# Management’s Discussion and Analysis
# For the Three and Six Months Ended January 31, 2020 and 2019

## DATE AND SUBJECT OF REPORT

The following is management's discussion and analysis (“MD&A”) in respect of the results of operations and financial position of Maxtech Ventures Inc. (“Maxtech” or the "Company") for the three and six months ended January 31, 2020 and 2019, and should be read in conjunction with the unaudited condensed interim consolidated financial statements (“interim financial statements”) for the three and six months ended January 31, 2020 and 2019. The interim financial statements and MD&A of the Company are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards (“IFRS") as issued by the International Accounting Standards Board. References to “US$” are to United States dollars. Additional information relating to the Company’s operations and activities can be found by visiting the Company’s website at www.maxtech-ventures.com. You may also access the Company’s disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”) at www.sedar.com.

The first, second, third and fourth quarters of the Company’s fiscal years are referred to as “Q1”, “Q2”, “Q3” and “Q4”, respectively. The years ended July 31, 2020 and 2019, are also referred to as “fiscal 2020” and “fiscal 2019”.

The effective date of this MD&A is March 26, 2020.

## FORWARD-LOOKING INFORMATION

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company, including but not limited to statements with respect to the Company’s plans or future financial or operating performance, the estimation of mineral reserves and resources, conclusions of economic assessments of projects, the timing and amount of estimated future production, costs of future production, future capital expenditures, costs and timing of the development of deposits, success of exploration activities, permitting time lines, requirements for additional capital, sources and timing of additional financing, realization of unused tax benefits and future outcome of legal and tax matters.

The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate”, “believe”, “estimate”, “expect”, “budget”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. These uncertainties are factors that include but are not limited to risks related to international operations; risks related to general economic conditions; actual results of current exploration activities and unanticipated reclamation expenses; fluctuations in prices of gold and other commodities; fluctuations in foreign currency exchange rates; increases in market prices of mining consumables; possible variations in mineral resources, grade or recovery rates; accidents, labour disputes, title disputes, claims and limitations on insurance coverage and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; changes in national and local government regulation of mining operations, tax rules and regulations, and political and economic developments in countries in which the Company operates; as well as other factors.

The Company's management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its MD&A and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

The operations of the Company are speculative due to the high-risk nature of its business which is the exploration of mining properties. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair its business operations. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. Readers should refer to Risks and Uncertainties below.

**DESCRIPTION OF BUSINESS**

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 Brazil, Canada and Zambia.

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

**DIRECTORS AND OFFICERS OF THE COMPANY**

The Board of Directors of the Company consists of Peter Wilson, Eugene Hodson, Alex Tsakumis and Santokh Sahota. The management team of the Company is comprised of Peter Wilson (CEO and Director) and Kelly McQuiggan, CPA, CA (CFO).

**OUTLOOK**

The Company is focused on the exploration of its mineral properties, as well as defining and expanding its mineral resources both through exploration programs, staking, and acquisition. The Company intends to seek financing to support these activities. The Company also intends to seek out accretive acquisition opportunities to increase shareholder value

**GOING CONCERN**

The unaudited condensed interim consolidated financial statements ("interim 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 January 31, 2020, the Company is not able to finance day to day activities through operations and had recurring losses since inception. For the three and six months ended January 31, 2020, the Company incurred a net loss of $398,069 and $471,843, respectively. As of that date, the Company had a deficit of $19,241,796 and negative working capital of $295,198. 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.

## EXPLORATION AND EVALUATION ASSETS

| | Mato Grosso Brazil | Bahia Brazil Project | Panama Lake Gold Project | Zambia Project | Lac Patu Vanadium Project | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance, July 31, 2018** | **420,031** | **4,176** | **-** | **10,603** | **-** | **434,810** |
| Acquisition | - | - | - | - | 165,000 | 165,000 |
| Administration | 10,000 | - | - | - | - | 10,000 |
| Geologist | 8,800 | 2,500 | - | 6,963 | - | 18,263 |
| Write-down | (438,831) | (6,676) | - | - | - | (445,507) |
| **Balance, July 31, 2019** | **-** | **-** | **-** | **17,566** | **165,000** | **182,566** |
| Acquisition | - | - | 131,400 | - | - | 131,400 |
| Geologist | - | - | 46,992 | - | - | 46,992 |
| **Balance, January 31, 2020** | **-** | **-** | **178,392** | **17,566** | **165,000** | **360,958** |

***Mato Grosso Brazil Project***

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***

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.

***Panama Gold Project***

On October 22, 2019, the Company entered into an Option agreement with Benton Resources Inc. ("BEX") to acquire the right to acquire a 100% interest in BEX's 100% Panama Gold Project in the Red Lake Mining district, Ontario. The purchase and sale of the Claims is conditional upon the following:

- Acceptance for filing of this agreement on behalf of the Issuer by the Canadian Securities Exchange;
- The issuance of 2,000,000 shares upon signing the agreement (issued October 25, 2019);
- The payment of either $100,000 cash or the equivalent and expenditures by the Issuer of $200,000 on the property by the first anniversary;
- The payment of either $100,000 cash or the equivalent and expenditures by the Issuer of $250,000 on the property by the second anniversary;
- The payment of either $100,000 cash or the equivalent and expenditures by the Issuer of $250,000 on the property by the third anniversary; and
- The payment of either $300,000 cash or the equivalent and expenditures by the Issuer of $300,000 on the property by the fourth anniversary.

***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.

***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 (issued);
- 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.

## SELECTED ANNUAL INFORMATION

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

| | **Year ended July 31, 2019** | **Year ended July 31, 2018** | **Year ended July 31, 2017** |
|---|---|---|---|
| | $ | $ | $ |
| Total assets | 188,353 | 600,270 | 310,340 |
| Total liabilities | 347,733 | 333,689 | 143,004 |
| Expenses | 845,961 | 2,544,131 | 1,721,896 |
| Net loss | 845,961 | 2,544,131 | 1,670,966 |
| Basic and diluted loss per share | 0.02 | 0.05 | 0.04 |

The Company has not earned revenue from operations and does not expect to earn revenue from operations in the near future.

## SUMMARY OF QUARTERLY RESULTS

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

| *(in thousands of dollars,* | **2020** | | **2019** | | | | **2018** | |
|---|---|---|---|---|---|---|---|---|
| *except amounts per share)* | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Cash | 3 | 121 | - | 1 | 2 | 19 | 135 | 307 |
| Working capital | (295) | (100) | (342) | (168) | (122) | (94) | (168) | 231 |
| Total assets | 394 | 532 | 188 | 635 | 656 | 548 | 600 | 648 |
| Shareholders' equity | 66 | 229 | (159) | 460 | 502 | 405 | 267 | 566 |
| Loss per share | 0.01 | 0.00 | 0.01 | 0.00 | 0.00 | 0.00 | 0.01 | 0.01 |

The fluctuation of the Company's loss is mainly related to the amount of business activities done in each particular quarter plus various incidental gain/loss from disposition of the Company's marketable securities, asset write-downs and recoveries.

The Company is currently seeking new business opportunities and currently does not have significant operations. Thus, its loss is not subject to seasonality in the past and the Company will curtail its expenses before successfully acquiring or developing a new business operation. Management expects the Company's quarterly results will fluctuate in the future with the amount of business activities conducted and the incidental events that may happen in the future.

## RESULTS OF OPERATIONS

***Three months ended January 31, 2020 and 2019***

During Q2 fiscal 2020, the Company incurred a comprehensive loss of $398,069 compared to a comprehensive loss of $22,600 during Q2 fiscal 2019. The increase in comprehensive loss arose primarily from share-based compensation expense of $234,483 (2019 - $Nil), public relations and advertising expenses of $50,700 (2019 - $Nil) and consulting and management fees of $76,000 (2019 - $Nil).

***Six months ended January 31, 2020 and 2019***

During the first six months of fiscal 2020, the Company incurred a comprehensive loss of $471,843 compared to a comprehensive loss of $259,466 for the first six months of fiscal 2019. The increase in comprehensive loss arose primarily from share-based compensation expense of $234,483 (2019 - $Nil) offset by a decrease in consulting and management fees to $134,500 (2019 - $175,000) and a gain on debt settlement of $11,000 (2019 - $Nil).

## LIQUIDITY AND CAPITAL RESOURCES

During the first six months of fiscal 2020, the Company used $222,612 cash in operating activities and $51,392 for investing activities and received $277,000 from financing activities. The Company has relied on cash from financing activities to support its operations and investments. On January 31, 2020, the Company had a working capital deficit of $295,198.

On September 20, 2019 and October 21, 2019, the Company closed the first and second tranches, respectively, of a non-brokered private placement (the "Q1 F2020 Private Placement") comprising a total of 6,030,000 units of the Company at a price of $0.05 per unit for aggregate gross proceeds of $301,500. Each unit in the private placement comprises one common share of the Company and one common share purchase warrant (each a "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. $50,000 of the gross proceeds was still receivable as at January 31, 2020.

On September 16, 2019, the Company issued 500,000 shares at a deemed value of $0.09 per share to settle a debt of $45,000 for services performed by a consultant. The fair value of the shares was $0.068 on the date of the share issuance and therefore the Company recognized a gain on debt settlement of $11,000.

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 originally included as an expense under consulting and management fees in the year ended July 31, 2018.

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, so the Company recognized a gain on debt settlement of $105,000.

The Company considers its components of shareholders' equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable level of risk.

The Company manages and adjusts the capital structure considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

The Company's capital is not subject to external restriction.

**TRANSACTIONS WITH RELATED PARTIES**

During the three and six months ended January 31, 2020, the Company recorded $22,500 and $45,000, respectively in management fees to the CEO or a company which the CEO is a partner of (three and six months ended January 31, 2019 - $Nil and $Nil, respectively) for management fees as well as reimbursement for consulting services, travel, administration, property exploration costs and subcontractors.

During the three and six months ended January 31, 2020, the Company recorded $100,493 and $100,493, respectively in share-based compensation to the CEO or a company which the CEO is a partner of (three and six months ended January 31, 2019 - $Nil and $Nil, respectively).

During the three and six months ended January 31, 2020, the Company recorded $30,706 and $30,706, respectively in share-based compensation to Directors of the Company (three and six months ended January 31, 2019 - $Nil and $Nil, respectively).

As at January 31, 2020, $145,084 (July 31, 2019 - $38,500) is included in due to related parties for amounts due to the CEO or a company which the CEO is a partner of including $113,084 (July 31, 2019 - $109,534) in loans and cash advances to the Company, and $32,000 (July 31, 2019 - $90,000) in management fees.

**PROPOSED TRANSACTIONS**

There are no proposed transactions that may materially affect the performance of the Company.

**SUBSEQUENT EVENTS**

During March 2020, the Company closed the first tranche of a non-brokered private placement financing (the "Q3 F2020 Private Placement"), and issued 1,523,582 non flow-through units (the "NFT-Unit") at a price of $0.085 per unit for proceeds of $129,505, and issued 4,057,406 million flow-through units (the "FT-Unit") at a price of $0.095 per unit for proceeds of $385,454. During the three months ended January 31, 2020, the Company received $25,500 of proceeds relating to this private placement which are net against subscription receipts receivable on the statements of financial position.

Each FT-Unit and NFT-Unit will consist of one common share in the Company and one common share purchase warrant. Each warrant is exercisable to purchase one common share at an exercise price of $0.12 per share for one year from the date of closing.

In connection with the first tranche closing of the Q3 F2020 Private Placement, the Company incurred $4,249 in cash finder's fees, as well as issuance of 246,856 NFT-Units and an additional 291,582 finder's warrants with the same terms as described above.

On March 16, 2020, the Company issued 500,000 shares to settle a debt of $32,500 for services performed by a consultant. The fair value was $0.041 per share on the date of the share issuance and therefore the Company will recognize a gain on debt settlement of $12,000.

**SHARE DATA**

As at the date of this MD&A, the Company has 72,422,706 common shares, 12,749,426 share purchase warrants, and 4,200,000 purchase options outstanding.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## CRITICAL ACCOUNTING ESTIMATES

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.

Critical judgements 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:

***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.

***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.

***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.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

There were no changes to the Company's accounting policies during Q2 fiscal 2020.

## FINANCIAL INSTRUMENTS

### *(a) 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)** |
| **Financial assets:** | | |
| Cash and cash equivalents | Loans and receivables | Amortized Cost |
| **Financial liabilities:** | | |
| Accounts payables and accrued liabilities | Other financial liabilities | Amortized Cost |
| Due to related parties | Other financial liabilities | Amortized Cost |

### *(b) Fair value of financial instruments*

As at January 31, 2020 and July 31, 2019, 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.

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 January 31, 2020, 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.

### *(c) Financial instruments risk*

The Company's financial instruments are exposed in varying degrees to a variety of financial risks. The Board of Directors 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 January 31, 2020, the Company had cash of $2,996 (July 31, 2019 – $Nil) and a negative working capital of $295,198 (July 31, 2019 - $341,946), with total liabilities of $328,551 (July 31, 2019 - $347,733).

(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 three and six months ended January 31, 2020 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.

## CLASSIFICATION OF FINANCIAL INSTRUMENTS

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

| | **January 31, 2020** | July 31, 2019 |
|---|---|---|
| | **$** | $ |
| Fair value through profit and loss: | | |
| Cash | **2,996** | - |

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

| | **January 31, 2020** | July 31, 2019 |
|---|---|---|
| | **$** | $ |
| Non-derivative financial liabilities: | | |
| Trade payables | **328,551** | 347,733 |

## RISKS AND UNCERTAINTIES

***<u>Risks of the Company's business include the following:</u>***

Risk of new business - The Company is currently looking for new exploration properties and/or other new business opportunities. There is no guarantee that the Company can develop into a viable business.

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

## DISCLOSURE CONTROLS AND PROCEDURES

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

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation are recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's generally accepted accounting principles.

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