MAXTECH VENTURES INC.

Consolidated Financial Statements

July 31, 2013

(Expressed in Canadian Dollars)

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS & BUSINESS ADVISORS

WWW.DMCL.CA

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Maxtech Ventures Inc.

We have audited the accompanying consolidated financial statements of Maxtech Ventures Inc., which comprise the consolidated statements of financial position as at July 31, 2013 and 2012, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, 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 International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 about whether the consolidated financial statements are free from 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 that we have obtained in our audits 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. as at July 31, 2013 and 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Maxtech Ventures Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
November 20, 2013

Maxtech Ventures Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Note	July 31, 2013	July 31, 2012 (Restated-Note 17)
		$	$
Assets			
Current Assets			
Cash		3,631,577	3,594,303
Marketable securities	5	127,160	341,170
Notes receivable	10,11	275,000	614,268
Sales tax recoverable		3,145	15,053
		4,036,882	4,564,794
Equipment	6	24,538	135,002
Exploration and evaluation assets	7	3	1,014,424
Total Assets		4,061,423	5,714,220
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities	8, 11	34,181	36,123
Shareholders' Equity			
Share capital	9	8,130,000	8,130,000
Reserves	9,17	5,278,428	5,193,328
Deficit	17	(9,381,186)	(7,645,231)
Total Equity		4,027,242	5,678,097
Total Liabilities and Shareholders' Equity		4,061,423	5,714,220

Maxtech Ventures Inc.
Consolidated Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year ended July 31, 2013	2012 Restated - Note 17)
		$	$
Expenses			
Amortization	6	27,237	33,331
Consulting	11	117,974	90,353
Office facilities and administration	11	49,463	66,427
Professional fees		21,134	42,525
Salaries and wages		17,928	16,085
Transfer agent, filing and stock exchange fees		29,952	15,009
Travel and promotion		8,479	5,249
Loss before the following		(272,167)	(268,979)
Interest income and accretion		52,079	111,260
Gain from recovery of impairment of long term investment	5	-	367,380
Gain from disposition of marketible securities	5	-	46,500
Other revenue		7,954	-
Loss on impairment of exploration and evaluation assets	7	(1,126,871)	-
Loss on impairment of equipment	6	(84,149)	(2,094)
Loss on impairment of marketable securities	5	(312,801)	-
Loss on settlement of note receivable	11	-	(21,986)
Net income (loss)		(1,735,955)	232,081
Other comprehensive income (loss):			
Translation loss	9	(13,691)	(48,287)
Unrealized loss on marketable securities	5	-	(214,416)

MAXTECH VENTURES INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

Cash provided by (used in)	**Note**	**Year ended July 31, 2013**	**2012 (Restated-Note 17)**
		$	$
Operating activities			
Net income (loss) for the year	17	(1,735,955)	232,081
Items not involving cash			
Accrued interest income and accretion		–	(83,200)
Amortization		27,237	33,331
Loss on impairment of exploration and evaluation assets	7	1,126,871	–
Loss (gain) from marketable securities		–	(46,500)
Loss on settlement of note receivable		–	21,986
Loss on impairment of equipment		84,149	2,094
Loss on impairment of marketable securities		312,801	–
Recovery of long term investment write off		–	(367,380)
Changes in non-cash operating working capital			
Sales tax recoverable		11,908	859
Prepaid expenses		–	6,079
Accounts payable and accrued liabilities		(1,942)	18,192
Cash used in operating activities		(174,931)	(182,458)
Investing activities			
Acqusition of equipment	6	(2,009)	(11,675)
Disposition of marketable securities		–	83,294
Exploration expenditure	7	(112,450)	(169,944)
Receipt of promissory note repayment		614,268	-
Promissory note issued	10	(270,000)	-
Promissory note issued to Chimata Gold Corp.	10	(5,000)	(600,000)
Cash (used in) provided by investing activities		224,809	(698,325)
Translation loss		(12,604)	(48,287)
Increase (decrease) in cash		37,274	(929,070)
Cash, beginning of year		3,594,303	4,523,373
Cash, end of year		3,631,577	3,594,303

Maxtech Ventures Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share capital		Reserves				
	Note	Number	Amount	Foreign translation reserve	Share-based payment reserve	Investment revaluation reserve	Deficit	Total equity
			$	$	$	$	$	$
Balance, July 31, 2011		11,216,334	8,130,000	(8,721)	5,349,127	115,625	(7,477,661)	6,108,370
Corporate restructuring	4	–	–	–	–	–	(399,651)	(399,651)
Translation loss		–	–	(48,287)	–	–	–	(48,287)
Unrealized loss from marketable securities		–	–	–	–	(214,416)	–	(214,416)
Net income for the year	17	–	–	–	–	–	232,081	232,081
Balance, July 31, 2012		11,216,334	8,130,000	(57,008)	5,349,127	(98,791)	(7,645,231)	5,678,097
Translation loss		–	–	(13,691)	–	–	–	(13,691)
Realized loss on marketable securities	5	–	–	–	–	98,791	–	98,791
Net loss for the year		–	–	–	–	–	(1,735,955)	(1,735,955)
Balance, July 31, 2013		11,216,334	8,130,000	(70,699)	5,349,127	–	(9,381,186)	4,027,242

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Maxtech Ventures Inc. (the “Company” of “Maxtech”) was incorporated on April 19, 2000 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties. The Company’s shares are traded on the Canadian National Stock Exchange (the “CNSX”) under the symbol “MVT”.

The head office, principal address and records office of the Company are located at 8338 - 120th Street, Surrey, BC V3W 3N4.

These consolidated financial statements for the year ended July 31, 2013 have been prepared 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. As at July 31, 2013, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash and cash on hand and private placements of common shares, if required.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized by the Board of Directors on November 20, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at their fair value. The consolidated financial statements are presented are in Canadian dollars, unless otherwise noted.

Consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Maxtech Resources Private Limited (“MRPL”) (incorporated in India) and its 53% interest in the Julia property which is held through its subsidiary Emerging Minerals (BC) Corp.(“Emerging Minerals”) (incorporated in Canada). All material intercompany balances and transactions between the Company and the subsidiaries have been eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency. The functional currency of MRPL and Emerging Minerals are the Indian Rupee and the Canadian dollar, respectively.

Transactions and balances:

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive income (loss) in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive income (loss) to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income (loss). Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

Foreign operations:

The financial results and position of foreign operations whose functional currency is different from the Company's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Company's foreign currency translation reserve in the statement of comprehensive income (loss). These differences are recognized in the profit or loss in the period in which the operation is disposed.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Fair value through profit or loss ("FVTPL") - Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. They are subsequently measured at fair value with changes in fair value recognized in profit or loss. The Company classifies its cash at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently measured at amortized cost using the effective interest method less any provision for impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. HST recoverable and the note receivable are designated as loan and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company intends to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. The Company does not hold any held-to-maturity financial assets.

Available-for-sale – These consist of non-derivative financial assets that are designated as available-for sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company designates its marketable securities as available-for-sale.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization of all equipment are calculated using the declining balance method at an annual rate of 20%. In the year of acquisition, amortization is recorded at one-half the normal rate.

Impairment of assets

The carrying amount of the Company's assets (which include property and equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Significant estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, decommissioning, restoration and similar liabilities and contingent liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the classification of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

Accounting standards issued but not yet effective

IFRS 9, Financial Instruments, introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015.

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaces SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

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 venturer 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, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure 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 for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting standards issued but not yet effective (continued)

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. IAS 19, Employee Benefits, has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits. The amended standard requires immediate recognition of actuarial gains and losses in other comprehensive income as they arise, without subsequent recycling to net income. This is consistent with the Company's current accounting policy. Past service cost (which will now include curtailment gains and losses) will no longer be recognized over a service period but instead will be recognized immediately in the period of a plan amendment. Pension benefit cost will be split between (i) the cost of benefits accrued in the current period (service cost) and benefit changes (past-service cost, settlements and curtailments); and (ii) finance expense or income. The finance expense or income component will be calculated based on the net defined benefit asset or liability. A number of other amendments have been made to recognition, measurement and classification including redefining short term and other long-term benefits, guidance on the treatment taxes related to benefit plans, guidance on risk/cost sharing features, and expanded disclosures.

IAS 32, Financial Instruments: Presentation. These amendments address inconsistencies when applying the offsetting requirements, and is effective for annual periods beginning on or after January 1, 2014.

The Company has not early adopted these revised standards and is currently assessing the impact that these standards will have on its consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. CORPORATE RESTRUCTURING

On March 25, 2011, the Supreme Court of British Columbia approved an arrangement agreement between the Company and Chimata Gold Corp. ("Chimata"), formerly a wholly owned subsidiary of the Company, to proceed with a corporate restructuring by way of a statutory plan of arrangement. In exchange for transferring the Company's interest in the Guercheville property (Note 7), Chimata issued 33,649,002 of its common shares to the Company. These shares were distributed to the shareholders of the Company on a pro-rata basis. As a result of the corporate restructuring, Chimata was deconsolidated from the Company on September 16, 2011.

The net assets of Chimata and the carrying value of the Guercheville property totaling $399,651 was charged to deficit as a distribution to shareholders of the Company as follows:

	$
Book value of Guercheville property	359,039
Retained earnings in Chimata	40,612
	399,651

5. MARKETABLE SECURITIES

The Company holds shares in Abacus Mining and Exploration Corp. ("AME") and Majescor Resources Inc. ("MJX"), public companies with shares traded on the Toronto Stock Exchange Venture (the "TSX-V"). The Company designates its marketable securities as available-for-sale.

During the year ended July, 31, 2008, the Company subscribed 24,160 common shares of Societe Miniere Genevieve-Haiti, S.A. ("SGH") for US $302,000. The Company did not receive the 24,160 shares from SGH and at July 31, 2008, the Company wrote down its investment to a nominal amount $1. On September 7, 2011, the Company received 1,413,000 common shares of MJX with a fair value of $367,380, in exchange for the Company's investment in SGH. As a result, the Company has recognized a $367,380 gain for the year ended July 31, 2012.

During the year ended July 31, 2012, the Company sold 55,000 MJX shares and 250,000 AME shares for total proceeds of $83,294 and recognized a gain on the sale of $46,500.

During the year ended July 31, 2013, the Company did not acquire or dispose any marketable securities.

During the year ended July 31, 2013, management assessed that the Company would be unlikely to recover the cost of the marketable securities and recorded an impairment charge of $312,801.

(Expressed in Canadian dollars)

6. EQUIPMENT

	Field equipment	Office equipment	Vehicle	Total
	$	$	$	$
Cost:				
At July 31, 2011	151,809	18,472	16,530	186,811
Additions	-	-	13,081	13,081
Disposals	-	-	(2,282)	(2,282)
At July 31, 2012	151,809	18,472	27,329	197,610
Additions	2,009	-	-	2,009
At July 31, 2013	153,818	18,472	27,329	199,619
Amortization:				
At July 31, 2011	21,971	3,254	1,653	26,878
Charge for the period	26,295	2,995	4,041	33,331
Eliminated on disposal	-	-	(118)	-
At July 31, 2012	48,266	6,249	5,576	60,091
Charge for the period	20,786	2,106	4,345	27,237
Impairment	84,149	-	-	84,149
At July 31, 2013	153,201	8,355	9,921	171,477
Foreign exchange effects:				
At July 31, 2012	(617)	(1,693)	(207)	(2,517)
At July 31, 2013	(617)	(1,693)	(1,294)	(3,604)
Net book value:				
At July 31, 2012	102,926	10,530	21,546	135,002
At July 31, 2013	-	8,424	16,114	24,538

(Expressed in Canadian dollars)

7. 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
43-101 report	-	-	6,500	-	6,500
Acquisition and renewal	13,306	-	-	-	13,306
Analytical/assays	19,507	-	-	36,064	55,571
Transfer (Note 4)	-	(359,039)	-	-	(359,039)
Geologist and geophysics	-	-	(12,105)	55,464	43,359
Laboratory testing	-	-	8,685	-	8,685
Management	-	-	-	15,998	15,998
Mapping	7,511	-	-	-	7,511
Supplies	-	-	-	18,444	18,444
Travelling and lodging	-	-	-	570	570
As at July 31, 2012	397,492	-	361,937	254,995	1,014,424
43-101 report	-	-	-	-	-
Acquisition and renewal	2,414	-	-	-	2,414
Analytical/assays	150	-	650	7,276	8,076
Geologist and geophysics	-	-	-	50,175	50,175
Laboratory testing	-	-	-	-	-
Management	-	-	-	18,641	18,641
Mapping	-	-	-	-	-
Supplies	-	-	-	14,549	14,549
Travelling and lodging	-	-	-	18,595	18,595
Impairment	(400,055)	-	(362,586)	(364,230)	(1,126,871)
As at July 31, 2013	1	-	1	1	3

Ariane and Guercheville
By an option agreement dated March 5, 2007, and as amended on October 20, 2010, the Company had acquired a 100% interest in two prospective gold properties in the Abitibi region of Quebec.

During the year ended July 31, 2012, the Company transferred the Guercheville property to Chimata (Note 4) at the book value of the property of $359,039.

As at July 31, 2013, management assessed that the Company may not be able to recover the carrying value of the Arian Property was impaired it to a nominal value of $1.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Julia

By an option agreement dated November 30, 2005, and as amended September 7, 2006, the Company acquired a 50% interest, subject to a 2% net smelter royalty, in various mineral claims located in the Atlin Mining Division of British Columbia (the "Julia Property").

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. The Company and the optionor were each issued 16,500,000 shares of Emerging Minerals.

On the same date, the Company and the optionor agreed that the Company contributed $210,000 over and above the originally agreed upon expenditures and an additional 2,100,000 shares of Emerging Minerals were issued to the Company in return for these expenditures. As a result, the Company now holds 53% of the Julia property.

As at July 31, 2013, management assessed that the Company may not be able to recover the carrying value of the Julia Property was impaired it to a nominal value of $1.

Lalitpur Reconnaissance Permit

In March 2010, the Company's wholly owned subsidiary, MRPL, was granted a Reconnaissance Permit ("RP") in the Lalitpur District, Uttar Pradesh Province, India to explore for iron ore, gold and platinum group minerals. The RP expired on March 29, 2013.

The Company has applied for four additional RP's in the States of Uttar Pradesh, Uttaranchal and Himachal Pradesh, which are still pending approval as at July 31, 2013.

Given the expiry of the RP, the Company has impaired the property to a nominal value of $1 as at July 31, 2013.

8. Accounts payable and accrued liabilities

	July 31, 2013	**July 31, 2012**
	$	$
Trade payables	6,397	18,123
Accrued liabilities	27,784	18,000
	34,181	36,123

9. SHARE CAPITAL

Authorized: Unlimited number of common shares without par value authorized

Outstanding: On July 24, 2013, the Company consolidated its issued and outstanding shares on a 3-1 basis. As a result, the number of outstanding shares and loss per share presented in these consolidated financial statements have been retroactively revised to reflect this consolidation.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONTINUED)

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 20% of the outstanding shares. 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 CNSX on the trading day immediately before the date of grant, less the discount permitted under the CNSX 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.

As at July 31, 2013 and 2012, the Company did not have any stock options outstanding.

Share base payment reserve
The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Foreign currency translation reserve
The foreign currency translation reserve records unrealized exchange differences arising on translation of foreign operations that have a functional currency other than the Company's reporting currency.

Investment revaluation reserve
The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses and foreign exchange gains and losses on monetary items.

10. NOTES RECEIVABLE

As at July 31, 2013, the Company had the following notes receivable outstanding:

Borrower	Principal $	Term	Interest	Collateral
Unrelated party	270,000	January 24, 2013	8% per annum	Secured by a parcel of land
Chimata	5,000	On demand	5% per annum	Unsecured

As at July 31, 2012, the Company had the following notes receivable outstanding:

Borrower	Principal $	Term	Interest	Collateral
Chimata	600,000	December 31, 2012	8% per annum	Unsecured

11. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere are as follows:

<u>Transactions with Chimata</u>
On June 16, 2011, the Company advanced $600,000 to Chimata. The amount is unsecured and the stated interest rate is 8%. The amount was discounted to $546,529 at June 16, 2011 using a market interest rate of 15% and accreted up to $636,254 on July 31, 2012. Principal and accrued interest of $674,000 was due on December 31, 2012. On August 23, 2012, the Company received a payment of $614,268 as full repayment of the amount. As a result, the Company recorded a loss on the settlement of the note receivable of $21,986 during the year ended July 31, 2012.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with key management and directors

During the year ended July 31, 2013, the Company had the following transactions with related parties:

	Nature of fees	2013	2012
		$	$
Former President	Consulting	60,000	27,500
Former Chief Financial Officer ("CFO")	Consulting	17,815	20,270
Company affiliated with the Chief Executive Officer ("CEO")	Consulting	30,000	30,000
Company affiliated with the CEO	Rent	30,000	30,000
Chimata	Consulting	2,169	-
Company affiliated with a relative of the CEO	Consulting	7,990	-

As at July 31, 2013 and 2012, the Company's accounts payable and accrued liabilities included the following balances owing to the Company's related parties:

	July 31, 2013	July 31, 2012
	$	$
Former President	-	5,000
Former CFO	4,881	1,575
Company affiliated with a relative of the CEO	2,805	-

The above amounts are unsecured, non-interest bearing, and are due on demand.

12. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	July 31, 2013	July 31, 2012
	$	$
Net income (loss) before taxes	(1,735,955)	232,081
Statutory tax rate	25%	25.75%
Expected income tax recovery at the statutory tax rate	(433,989)	59,761
Non-deductible items and other	(151,736)	(31,490)
Effect of reduction in tax rates	2,791	25,979
Temporary differences not recognized	582,934	(54,250)
Income tax recovery	-	-

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	July 31, 2013	July 31, 2012
	$	$
Non-capital loss carry-forwards	498,850	255,543
Exploration and evaluation assets	205,114	(81,002)
Equipment	39,139	12,377
Marketable securities	39,491	12,740
	782,594	199,658

(Expressed in Canadian dollars)

12. INCOME TAXES (CONTINUED)

The Company's has $1,899,558 in tax losses which expire as follows:

	Canadian non-capital losses	Indian loss pools
	$	$
2015	295,788	-
2026	647,989	-
2028	53,799	-
2029	212,148	-
2031	210,629	-
No expiry	-	479,205
	1,420,353	479,205

13. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence, safeguard the Company's ability to support the exploration and development of its exploration and evaluation assets and to sustain future development of the business. The capital structure of the Company consists of cash, marketable securities, and common shares as capital.

There are no restrictions on the Company's capital and there were no changes in the Company's approach to capital management during the year.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit Risk</u>
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's primary exposure to credit risk is on its cash and notes receivable. The majority of cash is deposited in bank accounts held with major financial institutions in Canada. As most of the Company's cash is held by two financial institutions, there is a concentration of credit risk. This risk is managed by using major financial institutions that are high credit quality financial institutions as determined by rating agencies.

Of the $275,000 of the note receivable balance, $270,000 was a short-term loan secured by a parcel of land.. The remaining balance of $5,000 is held by Chimata. As a result, the credit risk is not considered significant.

<u>Liquidity Risk</u>
Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

All of the Company's liabilities are currently due on demand.

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company's is exposed to foreign exchange risk as MRPL incurs expenditures that are denominated in the Indian Rupee. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

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. The Company's exposure to interest rate risk is minimal.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	July 31, 2013	July 31, 2012
	$	$
Fair value through profit and loss:		
Cash	3,631,577	3,594,303
Loans and receivables:		
Notes receivable	275,000	614,268
Available-for-sale financial assets:		
Marketable securities	127,160	341,170
	4,033,737	4,564,794

Financial liabilities included in the statement of financial position are as follows:

	July 31, 2013	July 31, 2012
	$	$
Non-derivative financial liabilities:		
Trade payables	6,397	18,123

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount as at July 31, 2013 and 2012 for their short-term natures.

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.

(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following is an analysis of the Company's financial assets measured at fair value as at July 31, 2013 and 2012:

	As at July 31, 2012		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	3,594,303	-	-
Available-for-sale financial assets	341,170	-	-
	3,935,473	-	-

	As at July 31, 2013		
	Level 1	**Level 2**	**Level 3**
	$	$	$
Cash	3,631,577	-	-
Available-for-sale financial assets	127,160	-	-
	3,758,737	-	-

15. SEGMENT DISCLOSURES

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

The geographic segment disclosures are as follows:

	Equipment	Exploration and Evaluation Assets
	$	$
July 31, 2013		
India	16,114	1
Canada	8,424	2
	24,538	3

	Equipment	Exploration and Evaluation Assets
	$	$
July 31, 2012		
India	21,547	254,996
Canada	113,455	759,428
	135,002	1,014,424

16. SUBSEQUENT EVENTS

a) On October 24, 2013, the Company agreed to extend the repayment date of the $270,000 note receivable to January 24, 2014 (Note 10).

b) On September 5, 2013, the Company loaned $225,000 to Desert Cold Ventures ("DAU"), a company which has common directors with the Company. The loan matures on October 31, 2013, bears interest at 10% per annum and is secured by all assets of the borrower. In consideration for the loan, the Company earned a finance fee of $13,500 and received 90,000 share purchase warrants of DAU exercisable at $0.15 and matures on September 4, 2014. On October 29, 2013, the loan was fully repaid by DAU.

(Expressed in Canadian dollars)

16. SUBSEQUENT EVENTS (CONTINUED)

c) On October 31, 2013, the Company loaned $51,000 to Chimata. This loan is unsecured, bears interest at 5% per annum and will mature on December 31, 2014.

d) On November 1, 2013, the Company paid a deposit of US$665,905 ($677,645) to acquire a parcel of land located in Sacramento, California, USA.

e) On October 1, 2013, the Company entered into an agreement to acquire a parcel of land in Sacramento, California for US$1,300,000.

f) On October 9, 2013, Acana Capital Corp. ("Acana"), a company with the CEO and CFO in common with the Company, assigned a US$300,000 promissory note issued by TM Technologies Inc. ("TM"), a private company incorporated in the USA to the Company. The note bears interest of 8% per annum, matures on April 6, 2014 and is guaranteed by Medusa Scientific LLC, the parent company of TM and a private company incorporated in the USA. The Company paid Acana $312,020 for the promissory note.

TM issued 500,000 common shares as an incentive for this financing. Acana and the Company agreed to split the shares; 400,000 common shares and 100,000 common shares were issued to the Company and Acana respectively.

17. RESTATEMENT

Management has determined that an adjustment is required with regards to deferred income tax expense and offsetting deferred income tax recovery of $26,801 which was recognized during the year ended July 31, 2012.

As a result, the consolidated statement of financial position as at July 31, 2012 and the consolidated statement of comprehensive loss and cash flows for the year ended July 31, 2012 have been restated.

The following adjustments were made to the consolidated statement of financial position as at July 31, 2012:

	As previously stated	Adjustment	As restated
	$	$	$
Reserves	5,220,129	(26,801)	5,193,328
Deficit	(7,672,032)	26,801	(7,645,231)

The following adjustment was made to the consolidated statement of comprehensive loss as at July 31, 2012:

	As previously stated	Adjustment	As restated
	$	$	$
Deferred income tax expense	(26,801)	26,801	-
Deferred income tax recovery	26,801	(26,801)	-

The following adjustments were made to the consolidated statement of cash flow as at July 31, 2012:

	As previously stated	Adjustment	As restated
	$	$	$
Net income	205,280	26,801	232,081
Deferred income tax expense	26,801	(26,801)	-