

## MAX RESOURCE CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS For the nine months ended September 30, 2017

The following management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for Max Resource Corp. ("MAX" or the "Company") for the nine months ended September 30, 2017 and with the audited financial statements and notes thereto for the year ended December 31, 2016, all of which are available at [www.sedar.com](http://www.sedar.com). This discussion is based on information available as at November 27, 2017.

Management is responsible for the preparation and integrity of its unaudited condensed consolidated interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, is complete and reliable.

The accompanying unaudited condensed consolidated interim financial statements for the three nine months ended September 30, 2017 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. All amounts are expressed in Canadian dollars, unless otherwise stated.

Certain statements made may constitute forward-looking statements. Such statements involve a number of known and unknown risks, uncertainties and other factors. Actual results, performance and achievements may be materially different from those expressed or implied by these forward-looking statements. Additional information about MAX is available at [www.sedar.com](http://www.sedar.com).

#### **Description of Business**

The Company is a natural resource company engaged in the acquisition and exploration of mineral properties. The Company is currently seeking properties of merit in Canada and the United States. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol MXR.

#### **Results of Operations**

##### ***Three months ended September 30, 2017***

During the three months ended September 30, 2017 (the "current period"), the Company incurred a loss of \$1,061 as compared to a loss of \$32,385 for the three months ended September 30, 2016 (the "comparative period"). The significant variances between the current period and the comparative period are as follows:

During the current period, the Company settled debt for a gain of \$10,500. No such transaction occurred in the comparative period.

During the comparative period, the Company incurred consulting fees of \$7,500 for project review. There were no consulting fees incurred during the current period.

Office and miscellaneous fees decreased to \$1,175 during the current period, compared to \$10,204 during the comparative period. The Company has continued to endeavor to minimize its overhead.

The Company accrued management fees of \$Nil during the current period, compared to \$7,500 during the comparative period. The Company ceased recording management fees commencing January 1, 2017.

##### ***Nine months ended September 30, 2017***

During the nine months ended September 30, 2017 (the "current nine-month period"), the Company incurred a loss of \$29,748 as compared to a loss of \$104,517 for the nine months ended September 30, 2016 (the "comparative nine-month period"). The significant variances between the current nine-month period and the comparative nine-month period are as follows:

During the current nine-month period, the Company settled debt for a gain of \$10,500. No such transaction occurred during the comparative nine-month period.

During the comparative nine-month period, the Company incurred consulting fees of \$28,088 for project review. There were no consulting fees incurred during the current nine-month period.

Office and miscellaneous fees decreased to \$10,204 during the current nine-month period, compared to \$26,184 incurred during the comparative nine-month period. The Company has continued to endeavor to minimize its overhead.

The Company accrued management fees of \$Nil during the current nine-month period, compared to \$22,500 during the comparative nine-month period. The Company ceased recording management fees commencing January 1, 2017.

Transfer agent, filing fees and shareholder relations expenses increased to \$15,997 during the current nine-month period from the \$10,687 incurred during the comparative nine-month period. This was primarily due to additional filing fees incurred during the current nine-month period in conjunction with the closing of a private placement.

### **Summary of Quarterly Results**

	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
<b>Other Items (\$)</b>	-	-	-	-	-	-	-	4,993
<b>Income (loss) (\$)</b>	(1,061)	(13,490)	(15,197)	(35,950)	(32,385)	(30,640)	(41,492)	(\$48,638)
<b>Income (loss) per Share(\$)</b>	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The loss for the fourth quarter of fiscal 2015 increased to \$48,638 from \$16,439 incurred in the third quarter of fiscal 2015 primarily due to increased expenditures for consulting, management and professional fees for completion of a private placement and review of potential projects.

The loss for the first quarter of fiscal 2016 decreased to \$41,492 from \$48,638 incurred during the fourth quarter of fiscal 2015. The decrease primarily relates to the \$8,000 year-end audit fee accrual recorded during the previous quarter.

The loss for the second quarter of fiscal 2016 decreased to \$30,640 from \$41,492 incurred during the first quarter of fiscal 2016. The decrease primarily relates to annual TSX-V sustaining fees recorded during the previous quarter.

The loss for the third quarter of fiscal 2016 increased to \$32,385 from \$30,640 incurred during the second quarter of fiscal 2016. Operating expenses remained consistent between the two periods.

The loss for the fourth quarter of fiscal 2016 increased slightly to \$35,950 from \$32,385 incurred during the third quarter of fiscal 2016. Operating expenses remained consistent between the two periods.

The loss for the the first quarter of fiscal 2017 was reduced to \$15,197 from the \$35,950 due primarily to the elimination of consulting and management fees in the current period in an effort to conserve cash.

The loss for the second quarter of fiscal 2017 slightly decreased to \$13,490 from the \$15,197 incurred during the first quarter of fiscal 2017. Operating expenses remained consistent between the two periods.

The loss for the third quarter of fiscal 2017 was reduced due to the gain on settlement of debt of \$10,500. Operating expenses remained consistent with the second quarter of fiscal 2017.

### **Liquidity and Solvency**

At September 30, 2017, the Company had working capital of \$122,566 and cash on hand of \$233,237. This compares to a working capital deficiency of \$165,597 at December 31, 2016, inclusive of cash of \$43,306.

The increase in cash of \$189,931 during the nine months ended September 30, 2017 was primarily due to receipt of cash from a private placement financing of \$318,011, offset by net cash used in operating activities of \$128,330.

On March 31, 2017, the Company completed a non-brokered private placement of 4,293,000 units at \$0.075 per unit for gross proceeds of \$321,975. A cash finder's fee of \$3,964 was paid. The net proceeds of this transactions, along with cash on hand, will be sufficient to fund the Company's general and administrative expenses through the balance of fiscal 2018. As at the date of this report, the Company has approximately \$231,000 in cash and cash equivalents.

Cash flow to date has not satisfied the Company's operational requirements. The development of the Company in the future will depend on the Company's ability to obtain additional financings. While the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

### **Related Party Transactions**

During the nine months ended September 30, 2017, \$Nil (2016 - \$22,500) was accrued to a private company wholly-owned by Stuart Rogers, the President of the Company, for management services provided to the Company.

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Company controlled by a director of the Company	\$ 18,412	\$ 48,306
Director of the Company	4,522	42,469
	<b>\$ 22,934</b>	<b>\$ 90,775</b>

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

At September 30, 2017, the Company owes \$85,144 (December 31, 2016 - \$84,894) pursuant to 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.

### **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, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will 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 majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its GST receivable. This risk is considered to be minimal.

#### ***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. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been from the issuance of equity securities for cash, primarily through private placements and from loans advanced by related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

#### ***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 dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

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

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 fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;  
and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at September 30, 2017 and December 31, 2016:

	As at September 30, 2017		
	Level 1	Level 2	Level 3
Cash	\$ 233,237	\$ -	\$ -

  

	As at December 31, 2016		
	Level 1	Level 2	Level 3
Cash	\$ 43,306	\$ -	\$ -

### **Contingencies**

The Company is not aware of any contingencies or pending legal proceedings as of the date of this MD&A.

### **Investor Relations**

The Company has no investor relations agreements as of the date of this MD&A.

### **Off Balance Sheet Arrangements**

The Company has no off Balance Sheet arrangements as of the date of this MD&A.

### **Proposed Transactions**

The Company has no undisclosed proposed transactions as of the date of this MD&A.

### **Equity Securities Issued and Outstanding**

The Company has 15,653,198 common shares issued and outstanding as of the date of this MD&A. In addition, there are a total of 5,195,000 share purchase warrants outstanding with an exercise price of \$0.10 per share expiring between September 30, 2018 and October 14, 2018 and 4,293,000 share purchase warrants outstanding at an exercise price of \$0.20 per share expiring on March 31, 2019. There are no incentive stock options outstanding.

### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.