



**Maxtech Ventures Inc.**

**Consolidated Financial Statements  
For the Years Ended July 31, 2019 and 2018**

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Maxtech Ventures Inc.

### Opinion

We have audited the consolidated financial statements of Maxtech Ventures Inc. (the "Company"), which comprise the consolidated statements of financial position as at July 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of \$845,961 during the year ended July 31, 2019 and, as of that date, the Company's current liabilities exceeded its total assets by \$159,380. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Matthew Gosden.

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

November 15, 2019



An independent firm  
associated with Moore  
Global Network Limited

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

	July 31, 2019	July 31, 2018
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	-	135,242
Prepaid expenses	5,787	30,217
	<b>5,787</b>	165,459
<b>Non-current</b>		
Exploration and evaluation assets (Note 4)	182,566	434,811
<b>Total Assets</b>	<b>188,353</b>	600,270
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	148,199	328,439
Due to related parties (Note 7)	199,534	5,250
	<b>347,733</b>	333,689
<b>Shareholders' Equity</b>		
Share capital (Note 6)	11,143,360	10,723,360
Share based payment reserve (Note 6)	-	2,118,086
Contributed surplus	7,467,213	5,349,127
Deficit	(18,769,953)	(17,923,992)
Total shareholders' equity	(159,380)	266,581
<b>Total Liabilities and Shareholders' Equity</b>	<b>188,353</b>	600,270

*Nature of operations and going concern (Note 1)*  
*Commitments (Note 10)*  
*Subsequent events (Note 12)*

**Approved on behalf of the Board of Directors on November 15, 2019:**

"Peter Wilson"  
Director

"Eugene Hodgson"  
Director

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

**Maxtech Ventures Inc.**  
**Consolidated Statements of Loss and Comprehensive Loss**  
(Expressed in Canadian dollars, except number of shares outstanding)

	For the years ended	
	July 31, 2019	July 31, 2018
	\$	\$
<b>Expenses</b>		
Impairment of exploration and evaluation assets (Note 4)	445,507	-
Consulting and management fees (Note 6 and 7)	343,255	662,664
Public relations and advertising	62,821	499,293
Office facilities and administration (Note 7)	30,600	143,090
Professional fees (Note 7)	39,895	27,536
Transfer agent and listing fees	15,227	31,468
Property investigation	13,656	40,080
Share-based compensation (Note 6 and 7)	-	1,110,000
Business development	-	30,000
Gain on debt settlement (Note 6)	(105,000)	-
<b>Loss and comprehensive loss for the year</b>	<b>845,961</b>	<b>2,544,131</b>
<b>Weighted average number of common shares outstanding</b>		
Basic and diluted	56,145,684	51,926,319
<b>Loss per common share</b>		
Basic and diluted	<b>\$ 0.02</b>	<b>\$ 0.05</b>

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

**Maxtech Ventures Inc.**  
**Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)

	For the years ended	
	July 31, 2019	July 31, 2018
	\$	\$
<b>Operating activities</b>		
Net loss for the year	(845,961)	(2,544,131)
Impairment of exploration and evaluation assets	445,507	-
Share-based compensation	-	1,110,000
Services paid in shares	205,000	15,000
Gain on debt settlement	(105,000)	-
Changes in non-cash operating working capital		
Prepaid expenses	24,430	(21,817)
Accounts payable and accrued liabilities	14,510	190,685
Due to related parties	199,534	-
Cash used in operating activities	(61,980)	(1,250,263)
<b>Investing activities</b>		
Exploration and evaluation expenditures	(73,262)	(234,651)
Cash used in investing activities	(73,262)	(234,651)
<b>Financing activities</b>		
Exercise of options	-	45,000
Exercise of warrants	-	521,250
Proceeds from private placement, net	-	952,126
Cash provided by financing activities	-	1,518,376
<b>Net (decrease) increase in cash</b>	<b>(135,242)</b>	<b>33,462</b>
Cash, beginning of period	135,242	101,780
<b>Cash, end of period</b>	<b>-</b>	<b>135,242</b>
<b>Non-cash investing transaction:</b>		
Issuance of shares for acquisition of exploration and evaluation assets	\$120,000	\$ -

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

**Maxtech Ventures Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
(Expressed in Canadian dollars, except number of outstanding shares)

	Share Capital		Obligation to issue shares	Share-based payment reserve	Contributed surplus	Deficit	Total
	Number #	Amount \$					
<b>Balance July 31, 2017</b>	<b>49,186,448</b>	<b>9,037,500</b>	<b>99,984</b>	<b>1,060,586</b>	<b>5,349,127</b>	<b>(15,379,861)</b>	<b>167,336</b>
Private placements (Note 6)	3,206,030	1,052,110	(99,984)	-	-	-	952,126
Proceeds from warrant exercises (Note 6)	1,737,500	521,250	-	-	-	-	521,250
Option exercises (Note 6)	150,000	97,500	-	(52,500)	-	-	45,000
Shares granted for services (Note 6)	34,884	15,000	-	-	-	-	15,000
Share-based compensation (Note 6)	-	-	-	1,110,000	-	-	1,110,000
Net loss	-	-	-	-	-	(2,544,131)	(2,544,131)
<b>Balance July 31, 2018</b>	<b>54,314,862</b>	<b>10,723,360</b>	<b>-</b>	<b>2,118,086</b>	<b>5,349,127</b>	<b>(17,923,992)</b>	<b>266,581</b>
Shares issued for services and debt settlement (Note 6)	2,500,000	300,000	-	(2,118,086)	2,118,086	-	300,000
Shares issued for property (Note 6)	750,000	120,000	-	-	-	-	120,000
Net loss	-	-	-	-	-	(845,961)	(845,961)
<b>Balance July 31, 2019</b>	<b>57,564,862</b>	<b>11,143,360</b>	<b>-</b>	<b>-</b>	<b>7,467,213</b>	<b>(18,769,953)</b>	<b>(159,380)</b>

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

**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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**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 in the business of exploration and evaluation of mineral property interests in Zambia and Canada.

The head office, principal address and records office of the Company are located at 702 - 595 Howe Street, Vancouver, B.C. V6C 2T5.

These consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at July 31, 2019, the Company is not able to finance day to day activities through operations and had recurring losses since inception. For the year ended July 31, 2019, the Company incurred a net loss of \$845,961. As of that date, the Company’s current liabilities exceeded its total assets by \$159,380, had a deficit of \$18,769,953 and negative working capital of \$341,946. There is no certainty that additional financing at terms that are acceptable to the Company will be available, and an inability to obtain financing would have a direct impact on the Company’s ability to continue as a going concern. These conditions indicate a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with the proceeds from equity financings.

These financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

**2. BASIS OF PRESENTATION**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), effective for the financial year ended July 31, 2019. IFRS include International Accounting Standards (“IAS”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”).

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of the Company on November 15, 2019.

**(b) Basis of presentation**

These financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value, or amortized cost, as applicable. The presentation currency is the Canadian dollar; therefore, all amounts are presented in Canadian dollars unless otherwise noted.

**(c) Significant accounting judgements and key sources of estimate uncertainty**

The preparation of the financial statements in conformity with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the financial statements. Estimates are continuously evaluated and are based on management’s experience and expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes may differ from these estimates.



**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

Significant judgments exercised in applying accounting policies, apart from those involving estimates, that have the most significant effect on the amounts recognized in the financial statements are as follows:

*i. Going-concern*

The 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. The assessment of the Company's ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption were not appropriate for the financial statements, then adjustments to the carrying value of assets and liabilities, the reported expenses and the statement of financial position would be necessary (Note 1).

*ii. Functional currency*

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. The Company has determined that the functional currency is the Canadian dollar. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions that determined the primary economic environment.

*iii. Economic recoverability of future economic benefits of mineral property interests*

Management has determined that exploration and evaluation of mineral properties and related costs incurred, which have been recognized on the statements of financial position, are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geological data, scoping studies, accessible facilities, and existing and future permits.

*iv. Indications of impairments of assets*

Impairment testing is done at the cash generating unit ("CGU") level and judgment is involved in assessing whether there is any indication that an asset or a cash generating unit may be impaired. The assessment of the impairment indicators involves the application of a number of significant judgments and estimates to certain variables, including metal price trends, exploration plans for properties and the results of exploration and evaluation to date.

Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

*i. Provisions*

Provisions recognized in the financial statements involve judgments on the occurrence of future events, which could result in a material outlay for the Company. In determining whether an outlay will be material, the Company considers the expected future cash flows based on facts, historical experience and probabilities associated with such future events. Uncertainties exist with respect to estimates made by management and as a result, the actual expenditure may differ from amounts currently reported.

**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

*ii. Share-based compensation*

The Company determines the fair value of stock options granted using the Black Scholes option pricing model. This option pricing model requires the development of market-based subjective inputs, including the risk-free interest rate, expected price volatility and expected life of the option. Changes in these inputs and the underlying assumption used to develop them can materially affect the fair value estimate.

*iii. Income taxes*

The provision for income taxes and composition of income tax assets and liabilities require management's judgment. The application of income tax legislation also requires judgment in order to interpret legislation and apply those findings to the Company's transactions.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Consolidation**

These consolidated financial statements for the year ended July 31, 2019, include the accounts of the Company and its controlled subsidiaries:

<b>Name</b>	<b>Status</b>	<b>Ownership</b>	<b>Place of incorporation</b>
Maxtech Mining Zambia Ltd.	Active	100%	Zambia
Emerging Minerals Corp. ("Emerging Minerals")*	Inactive	53%	BC, Canada
Exercised International Ltd ("Eotheme")*	Inactive	100%	Wyoming, USA

\*As at July 31, 2019, these subsidiaries remain inactive.

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

**(b) Foreign currency translation**

The financial statements of the Company are prepared in its functional currency, determined on the basis of the primary economic environment in which the entity operates. Given that operations are in Canada, the presentation and functional currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing at the transaction dates. At each reporting date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing rates and non-monetary items measured at historical cost are translated into the entity's functional currency at rates in effect at the date the transaction took place.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are included in the statements of loss and comprehensive loss for the period in which they arise.

**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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

**(c) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits held with banks, and other highly liquid short-term investments that are readily convertible to cash and have maturities with terms of less than ninety days and/or with original maturities over ninety days but redeemable on demand without penalty.

**(d) Exploration and evaluation assets**

Title to exploration and evaluation assets including mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to all its mineral properties and, to the best of its knowledge title to all of its properties is in good standing.

The Company accounts for exploration and evaluation assets in accordance with IFRS 6 – Exploration for and evaluation of mineral properties (“IFRS 6”). Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation are recognized and capitalized, in addition to the acquisition costs. These expenditures include but are not limited to acquiring licenses, researching and analyzing existing exploration data, conducting geological studies, exploration drilling and sampling and payments made to contractors and consultants in connection with the exploration and evaluation of the property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

Acquisition costs incurred in obtaining legal right to explore a mineral property are deferred until the legal right is granted and thereon reclassified to mineral properties. Transaction costs incurred in acquiring an asset are deferred until the transaction is completed and then included in the purchase price of the asset acquired.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of the estimated recoverable amount, are written off to the statement of loss and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

**(e) Provisions**

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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

**(f) Impairment of assets**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there are any indicators of impairment. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash inflows that are independent from other assets, the Company estimates the recoverable amount of the CGU to which the asset belongs. Any intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount and an impairment loss is recognized immediately in the statement of loss and comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal of impairment is recognized in the statement of loss and comprehensive loss.

**(g) Share capital**

Common shares are classified as share capital. Costs directly attributable to the issue of common shares are recognized as a deduction from share capital, net of any tax effects.

**(h) Warrants**

Share purchase warrants are classified as a component of equity. Share purchase warrants are recognized at the fair value using the Black-Scholes option pricing model at the date of issue. Share purchase warrants are initially recorded as a part of warrant reserves in equity at the recognized fair value. Upon exercise of the share purchase warrants the previously recognized fair value of the warrants exercised is reallocated to share capital from warrant reserves. The proceeds generated from the payment of the exercise price are also allocated to share capital.

**(i) Income taxes**

Income tax reported in the statement of loss and comprehensive loss for the period presented comprises current and deferred income tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax for each taxable entity in the Company is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes any adjustments to tax payable or recoverable with regards to previous periods.

**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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

Deferred income tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the expected future tax rates enacted or substantively enacted at the reporting date.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are offset only when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

**(j) 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 option 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.

**(k) Financial instruments**

On August 1, 2018, the Company retrospectively adopted IFRS 9 - Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard also introduces additional changes relating to financial liabilities, amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment and introduces a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

The adoption of IFRS 9, retrospectively without restatement, did not have a significant impact on the measurement of the Company's financial instruments in the financial statements. The following are the Company's new accounting policies under IFRS 9:

Non-derivative financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Measurement and classification of financial assets is dependent on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred.

**Maxtech Ventures Inc.**  
**Notes to the Consolidated Financial Statements**  
**For the year ended July 31, 2019**  
(Expressed in Canadian dollars)

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

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value, and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in profit and loss in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated specifically as hedges.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date. Gains and losses on derecognition of financial assets classified amortized cost are recognized in profit or loss.

Financial liabilities

For financial liabilities, the new standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to the Company's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch. Financial liabilities are recognized initially at fair value, net of transaction costs incurred, and are subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at FVTPL and, accordingly, are recorded in the statement of financial position at fair value. Unrealized gains and losses on derivatives not designated in a hedging relationship are recorded as part of other operating income (expense) or non-operating income (expense) in profit depending on the nature of the derivative. Fair values for derivative instruments are determined using inputs based on market conditions existing at the balance sheet date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract. Accounts receivable related to provisionally priced sales are measured at fair value with changes recognized in the statement of loss and comprehensive loss as a component of revenue.

**Maxtech Ventures Inc.**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Expected credit losses

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. The Company is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

**(l) Loss per share**

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share is calculated by dividing income available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. Because the Company incurred net losses, the effect of dilutive instruments would be anti-dilutive and therefore diluted loss per share equals basic loss per share.

**(m) Changes in accounting standards not yet effective**

In January 2016, the IASB published a new accounting standard, IFRS 16 - Leases ("IFRS 16") which supersedes IAS 17 - Leases. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not have any material lease agreements and does not expect the adoption of this standard to materially impact its financial statements.

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**4. EXPLORATION AND EVALUATION ASSETS**

	Mato Grosso Brazil	Bahia Brazil Project	Zambia Project	Lac Patu Vanadium Project	Total
	\$	\$	\$	\$	\$
<b>Balance, July 31, 2017</b>	200,160	-	-	-	200,160
Acquisition	-	676	-	-	676
Administration	106,858	-	-	-	106,858
Geologist	113,013	3,500	10,604	-	127,117
<b>Balance, July 31, 2018</b>	420,031	4,176	10,604	-	434,811
Acquisition	-	-	-	165,000	165,000
Administration	10,000	-	-	-	10,000
Geologist	8,800	2,500	6,962	-	18,262
	438,831	6,676	17,566	165,000	628,073
Write-down	(438,831)	(6,676)	-	-	(445,507)
<b>Balance, July 31, 2019</b>	-	-	<b>17,566</b>	<b>165,000</b>	<b>182,566</b>

Mato Grosso Brazil Project

During the year ended July 31, 2017, the Company acquired four mineral claims in Brazil. The terms of the acquisition included a payment of US\$10,000 and the issuance of 400,000 common shares with a fair value of \$80,000. The Company abandoned its interest in the Mato Grosso Brazil Project during the year ended July 31, 2019 and therefore recorded an impairment equal to the carrying value of the asset.

Bahia Brazil Project

On July 20, 2018, two vanadium mineral claims were filed with the Departamento Nacional de Produção Mineral in the state of Bahia, Brazil. The Company abandoned its interest in the Bahia Brazil Project during the year ended July 31, 2019 and therefore recorded an impairment equal to the carrying value of the asset.

Zambia Project

On April 23, 2018, the Company received approval for the formation of its wholly owned subsidiary Maxtech Zambia Mining Ltd. Further on May 8, 2018, the Company filed for two exploration licenses in Zambia through this subsidiary. On August 2, 2018, the Minister of Mines and Mineral Development of Zambia approved the application for these licenses.



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**4. EXPLORATION AND EVALUATION ASSETS (continued)**

Lac Patu Vanadium Project

On August 15, 2019 the Company entered into an option agreement to acquire 100% of the Lac Patu property over a 2 year period. The Lac Patu property consists of mineral claims located in Quebec Canada.

In order to earn the 100% interest the Company is required to make cash payments totaling \$185,000 and issue 3,250,000 common shares as follows:

- Pay \$45,000 (paid) and issue 750,000 common shares (issued with a fair value of \$120,000) on signing;
- Pay \$60,000 and issue 1,000,000 common shares twelve months after signing; and
- Pay \$80,000 and issue 1,500,000 common shares twenty-four months after signing.

The property is subject to a 2% net smelter royalty (“NSR”). The Company may purchase 1% of the NSR for a cash payment of \$1,000,000.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	July 31, 2019	July 31, 2018
	\$	\$
Accounts payable	136,199	316,439
Accrued liabilities	12,000	12,000
	<b>148,199</b>	<b>328,439</b>

**6. SHARE CAPITAL**

**Authorized**

Unlimited number of common shares without par value.

**Issued**

Year ended July 31, 2019

On July 16, 2019, the Company issued 1,000,000 shares valued at a fair value of \$0.03 per share totaling \$30,000 as partial payment for work performed by a consultant, which was included as an expense under consulting and management fees.

On November 20, 2018, the Company issued 750,000 shares at a fair value of \$0.16 per share totaling \$120,000 as deposits on the purchase of 100% rights, title and interest in mineral claims in Quebec, which was included as an addition to the exploration and evaluation assets for the Lac Patu Vanadium Project.

On October 2, 2018, the Company issued 800,000 shares at a fair value of \$0.25 per share totaling \$200,000 to settle debt for work performed by a consultant in the prior fiscal year, which was included as an expense under consulting and management fees in the year ended July 31, 2018.

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**6. SHARE CAPITAL (continued)**

On September 17, 2018, the Company issued 700,000 shares at a deemed value of \$0.25 per share totaling \$175,000 for work performed by a consultant, which was included as an expense under consulting and management fees. The fair value of the shares was \$0.10 on the date of the share issuance and therefore the Company recognized a gain on debt settlement of \$105,000.

Year ended July 31, 2018

On March 21, 2018, 150,000 options were exercised for \$0.30 per share.

On March 9, 2018, the Company closed a private placement for 2,506,030 units for proceeds of \$877,110. Each unit comprised one common share and one common share purchase warrant exercisable for two years from the date of issuance at \$0.45 per warrant. Concurrent with the private placement, the Company issued 200,482 common share purchase warrants to certain finders exercisable for two years from the date of issuance at \$0.45 per warrant

On January 15, 2018, the Company issued 34,884 shares for consulting services with a fair value of \$15,000.

On September 22, 2017, the Company closed a private placement for 700,000 units for proceeds of \$175,000. Each unit comprised one common share and one common share purchase warrant exercisable for two years from the date of issuance with an exercise price of \$0.30 per warrant.

**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.

On July 11, 2018, the Company issued 600,000 share purchase options to a capital raising consulting firm of the Company. These options entitle the holder to purchase 300,000 shares for \$0.30 per share for two years from the date of grant, and 300,000 shares for a \$0.50 per share for two years from date of grant. These options issued had a fair value of \$60,000 using the Black Scholes option pricing model with the following inputs: i) exercise price: \$0.30 and \$0.50; ii) share price: \$0.22; iii) term: 2 years; iv) volatility: 115%; v) discount rate: 2.08%.

On November 8, 2017, the Company issued 3,000,000 share purchase options to officers and directors of the Company. These options entitle the holder to purchase one share for \$0.30 for five years from the date of grant. These options issued had a fair value of \$1,050,000 using the Black Scholes option pricing model with the following inputs: i) exercise price: \$0.30; ii) share price: \$0.385; iii) term: 5 years; iv) volatility: 148%; v) discount rate: 1.62%.

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**6. SHARE CAPITAL (continued)**

During the year ended July 2019, all remaining options were cancelled or forfeited.

	Options outstanding and exercisable	Weighted average exercise price
	#	\$
Outstanding - July 31, 2017	2,500,000	0.51
Granted	3,600,000	0.32
Exercised	(150,000)	0.30
Outstanding - July 31, 2018	5,950,000	0.40
Cancelled or forfeited	(5,950,000)	0.40
<b>Outstanding – July 31, 2019</b>	<b>-</b>	<b>-</b>

**Share purchase warrants**

Following is a continuity schedule for the Company's warrants, for the years ended July 31, 2018 and 2019:

	Warrants outstanding and exercisable	Weighted average exercise price
	#	\$
Outstanding - July 31, 2017	3,137,500	0.30
Issued	3,406,512	0.42
Exercised	(1,737,500)	0.30
Outstanding - July 31, 2018	4,806,512	0.38
Expired	(1,500,000)	0.07
<b>Outstanding – July 31, 2019</b>	<b>3,306,512</b>	<b>0.25</b>

The Company has the following share purchase warrants outstanding as at July 31, 2019:

Fiscal year of expiry	Range of exercise prices \$	Warrants outstanding and exercisable	Weighted average exercise price \$	Weighted average remaining contractual life (years)
2020	0.30 – 0.45	3,306,512	0.42	0.52

**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.

**Contributed surplus**

Contributed surplus records items that had been recognized as stock-based compensation expense and other share-based payments after those items have expired, been forfeited or have been cancelled.

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**7. RELATED PARTY TRANSACTIONS**

Transactions with key management and directors

During the year ended July 31, 2019, the Company accrued \$90,000 in management fees to the CEO or a company which the CEO is a partner of (year ended July 31, 2018 - \$309,544 for management fees as well as reimbursement for consulting services, travel, administration, property exploration costs and subcontractors). As at July 31, 2019, \$199,534 (July 31, 2018 - \$nil) is included in due to related parties for amounts due to the CEO or a company which the CEO is a partner of including \$109,534 (July 31, 2018 - \$nil) in cash advances to the Company, and \$90,000 (July 31, 2018 - \$nil) in management fees.

During the year ended July 31, 2019, the Company paid \$2,000 (year ended July 31, 2018 - \$5,250) in fees to a company controlled by the former CFO of the Company for accounting and administrative services. As at July 31, 2019, \$nil (July 31, 2018 - \$5,250) is included in due to related parties for these services.

During the year ended July 31, 2019, the Company granted nil (2018: 950,000) shares of share-based payments for a total fair value of \$nil (2018: \$332,500) to directors, officers, and a related company.

**8. FINANCIAL INSTRUMENTS**

**(a) Overview of changes in IFRS**

The Company adopted IFRS 9 on August 1, 2018, in accordance with the transitional provisions of the standard and as described in Note 3.

**(b) Classification and measurement changes**

The Company has assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and have summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 in the following table:

	Measurement Category	
	Original (IAS 39)	New (IFRS 9)
<b>Financial assets:</b>		
Cash and cash equivalents	Loans and receivables	Amortized Cost
<b>Financial liabilities:</b>		
Accounts payables and accrued liabilities	Other financial liabilities	Amortized Cost
Due to related parties	Other financial liabilities	Amortized Cost

**(c) Fair value of financial instruments**

As at July 31, 2019 and 2018, the Company's financial instruments consist of cash, accounts payable and accrued liabilities, and due to related parties.

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

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**8. FINANCIAL INSTRUMENTS (continued)**

The three levels of hierarchy are:

- Level 1 - Quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data.

The Company's cash and cash equivalents are classified as Level 1, whereas accounts payable and accrued liabilities, and due to related parties are classified as Level 2. As at July 31, 2019, the Company believes that the carrying values of cash, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

**(d) Financial instruments risk**

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board approves and monitors the risk management processes:

(i) Credit risk:

Credit risk exposure arises with respect to the Company's cash. The risk exposure is limited because the Company places its cash in a major Canadian bank.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company cannot meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to settle obligations and liabilities when they become due. As at July 31, 2019, the Company had cash of \$nil (July 31, 2018 – \$135,242) and a negative working capital of \$341,946 (July 31, 2018 - \$168,230), with total liabilities of \$347,733 (July 31, 2018 - \$333,689).

(iii) Market risk:

- a. 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. A change of 100 basis points in interest rates would not be material to the financial statements.
- b. Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rates. Assuming all other variables are held constant with an increase or a decrease of 10% of the US dollar against the Canadian dollar, the net loss of the Company and the equity for the year ended July 31, 2019 would not have changed as it had no US dollar denominated assets or liabilities.
- c. The Company had no hedging agreements in place with respect to foreign exchange rates.

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**9. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The management of the capital structure is based on the funds available to the Company in order to support the acquisition, exploration and development of mineral properties and to maintain the Company in good standing with the various regulatory authorities. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, issue debt instruments or return capital to its shareholders. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. There were no changes in the Company's approach to capital management during the year ended July 31, 2019. The Company is not subject to any external capital requirements.

**10. COMMITMENTS**

The Company has the following operating lease commitment, which expires in 2020:

	<b>As at July 31, 2019</b>
	\$
2020	16,240
<b>Total</b>	<b>16,240</b>

**11. INCOME TAXES**

Income tax expense differs from the amount that would result by applying the combined Canadian federal and provincial income tax rates to net income before income taxes. The statutory rate in Canada was 27% for the year ended July 31, 2019 (July 31, 2018 – 26%).

	<b>July 31, 2019</b>	July 31, 2018
	\$	\$
Net loss before taxes	<b>(845,961)</b>	(2,544,131)
Combined federal and provincial statutory income tax rates	<b>27%</b>	26%
Income tax recovery at statutory rates	<b>(228,400)</b>	(661,500)
Non-deductible differences	<b>28,350</b>	288,600
Other, including rate change	<b>(50,950)</b>	-
Change in unrecognized deductible temporary differences	<b>251,000</b>	372,900
Total income tax recovery	-	-

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**11. INCOME TAXES (continued)**

Unrecognized deductible temporary differences

The income tax benefit of the following deductible temporary differences has not been recorded in these financial statements because of the uncertainty of their recovery:

	<b>July 31, 2019</b>	July 31, 2018
	<b>\$</b>	<b>\$</b>
Non-capital loss carry-forwards	<b>1,100,000</b>	982,000
Exploration and evaluation assets	<b>323,000</b>	195,000
Equipment	<b>2,000</b>	2,000
Other	<b>121,000</b>	116,000
Unrecognized deferred tax assets	<b>(1,546,000)</b>	(1,295,000)
Deferred tax assets	-	-

The Company's non-capital tax losses available to reduce taxes in future years of approximately \$4,072,521 (2018 - \$3,777,067) in Canada with expiry over 2027 through 2039 have not been recognized in these financial statements.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**12. SUBSEQUENT EVENTS**

On September 16, 2019, the Company issued 500,000 shares at \$0.09 per share to settle a debt of \$45,000 for services performed by a consultant.

On September 20, 2019, the Company closed the first tranche of a non-brokered private placement comprised of 3,030,000 units of the Company at a price of \$0.05 per unit for aggregate gross proceeds of \$151,500. Each unit in the private placement comprised one common share of the company and one common share purchase warrant ("warrant"). Each warrant entitles the holder to acquire an additional common share at a price of \$0.10 per share for a period of one year from the closing date and is subject to an acceleration clause that is triggered should the company's shares trade on a recognized exchange at more than \$0.20 for a 10-day period, which can include days where no shares trade.

On October 21, 2019, the Company closed the second tranche of a non-brokered private placement comprised of 3,000,000 units of the Company at a price of \$0.05 per unit for aggregate gross proceeds of \$150,000. Each unit in the private placement comprised one common share of the company and one common share purchase warrant ("warrant"). Each warrant entitles the holder to acquire an additional common share at a price of \$0.10 per share for a period of one year from the closing date and is subject to an acceleration clause that is triggered should the company's shares trade on a recognized exchange at more than \$0.20 for a 10-day period, which can include days where no shares trade.

On October 25, 2019, the Company issued 2,000,000 common shares pursuant to a binding letter of intent with Benton Resources Inc. to acquire 100% of the Panama Gold Project in the Red Lake mining district in Ontario as the first commitment.