CHIMATA GOLD CORP.
(FORMERLY MAXTECH RESOURCES INC.)
(Unaudited)
Condensed Interim Financial Statements
Three and Nine Months Ended September 30, 2011

	Page
Notice to Readers	2
Statements of Financial Position	3
Statement of Comprehensive Loss	4
Statements of Changes in Equity (Deficiency)	5
Statement of Cash Flows	6
Notes to the Interim Financial Statements	7 - 19

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CHIMATA GOLD CORP.
(FORMERLY MAXTECH RESOURCES INC.)
Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	September 30, 2011 $	First Year Ended December 31, 2010 $	November 16, 2010 (Incorporation Date) $
Assets		(Note 9)	(Note 9)
Current assets			
Cash	**544,633**	1	1
Amounts receivable	**22,374**	-	-
	567,007	1	1
Resource property interests (Note 6)	**359,039**	-	-
	926,046	1	1
Liabilities and shareholders' equity (deficiency)			
Current liabilities:			
Accounts payable and accrued liabilities	**1,607**	1,000	-
Due to Maxtech Ventures Inc. (Note 8)	**7,292**	-	-
	8,899	1,000	-
Non-current liabilities:			
Note payable (Note 7)	**614,000**	-	-
	622,899	1,000	-
Shareholders' equity (deficiency):			
Capital stock (Note 5)	**359,039**	1	1
Deficit	**(55,892)**	(1,000)	-
	303,147	(999)	1
Liabilities and shareholders' equity (deficiency)	**926,046**	1	1

Nature and Continuance of Operations (Note 1)

Approved and authorized for issue by the Board of Directors on November 15, 2011:

"Thomas R. Tough"
Thomas R. Tough, Director

"Sonny Janda"
Sonny Janda, Director

The accompanying notes are an integral part of these Financial Statements

CHIMATA GOLD CORP.
(FORMERLY MAXTECH RESOURCES INC.)
Statements of Comprehensive Loss
(Unaudited -expressed in Canadian dollars)

		Three Months Ended		Nine Months Ended
		September 30, 2011		
Expenses				
Consulting fees (Note 8)	$	4,110	$	4,110
Interest and bank charges		14,122		14,122
Office and administration		1,005		1,411
Occupancy expenditures		2,500		2,500
Professional fees		522		5,072
Listing and filing fees		27,677		27,677
Net loss and total comprehensive loss for the period		(49,936)		(54,892)
Basic and diluted loss per common share	$	(0.02)	$	(0.01)
Weighted average number of common shares outstanding		9,143,751		3,081,411

The accompanying notes are an integral part of these Financial Statements

CHIMATA GOLD CORP.
(FORMERLY MAXTECH RESOURCES INC.)
Statement of Changes in Equity (Deficiency)
(Unaudited - expressed in Canadian dollars except the number of shares)

	Number of outstanding Shares	Share capital	Reserves	Deficit	Total shareholders' equity (deficiency)
		$	$	$	$
Share issued for cash on incorporation, November 16, 2010	1	1	–	–	1
Net loss for the year	–	–	–	(1,000)	(1,000)
December 31, 2010	1	1	–	(1,000)	(999)
Cancellation of incorporation share	(1)	(1)	–	–	(1)
Share issuance for the acquisition of resource property interests (Note 6)	33,649,002	359,039	–	–	359,039
Net loss for the nine months ended September 30, 2011	–	–	–	(54,892)	(54,892)
Balance, September 30, 2011	33,649,002	359,039	–	(55,892)	303,147

The accompanying notes are an integral part of these Financial Statements

CHIMATA GOLD CORP.
(FORMERLY MAXTECH RESOURCES INC.)
Statements of Cash Flows
(Unaudited – expressed in Canadian dollars)

		Three Months Ended		Nine Months Ended
		September 30, 2011		
Cash (used in) /provided by:				
Operating activities				
Net loss for the period	$	(49,936)	$	(54,892)
Item not involving cash				
Accrued interest expenses (Note 7)		14,000		14,000
		(35,936)		(40,892)
Change in non-cash working capital components				
Accounts payable and accrued liabilities		1,607		607
Amounts receivable		(21,661)		(22,374)
Net cash used in operating activities		(55,990)		(62,659)
Financing activities				
Cancellation of incorporation share		(1)		(1)
Due to Maxtech Ventures Inc.		7,292		7,292
Note payable (Note 7)		-		600,000
Net cash provided by financing activities		7,291		607,291
Increase (decrease) in cash		(48,699)		544,632
Cash , beginning of period		593,332		1
Cash, end of period	$	544,633	$	544,633
Cash paid during the period for interest expense	$	-	$	-
Cash paid during the period for income taxes	$	-	$	-

The accompanying notes are an integral part of these Financial Statements

1. NATURE AND CONTINUANCE OF OPERATIONS

On November 16, 2010, Maxtech Resources Inc. was incorporated, as a wholly owned subsidiary of Maxtech Ventures Inc. ("Maxtech"), under the *Business Corporations Act* (British Columbia), and changed its name to Chimata Gold Crop. (the "Company" or "Chimata") on February 10, 2011. Pursuant to an arrangement agreement (the "Arrangement Agreement") between the Company and Maxtech, dated January 15, 2011, the Company owned Maxtech's Guercheville mineral properties that are located in Abitibi region of Quebec and was spun out from Maxtech when the Arrangement Agreement became effective on August 17, 2011 (Note 4). The company's principal business following the completion of the Arrangement Agreement is the exploration and development of the Guercheville mineral properties. It may also acquire additional properties and carry out early stage exploration on such mineral properties and then sell, option or joint venture the properties.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can discover mineralization and the economic viability of developing any such additional properties. The discovery of mineralization and the development of properties to the point where they may be sold, optioned or joint ventured may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. As an exploration phase company, the company does not anticipate producing revenues for some time, other than from the sale, optioning or joint venturing of any mineral properties it may acquire. The sale value of any mineralization discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the contained metals. These factors raise substantial doubt about the Company's ability to continue as a going-concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

The accompanying unaudited condensed interim financial statements of the Company for the three and nine months period ended September 30, 2011 (the "Financial Statements") are prepared in accordance with generally accepted accounting principles in Canada ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants – Part 1("CICA Handbook"). The CICA Handbook was revised to incorporate International Financial Reporting Standards ('IFRS") as issued by the International Accounting Standards Board, and requires publicly accountable enterprises to apply IFRS effective for years beginning on or after January 1, 2011, with retroactive restatement of comparative figures for 2010. Accordingly, the Company has commenced reporting on this basis in its condensed interim

2. BASIS OF PRESENTATION (Continued)

financial statements commencing January 1, 2011. In the accompanying Financial Statements, the term "Canadian GAAP" refers to Canadian generally accepted accounting principles before the adoption of IFRS and the term "GAAP" refers to generally accepted accounting principles in Canada after the adoption of IFRS.

These Financial Statements are expressed in Canadian dollars and have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting" and IFRS 1 "First-time Adoption of International Financial Reporting Standards". Subject to certain transition elections disclosed in Note 9 to the Financial Statements. Also See Note 9 for the impacts of the transition to IFRS on the Company's reported financial position, statement of comprehensive loss and cash flows, including the nature and effects of significant changes in accounting policies from those used in the Company's financial statements as at November 16, 2010 (the Company's incorporation date) and for the first year ended December 31, 2010. These financial statements are based on the accounting policies consistent with those disclosed in Note 3.

The policies applied in these financial statements are based on IFRS effective November 15, 2011, the date the Board of Directors of the Company approved the statements. Any subsequent changes to IFRS, that are given effect to in the Company's annual financial statements for the year ending December 31, 2011 could result in revisions to these financial statements, including the transition adjustments recognized on change-over to IFRS.

These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statement of financial position at November 16, 2010, the date of incorporation, for the purposes of the transition to IFRS, unless otherwise indicated.

a. Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associates assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. There have been no significant judgments made by management in the application of IFRS that have a significant effect on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Cash and cash equivalents

Cash and cash equivalents are comprised of cash in banks, and all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at September 30, 2011, there is $Nil included as cash equivalents.

c. Shared-based payments

The Company may grant stock options to buy capital stock of the Company to directors, officers and employees from time to time. Included in the Company's option plan ("Option Plan") are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

d. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a deferred income tax asset will be recovered, the deferred income tax assets is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

e. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing the net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average share outstanding are increased to include 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 and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Financial instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instruments: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available-for-sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivable, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the change in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in active market and whose fair value cannot be reliably measured, which are measured at cost.

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Amounts receivable	Loans and receivable
Accounts payable and accrued liabilities	Other liabilities
Due to Maxtech Ventures Inc.	Other liabilities
Note payable	Other liabilities

The Company's financial instruments measured at fair value on the balance sheet consist of cash which is measured at level 1 of the fair hierarchy. The carrying values of amounts receivable and accounts payable and accrued liabilities, and due to Maxtech Ventures Inc., approximate their fair values because of their short term nature. The fair value of Note payable is not determinable due to the lack of active secondary market for similar financial instrument.

The three levels of the fair value hierarchy are as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or models inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Impairment

i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred income tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of a cash-generating unit exceeds its estimated recoverable amount. The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cost flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets. Impairment losses are recognized in net income (loss).

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exist. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

ii) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in net income (loss) and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through net income (loss).

h. Comprehensive income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income measures net earnings for the period plus other comprehensive income. Amounts reported as other comprehensive income are accumulated in a separated component of shareholders' equity as Accumulated Other

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Comprehensive income (continued)

Comprehensive Income. The Company has not had other comprehensive income since inception. As a result, the Company does not have Accumulated Other Comprehensive Income to report.

i. Exploration and evaluation

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration and development of mineral claims and crediting all proceeds received for farm-out arrangements or recovery of costs against the cost of the related claims. Such costs include, but are not exclusive to, geological, geophysical studies, exploratory drilling and sampling. At such time as commercial production commences, these costs will be charged to operations on a unit-of-production method based on proven and probable reserves. The aggregate costs related to abandoned mineral claims are charged to operations at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farm-out of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition. The Company recognizes in income the costs recovered on mineral properties when the amounts received or receivable are in excess of the carrying amount.

Upon transfer of “Exploration and evaluation costs” into “Mine Development”, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within “Mine development”. After production starts, all assets included in “Mine development” are transferred to “Producing Mines”. All capitalized exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration expenditure is not expected to be recovered, it is charged to the results of operations. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

j. Future changes in accounting policies

In May 2011, the IASB issued the following standards which have not yet been adopted by the Company: IFRS 10, Consolidated Financial Statements (“IFRS 10”), IFRS 11, Joint Arrangements (“IFRS 11”), IFRS 12, Disclosure of Interests in Other Entities (“IFRS 12”), IAS 27, Separate Financial Statements (“IAS 27”), IFRS 13, Fair Value Measurement (“IFRS 13”). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company does not expect material impacts from adoption of these policies in the future.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a brief summary of the new standards:

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS statements. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to existing standards

In addition, there have been amendments to existing standards, including IAS 1, IAS 19, IAS 27 and IAS 28. Amendment to IAS-1 requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. Amendment to IAS-19 is related to recognition and measurement of defined benefit pension expense and termination benefits, which is not applicable to the Company as the Company does not have a defined benefit pension plan. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13

4. COPORATE RESTRUCTURING AND COMMITTMENT

On January 15, 2011, the Company entered into the Arrangement Agreement with Maxtech, the ex-parent company, to proceed with a corporate restructuring by way of statutory plan (the "Plan of Arrangement") to transfer all of Maxtech' interests in Guercheville mineral properties (located in Abitibi region of Quebec) to the Company. The Arrangement Agreement was approved by the Supreme Court of British Columbia on March 25, 2011 and by Maxtech's shareholders on March 17, 2011. On August 17, 2011, the Company received a conditional approval from TSX Venture Exchange (the "TSXV") to list its shares on the TSXV. As a result, the Arrangement Agreement became effective on August 17, 2011 and the Company spun out from Maxtech and became a reporting issuer on the same day. On September 16, 2011 the Company's common shares began trading on TSXV under the symbol "CAT".

Upon the completion of the Arrangement Agreement, the Company issued 33,649,002 common shares (the "Chimata Gold Shares") in exchange for the acquisition of Maxtech's interest in the Guercheville Property (Note 6). These Chimata Gold Shares were distributed to Maxtech shareholders, as at the close of business on September 2, 2011, *pro-rata* based on their relative shareholdings of Maxtech.

5. CAPITAL STOCK

a. Authorized: unlimited common shares and preferred shares without par value

b. Issued and Outstanding:

	Number of Shares	**Amount ($)**
Common shares issued to Maxtech for cash on incorporation, November 16, 2010	1	1
Balance as at December 31, 2010, and June 30, 2011	1	1
Cancellation of incorporation share	(1)	(1)
Share issuance, Arrangement Agreement (Note 4 and 6)	33,649,002	359,039
September 30, 2011	**33,649,002**	**359,039**

Stock Options:

The Company's Option Plan provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. There were no options granted nor outstanding as at and during the period ended September 30, 2011.

6. RESOURCE PROPERTY INTEREST

As at September 30, 2011, the Company's resource property interest consisted solely of the Guercheville mineral properties (located in Abitibi region of Quebec) that were transferred from Maxtech upon the completion of the Arrangement Agreement (Note 4). As the shareholders of Maxtech at the time of the transfer continued to collectively own the Guercheville mineral properties, albeit through an altered corporate structure, there was be no substantive change in the beneficial ownership of the Guercheville mineral properties at the time that it were transferred to the Company. The transfer is recorded under IFRS using the historical carrying values ($359,039) of the Guercheville mineral properties in the accounts of Maxtech at the time of the transfer.

The Company has not incurred exploration expenditure on Guercheville properties since the acquisition. Continuity of the Guercheville properties is as follows:

	January 1, 2011	Addition	September 30, 2011
	$	$	$
Acquisition	-	359,039	359,039
Exploration expenditures	-	-	-
Total	-	359,039	359,039

7. NOTE PAYABLE

Maxtech, the ex-shareholder of Company, entered into a loan agreement with the Company and advanced $600,000 to the Company on June 16, 2011. The loan is unsecured and bears an interest of Canadian bank's prime borrowing rate (3% as at September 30, 2011) plus 5% per annum. The principal and accrued interest of the loan will be repaid on December 31, 2012. The accrued interest as at September 30, 2011 was $14,000.

8. RELATED PARTY TRANSACTIONS

a. During the nine months ended September 30, 2011, the Company incurred $2,610 in consulting fees to a company owned by the Company's chief financial officer. This related party transaction is in the normal course of operations and has been measured at the exchange amount agreed upon between the related parties. The amount owed to this Company as at September 30, 2011 was $nil (December 31, 2010 - $nil).

b. The Company has not had any transactions with directors of the Company since November 16, 2010, the date of incorporation.

c. Maxtech, the Company's ex-shareholder, paid various expenditures on behalf of the Company before the completion of the Arrangement Agreement. As at September 30, 2011, the Company owed Maxtech $7,292. This payable balance was fully repaid subsequent to the quarter ended September 30, 2011. This payable has the terms same to the Company's accounts payable.

9. TRANSITION TO INTERNATIONAL FINANCING REPORTING STANDARDS

As stated in Note 2, these are the Company's interim financial statements for the quarter covered by the first annual financial statements prepared in accordance with GAAP for the year ended December 31, 2011.

The accounting policies stated in note 3 have been applied consistently as follows:

- In preparing the condensed interim financial statements for the three and nine months ended September 30, 2011,
- the financial statements for the first year ended December 31, 2010,
- the opening IFRS statement of financial position on November 16, 2010 (the IFRS Transition Date), which is the Company's date of incorporation.

<u>Adoption of IFRS1</u>

The guidance for the first time adoption of IFRS is provided by IFRS1 - First Time Adoption of International Financial Reporting Standards, which provides guidance for an entity's initial adoption of IFRS. IFRS1 gives entities adopting IFRS for the first time a number of optional and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS.

<u>Optional Exemptions</u>

The Company did not find any optional exemptions available by IFRS 1 are applicable to the Company. Accordingly, the Company has not elected to apply any optional exemptions provided by IFRS1.

<u>Mandatory Exemptions</u>

IFRS 1 mandatory exception applied by the Company is as follows:

Estimates - In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Canadian GAAP unless those estimates were in error. The Company's IFRS estimates as at the Transition Date are consistent with its Canadian GAAP estimates as at that date.

<u>Reconciliation of Canadian GAAP to IFRS</u>

IFRS 1 requires an entity to reconcile equity and comprehensive income (loss) for prior periods presented under Canadian GAAP to IFRS as of the same date, accompanying with an explanation for any material adjustments that they exist.

The impacts of IFRS transition are as follows:

a) Impacts to statements of comprehensive loss and statements of cash flows

The IFRS transition has no impact to the company's statements of comprehensive loss and statements of cash flows for the period from November 16, 2010 (the IFRS Transition date and the incorporation date) to its first year ended December 31, 2010. Thus the Company does not provide reconciliation between IFRS and Canadian GAAP for the statements of comprehensive loss and statements of cash flows for this period.

9. TRANSITION TO INTERNATIONAL FINANCING REPORTING STANDARDS (Continued)

Reconciliation of Canadian GAAP to IFRS (continued)

b) Impacts to statements of financial position

The adoption of IFRS has no impacts to the Company's financial position on November 16, 2010 (the IFRS Transition date and the Company's incorporation date) and December 31, 2010 (the first year-end date). As a result, the Company does not provide reconciliation between IFRS and Canadian GAAP for the statements of financial position on these dates.

c) The significant differences between the Company's Canadian GAAP accounting policies and those applied by the Company under IFRS are as follows:

Share-based payments
Under Canadian GAAP, the fair value of awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting periods. Forfeitures of awards are recognized as they occur. Under IFRS, each tranche or award with different vesting dates is considered a separate grant for calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods. The Company has determined that no adjustment was required at November 16, 2010 or for the year ended December 31, 2010.

Under Canadian GAAP, for the purpose of accounting for share-based payment transactions, an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the options granted to employees is measured on the date of grant. The fair value of options granted to contractors and consultants (non-employee) are measured on the date the services are completed.

IFRS 2, similar to Canadian GAAP, requires the Company to measure share-based payment transactions related to share options granted to employees at the fair value of the options on the date of grant and to recognise such expense over the vesting year of the options. However, for options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured.

For the purpose of accounting for share-based payment transactions, an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader under IFRS than under Canadian GAAP. The Company has determined that no adjustment was required at November 16, 2010 or for the year ended December 31, 2010.

Deferred Tax asset/liability
Under Canadian GAAP the deferred assets and liabilities can be classified as current or non-current. Under IFRS all deferred tax assets and liabilities must be classified as non-current. The Company has determined that no adjustment was required at November 16, 2010 or for the year ended December 31, 2010.

9. TRANSITION TO INTERNATIONAL FINANCING REPORTING STANDARDS (Continued)

Impairment

Under Canadian GAAP, if an indication of impairment is identified, the asset's carrying value is compared to the asset's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset is impaired by the difference between the discounted cash flows and the carrying value. Under IFRS, if an indication of impairment is identified, the asset's carrying value is compared to the asset's discounted cash flows. If the discounted cash flows are less than the carrying value, the asset is impaired by the amount equal to the difference between the discounted cash flows and the carrying amount. The Company has determined that no adjustment was required at November 16, 2010 or for the year ended December 31, 2010.