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## Management's Discussion and Analysis For the year ended July 31, 2013

### DATE AND SUBJECT OF REPORT

Following is management's discussion ("MD&A") in respect of the results of operations and financial position of Maxtech Ventures Inc. ("Maxtech" or the "Company") for the year ended July 31, 2013 and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended July 31, 2013. The financial statements and MD&A of the Company are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company's operations and activities can be found by visiting the Company's website at [www.maxtechventures.com](http://www.maxtechventures.com). You may also access the Company's disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

The MD&A has been prepared effective as of November 20, 2013.

### FORWARD LOOKING INFORMATION

*The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, future mining properties exploration plans including risks associated with the costs of mineral exploration, whether a mineral deposit will be commercially viable, the fluctuating nature of metal prices, Canadian and foreign government regulations regarding mining, environmental hazards, environmental protection regulations, and also those identified in the Risks & Uncertainties section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and while many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company does not undertake or assume any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by securities law.*

*The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.*

<b>Forwarding looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
<i>Management expects the Company's quarterly results will fluctuate in the future with the amount of business activities conducted and the incidental events that may happen in the future.</i>	<i>Management makes projections based on the Company's past performance.</i>	<i>Unexpected significant operating or investing expenditures that may incur in the future</i>
<i>As at July 31, 2013, the Company wrote down all the exploration and evaluation assets on hand as the recoverability of these properties are not certain.</i>	<i>The impairment decision has been made according to management's assessment on the recoverability of the exploration cost incurred and deferred in the past.</i>	<i>Changes in metal prices.</i>

## SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for Maxtech for each of the three most recently completed fiscal years. The information set forth below should be read in conjunction with the audited consolidated annual financial statements of the same years.

	<b>Year ended July 31, 2013</b>	<b>Year ended July 31, 2012</b>	<b>Year ended July 31, 2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	4,061,423	5,714,220	6,126,302
Long term liabilities	-	-	-
Total revenue	-	-	-
Interest income	52,079	111,260	36,726
Stock-based compensation	-	-	-
Administrative expenses	(272,167)	(268,979)	(210,324)
Income (loss) from continued operation	(1,735,955)	232,081(i)	(176,880)
Basic and diluted gain (loss) per share	(0.15)	0.02	(0.01)

*(i) 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 net income for the year ended July 31, 2012 have been restated from \$205,280 to \$232,081. Details are available in the Note 17 to the Company's audited consolidated financial statements for the year ended July 31, 2013.*

The Company is an exploration stage Company which has not earned revenue from operation and does not expect to earn revenue from operation in the near future.

The fluctuation of the Company's income and loss in the last three year was mainly related to the amount of interest revenue and administrative expenses incurred in each year plus various incidental gain/loss from disposition of the Company's marketable securities, assets write down and recovery.

Administrative expenses increased steadily from 2011 to 2013 as the Company has increased its business activities.

The Company's (\$176,886) loss in 2011 was mainly a result of incurring \$210,324 administrative expense and \$36,726 interest revenue.

During 2012, the Company had \$232,081 income which was mainly a combined result of incurring \$268,979 administrative expense, \$111,260 interest revenue, and \$367,380 recovery. Interest revenue increased in 2012 as the Company advanced \$600,000 to its ex-subsiary, Chimata Gold Corp. and

earned interest income. There was no loan in similar amount in 2013 and 2011. In 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, thus wrote down this investment. On September 7, 2011, the Company received 1,413,000 common shares of Majescor Resources Inc., a public company with shares traded on TSX-V with a fair value of \$367,380, in exchange for the Company's investment in SGH. As a result, a one-time \$367,380 recovery was recorded in 2012.

During 2013, the Company's loss is \$1,735,955 which was mainly a combined result of incurring \$272,167 administrative expenses, interest income of \$52,079, loss of impairment of equipment of \$84,149, loss of impairment of marketable securities of 312,081, and loss of impairment of exploration and evaluation assets of \$1,126,871. The increase in loss is mainly a result of various one-time impairment charges recorded in 2013 in connection with the Company's exploration and evaluation assets, the equipment used for exploration, and on the investment in various junior mining public companies.

## **OVERALL PERFORMANCE**

### **Business update**

Maxtech is an exploration stage company in the business of the acquisition, exploration and development of mineral resource properties located in British Columbia, Quebec and internationally. The Company voluntarily delisted its shares from trading on the TSX Venture Exchange and had the Common shares of the Company started trading on the Canadian National Stock Exchange commencing July 2, 2013 under the symbol MVT.

On July 22, 2013, Lucky Janda and Sandy Janda were appointed the Chief Executive Officer and Chief Financial Officer of the Company respectively.

As at July 31, 2013, the Company wrote down all the exploration and evaluation assets on hand as the recoverability of these properties are not certain. The Company is actively seeking new business opportunities in order to maximize shareholders' values.

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, loss per share, number of outstanding warrants and options presented in this MD&A have been retroactively revised to reflect this share consolidation

Subsequent to the year ended July 31, 2014, the Company paid a \$698,500 deposit to acquire a parcel of land on November 1, 2013 at a consideration of \$698,500 (US\$665,905). This parcel of land is located at 11900 Franklin Blvd., Elk Grove, Sacramento, California, USA, and has an area of approximately 65 acres. Management is currently reviewing various options to utilize this parcel of land, including but not limited to, earning operating income in connection with farming business

The Company also entered into an agreement on October 1, 2013 to acquire a parcel of land of 19.68 acres located at 6059 Bradshaw Road, Sacramento, California, for the purchase price of US\$1,300,000. As of the date of this report, this acquisition is not completed and is pending the result of the Company's due diligence.

On October 9, 2013, Acana Capital Corp., a Canadian public company, assigned a promissory note ("TM Promissory Note") issued by TM Technologies Inc., a private company incorporated in Delaware, USA to the Company for the consideration \$312,050 (fully paid on November 12, 2013). The CEO and CFO of Acana Capital Corp. are also the CEO and CFO of the Company. The TM Promissory Note is guaranteed by Medusa Scientific LLC, a USA private company which is also the parent company of TM Technologies Inc., has a principal of US\$300,000, bears interest of 8% per annum, and will mature on April 6, 2014. TM Technologies issued 500,000 common shares ("TM Common Shares") as an incentive of this financing. Acana Capital Corp. and the Company agreed to split these 500,000 TM Common Shares of which 400,000 common shares and 100,000 common shares were issued to the Company and Acana Capital Corp. respectively

## Exploration Update

### Summary of Exploration and Evaluation Assets

The cost incurred as at July 31, 2013 for the exploration of the mineral properties is summarized as follows:

	July 31, 2012	Addition/ (Disposal)	July 31, 2013
	\$	\$	\$
<b><i>Ariane properties, Quebec</i></b>			
Acquisition, renewal & holding	19,684	2,414	22,098
Analytical/assays	19,507.00	150	19,657
Mapping	7,511.00	-	7,511
Geological and geophysical	350,790	-	350,790
Impairment	-	(400,055)	(400,055)
	397,492	(397,491)	1
<b><i>Julia properties, British Columbia</i></b>			
43-101 report	6,500	-	6,500
Acquisition	27,500	-	27,500
Analytical/assays	243,529	650.00	244,179
Geologist and Geophysical	71,407	-	71,407
Land administration	4,316	-	4,316
Lab testing	8,685	-	8,685
Impairment	-	(362,586)	(362,586)
	361,937	(361,936)	1
<b><i>Lalitpur properties, India</i></b>			
Analysis	36,064	7,276	43,340
Drafting and map	2,445	-	2,445
Geologist and geophysical	98,832	50,175	149,007
Management	47,101	18,641	65,742
Supplies	51,122	14,549	65,671
Travelling and lodging	19,431	18,595	38,026
Impairment	-	(364,230)	(364,230)
	254,995	(254,994)	1
<b>Total resource property interests</b>	<b>1,014,424</b>	<b>(1,014,421)</b>	<b>3</b>

#### Lalitpur District, India

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 a prospecting license, which allows for more advanced exploration on the property. As at July 31, 2013, the license has not been obtained. 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 uncertainty surrounding the approval of the mining permits, the Company has impaired the property to a nominal value of \$1 as at July 31, 2013.

A summary of the exploration performed by the Company is available at a press release filed to [www.sedar.com](http://www.sedar.com) on April 10, 2013 under the Company's profile.

### **Ariane, Quebec**

The Ariane project consists of 104 claims covering approx 6,000 ha. in the province of Quebec.

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.

### **Julia Property, British Columbia**

By an Option agreement dated November 30, 2005 and amended September 7, 2006, between the Company and an arm's length's entity (the "Optionor"), the Company acquired a 50% interest, subject to a 2% NSR, of various mineral claims covering areas located in the Atlin Mining Division of British Columbia (the "Julia Property"). The 2,346 ha Julia Property consists of 10 claims located in northwest British Columbia, within the Atlin Mining District. These claims are centred east of Atlin, south of Surprise Lake and to the immediate west of the headwaters of the O'Donnel River. The Company holds 53% interest 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.

## **SUMMARY OF QUARTERLY RESULTS**

The selected quarterly information for the past eight quarters is outlined below.

(In thousands of dollars except amounts per share)	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalent	3,632	3,985	4,063	4,164	3,594	3,655	3,731	3,862
Working Capital	4,003	4,134	4,313	4,465	4,528	4,154	4,978	4,374
Total Assets	4,061	5,396	5,535	5,665	5,714	5,918	6,081	6,608
Shareholders' Equity	4,027	5,364	5,512	5,630	5,678	5,906	6,067	6,028
Administrative expenses	79	67	68	58	87	70	61	59
Earnings (loss) from continued operation	(1,591)	(54)	(52)	(39)	60	(53)	(49)	247
Earnings (loss) per Share	(0.14)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	0.01
Weighted Average Shares Outstanding (000's)	11,216	11,216	11,216	11,216	11,216	11,216	11,216	11,216

The Company is an exploration stage Company which has not earned revenue from operation and does not expect to earn revenue from operation in the near future, thus its income and loss is not subject to seasonality.

The fluctuation of the Company's income and loss is mainly related to the amount of business activities done in each particular quarter plus various incidental gain/loss from disposition of the Company's marketable securities, assets write down and recovery. Management expects the Company's quarterly results will fluctuate in the future with the amount of business activities conducted and the incidental events that may happen in the future.

## **RESULTS OF OPERATIONS**

The Company is an exploration stage company and does not generate operating revenue.

### **Year ended July 31, 2013 ("Fiscal 2013")**

The Company had a net loss of \$1,735,955 in Fiscal 2013 comparing to the net income of \$232,081 in last year.

The loss in Fiscal 2013 was mainly a combined result of incurring \$272,167 administrative expenses (Fiscal 2012 - \$268,979), interest income of \$52,079 (Fiscal 2012 - \$111,260), loss of impairment of equipment of \$84,149 (Fiscal 2012 - \$2,094), loss of impairment of marketable securities of 312,081

(Fiscal 2012 - \$Nil), and loss of impairment of exploration and evaluation assets of \$1,126,871 (Fiscal 2012 - \$Nil).

During Fiscal 2013, main components of the administrative expenses are office facilities and administrative services of \$49,463 (Fiscal 2012 - \$66,427); consulting fees of \$117,974 (Fiscal 2012 - \$90,353), professional fees of \$21,134 (Fiscal 2012 - \$42,525). Changes in administrative expenses were not significant as the core business of the Company has not changed significantly.

The Company lent \$600,000 to its ex-subsiary Chimata Gold Corp throughout Fiscal 2012 and invested approximate \$3.6 million cash in interest bearing bank account. Both the amount of interest bearing loan and the average balance in the interest bearing bank account decreased in Fiscal 2013. As a result, interest income earned in Fiscal 2013 decreased.

As discussed in the exploration update section in the above, the Company wrote down all the exploration and evaluation assets on hand. As a result, the Company also wrote down the field equipment in connection with exploration in Fiscal 2013. Consequently, the loss from exploration and evaluation impairment and impairment of equipment increased in Fiscal 2013.

The Company holds shares in Abacus Mining and Exploration Corp. and Majescor Resources Inc., both are public companies with shares traded on the Toronto Stock Venture Exchange. As at 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 (Fiscal 2012-\$Nil)

As at July 31, 2013, the Company had \$3,631,577 cash (July 31, 2012 - \$3,594,303), marketable securities of \$127,160 (July 31, 2012 - \$341,170), note receivable of \$275,000 (July 31, 2012 - \$614,268), exploration and evaluation assets of \$3 (July 31, 2012 - \$1,014,424), and accounts payable and accrued liabilities of \$34,181 (July 31, 2012 - \$36,123).

The Company had not acquired nor disposed marketable securities during Fiscal 2013. The decrease in marketable securities was a sole result of assessing an impairment over the carrying value of the Company's marketable securities to its market value as at July 31, 2013.

During Fiscal 2013 the Company's cash increased by \$37,274 which was financed by the redemption of the \$614,268 note receivable that was offset by expenditures incurred for the addition of equipment, exploration and evaluation assets, lending \$275,000 short-term loan, and operating expenses.

#### Three months ended July 31, 2013 ("2013 Q4" or the "Current Quarter")

The Company had a net loss of \$1,590,736 in 2013 Q4 comparing to the net earnings of \$87,159 in the same quarter of last year.

The loss in 2013 Q4 was mainly a combined result of incurring \$79,376 administrative expenses (2012 Q4 - \$78,593), interest income \$12,461 (2012 Q4 - \$58,473), loss from impairment of equipment of \$84,149 (2012 Q4 - \$Nil), loss from impairment of marketable securities of 312,081 (Fiscal 2012 Q4 - \$Nil), and loss from impairment of exploration and evaluation assets of \$1,126,871 (2012 Q4 - \$Nil).

During 2013 Q4, main components of the administrative expenses are office facilities and administrative services of \$5,663 (2012 Q4 - \$27,571); consulting fees of \$35,305 (2012 Q4 - \$29,260), professional fees of \$2,260 (2012 Q4 - \$8,746). Changes in office facilities and administrative, professional fees were not significant as the core business of the Company has not changed significantly.

The loss from impairment of marketable securities; loss from impairment of equipment and exploration and evaluation assets in 2013 Q4 have been discussed in the above. There was no similar transaction in 2012 Q4.

## **LIQUIDITY AND CAPITAL RESOURCES**

Financing of operations has been achieved primarily by equity financing. On July 31, 2013, the Company had \$3,631,577 in cash (\$3,594,303 – July 31, 2012) and a working capital of \$4,002,701 as at July 31, 2013. Increase in cash is mainly a combined result of using cash of \$174,931, \$112,450 in operating expenditures and exploration activities respectively; receiving \$614,268 for a fully repayment of note

receivable, and a \$275,000 cash outflow in connection with two short-term promissory note issued during 2013 Q4.

The Company did not have cash inflows (outflow) in connection with its financing activities during Fiscal 2013.

The Company considers its cash, 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. The Company's capital is not subject to external restriction.

## TRANSACTIONS WITH RELATED PARTIES

Related parties transactions not disclosed elsewhere in the MD&A are as follows:

### Transactions with Chimata

- a) On June 16, 2011, the Company advanced \$600,000 to Chimata Gold Corp. ("Chimata"), a company that shared a common director and common CFO during Fiscal 2013. 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.

- b) During the year ended July 31, 2013, the Company loan Chimata \$5,000. This loan is unsecured, bears interest of 5% per annum, and its payment is on demand.
- c) Subsequent to the year ended July 31, 2013, the Company loan Chimata \$51,000 on October 31, 2013. This loan is unsecured, bears interest of 5%, and will mature on December 31, 2014.

### Transactions with key management and directors

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

	Nature	2013	2012
		\$	\$
Former President (Curt Huber)	Consulting	60,000	27,500
Former CFO (Larry Tsang)	Consulting	17,815	20,270
Company affiliated with the CEO (Cabmerl Industries Ltd.)	Consulting	30,000	30,000
Company affiliated with the CEO (Cabmerl Industries Ltd.)	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.

## **PROPOSED TRANSACTIONS**

Other than the two acquisitions of land that is discussed in the section “Business Update”, there are no other proposed transactions that may materially affect the performance of the Company.

## **SHARE DATA**

As at the date of this MD&A, the Company has 11,216,334 common shares issued and outstanding. As at the date of this MD&A the Company does not have outstanding stock options or stock purchase warrants that can be exercisable into common shares of the Company.

## **CRITICAL ACCOUNTING ESTIMATES**

Not applicable, the Company is a venture issuer.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

Refer to the Note 3 of the Company’s audited consolidated financial statements for the year ended July 31, 2013.

## **RISK AND UNCERTAINTIES**

Risks of the Company’s business include the following:

### *Mining Industry*

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. The Company’s operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company’s mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater



financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

### *Government Regulation*

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

### *Permits and Licenses*

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

### *Environmental Risks and Hazards*

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability for hazards that cannot be insured against.

### *Commodity Prices*

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

#### *Uninsured Risks*

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

#### *Conflicts of Interest*

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

#### *Land Title*

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

#### *Aboriginal Land Claims*

No assurance can be given that aboriginal land claims in British Columbia will not be asserted in the future in which event the Company's operations and title to its properties may potentially be seriously adversely affected.

### **FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES**

Venture issuers are not required to include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"). In particular, the Company's certifying officers are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **OFFICERS AND DIRECTORS**

Lucky Janda, President, CEO and Director

Sandy Janda, CFO

Curt Huber, Director

Aybu Khan, Director

Thomas R. Tough, Director