**Number**	**Amount ($)**
Balance, July 31, 2011	33,649,002	8,130,000
Cancellation-Arrangement Agreement	(33,649,002)	(8,130,000)
Balance, April 30, 2012	**-**	-

Class A Preferred Shares	**Number**	**Amount ($)**
Balance, July 31, 2011	-	-
Issuance-Arrangement Agreement	33,649,002	359,039
Redemption – Arrangement Agreement (Note 5)	(33,649,002)	(359,039)
Balance, April 30, 2012	**-**	-

New Common Share	**Number**	Amount ($)
Balance, July 31, 2011	-	-
Issuance-Arrangement Agreement	33,649,002	7,770,961
Balance, April 30, 2012	**33,649,002**	7,770,961

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.

The Company did not have any outstanding stock options, as at April 30, 2012 and July 31, 2011, the recent year end.

Contributed Surplus

As at April 30, 2012 and July 31, 2011, the company's contributed surplus account was $5,439,127, which was comprised solely of the share-based compensation charges in connection with stock option issued in previous years.

12. RELATED PARTY TRANSACTIONS

The Company's related party transactions have been recorded at their exchange amounts, being the amounts agreed to and by the related parties. Amounts due to or from related parties are unsecured, non-interest bearing, and have the same terms as other trade payable and receivables.

Related party transactions that have not been disclosed elsewhere in these Financial Statements are as follows:

12. RELATED PARTY TRANSACTIONS (Continued)

a) Management transactions - The aggregate value of transactions relating to key management and entities over which they have controlled or significant influences are as follows:

- Maxtech was charged $16,010 by a company controlled by the Company's Chief Financial Officer for the services provided during the nine months ended April 30, 2012.

b) Transactions with directors – Nil.

c) Other related party transactions – Nil

d) Balance with related parties – As at April 30, 2012, Maxtech's accounts payable and accrued liabilities included a balance of $Nil owing to a Company controlled by the Chief Financial Officer (July 31, 2011 - $1,232).

13. FINANCIAL INSTRUMENTS

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 Indian 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 is closely monitoring the changes in exchange rate between Canadian dollar and India Rupee and will act promptly if there are indications of a significant India Rupee appreciation against Canadian dollar. However, the Company has not invested in foreign currency contracts to mitigate the risks.

<u>Credit risk</u>

Credit risk refers to the risk that another entity will default on its contractual obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash deposits, short-term investment, other receivables, and note receivable. The Company's cash and short term investments are held in a reputable Canadian chartered bank. Other receivables consisted of harmonized sale taxes recovery due from the government of Canada and advance due from its ex-subsidiary, Chimata. Note receivable is solely due from Chimata which have various common directors with the Company. Management believes the risk of loss is minimal as the debtors are have either a good reputation or a close relationship with the Company.

<u>Liquidity risk</u>

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.

<u>Interest rate risk</u>

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 April 30, 2012, the Company has investments in guaranteed income certificates with fixed interest rates which are not subject to interest rate risk; and a $600,000 receivable which bears an interest rate of Canadian bank's prime borrowing rate (the "Prime Rate') plus 5% per annum. The Company's interest revenue will change by $4,500 for the nine months ended April 30, 2012 if the Prime Rate changes by one percent per annum.

(Unaudited -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:

	Total Assets	Machinery and Equipment	Exploration and Evaluation Assets	Current Assets	Other Non-Current Assets
	$	$	$	$	$
April 30, 2012					
India	286,648	37,293	230,265	19,090	-
Canada	5,630,874	111,513	731,210	4,146,151	642,000
	5,917,522	148,806	961,475	4,165,241	642,000
July 31, 2011					
India	199,432	16,931	128,455	54,046	-
Canada	5,926,870	141,821	1,075,064	4,709,984	1
	6,126,302	158,752	1,203,519	4,764,030	1

15. ADOPTION OF IFRS

The Company adopted IFRS commencing August 1, 2011 with the transition date as August 1, 2010 ("Transition Date"), and the Company has prepared its IFRS opening consolidated statement of financial position as at that date. The Company will prepare for the first time its annual consolidated financial statements in accordance with IFRS for the year ending July 31, 2012.

Impacts of IFRS Transition

a) Impacts to statements of comprehensive income (loss)

IFRS 1 requires an entity to reconcile comprehensive income for prior periods presented under Canadian GAAP to IFRS as of the same date, accompanying with an explanation for any material adjustments to cash flows to the extent that they exist. The IFRS transition has no impact to the company's statements of comprehensive loss for the three and nine months ended April 30, 2011 and for the year ended July 31, 2011. Thus reconciliation is not necessary.

b) Impacts to statements of financial position

The IFRS transition has no impact to the company's statements of financial position reported in accordance with Canadian GAAP as at the Transition Date (August 1, 2010), the reporting date of comparative interim period in prior year (April 30, 2011), and the recent year end date (July 31, 2011). Thus reconciliation is not necessary.

c) Impacts to statements of change in equity

The adoption of IFRS does not have impact on the Company's equity previously reported in accordance with Canadian GAAP as at August 1, 2010, April 30, 2011, and July 31, 2011. Thus reconciliation is not necessary.

d) Impacts to statements of cash flow

The IFRS transition has no impact to the company's statements of cash flow for the three and nine months ended April 30, 2011 and for the year ended July 31, 2011. Thus reconciliation is not necessary.