MAXTECH
VENTURES INC.

# Condensed Interim Consolidated Financial Statements

## Three Months Ended October 31, 2013

(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 months ended October 31, 2013.

# Maxtech Ventures Inc.
## Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

| | Note | October 31, 2013 | July 31, 2013 |
|---|---|---|---|
| | | $ | $ |
| **Assets** | | | |
| **Current Assets** | | | |
| Cash | | 3,509,008 | 3,631,577 |
| Marketable securities | 4 | 118,152 | 127,160 |
| Notes receivable | 10 | 326,000 | 275,000 |
| Sale taxes recoverable | | 313 | 3,145 |
| | | 3,953,473 | 4,036,882 |
| Prepaid | 7 | 51,975 | – |
| Equipment | 5 | 23,475 | 24,538 |
| Exploration and evaluation assets | 6 | 3 | 3 |
| **Total Assets** | | 4,028,926 | 4,061,423 |
| **Liabilities and Shareholders' Equity** | | | |
| **Current Liabilities** | | | |
| Accounts payable and accrued liabilities | 8 | 35,578 | 34,181 |
| **Shareholders' Equity** | | | |
| Share capital | 9 | 8,130,000 | 8,130,000 |
| Reserves | 9 | 5,264,494 | 5,278,428 |
| Deficit | | (9,401,146) | (9,381,186) |
| **Total Equity** | | 3,993,348 | 4,027,242 |
| **Total Liabilities and Shareholders' Equity** | | 4,028,926 | 4,061,423 |

| | |
|---|---|
| *Nature of operations and going concern* | *1* |
| *Subsequent events* | *14* |

"Curt Huber" — Director

"Lucky Janda" — Director

*See accompanying notes to the condensed interim consolidated financial statements*

## Maxtech Ventures Inc.
### Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

| | Note | Three months ended October 31, 2013 | Three months ended October 31, 2012 |
|---|---|---|---|
| | | $ | $ |
| **Expenses** | | | |
| Amortization | | 1,206 | 6,525 |
| Consulting | | 12,500 | 25,700 |
| Exploration expenditures | 6 | 16,741 | – |
| Office facilities and administration | | 11,799 | 12,594 |
| Professional fees | | 3,100 | 4,500 |
| Salaries and wages | | 1,725 | 4,689 |
| Transfer agent, filing and stock exchange fees | | 8,413 | 4,454 |
| **Loss before the following** | | (55,484) | (58,462) |
| Interest income | | 35,524 | 11,375 |
| Other revenue | | – | 7,954 |
| **Net loss for the period** | | (19,960) | (39,133) |
| | | | |
| **Other comprehensive income (loss):** | | | |
| Translation gain (loss) | 9 | (354) | 1,089 |
| Unrealized loss on marketable securities | 4 | (13,580) | (10,000) |
| **Comprehensive loss** | | (13,934) | (48,044) |
| | | | |
| **Basic and diluted earnings (loss) per share** | 9 | (0.00) | (0.00) |
| **Weighted average number of common shares outstanding** | 9 | 11,216,334 | 11,216,334 |

*See accompanying notes to the condensed interim consolidated financial statements*

# MAXTECH VENTURES INC.

## Condensed Interim Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

| | | Three months ended October 31, | |
|---|---|---|---|
| **Cash provided by (used in)** | **Note** | **2013** | **2012** |
| | | $ | $ |
| **Operating activities** | | | |
| Net loss for the period | | (19,960) | (39,133) |
| Items not involving cash | | | |
| Receipt of warrants for interest income | 9, 10 | (4,572) | – |
| Amortization | | 1,206 | 6,525 |
| Changes in non-cash operating working capital | | | |
| Sale taxes recoverable | | 2,832 | 9,980 |
| Accounts payable and accrued liabilities | | 900 | (454) |
| Cash used in operating activities | | (19,594) | (23,082) |
| | | | |
| **Investing activities** | | | |
| Increase of exploration and evaluation assets | | – | (21,577) |
| Increase of deposit in connection with acquisition of a parcel of land | 7 | (51,975) | – |
| Promissory note issued | | – | 614,268 |
| Promissory note issued to Chimata Gold Corp. | 10 | (51,000) | – |
| Cash (used in) provided by investing activities | | (102,975) | 592,691 |
| | | | |
| **Increase(decrease) in cash** | | (122,569) | 569,609 |
| **Cash, beginning of period** | | 3,631,577 | 3,594,303 |
| **Cash, end of period** | | 3,509,008 | 4,163,912 |
| | | | |
| **Supplemental cash flow information:** | | | |
| Cash paid during the period for income taxes | | – | – |
| Cash received from interest income | | 35,524 | 11,135 |

*See accompanying notes to the condensed interim consolidated financial statements*

# Maxtech Ventures Inc.

## Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

| | | Share capital | | Reserves | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Number | Amount | Foreign translation reserve | Share-based payment reserve | Investment revaluation reserve | Deficit | Total equity |
| | | | $ | $ | $ | $ | $ | $ |
| Balance, August 1, 2012 | | 11,216,334 | 8,130,000 | (57,008) | 5,349,127 | (98,791) | (7,645,231) | 5,678,097 |
| Translation gain | | – | – | 1,089 | – | – | – | 1,089 |
| Unrealized loss from marketable securities | | – | – | – | – | (10,000) | – | (10,000) |
| Net loss for the period | | – | – | – | – | – | (39,133) | (39,133) |
| Balance, October 31, 2012 | | 11,216,334 | 8,130,000 | (55,919) | 5,349,127 | (108,791) | (7,684,364) | 5,630,053 |
| | | | | | | | | |
| Balance, July 31, 2013 | | 11,216,334 | 8,130,000 | (70,699) | 5,349,127 | – | (9,381,186) | 4,027,242 |
| Translation loss | | – | – | (354) | – | – | – | (354) |
| Unrealized loss from marketable securities | 9 | – | – | – | – | (13,580) | – | (13,580) |
| Net loss for the period | | – | – | – | – | – | (19,960) | (19,960) |
| Balance, October 31, 2013 | | 11,216,334 | 8,130,000 | (71,053) | 5,349,127 | (13,580) | (9,401,146) | 3,993,348 |

*See accompanying notes to the condensed interim 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 ("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 condensed interim consolidated financial statements for the three months ended October 31, 2013 (the "Interim Financial Statements") 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 October 31, 2013, the Company had recurring losses since inception and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon 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

### a) Statement of compliance

These Interim 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, 2014 could result in revisions to these Interim Financial Statements.

These Interim Financial Statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these Interim Financial Statements be read in conjunction with the most recent audited annual consolidated financial statements of the Company for the year ended July 31, 2013.

These consolidated financial statements were approved and authorized by the Board of Directors on December 27, 2013.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The Company has not adopted new accounting standards since its recent year ended July 31, 2013. Other matters in connection with the Company's significant accounting policies are as follows:

### 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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**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.

**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.

**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.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Accounting standards issued but not yet effective (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 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.

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.

(Unaudited - expressed in Canadian dollars)

## 4. MARKETABLE SECURITIES

The Company holds shares in Abacus Mining and Exploration Corp. (“AME”) and Majescor Resources Inc. (“MJX”) and share purchase warrants of Desert Gold Ventures Inc.(“DAU”) (Note 10), public companies with shares traded on the Toronto Stock Exchange Venture (the “TSX-V”). The Company designates its marketable securities as available-for-sale. As a result, the Company recorded a comprehensive loss of $13,580 as a result of the decrease of the fair value of the Company’s marketable securities during three months ended October 31, 2013.

During three months ended October 31, 2013, the Company did not dispose any marketable securities.

## 5. EQUIPMENT

| | Field equipment | Office equipment | Vehicle | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Cost:** | | | | |
| 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 |
| Additions (disposal) | - | - | - | - |
| At October 31, 2013 | 153,818 | 18,472 | 27,329 | 199,619 |
| **Amortization:** | | | | |
| 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 |
| Charge for the period | - | 420 | 786 | 1,206 |
| At October 31, 2013 | 153,201 | 8,775 | 10,707 | 172,683 |
| **Foreign exchange effects:** | | | | |
| At July 31, 2013 | (617) | (1,693) | (207) | (2,517) |
| At October 31, 2013 | (617) | (1,693) | (1,151) | (3,461) |
| **Net book value:** | | | | |
| At July 31, 2013 | - | 8,424 | 16,114 | 24,538 |
| At October 31, 2013 | - | 8,004 | 15,471 | 23,475 |

(Unaudited - expressed in Canadian dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

| | Ariane | Guercheville | Julia | Lalitpur | Total |
|---|---|---|---|---|---|
| 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 and October 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.

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

The Company did not have exploration activities during three months ended October 31, 2013.

***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”).

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

The Company did not have exploration activities during three months ended October 31, 2013.

***Lalitpur Iron Ore Project***

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.

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

During three months ended October 31, 2013, the Company was in the process of closing down its exploration operations in India, while continuing to work on advancing the approval of it Prospecting License applications. There was $16,741 of exploration expenditures incurred during three months ended October 31, 2013.

(Unaudited - expressed in Canadian dollars)

## 7. Prepaid

On October 31, 2013, the Company had a prepaid balance of $51,975 (July 31, 2013 - $nil), which was comprised solely of a refundable deposit paid for an acquisition of a real estate property in Sacramento of the United States. As of the date of this report, the acquisition is still under negotiation.

## 8. Accounts payable and accrued liabilities

| | October 31, 2013 | July 31, 2013 |
|---|---|---|
| | $ | $ |
| Trade payables | 1,698 | 6,397 |
| Accrued liabilities | 33,880 | 27,784 |
| | 35,578 | 34,181 |

## 9. SHARE CAPITAL

**Authorized:** Unlimited number of common shares without par value

**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 has been retroactively revised to reflect this share consolidation.

**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 and October 31, 2013, 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.

(Unaudited - expressed in Canadian dollars)

## 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, 2014 | 8% per annum | Secured by a parcel of land |
| Chimata (i) | 5,000 | On demand | 5% per annum | Unsecured |

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

| Borrower | Principal $ | Term | Interest | Collateral |
|---|---|---|---|---|
| Unrelated party | 270,000 | January 24, 2014 | 8% per annum | Secured by a parcel of land |
| Chimata (i) | 56,000 | On demand | 5% per annum | Unsecured |

*(i) Chimata Gold Corp. ("Chimata") is the ex-parent company of the Company. The Company's CEO is a relative of Chimata's CEO.*

On September 5, 2013, the Company loaned $225,000 to Desert Cold Ventures ("DAU"). A director of DAU is a relative to the Company's CEO and CFO. The loan bears interest at 10% per annum and is secured by all assets of DAU. 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. DAU has fully repaid the Company $225,000 principal plus $3,082 interest during three months ended October 31, 2013.

The fair value of these warrants of Desert Gold Ventures Inc. is $4,572 which is valued by using of Black Schole Option Pricing model with the following assumptions to determine the fair values of these 90,000 warrants; expected life of one year, risk free interest rate of 1.02%, volatility of 130%, dividend rate of Nil %, and exercise price $0.15/share.

## 11. RELATED PARTY TRANSACTIONS

Related party transactions not disclosed elsewhere are as follows:

<u>Transactions with key management and directors</u>

| | **Nature of fees** | **Three months ended October 31, 2013** | **2012** |
|---|---|---|---|
| | | $ | $ |
| Company affiliated with the CEO | Consulting | 7,500 | 7,500 |
| Company affiliated with the CEO | Rent | 7,500 | 7,500 |
| Company affiliated with a relative of the CEO | Consulting | 5,000 | - |

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

| | **October 31, 2013** | **July 31, 2013** |
|---|---|---|
| | $ | $ |
| Company affiliated with the CEO | 15,000 | 4,881 |
| Company affiliated with a relative of the CEO | - | 2,805 |

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

(Unaudited - expressed in Canadian dollars)

## 12. 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 Company's risk exposure and its policies in managing these risks have not significantly changed from its recent year ended July 31, 2013.

***Classification of financial instruments***

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

| | October 31, 2013 | July 31, 2013 |
|---|---|---|
| | $ | $ |
| Fair value through profit and loss: | | |
| Cash | 3,509,008 | 3,631,577 |
| Loans and receivables: | | |
| Notes receivable | 326,000 | 275,000 |
| Available-for-sale financial assets: | | |
| Marketable securities | 118,152 | 127,160 |
| | 3,953,160 | 4,033,737 |

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

| | October 31, 2013 | July 31, 2013 |
|---|---|---|
| | $ | $ |
| Non-derivative financial liabilities: | | |
| Trade payables | 1,698 | 6,397 |

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount as at October 31 and July 31, 2013 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.

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

| | 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 | - | - |

(Unaudited - expressed in Canadian dollars)

## 12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

| | As at October 31, 2013 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| | $ | $ | $ |
| Cash | 3,509,008 | - | - |
| Available-for-sale financial assets | 118,152 | - | - |
| | 3,627,160 | - | - |

## 13. 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 |
|---|---|---|
| | $ | $ |
| **October 31, 2013** | | |
| India | 15,471 | 1 |
| Canada | 8,004 | 2 |
| | 23,475 | 3 |

## 14. SUBSEQUENT EVENTS

a) In November 2013, the Company acquired a parcel of land (approximately 65 acres) and a house (collectively the “Franklin Property”) located at 11900 Franklin Blvd, Elk Grove, California for the purchase price of US$665,905. Commending November 15, 2013, the Company has leased this parcel of land at US$13,000 to a party not related to the Company for a period ended on March 31, 2015 and has leased the house for monthly rent of US$1,300 from January to December 2014.

b) 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 “Assignment”). 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 which is a private company incorporated in the USA. TM issued 400,000 common shares and 100,000 common shares to the Company and Acana respectively as an incentive for this financing.

On November 12, 2013, the Company fully repaid Acana $312,020 (US$300,000) to complete this Assignment.