



**Condensed Consolidated Interim Financial Statements  
For the nine months ended September 30, 2017  
(Unaudited)**

**Expressed in Canadian Dollars**

## **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 condensed 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 condensed consolidated interim financial statements for MAX Resource Corp. for the nine months ended September 30, 2017 have been prepared by and are the responsibility of the management.

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



Max Resource Corp.  
Condensed consolidated interim statements of loss and comprehensive loss  
(Expressed in Canadian dollars - unaudited)

	Notes	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
<b>Expenses</b>					
Amortization	3	\$ -	\$ -	\$ -	\$ 66
Consulting	8	-	7,500	-	28,088
Foreign exchange loss (gain)		-	-	-	(327)
Interest expense	8	2,468	2,622	7,404	7,271
Management fees	8	-	7,500	-	22,500
Office and miscellaneous		1,175	10,204	7,851	26,184
Professional fees		5,371	2,504	8,996	8,602
Transfer agent, filing fees and shareholder relations		2,547	1,688	15,997	10,687
Travel and related costs		-	367	-	1,446
		(11,561)	(32,385)	(40,248)	(104,517)
<b>Other item</b>					
Gain on settlement of debt		10,500	-	10,500	-
<b>Loss and comprehensive loss for the period</b>		\$ (1,061)	\$ (32,385)	\$ (29,748)	\$ (104,517)
<b>Loss per share – basic and diluted</b>		\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>15,653,198</b>	<b>11,360,198</b>	<b>14,175,022</b>	<b>11,360,198</b>

Max Resource Corp.  
Condensed consolidated interim statement of changes in equity (deficit)  
(Expressed in Canadian dollars - unaudited)

	Share capital		Reserves			Deficit	Total
	Note	Number of shares	Amount	Share purchase warrant reserve	Share-based payment reserve		
<b>Balance at December 31, 2015</b>		11,360,198	\$ 14,318,849	\$ 292,851	\$ 2,133,423	\$ (16,770,353)	\$ (25,230)
Comprehensive loss:							
Loss for the period		-	-	-	-	(104,517)	(104,517)
<b>Balance at September 30, 2016</b>		11,360,198	\$ 14,318,849	\$ 292,851	\$ 2,133,423	\$ (16,874,870)	\$ (129,747)
<b>Balance at December 31, 2016</b>		11,360,198	\$ 14,318,849	\$ 292,851	\$ 2,133,423	\$ (16,910,820)	\$ (165,697)
Comprehensive income:							
Loss for the period		-	-	-	-	(29,748)	(29,748)
Transactions with owners, in their capacity as owners, and other transfers:							
Shares issued for cash		4,293,000	321,975	-	-	-	321,975
Finder's fee		-	(3,964)	-	-	-	(3,964)
<b>Balance at September 30, 2017</b>		15,653,198	\$ 14,636,860	\$ 292,851	\$ 2,133,423	\$ (16,940,568)	\$ 122,566

See accompanying notes to the condensed consolidated interim financial statements

Max Resource Corp.  
Condensed consolidated interim statements of cash flows  
(Expressed in Canadian dollars - unaudited)

	Nine months ended	
	September 30, 2017	September 30, 2016
<b>Operating activities</b>		
Income (loss) for the period	\$ (29,748)	\$ (104,517)
Adjustments for:		
Amortization	-	66
Gain on settlement of debt	(10,500)	-
Interest expense	7,404	7,271
Changes in non-cash working capital items:		
(Increase) decrease in prepaids and taxes recoverable	(608)	4,346
Increase (decrease) in trade payables and accrued liabilities	(94,878)	42,881
<b>Net cash flows used in operating activities</b>	<b>(128,330)</b>	<b>(49,953)</b>
<b>Financing activities</b>		
Shares issued for cash, net	318,011	-
Proceeds from related party loans	250	17,047
<b>Net cash flows provided by financing activities</b>	<b>318,261</b>	<b>17,047</b>
Change in cash during the period	189,931	(32,906)
Cash, beginning of period	43,306	88,575
<b>Cash, end of period</b>	<b>\$ 233,237</b>	<b>\$ 55,669</b>

Supplemental disclosure with respect to cash flows (Note 11)

**1. Nature and continuance of operations**

Max Resource Corp. (the "Company") was incorporated on April 25, 1994, under the laws of the province of Alberta, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the United States. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MXR". During the year ended December 31, 2015, the Company completed a 5-for-1 new share consolidation (Note 6).

The Company's head office is located at #2300 – 1066 West Hastings Street, Vancouver, British Columbia, Canada, V6E 3X2 and its registered and records office is located at 700 - 9th Avenue S.W. Calgary, Alberta, Canada, T2P 3V4.

These unaudited condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning that it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2017, the Company had an accumulated deficit of \$16,940,568 and working capital of \$122,566 and, to date, the Company has not generated any revenues to meet its operating and administrative expenses or its other obligations. The Company's continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations and ultimately to attain profitable operations. These uncertainties may cast significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs over the next twelve months with private placements of the Company's common shares and loans from related parties.

**2. Significant accounting policies and basis of preparation**

These unaudited condensed consolidated interim financial statements were authorized for issue on November 27, 2017 by the directors of the Company.

***Statement of compliance with International Financial Reporting Standards***

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2016.

**2. Significant accounting policies and basis of preparation (cont'd)**

**New accounting standards, amendments and interpretations**

IFRS 9, "Financial Instruments: Recognition and Measurement" replaces the requirements of IAS 39, "Financial Instruments: Recognition and Measurement". This final version of IFRS 9 brings together the classification and measurements as well as impairment and hedge accounting phases of the project to replace IAS 39. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. These changes are applicable for annual periods beginning on or after January 1, 2018. The Company has not yet assessed the future impact of this new standard on its financial statements.

IFRS 15, "Revenue from contracts with customers" replaces the requirements of IAS 11, "Construction Contracts", and IAS 18, "Revenue and related interpretations". This standard specifies the steps and timing for issuers to recognize revenue as well as requiring them to provide more informative, relevant disclosures. These changes are applicable for annual periods beginning on or after January 1, 2017, with earlier application permitted. The standard is effective for the Company's fiscal year beginning October 1, 2017. The Company has not yet assessed the future impact of this new standard on its financial statements.

IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

There are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's financial statements.

**3. Equipment**

<b>Cost:</b>	
At September 30, 2017 and December 31, 2016	\$ 5,148
<b>Amortization:</b>	
At December 31, 2015	5,082
Charge for the year	66
At December 31, 2016	5,148
<b>Net book value:</b>	
At December 31, 2016	\$ -
At September 30, 2017	\$ -

#### 4. Exploration and evaluation assets

	Balance December 31, 2014	Additions	Impairment	Balance December 31, 2015, December 31, 2016 and September 30, 2017
<b>Acquisition costs:</b>				
East Manhattan, NV	\$ 305,678	\$ -	\$ (305,678)	\$ -
Majuba Hill, NV	-	-	-	-
	<u>305,678</u>	<u>-</u>	<u>(305,678)</u>	<u>-</u>
<b>Exploration costs:</b>				
East Manhattan, NV	231,875	270	(232,145)	-
	<u>\$ 537,553</u>	<u>\$ 270</u>	<u>\$ (537,823)</u>	<u>\$ -</u>

#### East Manhattan, Nevada, United States

On November 11, 2007, as amended December 4 2008, December 21 2010 and August 22 2014, the Company entered into an option agreement with MSM Resource LLC ("MSM"), a Nevada corporation, for the acquisition of a 100% interest in the East Manhattan Wash ("East Manhattan") mineral claims located in Nye County, Nevada.

The terms of the option agreement with MSM called for payments totaling US\$145,000 (paid) by December 31, 2014 and future payments of US\$20,000 by June 30, 2015, US\$30,000 by June 30, 2016 and US\$40,000 by June 30, 2017. In addition, the Company was obligated to incur exploration expenditures totaling US\$100,000 on the claims by December 4, 2014 (completed).

During the year ended December 31, 2015, management chose to terminate the option agreement and, as a result, the Company fully impaired accumulated acquisition and exploration costs totaling \$537,823.

#### 5. Trade payables and accrued liabilities

The components of trade payables and accrued liabilities are as follows:

	September 30, 2017	December 31, 2016
Trade payables	\$ 4,197	\$ 26,330
Amounts due to related parties (Note 8)	22,934	90,775
Accrued liabilities	-	8,000
	<u>\$ 27,131</u>	<u>\$ 125,105</u>

## 6. Share capital

### *Authorized share capital*

Unlimited number of common shares without par value.

### *Issued share capital*

At September 30, 2017, there are 15,653,198 issued and fully paid common shares outstanding (December 31, 2016 – 11,360,198).

During the nine months ended September 30, 2017, the Company completed a non-brokered private placement of 4,293,000 units at \$0.075 per unit for proceeds totaling \$321,975. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.20 per share until March 31, 2019. A cash finder's fee of \$3,964 was paid.

### *Basic and diluted loss per share*

The calculation of basic and diluted loss per share for the nine months ended September 30, 2017 was based on the loss attributable to common shareholders of \$29,748 (2016 –\$104,517) and the weighted average number of common shares outstanding of 14,175,022 (2016 – 11,360,198). Diluted loss per share did not include the effect of outstanding stock options and warrants as they are anti-dilutive.

### *Stock options*

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares to a maximum of 980,239. Such options will be exercisable for a period of up to 5 years from the date of grant. Options granted typically vest on the grant date.

The changes in options during the year ended December 31, 2016 and the nine months ended September 30, 2017 are as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>
Options outstanding, December 31, 2015	460,000	\$ 0.50
Options expired	(460,000)	0.50
Options outstanding, December 31, 2016 and September 30, 2017	Nil	\$ -

There are no options outstanding as at September 30, 2017.

**6. Share capital (cont'd)**

***Warrants***

The changes in warrants during the year ended December 31, 2016 and the nine months ended September 30, 2017 are as follows:

	Number of warrants	Weighted average exercise price
Warrants outstanding, December 31, 2015	5,195,000	\$ 0.10
Warrants issued	-	-
Warrants outstanding, December 31, 2016	5,195,000	0.10
Warrants issued	4,293,000	0.20
Warrants outstanding, September 30, 2017	9,488,000	\$ 0.15

Details of warrants as at September 30, 2017 are as follows:

	Exercise price	Number of warrants outstanding	Expiry Date
	\$ 0.10	3,880,000	September 30, 2018 <sup>*</sup>
*	\$ 0.10	1,315,000	October 14, 2018 <sup>*</sup>
	\$ 0.20	4,293,000	March 31, 2019

<sup>\*</sup>During the period, the expiry dates of these warrants were extended. The Company does not recognize a fair value to modifications of warrants.

The weighted average remaining contracted life of warrants outstanding at September 30, 2017 is 1.23 years.

**7. Reserves**

***Share based payment reserve and share purchase warrant reserve***

The reserves record items recognized as share-based payments expense until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

**8. Related party transactions**

The following amounts due to related parties are included in trade payables and accrued liabilities:

	September 30, 2017	December 31, 2016
Director, Company controlled by a director of the Company and significant shareholder	\$ 22,934	\$ 90,775
	\$ 22,934	\$ 90,775

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

**8. Related party transactions (cont'd)**

At September 30, 2017, the Company owes \$85,144 (December 31, 2016 - \$84,894) in related party loans. The loans bear interest at 12% per annum, are unsecured and have no fixed terms of repayment. During the nine months ended September 30, 2017, the Company accrued related interest of \$7,404 (2016 - \$7,271) which is included in accounts payable.

**Key management personnel compensation** (consisting of management and certain directors)

	Nine months ended	
	September 30, 2017	September 30, 2016
Short-term employee benefits:		
Management fees	\$ -	\$ 22,500

Included in share units issued during the nine months ended September 30, 2017 were 620,000 units issued to directors of the Company and their private companies. (Note 6).

**9. Financial risk and capital management**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited with a major bank in Canada. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis.

Historically, the Company's primary source of funding has been the issuance of equity securities for cash, primarily through private placements and the advance of loans. The Company's access to equity financing is dependent upon market conditions and market risks. There can be no assurance of continued access to equity funding.

**9. Financial risk and capital management (cont'd)**

***Foreign exchange risk***

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The majority of cash is held in Canadian dollars.

The following is a summary of Canadian dollar equivalent financial assets and liabilities that are denominated in United States dollars:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Cash	\$ 114	\$ 14
Accounts payable	(875)	(261)
	<b>\$ (761)</b>	<b>\$ (247)</b>

Based on the above net exposures, as at September 30, 2017, a 10% change in the United States dollar to Canadian dollar exchange rate would not materially impact the Company's net loss.

***Interest rate risk***

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account and related party loans. The income earned on the bank account is subject to the movements in interest rates. The Company has cash balances and fixed interest bearing debt, therefore, interest rate risk is nominal.

***Capital Management***

The Company's policy is to maintain a capital base sufficient to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of working capital deficiency and share capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

***Classification of financial instruments***

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Loans and receivables:		
Cash	\$ 233,237	\$ 43,306

**9. Financial risk and capital management (cont'd)**

***Classification of financial instruments (cont'd)***

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Non-derivative financial liabilities:		
Trade payables	\$ 4,197	\$ 26,330
Amounts due to related parties	22,934	90,775
Related party loans	85,144	84,894
	<b>\$ 112,275</b>	<b>\$ 201,999</b>

***Fair value***

The carrying value of the Company's financial instruments approximates their fair value.

**10. Segmented information**

The primary business of the Company is the acquisition and exploration of mineral properties in Canada and the United States.

**11. Supplemental cash flow information**

During the nine months ended September 30, 2017 and 2016, the Company did not incur any non-cash transactions that are not reflected in the statement of cash flows.