

**MAXTECH VENTURES INC.**

**Consolidated Financial Statements**

**July 31, 2016**

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## 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, 2016 and 2015, and the consolidated statements of comprehensive loss, cash flows, and changes in shareholders' equity (deficiency) 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 consolidated 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 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, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain 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.

A handwritten signature in black ink that reads "DMCL" is enclosed in a thin black rectangular border.

DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
November 16, 2016

An independent firm associated with  
Moore Stephens International Limited  
**MOORE STEPHENS**

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

	Note	July 31, 2016	July 31, 2015
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash		8,863	3,353
Marketable securities	5	50,000	50,432
Other receivables	6	1,643	1,943
<b>Total Assets</b>		<b>60,506</b>	<b>55,728</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	7	90,274	54,144
<b>Shareholders' Equity</b>			
Share capital	8	8,330,000	8,230,000
Reserves	8	5,354,127	5,345,223
Deficit		(13,713,895)	(13,573,639)
<b>Total Shareholders' Equity (Deficiency)</b>		<b>(29,768)</b>	<b>1,584</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>60,506</b>	<b>55,728</b>

*Nature of operations and going concern* 1

*Subsequent events* 14

Approved on behalf of the Board of Directors by:

"Peter Wilson"

Director

"Santokh Sahota"

Director

*The accompanying notes are an integral part of these consolidated financial statements.*

**Maxtech Ventures Inc.**  
**Consolidated Statements of Comprehensive**  
**Loss**

(Expressed in Canadian Dollars)

		Year ended July 31,	
	Note	2016	2015
		\$	\$
<b>Expenses</b>			
Advertising and promotion		1,426	–
Consulting		57,230	80,263
Office facilities and administration		30,718	14,976
Professional fees		33,650	12,644
Rent		–	18,000
Transfer agent and listing fees		13,511	144,023
Travel and promotion		–	17,136
<b>Loss before the following</b>		(136,535)	(287,042)
Gain (loss) on marketable securities	5	669	(29,074)
Loss on impairment		–	(60,965)
Foreign exchange loss		–	(2,621)
Realized translation loss		(3,904)	–
Interest (expense) income		(486)	12,594
<b>Net loss from the continued operations</b>		(140,256)	(367,108)
<b>Income (loss) from discounted operations, net of taxes</b>		–	166,784
<b>Net loss for the period</b>		(140,256)	(200,324)
<b>Other comprehensive income (loss):</b>			
Unrealized gain (loss) - marketable securities	5	5,000	–
Translation loss reclassified to net loss		3,904	2,437
<b>Comprehensive loss</b>		(131,352)	(197,887)
<b>Basic and diluted earnings (loss) per share-discontinued operations</b>		–	–
<b>Basic and diluted earnings (loss) per share-continued operations</b>		–	(0.01)
<b>Basic and diluted earnings (loss) per share-discontinued and continued operations</b>		–	(0.01)
<b>Weighted average number of common shares outstanding</b>		43,878,456	36,854,427

*The accompanying notes are an integral part of these consolidated financial statements.*

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

<b>Cash provided by (used in)</b>	<b>Year ended July 31,</b>	
	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Operating activities</b>		
Net income (loss) for the period, continued operations	(140,256)	(367,108)
Loss (gain) on marketable securities	(669)	29,074
Loss on impairment	–	60,965
Foreign exchange gain	–	2,621
Realized translation loss	3,904	–
Changes in non-cash operating working capital		
Other receivables	300	1,220
Accounts payable and accrued liabilities	36,130	31,963
Cash used in operating activities - continued operations	(100,591)	(241,265)
Cash used in operating activities - discontinued operations	–	(31,147)
<b>Investing activities</b>		
Cash transfer to subsidiary upon plan of arrangement	–	(423,327)
Proceeds realized on disposition of marketable securities	6,101	–
Promissory note repayment (issuance)	–	270,000
Cash (used in) provided by investing activities- continued operations	–	(153,327)
Cash (used in) provided by investing activities- discontinued operations	6,101	(596,725)
<b>Financing activities</b>		
Issuance of units/shares	100,000	100,000
Cash provided by financing activities	100,000	100,000
<b>Increase(decrease) in cash</b>	<b>5,510</b>	<b>(922,464)</b>
<b>Cash, beginning of year</b>	<b>3,353</b>	<b>925,817</b>
<b>Cash, end of year</b>	<b>8,863</b>	<b>3,353</b>

*The accompanying notes are an integral part of these consolidated financial statements.*

**Maxtech Ventures Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
(Expressed in Canadian Dollars)

	Share capital		Reserves			Deficit	Total equity
	Number	Amount	Foreign translation reserve	Share-based payment reserve	Investment revaluation reserve		
		\$	\$	\$	\$	\$	\$
Balance, July 31, 2014	33,648,948	8,130,000	(6,341)	5,349,127	–	(9,850,256)	3,622,530
Translation gain	–	–	2,437	–	–	–	2,437
Share issuance	6,000,000	100,000	–	–	–	–	100,000
Distribution-plan of arrangement	–	–	–	–	–	(3,523,059)	(3,523,059)
Net loss	–	–	–	–	–	(200,324)	(200,324)
Balance, July 31, 2015	39,648,948	8,230,000	(3,904)	5,349,127	–	(13,573,639)	1,584
Balance, July 31, 2015	39,648,948	8,230,000	(3,904)	5,349,127	–	(13,573,639)	1,584
Exercise of warrants	6,000,000	100,000	–	–	–	–	100,000
Realized gain-marketable securities	–	–	–	–	5,000	–	5,000
Reclassification of translation losses	–	–	3,904	–	–	–	3,904
Net loss	–	–	–	–	–	(140,256)	(140,256)
Balance, July 31, 2016	45,648,948	8,330,000	–	5,349,127	5,000	(13,713,895)	(29,768)

*The accompanying notes are an integral part of these consolidated financial statements.*

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**1. NATURE OF OPERATIONS AND GOING CONCERN**

Maxtech Ventures Inc. (the “Company” or “Maxtech”) was incorporated on April 19, 2000 under the laws of the province of British Columbia, Canada. The Company’s shares are traded on the Canadian Securities Exchange (the “CSE”) under the symbol “MVT”. The Company is currently seeking business opportunities.

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, 2016 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, 2016, the Company is not able to finance day to day activities through operations and had recurring losses since inception. 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 the private placements of common shares.

During the year ended July 31, 2015, the Company completed a stock split of three new common shares for each old common share of the Company. All share, and per-share amounts in these financial statements have been changed to reflect this split.

**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 16, 2016.

**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 in Canadian dollars, unless otherwise noted.

**Consolidation**

These consolidated financial statements for the year ended July 31, 2016 include the accounts of the Company and its controlled subsidiaries:

Name	Status	Ownership	Place of incorporation
Emerging Minerals Corp. (“Emerging Minerals”)	Inactive	53%	BC, Canada
Eotheme International Ltd (“Eotheme”)	Inactive	100%	Wyoming, USA

During the year ended July 31, 2015, the Company spun out Can-Ameri Agri Co. and Parkplace Equity Investment Group, LLC. As of July 31, 2015, the Company’s statement of financial position does not include the accounts of these two entities. The Company’s statement of comprehensive loss for the year ended July 31, 2015 included the results of these two former subsidiaries up to December 31, 2014 (Note 4).

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Consolidation (continued)**

During the year ended July 31, 2016, the Company completed the sale of Maxtech Resources Private Limited ("MRPL") to a private company for nominal consideration. On disposition of this inactive subsidiary, cumulative translation losses of \$3,904 were reclassified to net loss.

All intercompany balances and transactions between the Company and its subsidiaries have been eliminated on consolidation.

**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 presentational currency. The functional currency of MRPL was the Indian Rupee, the functional currency of Emerging Minerals is the Canadian dollar.

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 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 loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive 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 recorded in to the Company's foreign currency translation reserve. These differences are recognized in the profit or loss in the period in which the operation is disposed of.

**Loss per share**

The Company presents basic loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. The diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all options, warrants and similar instruments outstanding that may add to the total number of common shares. As at July 31, 2016 and 2015, the Company's diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.



**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 has designated its cash to be FVTPL.

*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.

*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.

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.

The Company's non-derivative financial liabilities consist of trade payables. Non-derivative financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

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

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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 share-based payment reserve. The fair value of options is determined using a Black-Scholes pricing model. 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.

**Income taxes**

Current tax:

Current 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 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 tax:

Deferred tax is provided 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 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 tax asset to be utilized.

Deferred 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 tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred 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 fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets.

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**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 assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the determination of the functional currency of the parent company and its subsidiaries.

**Accounting standards issued but not yet applied**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after July 31, 2016 or later periods.

These new 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 consolidated financial statements.

**4. CORPORATE RESTRUCTURING**

The Company and its wholly owned subsidiaries, Can-Ameri Agri Co. Inc. and Parkplace Equity Investment Group LLC (collectively "Can-Ameri Agri"), entered into an arrangement agreement (the "Agreement") to execute a plan of arrangement (the "Arrangement") in connection with the reorganization of the Company. Upon the completion of the Arrangement, Can-Ameri Agri, which has various real estate and farming properties located in the USA, was spun out from the Company. The shareholders of the Company continue to collectively own Can-Ameri Agri upon the completion of the Arrangement.

In accordance with the Arrangement, the Company transferred the following assets and liabilities to Can-Ameri Agri on January 1, 2015 in return for 11,216,314 common shares of Can-Ameri Agri ("Can-Ameri Shares") which have been distributed to the shareholders of the Company on a pro-rata basis based on their relative shareholdings of the Company when the Arrangement was completed on March 13, 2015, when the common shares of Can-Ameri Agri started trading on the CSE after all the approvals were received.

The assets and liabilities transferred out from the Company as at January 1, 2015 are as follows:

Assets transferred to Can-Ameri Agri	\$
Cash	423,327
Prepaid expense	5,801
Properties	2,719,799
Deferred farm cost	348,030
Prepayment related to farm cost	142,112
Liabilities assumed by Can-Ameri Agri	
Deposit	(116,010)
Net assets transferred	3,523,059

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**4. CORPORATE RESTRUCTURING (continued)**

The operations that were transferred to Consolidated Can-Ameri is considered a discontinued operation of the Company with the following details:

	2015
	\$
Revenue	64,325
Expenses	(26,921)
Impairment of note	(62,750)
Realized gain on foreign exchange	192,130
Profit before and after taxes	166,784

**5. MARKETABLE SECURITIES**

As at July 31, 2016 and 2015, marketable securities comprise of investments in shares of Canadian public companies.

During the year ended July 31, 2016, the Company recorded an impairment charge of \$Nil (2015 - \$29,074).

During the year ended July 31, 2016, the Company disposed of certain marketable securities and recorded a gain of \$669 on the disposition (2015 -\$Nil).

Subsequent to July 31, 2016, the remaining marketable securities were sold for the proceeds of \$44,930.

**6. OTHER RECEIVABLE**

	July 31, 2016	July 31, 2015
	\$	\$
Goods and services tax recoverable	1,643	1,943

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	July 31, 2016	July 31, 2015
	\$	\$
Trade payables (Note 10)	53,274	18,324
Accrued liabilities (Note 10)	37,000	35,820
	90,274	54,144

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**8. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Issued**

In November 2014 the Company completed a non-brokered private placement and raised a total of \$100,000 through the sale of 6,000,000 units at \$0.017 per unit, each unit being comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.017 per share for a period of two years. The Company accounted for the issuance of these 6,000,000 share purchase warrants in accordance with the residual method with a fair value of \$Nil.

On November 16, 2015, 6,000,000 share purchase warrants were exercised into 6,000,000 common shares for gross proceeds of \$100,000.

**Stock options**

The Company has adopted an incentive stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 20% of the outstanding shares. Options granted under the Plan may have a maximum term of 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 CSE on the trading day immediately before the date of grant, less the discount permitted. The options vest at the discretion of the Board of Directors. As at July 31, 2016 and 2015, the Company did not have any stock options outstanding.

**Share purchase warrants**

As at July 31, 2016, the Company did not have any share purchase warrants outstanding (July 31, 2015 – 6,000,000).

**Share-based 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 gain or loss arising on change in the fair value of available-for-sale financial assets.

**9. NOTES RECEIVABLE**

As at July 31, 2015 and 2016, the Company had the following notes receivable outstanding:

Borrower	Principal	Term	Interest	Security
	\$			
Chimata (i)	56,000	On-demand	5% per annum	Unsecured
Provision	(56,000)			
	-			

(i) Chimata Gold Corp. ("Chimata") is a former subsidiary of the Company. During the year ended July 31, 2015 the Company fully impaired the notes receivable including the interest receivable of \$4,965 due from Chimata due to the uncertainty of collectability.

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

**10. RELATED PARTY TRANSACTIONS**

Transactions with key management and directors

During the years ended July 31, 2016 and 2015, the Company had the following transactions with related parties:

	Nature of fees	2016	2015
		\$	\$
A former director	Consulting	16,000	-

As at July 31, 2016, the Company's had a balance owing to the Company's former CEO of \$Nil (2015 - \$16,765) for expenses reimbursement included in accounts payable and accrued liabilities (Note 7).

Amounts due to related parties are non-interest bearing, unsecured, with no terms of repayment.

**11. INCOME TAXES**

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

	July 31, 2016	July 31, 2015
	\$	\$
Net loss before taxes	(140,256)	(200,324)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(36,467)	(52,084)
Non-deductible items and other	(341,759)	142,183
Temporary differences not recognized	378,226	(91,570)
Income tax recovery	-	-

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

	July 31, 2016	July 31, 2015
	\$	\$
Non-capital loss carry-forwards	451,000	505,225
Exploration and evaluation assets	195,000	195,000
Equipment	43,000	43,000
Other	186,000	68,000
Marketable securities	8,000	42,000
	883,000	853,225

The Company has \$1,735,936 in tax losses which expire as follows:

	Canadian non-capital losses
	\$
2027	205,571
2028	647,989
2030	53,799
2031	212,148
2033	156,021
2034	48,165
2035	276,318
2036	135,925
	1,735,936

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

---

**12. 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 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.

**13. 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:

Credit Risk

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. 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.

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 is not exposed to significant foreign exchange risk as the Company does not have foreign currency transactions.

Liquidity Risk

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.

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.

Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices for general movements in the level of the stock market. The Company is exposed to price risk on its marketable securities.

**Maxtech Ventures Inc.**  
Notes to the consolidated financial statements  
July 31, 2016  
(Expressed in Canadian dollars)

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

***Classification of financial instruments***

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

	July 31, 2016	July 31, 2015
	\$	\$
Fair value through profit and loss:		
Cash	8,863	3,353
Available-for-sale financial assets:		
Marketable securities	50,000	50,432
	<u>58,863</u>	<u>53,785</u>

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

	July 31, 2016	July 31, 2015
	\$	\$
Non-derivative financial liabilities:		
Trade payables	53,274	18,324

***Fair value***

The fair value of the Company's financial assets and liabilities approximates the carrying amount as at July 31, 2016 and 2015 due to their short-term nature.

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.

Cash and marketable securities are recorded at fair value based on level 1 inputs.

**14. SUBSEQUENT EVENTS**

On September 23, 2016, the Company entered into a loan agreement with Grand Peak Capital Corp. ("Grand Peak"), whereby Grand Peak agreed to lend the Company \$12,000 in exchange for an unsecured promissory note. The loan has an effective interest rate of 3% per annum, and is due on demand.

On September 23, 2016, the Company entered into a loan agreement with Innovative Properties Inc. ("Innovative"), whereby Innovative agreed to lend the Company \$50,000 in exchange for an unsecured promissory note. The loan has an effective interest rate of 3% per annum, and is due on demand.

On September 23, 2016, the Company sold certain marketable securities for the proceeds of \$44,930 (Note 5).