



**Condensed Consolidated Interim Financial Statements  
For the nine months ended September 30, 2018**

**(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, 2018 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 statements of loss and comprehensive loss  
(Expressed in Canadian dollars)

		Three months ended		Nine months ended	
	Notes	Sept 30, 2018	Sept 30, 2017	Sept 30, 2018	Sept 30, 2017
<b>Expenses</b>					
Consulting		250,740	-	734,938	-
Interest expense	7	-	2,468	-	7,404
Management fees	7	51,800	-	175,300	-
Office and miscellaneous		86,453	1,175	117,001	7,851
Professional fees		192,661	5,371	308,446	8,996
Property Investigation		59,349	-	591,678	-
Transfer agent, filing fees and shareholder relations		31,555	2,547	78,246	15,997
Travel		67,044	-	176,161	-
		(739,602)	(11,561)	(2,181,770)	(40,248)
<b>Other Item</b>					
Gain on settlement of debt		-	10,500	-	10,500
<b>Income (loss) and comprehensive income (loss) for the period</b>					
		(739,602)	(1,061)	(2,181,770)	(29,748)
<b>Loss per share – basic and diluted</b>					
		\$ (0.01)	\$ (0.00)	\$ (0.05)	\$ (0.00)
<b>Weighted average number of common shares outstanding – basic and diluted</b>					
		54,474,251	15,653,198	41,945,333	14,175,022

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

	Share capital		Reserves					Total
	Number of shares	Amount	Advance on private placement	Share purchase warrant reserve	Share-based payment reserve	Deficit		
<b>Balance at December 31, 2016</b>	11,360,198	\$ 14,318,849	\$ -	\$ 292,851	\$ 2,133,423	\$ (16,910,820)	\$ (165,697)	
Transactions with owners, in their capacity as Owners, and other transfers:								
Shares issued for private placements	4,293,000	321,975	-	-	-	-	321,975	
Share issuance costs	-	(3,964)	-	-	-	-	(3,964)	
Comprehensive loss:								
Loss for the period	-	-	-	-	-	(29,748)	(29,748)	
<b>Balance at September 30, 2017</b>	15,653,198	14,636,860	-	292,851	2,133,423	(16,940,568)	(122,566)	
<b>Balance at December 31, 2017</b>	15,653,198	\$ 14,636,860	\$ 147,500	\$ 292,851	\$ 2,133,423	\$ (16,992,657)	\$ 217,977	
Transactions with owners, in their capacity as Owners, and other transfers:								
Shares issued for private placements	35,646,666	4,187,000	(147,500)	-	-	-	4,039,500	
Share issuance costs	-	(382,603)	-	141,744	-	-	(240,860)	
Share issued on exercise of warrants	3,245,000	354,500	-	-	-	-	354,500	
Comprehensive income:								
Loss for the period	-	-	-	-	-	(2,181,770)	(2,181,770)	
<b>Balance at September 30, 2018</b>	54,544,864	\$ 18,795,757	\$ -	\$ 434,595	\$ 2,133,423	\$ (19,174,427)	\$ 2,189,347	

See accompanying notes to the condensed consolidated interim financial statements

Max Resource Corp.  
Condensed consolidated statements of cash flows  
(Expressed in Canadian dollars)  
For the nine months ended September 30, 2018

	Nine months ended	
	September 30, 2018	September 30, 2017
<b>Operating activities</b>		
Loss for the period	\$ (2,181,770)	\$ (29,748)
Adjustments for:		
Amortization	-	-
Accrued interest expense	-	7,404
Gain on settlement of debt	-	(10,500)
Changes in non-cash working capital items:		
Increase in prepaids	(284,025)	-
Increase in deposits	(100,000)	-
Increase in taxes recoverable	(71,765)	(608)
Increase (decrease) in trade payables and accrued liabilities	35,758	(94,878)
<b>Net cash flows used in operating activities</b>	<b>(2,601,802)</b>	<b>(128,330)</b>
<b>Investing activities</b>		
Exploration and evaluation assets	(244,783)	-
<b>Net cash flows used in investing activities</b>	<b>(244,783)</b>	<b>-</b>
<b>Financing activities</b>		
Shares issued for cash, net	4,300,641	318,011
Advances on private placement	(147,500)	-
Related party loans received	-	250
<b>Net cash flows provided by financing activities</b>	<b>4,153,141</b>	<b>318,261</b>
Change in cash	1,306,556	189,931
Cash, beginning of year	228,825	43,306
<b>Cash, end of period</b>	<b>\$ 1,535,380</b>	<b>\$ 233,237</b>

Max Resource Corp.  
Condensed consolidated statements of cash flows  
(Expressed in Canadian dollars)  
For the nine months ended September 30, 2018

**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”.

The Company’s head office is located at #1188 - 1095 West Pender Street, Vancouver, British Columbia, Canada, V6E 2M6 and its registered and records office is located at Suite 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

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, 2018, the Company had an accumulated deficit of \$19,174,427 (December 31, 2017 - \$16,992,657) and a working capital position of \$1,844,565 (December 31, 2017 –\$217,977) 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 (Note 10) 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 29, 2018 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, 2017.

***Basis of preparation***

These unaudited condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. These unaudited condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted.

**Consolidation**

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its 100% owned subsidiaries, Max Resource, Inc., incorporated in the USA, and Gachala Colombia Corp. incorporated in British Columbia.

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

**Significant accounting policies**

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual audited consolidated financial statements for the year ended December 31, 2017.

**Changes in Accounting Policies**

*IFRS 9 Financial Instruments*

The Company adopted the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

The Company classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	Amortized cost	Amortized cost
Prepays and Deposits	Amortized cost	Amortized cost
Taxes Recoverable	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Trade payables & related party loans	Amortized cost	Amortized cost
Accrued liabilities	Amortized cost	Amortized cost
Related party loans	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of net (loss) income.

#### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 will replace IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. As the Company has no revenue, no impact on the Company's consolidated financial statements is expected.

### **3. Trade Payables and Accrued Liabilities**

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

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Trade payables	\$ 39,939	\$ 8,181
Amounts due to related parties (Note 8)	-	-
Accrued liabilities	12,000	8,000
	<b>\$ 51,939</b>	<b>\$ 16,181</b>

**4. Exploration and evaluation assets**

**Gachala Project**

The Company has filed nine initial mineral licence applications covering a total area of 17,270 located within the Gachala sedimentary copper basin of eastern Colombia, approximately 60 kilometers east of Bogota.

**Novita Project**

The Company has filed 79 initial mineral licence applications covering a total area of 157,823 hectares, located near the proposed Novita acquisition area within the Choco Department, Colombia.

	<b>Gachala Project</b>	<b>Novita Project</b>	<b>Total</b>
<b>Balance, December 31, 2017</b>	\$ -	\$ -	\$ -
Property acquisition/staking costs	5,361	47,057	52,418
Exploration costs			
Geological	105,799	86,567	192,365
Other costs	-	-	-
<b>Balance, September 30, 2018</b>	<b>\$111,160</b>	<b>\$133,623</b>	<b>\$244,783</b>

**5. Share capital**

***Authorized share capital***

Unlimited number of common shares without par value.

***Issued share capital***

At September 30, 2018, there are 54,544,864 issued and fully paid common shares outstanding.

*During the period ended September 30, 2018:*

On May 7, 2018, the Company issued 21,646,666 units for gross proceeds totaling \$3,247,000 pursuant to a non-brokered private placement. Each unit was comprised of one common share and one half of one share purchase warrant. Each whole warrant enables the holder to acquire one common share at a price of \$0.25 for a two-year period. The Company paid a finder's fee of \$230,960 and issued 1,539,733 finder warrants entitling the holder thereof to acquire one common share a price of \$0.25 for a two-year period;

On February 6, 2018, the Company issued 6,000,000 units for gross proceeds totaling \$540,000 pursuant to a non-brokered private placement. Each unit was comprised of one common share and one share purchase warrant. Each warrant enables the holder to acquire one common share at a price of \$0.12 for a five-year period. The Company paid a finder's fee of \$7,200 and issued 80,000 finder warrants with the same terms;

On January 17, 2018, the Company issued 8,000,000 units for gross proceeds totaling \$400,000, (of which \$147,500 was received during the year ended December 31, 2017), pursuant to a non-brokered private placement. Each unit was comprised of one common share and one share purchase warrant. Each warrant enables the holder to acquire one common share at a price of \$0.075 for a five-year period

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The Company issued 3,245,000 common shares for gross proceeds of \$354,500 from the exercise of warrants. The average exercise price was \$0.11.

*During the year ended December 31, 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 was 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 period ended June 30, 2018 was based on the loss attributable to common shareholders of \$1,339,985 (2017 – \$28,687) and the weighted average number of common shares outstanding of 35,815,739 (2017 – 13,589,712). 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. 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 years ended December 31, 2017 and the nine months ended September 30, 2018 are as follows:

	Number of options	Weighted average exercise price
Options outstanding, December 31, 2016	460,000	\$ 0.50
Options expired	(460,000)	0.50
Options outstanding, December 31, 2017 and Sept 30, 2018	-	\$ -

**Warrants**

The changes in warrants during the years ended December 31, 2017 and the nine months ended September 30, 2018 are as follows:

	Number of warrants	Weighted average exercise price
Warrants outstanding, December 31, 2016	5,195,000	\$ 0.10
Warrants issued	4,293,000	0.20
Warrants outstanding, December 31, 2017	9,488,000	\$ 0.15
Warrants exercised	(3,245,000)	0.11
Warrants expired	(1,050,000)	0.10
Warrants issued	26,443,066	0.17
Warrants outstanding, September 30, 2018	31,636,066	\$ 0.17

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Details of warrants as at September 30, 2018 are as follows:

Exercise price	Number of warrants outstanding	Expiry Date
0.10	1,200,000	October 14, 2018*
0.20	3,993,000	March 31, 2019
0.075	8,000,000	January 17, 2023
0.12	80,000	February 6, 2020
0.25	12,363,066	May 7, 2020
0.12	6,000,000	February 6, 2023
	<b>31,636,066</b>	

\*During the year ended December 31, 2017, 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, 2018 is 2.61 years (2017 – 1.48).

**6. 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.

**7. Related party transactions**

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

	September 30, 2018	December 31, 2017
Director, company controlled by a director of the Company and significant shareholder	\$ -	\$ -

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

At September 30, 2018, the Company owed \$Nil (December 31, 2017 - \$Nil) in related party loans. The most recent loans bore interest at 12% per annum, were unsecured and had no fixed terms of repayment. During the year ended December 31, 2017, the Company accrued interest of \$10,032 (2016 - \$9,971) which was included in accounts payable. During the year ended December 31, 2017, the Company repaid the loans and accrued interest.

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

Nine months ended:	September 30, 2018	September 30, 2017
Short-term employee benefits:		
Management fees	\$ 175,300	\$ -

## 8. 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.

### ***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, 2018</b>	<b>December 31, 2017</b>
Cash	\$ 464	\$ 557
Accounts payable	-	-
	<b>\$ 464</b>	<b>\$ 557</b>

Based on the above net exposures, there would be a nominal impact on the Company's net loss should there be a significant change in the United States dollar to Canadian dollar exchange rate.

### ***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 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:

	September 30, 2018	December 31, 2017
Loans and receivables:		
Cash	\$ 1,535,380	\$ 228,825

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

	September 30, 2018	December 31, 2017
Non-derivative financial liabilities:		
Trade payables	\$ 39,939	\$ 8,181
Amounts due to related parties	-	-
Related party loans	-	-
	\$ 39,939	\$ 8,181

**Fair value**

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

**9. Commitments**

On June 14, 2018, the Company entered into a binding letter agreement dated June 14, 2018, with Noble Metals Ltd. The letter agreement outlines the basic terms of a proposed acquisition by Max Resource from Noble of all of the outstanding securities of GPS Metals Lab, Global Products Manufacture & Services and Condoto Platinum (including Condoto Platinum's local branch in Colombia) in consideration for such number of common shares of Max Resource as represents approximately 35 per cent of the issued and outstanding shares of Max Resource on completion of the transaction, plus a cash amount of \$500,000.

The transaction is subject to TSX Venture Exchange and shareholder approval by the shareholders of both Max Resource and Noble, as well as satisfactory completion of a due diligence investigation by Max Resource and the execution of a definitive agreement. As Noble is listed on the Australian Securities Exchange, it will be required to comply with ASX rules and the transaction is therefore also subject to approval by the Noble shareholders. Noble is at arm's length from Max Resource.

Upon closing of the transaction, Noble will become a control person of Max Resource. Within five days after receipt of conditional approval from TSX-V, Max Resource will be required to pay to Noble a non-refundable deposit on account of the purchase price in the amount of \$100,000 (of which \$32,538 had been advanced by June 30, 2018) and, on completion of its due diligence review and execution of a definitive agreement, Max Resource shall pay to Noble an additional non-refundable deposit on account of the purchase price in the amount of \$150,000. On closing, Max Resource will receive a credit against the purchase price in the amount of the \$250,000 deposit.

There are no finders and no finder's fee will be paid in connection with this transaction.

**10. Segmented Information**

The Company and its subsidiaries are considered to be operating in one operating segment that being the exploration of resource properties. The Company's corporate offices are located in Canada and its

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mineral exploration activities are conducted in Colombia. Assets by geographical region are:

	<b>Colombia</b>	<b>Canada</b>	
	\$-	\$-	\$-
Exploration and evaluation assets	244,783	-	244,783
Deposit	-	100,000	100,000
Current assets	-	1,896,504	1,896,504
<b>Total</b>	<b>\$244,783</b>	<b>\$1,996,504</b>	<b>\$2,241,287</b>

**11. Subsequent events**

Subsequent to the period, 1,200,000 warrants exercisable at \$0.10 per share expired unexercised.