

MAX RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS For the year ended December 31, 2016

The following management's discussion and analysis ("MD&A") should be read in conjunction with the consolidated financial statements and related notes for Max Resource Corp. ("MAX" or the "Company") for the year ended December 31, 2016. This discussion is based on information available as at April 12, 2017.

Management is responsible for the preparation and integrity of the consolidated 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 consolidated financial statements and Management Discussion and Analysis ("MD&A"), is complete and reliable.

The accompanying audited annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements. 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.

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. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol MXR.

Private Placements

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. 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. Finders' fees of \$3,964 were paid in conjunction with this private placement.

Results of Operations

Three months ended December 31, 2016

During the three months ended December 31, 2016 (the "current three-month period"), the Company incurred a loss of \$35,950 as compared to a loss of \$48,638 for the three months ended December 31, 2015 (the "comparative three-month period"). The significant changes during the current period compared to the comparative period are as follows:

During the current three-month period, the Company incurred interest expense totalling \$2,700 relating to loans advanced by directors. This compares to interest expense of \$2,549 incurred during the comparative three-month period.

Office and miscellaneous expense decreased to \$5,440 during the current three-month period from \$9,135 incurred during the comparative three-month period due to a reduction in office rent.

Professional fees decreased to \$11,281 during the current three-month period from \$15,281 incurred during the comparative three-month period as there were no legal fees incurred with respect to completion of a private placement during the current three-month period.

There were no share-based payments incurred during the current three-month period. This compares to share-based payment expense of \$4,551 incurred during the comparative three-month period for the vesting of options granted during a prior period.

Transfer agent, filing fees and shareholder relations expenses decreased to \$2,975 during the current three-month period from the \$7,003 incurred during the comparative three-month period when additional filing fees were incurred for the completion of a private placement.

Year ended December 31, 2016

During the year ended December 31, 2016 (the “current period”), the Company incurred a loss of \$140,467 as compared to a loss of \$557,165 for the year ended December 31, 2015 (the “comparative period”). The significant changes during the current period compared to the comparative period are as follows:

Consulting fees increased to \$35,588 during the current period from \$7,500 incurred during the comparative period. The additional expenditure during the current period was for project review.

Management fees increased to \$30,000 during the current period from \$7,500 incurred during the comparative period

Professional fees decreased to \$19,883 during the current period from \$31,747 incurred during the comparative period due to a reduction in legal and audit fees during the current period.

Share-based payment expense decreased to \$nil during the current period from \$7,642 incurred during the comparative period as there were no stock options granted or vested during the current period.

Transfer agent, filing fees and shareholder relations expenses decreased to \$13,662 during the current period from the \$23,484 incurred during the comparative period. This was primarily due to the elimination of expenditures on investor relations activities and advertising during the current period.

During the comparative period, the Company recorded a \$97,313 gain on settlement of debt with one of its creditors. There was no similar transaction during the current period.

During the comparative period, the Company wrote off exploration and evaluation asset expenditures totalling \$537,823 due to the termination of its option agreement on the Majuba hill project. There was no similar transaction during the current period.

Selected Annual Information

Year ended December 31	2016	2015	2014
Loss on Other Items	\$Nil	(440,510)	\$(1,931,968)
Loss before Other Items	(140,467)	(116,656)	\$(313,868)
Per Share	(0.01)	(0.02)	\$(0.05)
Net Loss	(140,467)	(557,166)	\$(2,245,936)
Per Share	(0.01)	(0.07)	\$(0.38)
Total assets	44,302	\$93,744	\$599,290
Long-Term Liabilities	\$Nil	\$Nil	\$Nil

The net loss for fiscal 2014 increased to \$2,245,936 from \$1,094,521 incurred during fiscal 2013 primarily due to the write-off of \$1,931,968 on the Majuba Hill property as compared to a write-off of \$664,494 on the Diamond Peak and Table Top properties in fiscal 2013.

The net loss for fiscal 2015 decreased to \$557,166 from \$2,245,936 incurred during fiscal 2014 primarily due to the reduction in write-offs of exploration assets to \$537,823 in fiscal 2015 from the \$1,931,968 incurred during fiscal 2014 and a gain on settlement of debt of \$97,313 during the current period.

The net loss for fiscal 2016 decreased to \$140,467 from \$557,166 incurred during fiscal 2015 primarily due to the elimination of write-offs on exploration assets during the current period. During the comparative period there was also a gain on settlement of debt of \$97,313. There was no similar transaction during the current period.

Summary of Quarterly Results

	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15	Q3-15	Q2-15	Q1-15
Other Items (\$)	-	-	-	-	4,993	-	(537,823)	92,320
Income (loss) (\$)	(35,950)	(32,385)	(30,640)	(41,492)	(\$48,638)	(16,439)	(557,609)	65,520
Income (loss) per Share(\$)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.09)	0.00

Income was recorded for the first quarter of fiscal 2015 in the amount of \$65,520 compared to a loss of \$62,522 incurred during the fourth quarter of fiscal 2014. The primary reason for the change was a result of recording a gain on the settlement of debt of \$92,320 during the first quarter of 2015.

The loss for the second quarter of fiscal 2015 increased to \$557,609 compared to income of \$65,520 during the first quarter of fiscal 2015. The loss is mainly a result of the write-off of the East Manhattan property totaling \$537,823.

The loss for the third quarter of fiscal 2015 decreased to \$16,439 as there was no property write-off incurred during the third quarter, as compared to a write-off of \$537,823 for the East Manhattan property in the second quarter of fiscal 2015.

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.

Liquidity and Solvency

At December 31, 2016, the Company had a working capital deficiency of \$165,697 and cash on hand of \$43,306. This compares to a working capital deficiency of \$25,296 at December 31, 2015, inclusive of cash of \$88,575.

The decrease in cash of \$45,269 during the year ended December 31, 2016 was due to net cash used in operating activities of \$52,606 offset by loans from related parties of \$7,337.

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. 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 2017. As at the date of this report, the Company has approximately \$255,000 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

Related party balances

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

	December 31, 2016	December 31, 2015
Company controlled by a director of the Company	\$ 48,306	\$ 11,110
Director and significant shareholder of the Company	42,469	10,614
	\$ 90,775	\$ 21,724

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

As at December 31, 2016, the Company owes \$84,894 (2015 - \$67,847) in related party loans. The loans bear interest at 12% per annum, are unsecured and have no fixed terms of repayment. During the year ended December 31, 2016, the Company accrued interest of \$9,971 (2015 - \$5,803) which is included in accounts payable above.

During the year ended December 31, 2015, the Company settled related party debts of \$150,811 (US\$130,000) pursuant to the transfer of the right to recovery of the net proceeds of the Company's reclamation bonds. As a result of the transaction, the Company recognized a gain on the settlement of debt of \$97,313.

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 and cash equivalents.

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 an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars:

	December 31, 2016	December 31, 2015
Cash	\$ 14	\$ 412
Reclamation bonds	-	-
Trade payables and accrued liabilities	(261)	(921)
	\$ (247)	\$ (509)

Based on the above net exposures, as at December 31, 2016 a 10% change in the United States dollar to Canadian dollar exchange rate could impact the Company's loss and comprehensive loss by \$25 (December 31, 2015 - \$50).

Capital Management

The Company's policy is to maintain a strong capital base so as 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 year. 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:

	December 31, 2016	December 31, 2015
Loans and receivables:		
Cash	\$ 43,306	\$ 88,575
	\$ 43,306	\$ 88,575

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

	December 31, 2016	December 31, 2015
Non-derivative financial liabilities:		
Trade payables	\$ 26,330	\$ 21,403
Amounts due to related parties	90,775	21,724
Related party loans	84,894	67,847
	\$ 201,999	\$ 110,974

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 December 31, 2016 and December 31, 2015:

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

	As at December 31, 2015		
	Level 1	Level 2	Level 3
Cash	\$ 88,575	\$ -	\$ -

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 5,195,000 share purchase warrants outstanding at an exercise price of \$0.10 per share expiring between September 30 and October 14, 2017 and 4,293,000 share purchase warrants outstanding at an exercise price of \$0.20 per share expiring on March 31, 2017.

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.