



MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL POSITION AND RESULTS OF OPERATIONS
For the nine months ended September 30, 2020

1.1 Date of report: November 30, 2020

The following management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements and related notes for Max Resource Corp. ("MAX" or the "Company") for the three and nine months ended September 30, 2020 which are prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements and related notes are available at www.sedar.com.

Management is responsible for the preparation and integrity of the Company's 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 MD&A, is complete and reliable.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

1.2 Overall Performance

The Company is a natural resource company engaged in the acquisition and exploration of mineral properties. The Company is currently seeking acquisition targets in Canada, Peru, and Colombia. The Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol MXR.

Financings

Subsequent to the nine months ended September 30, 2020, on October 26, 2020, the Company announced that it has closed an oversubscribed, non-brokered private placement financing for total gross proceeds of \$6.5-million. The Company has issued 27,083,333 units at a price of \$0.24 per unit. Each unit comprises one common share and one-half of one transferable share purchase warrant. Each whole warrant is exercisable to acquire one additional share at an exercise price of \$0.40 per share for a period of 12 months from the date of issuance, subject to accelerated expiry. In the event that the Company's common shares trade at a closing price at or greater than \$0.80 per share for a period of 10 consecutive trading days, the Company may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case, the warrants will expire on the 30th day after the date on which such notice is given by the Company. In addition, the company has paid finders' fees totalling \$302,035.32 and issued an aggregate 1,242,480 finders' warrants to arm's-length parties. Each finder's warrant is exercisable to acquire one share at an exercise price of 40 cents per share for a period of 12 months from the date of issuance, also subject to accelerated expiry.

On August 19, 2020 the Company closed a non-brokered private placement financing for total gross proceeds of \$1,050,000. The Company allotted and issued 9,999,999 units at a price of \$0.10 per unit. Each unit comprised one common share and one warrant. Each warrant entitles the holder to purchase one additional common share for a period of one year at a price of \$0.14 per share. In addition, the Company paid finders' fees totalling \$20,300.70 and issued an aggregate 193,340 finders' warrants to arm's-length parties. Each finders' warrant is exercisable into one common share for a period of up to one year at a price of \$0.14 per share.

On May 1, 2020, the Company issued 3,971,001 flow-through units (the “FT Units”) at a price of \$0.075 per FT Unit. Each FT Unit is comprised of one flow-through common share and one-half of one warrant. Each whole warrant will entitle the holder to purchase one non-flow through common share for a period of two years at a price of \$0.10 per share. In addition, the Company has paid finder's fees of \$19,926 and issued 265,680 finder's warrants to an arm's-length party. Each finders warrant is exercisable into one common share for a period of up to two years at a price of \$0.10 per share. The fair value of the finder warrants was calculated using the Black-Scholes Option Pricing Model and the following assumptions: Average exercise price \$0.10, Expected life – 2 years, Risk-free rate – bond equivalent yield – 0.33%, Annualized volatility – 100%, Dividend yield – 0%.

On December 30, 2019, the Company issued 11,987,727 units for gross proceeds totalling \$659,325 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 \$0.10 for a two-year period. The Company paid aggregate finder's fees of \$14,280 and issued 261,091 finder warrants with the same terms as the above warrants and with a fair value of \$19,000.

On July 9, 2019, the Company issued 2,000,000 units for gross proceeds totalling \$1,200,000 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 \$0.90 for a two-year period. The Company paid aggregate finder's fees of \$80,080 and issued 133,467 finder warrants with the same terms as the above warrants and with a fair value of \$48,500.

Exploration and Evaluation Assets

CESAR COPPER-SILVER PROJECT, NE COLOMBIA

The wholly owned Cesar project spans an area approximately 500 square kilometres in northeastern Colombia and consists of three stratabound zones: AM North, AM South and Cesar South, forming a major part of a 200-kilometre-long sediment-hosted copper-silver belt. The Cesar region enjoys major infrastructure and mining operations of Cerrejon, the largest coal mine in Latin America, jointly owned by global miners BHP Billiton, XStrata and Anglo American.

The sediment-hosted copper-silver belt resembles the Kupferschiefer in Poland and is located approximately 420 km north of Bogota northeast Colombia, within the prospective Jurassic rock trends of the La Quinta formation; a similar geological

environment to the stratabound copper deposits in Chile and Peru. Max is evaluating this 200 km belt with the aim of expanding its copper property holdings.

The Cesar copper-silver project lies within the Andean copper belt which runs north and south along the west side of South America and is the most prolific copper producing region in the world. Cesar represents a type of sedimentary-hosted copper mineralization which is typically flat-lying, near-surface and is known to be extensive in Africa, Poland and Colombia. These types of deposits are generally higher grade than copper porphyry deposits.

Stratabound copper deposits of Jurassic through Cretaceous age are found within volcano-sedimentary sequences throughout the Andean Cordillera of South America and, significant stratabound copper deposits include Raul, Condestable and Cobriza in central Peru; Punta del Cobre, Candelaria, Talcuna, Guayacan, El Soldado and Lo Aquirre in Chile; and Seboruco and Cerro Mono in Venezuela, more importantly, the prospective Jurassic rock trends of the La Quinta formation of northeast Colombia. *Source: Explanatory Notes for the Mineral Resources Map of the Circum-Pacific Region, Southeast Quadrant, by Corvalan et al., 1996.*

Historically, the Cesar project area has been explored from a local context, but never in a broader picture. The Cesar region enjoys major infrastructure. Mining operations include Cerrejon, the largest coal mine in Latin America, jointly owned by global miners BHP Billiton, XStrata and Anglo American.

Exploration at Cesar commenced in September 2019 and Max has made considerable progress over the last year. Important highlights and exploration activity on multiple fronts:

- The AM North zone forms 11 km of stratabound copper-silver mineralization open along strike and downdip, including a high-grade area with varying intervals grading 4.0 to 34.4 per cent copper plus 28 to 305 g/t silver. Bulk samples extracted from each end of the 1.8-kilometre discovery horizon returned 9.4 per cent copper plus 79 g/t silver and 3.5 per cent copper plus 29 g/t silver.
- The AM South zone occurs along the same mineralized trend, 40 km south-southwest of the AM North zone. AM South covers an area of four km by four km and remains open laterally; the cumulative strike length of the open-ended AM South horizon exceeds 6.4 km. Highlight values of 6.8 per cent copper and 168 g/t silver from 0.1- to 25-metre intervals, suggest these horizons could be of significant size.
- The new Cesar South lies 200 km south of AM south, in the southeastern part of the basin. Initial reconnaissance grab sampling along 15 km of strike returned values ranging from 0.3% to 11.4% copper and 3 g/t to 656 g/t silver and identified multiple copper-silver occurrences similar to AM North and AM South.
- The Company considers the Cesar South discovery extremely significant because it confirms the presence of significant stratabound copper-silver mineralization at both the southern and northern margins of the sedimentary basin, a distance of over 200 km, suggesting the mineralization may be continuous throughout the basin.
- The Fathom Geophysics studies focussing on mapping stratigraphic features, distinct rock types and alteration zones, to assist in highlighting stratabound copper-silver mineral horizons over the Cesar target zones continues, financed jointly by the Company and one of the world's leading copper producers.
- Geochemical and mineralogical studies by the AGH University of Science and Technology of Krakow, Poland, are well under way. AGH will bring to the Cesar project its extensive knowledge of KGHM's world-renowned Kupferschiefer copper-silver deposits in Poland.
- Continuing structural analysis of the Cesar target zone is being conducted by Ingenieria Geologica Universidad Nacional de Colombia (IGUN) in Medellin, with the assistance of the Max field team.
- In respect to the Cesar project, the company has entered three non-exclusive confidentially agreements: the first in May 2020, with one of the world's leading copper producers and a second in July 2020 with a global miner and the third in October 2020 with a mid-tier copper explorer.
- The in-country exploration team has been continuously conducting field activities.

Max's exploration strategy is to unlock the potential of the Cesar district as a significant copper and silver region. The Max technical team continues to build a geological model based on KGHM's Kupferschiefer deposit, Europe's largest copper deposit, with production in 2018 of 30 million tonnes grading 1.49 per cent copper and 48.6 grams per tonne silver from a mineralized zone of 0.5-metre to 5.5-metre thickness. The Kupferschiefer deposit is also the world's leading silver producer, yielding 40 million ounces in 2019, almost twice the production of the world's second-largest silver mine (World Silver Survey 2020). Max cautions investors that the use of the Kupferschiefer as a geological model is not necessarily indicative of mineralization at Cesar.

Quality assurance

All Cesar rock chip samples are shipped to ALS Lab's sample preparation facility in Medellin, Columbia. Sample pulps are then sent to Lima, Peru, for analysis. All samples are analyzed using ALS procedure ME-MS41, a four-acid digestion with inductively coupled plasma finished. Over-limit copper and silver are determined by ALS procedure OG-62, a four-acid digestion with an atomic absorption spectroscopy finish. ALS Labs is independent from Max.

Max uses standard chip and channel sampling where possible, but also relies on rock panel and composite grab sampling. Max considers rock panel and composite grab samples to be representative but cautions investors that individual grab samples can be selective and may not be representative of continuous mineralization.

CESAR Exploration completed during the Quarter Ended September 30, 2020

On July 7, 2020, Max released assay results supporting the continuity of the AM-1 stratabound copper-silver mineralization. New copper-silver outcrops demonstrate the AM-1 horizon extends for 2.4 kilometres and remains open along strike and down and up dip. New rock chip results include:

- 2.1 per cent copper and 30 grams per tonne silver over eight-metre-by-one-metre panel;
- 1.7 per cent copper and 13 g/t silver over eight-metre-by-three-metre panel;
- 1.7 per cent copper and 26 g/t silver over one-metre channel;
- 2.1 per cent copper and 30 g/t over two metres (composite grab);
- 4.7 per cent copper and 34 g/t silver grab sample;
- 4.5 per cent copper and 40 g/t silver grab sample.

Max also stated fieldwork was testing the continuity and lateral extend of several horizons within the AM South zone, with the overall zone extending over an area of four kilometres by three kilometres and open laterally. The open-ended AM-1 horizon is presently interpreted to be offset and up lifted equivalent of the AM-2 horizon.

On July 14, 2020, Max released assay results from the newly discovered AM-2 horizon, within the AM South zone. New outcrops, with highlight panel values of 5.8 per cent copper and 80 g/t silver, have now extended the Kupferschiefer type copper-silver mineralization of the AM-2 horizon over 1.1-kilometres along strike, with the horizon remaining open along strike and down dip. The AM-2 horizon is presently interpreted to be an offset and down dropped equivalent of the AM-1 horizon. New outcrop panel and composite grab assay results include:

- 5.8 per cent copper and 80 g/t silver over 7 metres by 1 metre (panel);
- 5.6 per cent copper and 70 g/t silver over 13 metres by 1 metre (panel);
- 4.3 per cent copper and 57 g/t silver over 3 metres by 3 metre (panel);
- 3.6 per cent copper and 48 g/t silver over 7 metres by 1 metre (panel);
- 3.4 per cent copper and 20 g/t silver over 2 metres (composite grab);
- 2.3 per cent and 20 g/t silver over 2 metres; (composite grab);
- 2.1 per cent copper and 8 g/t silver over 2 metres;
- 1.7 per cent copper and 13 g/t silver over 5 metres (composite grab);
- 1.7 per cent and 13 g/t silver over 2 metres (composite grab);
- 1.6 per cent copper and 26 g/t silver over 2 metres (composite grab);
- 1.2 per cent copper and 10 g/t silver over 2 metres (composite grab).

Max also stated its in-country field team is mapping, sampling and confirming the continuity of mineralized horizons within the 4-kilometre by 3-kilometre AM South zone. The cumulative strike length of the open-ended AM South horizons exceeds 5.8-kilometres, suggesting these horizons could be of significant size. The AM South zone copper-silver mineralization is interpreted to be of stratabound/Kupferschiefer type hosted in fine-grained sediments. The principal minerals are chalcocite, a copper sulphide, and copper oxides malachite and azurite.

On July 21, 2020, Max provided an update of exploration activities at Cesar and announced it had entered into a non-exclusive confidentiality agreement with a global miner, with respect to the Cesar Project. The update included:

- Assay results from the March / April field program at AM North are due very soon; results were delayed at the ALS Laboratory Peru due to COVID 19; to avoid future delays sample split from the original pulp stored at ALS Medellin Colombia, was sent to ALS Vancouver for analysis;

- The in-country exploration team has now re-commenced field activities;
- The Fathom Geophysics initial results from the technical study are expected soon; the study was funded by the Company and one of the world's leading copper producers. These studies are focusing on mapping stratigraphic features and identifying distinct rock types and alteration-zones, which will assist in highlighting stratabound copper-silver mineral horizons over the CESAR 40-km long target zone;
- Geochemical and metallurgical research programs initiated with the University of Science and Technology ("AGH") of Krakow, Poland are well underway. AGH will leverage their extensive knowledge of KGHM's world renowned Kupferschiefer sediment-hosted copper-silver deposits in Poland to the CESAR project;
- Ongoing structural analysis of the CESAR 40-km long target zone is being conducted by Ingenieria Geologica Universidad Nacional de Colombia ("IGUN") in Medellin, with the assistance of the Max field team. IGUN has recently acquired historic seismic data of the CESAR region, which will greatly assist this on-going study.

On July 29, 2020, Max Resource Corp. released high-grade outcrop values ranging from 3.3 per cent to 34.4 per cent copper and 18 grams per tonne to 305 g/t silver over varying intervals within the 11-kilometre AM North zone. These results are from first pass fieldwork with follow-up exploration in progress. New outcrop rock chip channel and panel assays above 3 per cent copper and above 17 g/t silver:

- 34.4 per cent copper plus 305 g/t silver across 0.5 metre of continuous outcrop -- Herradura;
- 16.0 per cent copper plus 146 g/t silver over four metres by one metre open -- Herradura*;
- 14.2 per cent copper plus 215 g/t silver over 0.6 metre open -- Herradura*;
- 13.5 per cent copper plus 95 g/t silver over 0.8 metre open -- Herradura*;
- 12.1 per cent copper plus 89 g/t silver over one metre open -- Herradura*;
- 6.3 per cent copper plus 46 g/t silver over two metres open -- Herradura*;
- 4.4 per cent copper plus 33 g/t silver over three metres open -- Herradura*;
- 6.6 per cent copper plus 95 g/t silver over 0.3 metre open -- Herradura*;
- 5.0 per cent copper plus 28 g/t silver over one metre open -- Herradura*;
- 4.9 per cent copper plus 42 g/t silver over 0.2 metre open -- Herradura*;
- 4.6 per cent copper plus 21 g/t silver over 0.2 metre open -- Ventana*;
- 4.4 per cent copper plus 37 g/t silver over 0.2 metre open -- Herradura*;
- 4.0 per cent copper plus 36 g/t silver over 1.2 metres open -- Herradura*;
- 3.7 per cent copper plus 22 g/t silver over 0.5 metre open -- Ventana*;
- 3.3 per cent copper plus 18 g/t silver over 0.8 metre open -- Ventana*.

** Additional rock chip sampling is required, since the full width of the copper-silver horizon is not exposed. Rock chip channel samples are considered to be representative of continuous mineralization (see attached table).*

The 11-kilometre AM North mineralized zone currently has two mineralized zones, Herradura and Ventana. The Herradura stratabound copper-silver mineralization is open in all directions and currently traced for two kilometres along strike and three km of down dip, in erosional windows along the valleys. To the south along the same mineralized trend lies the newly discovered Ventana copper-silver mineralization. Ventana has been mapped and sampled over an area three km by 1.5 km and is open in all directions. Approximately 40 km to the southwest-west from AM North along the same trend lies the four km by three km AM South zone, also open in all directions. The AM North and AM South copper-silver mineralization is interpreted to be of stratabound Kupferschiefer type, hosted in fine-grained clastic sediments: sandstone and siltstone. The copper oxides, malachite and azurite, are typically replaced by primary copper sulphides, chalcocite, at shallow depths.

The Herradura zone is open in all directions and lies at the northern end of the AM North zone. The general strike is 265 degrees with 15 to 21 degrees dip to the north-northwest. Mineralization has been traced along strike for two km strike and down dip for three km. Herradura also contains a high-grade area consisting of 12 outcrops with varying intervals grading 4.0 to 34.4 per cent copper plus 28 to 305 g/t silver. The initial discovery comprised two outcrops 1.8 km apart, one grading 24.8 per cent copper plus 230 g/t silver from a continuous four-metre-by-one-metre rock panel sample and the other a one-metre-wide rock chip channel sample grading 10.4 per cent copper plus 88 g/t silver. Two 50 kg bulk samples, one from each exposure, returned 10.5 per cent copper plus 79 g/t silver and 3.5 per cent copper plus 29 g/t silver. The most eastern rock channel samples from Herradura collected across the exposed horizon assayed 34.4 per cent copper plus 305 g/t silver over 0.5 metre.

Copper-silver mineralization at the Ventana zone demonstrates two distinct controls. The first is the stratabound copper-silver mineralization typical to the Cesar region, with a northeast-southwest strike and a shallow northwest dip. Highlight values from

the stratabound mineralization are 2.1 per cent copper and 10.3 g/t silver over a 4.2-metre interval that is open along the strike and up and down dip. Subsequent faulting appears to have mobilized some of the stratabound mineralization to structures with a general northwest-southeast trend with a northeast dip. This mineralization appears to crosscut primary stratabound mineralization and contains epidote, native copper, cuprite in addition to chalcocite and copper oxides. Copper-silver mineralization at Ventana is hosted in fine-grained sediments (sandstone and siltstone) and field observations suggest the oxidized zone may be shallow.

29-Jul-2020 Table 1. Herrada and Ventana Plus 1% Copper Results

Sample	Zone	Sample Type	Interval (m)	Copper (%)	Silver (g/t)
425916	Herradura	Chip channel	0.5	34.4	305
425627 (March 4, 2020)	Herradura	Chip panel	4.0 x 1.0	24.8	230
425755	Herradura	Chip panel	4.0 x 1.0	16.0	146
42593	Herradura	Chip channel	0.6	14.2	215
425751	Herradura	Chip channel	0.8	13.5	95
425911	Herradura	Chip channel	1.0	12.1	89
Bulk (May 21,2020)	Herradura	Bulk composite		10.5	79
425626 (Feb. 27, 2020)	Herradura	Chip channel	1.0	10.4	88
425911,12-14 (composite)	Herradura	Chip channel	2.0	6.3	46
425911-15 (composite)	Herradura	Chip channel	3.0	4.4	33
425736	Herradura	Chip channel	0.3	6.6	95
425920	Herradura	Chip channel	1.0	5.0	28
425920,21 (composite)	Herradura	Chip channel	1.5	3.7	23
425920-24 (composite)	Herradura	Chip channel	4.0	1.9	15
425760	Herradura	Chip channel	0.2	4.9	42
425759	Herradura	Chip channel	0.2	4.4	37
425935	Herradura	Chip channel	1.2	4.0	36
875204	Ventana	Chip channel	0.5	4.6	21
875205	Ventana	Chip channel	1.0	3.7	22
Bulk (May 21, 2020)	Herradura	Bulk composite		3.5	29
875204-05 (composite)	Ventana	Chip channel	1.5	4.0	22
875211	Ventana	Chip channel	0.8	3.3	18
875208-12 (composite)	Ventana	Chip channel	4.2	2.1	10
425646	Ventana	Composite grab	2.0	2.7	4
875105	Ventana	Chip panel	1.5 x 0.8	2.7	7
875214	Ventana	Chip channel	0.8	2.4	10
425978	Ventana	Chip channel	1.0	2.2	4
875041	Ventana	Chip channel	1.0	2.2	0.3
875209	Ventana	Chip channel	0.8	2.1	12
875118	Ventana	Chip channel	0.8	2.1	12
425991	Ventana	Chip panel	1.0 x 1.0	2.0	4
875208	Ventana	Chip channel	1.0	2.0	9
875111	Ventana	Chip channel	0.4	1.9	5
425930	Herradura	Chip channel	1.0	1.8	21
875122	Ventana	Chip channel	1.0	1.8	6
425982	Ventana	Chip channel	0.9	1.7	3
425940	Herradura	Chip channel	1.0	1.6	16
425947	Herradura	Chip channel	0.3	1.6	11
875156	Ventana	Chip channel	0.5	1.4	7
875146	Ventana	Chip channel	1.5	1.4	15
875046	Ventana	Chip channel	1.5	1.4	4
425761	Herradura	Chip channel	0.3	1.4	9
425993	Ventana	Chip channel	0.9	1.3	5

875036	Ventana	Chip channel	1.0	1.3	7
875206	Ventana	Chip channel	0.5	1.1	2
875139	Ventana	Chip channel	1.5	1.1	9
425753	Herradura	Chip channel	0.5	1.1	7
875119	Ventana	Chip channel	0.8	1.1	5
425994	Ventana	Chip channel	0.8	1.1	4
875108	Ventana	Chip channel	0.6	1.1	2
875180	Ventana	Chip channel	1.0	1.0	10

On August 25, 2020, Max reported the presence of silver-bearing copper sulphides and native silver in samples analyzed during the initial stage of the continuing study by the AGH University of Science and Technology of Krakow, Poland. The presence of silver-bearing chalcocite and covellite as well as native silver was identified using energy dispersive spectroscopy (EDS) analysis in sample 425775 from the AM South copper-silver stratabound zone.

CESAR Exploration completed subsequent to the Quarter Ended September 30, 2020

On October 7, 2020, Max announced the discovery of a new 400-metre mineralization, extending the AM South stratabound copper-silver horizon to over 6.4 kilometres of cumulative strike. Highlight AM South rock sample results include:

- 3.3 per cent copper plus seven grams per tonne silver over 25.0-metre interval (AM-3 composite representative grab);
- 2.1 per cent copper plus seven g/t silver over 25.0-metre interval (new discovery composite representative grab);
- 6.4 per cent copper plus 106 g/t silver over 2.0 metres by 1.0 metre (composite panel);
- 5.0 per cent copper plus 74 g/t silver over 2.0 metres (chip channel);
- 6.8 per cent copper plus 88 g/t silver over 1.5 metres (chip channel);
- 2.9 per cent copper plus 43 g/t silver over 1.5 metres (chip channel).

The high-grade representative grab sample located on AM-3 is open ended over a 25-metre interval with values of 3.3 per cent copper and seven g/t silver and will be resampled as a series of continuous chip channels. The AM-3 stratabound horizon now extends for over 2.9 kilometres and remains open along strike and downdip. The seven first pass composite representative grab sample locations over 400 metres of mineralization were 25-metre intervals with assays ranging from 0.3 per cent to 2.1 per cent copper. The new discovery remains open and will be resampled as a series of continuous chip channels. It will also be mapped and mineralization will be followed along its strike.

The AM South stratabound copper-silver zone now covers an area of over four kilometres by four kilometres and remains opens laterally. The accumulative strike of AM-1, AM-2, AM-3 and the new discovery is now over 6.4 kilometres and remains open along the strike and downdip. The copper-silver mineralization is interpreted to be stratabound, hosted in fine-grained clastic sediments: sandstone and siltstone. The most common copper minerals visible on surface are copper oxides (malachite and azurite) and appear to be replaced by chalcocite at shallow depths. The general strike of the AM South copper-silver mineralization lies subhorizontal about 245 degrees with shallow dip to the northwest. Cesar's AM North zone is located 40 kilometres north-northeast of AM South along the same mineralized trend.

October 7, 2020 Table 1. AM South: Significant rock sample assay results assay and sampled intervals.

Target	Sample	Sample	Interval	Copper	Silver	Summary
Horizon	No	Type	m	%	g/t	Interval [m] @ Copper [%] & Silver [g/t]
AM-3	875077	Composite Grab	25	3.3	7	25m @ 3.3% copper + 7 g/t silver
Discovery	875444	Composite Grab	25	2.1	4	25m @ 2.1% copper + 4 g/t silver
AM-2	875238	Chip Channel	1.5	6.8	88	1.5m @ 6.8 % Cu & 88 g/t Ag
AM-2	875250	Panel	2 x 1	6.4	106	
AM-2	875247	Chip Channel	0.5	5.0	79	1.5m @ 2.9 % Cu & 43 g/t Ag
AM-2	875233	Chip Channel	2	5.0	74	
AM-2	875199	Chip Channel	0.5	3.6	50	
AM-3	875376	Chip Channel	0.5	3.6	95	
AM-3	875378	Chip Channel	0.5	2.3	168	2.2m @ 1.4% Cu & 64 g/t Ag
AM-2	875329	Chip Channel	2	2.0	36	2m @ 2.0 % Cu & 36 g/t Ag
AM-2	875324	Chip Channel	1.2	1.9	23	1.2m @ 1.9 % Cu & 23 g/t Ag

AM-3	875378	Chip Channel	0.5	2.3	168	2.2m @ 1.4% Cu & 64 g/t Ag
AM-3	875369	Chip Channel	1.3	2.0	16	
AM-2	875324	Chip Channel	1.2	1.9	23	1.2m @ 1.9 % Cu & 23 g/t Ag
AM-3	875367	Chip Channel	0.5	1.5	7	
AM-3	875371	Chip Channel	2	1.4	20	
AM-3	875368	Chip Channel	0.3	1.3	34	
AM-3	875319	Chip Channel	1	1.2	12	1m @ 1.2% cu & 12 g/t Ag
AM-3	875370	Chip Channel	1	1.1	16	
AM-3	875366	Chip Channel	1	0.7	8	
AM-3	875372	Chip Channel	0.5	0.3	1	
AM-2	875200	Chip Channel	0.5	0.2	1	
AM-3	875377	Chip Channel	1.2	0.1	8	
AM-2	875198	Chip Channel	0.5	0.1	2	

On October 28, 2020, Max released series of 25-metre representative grab samples collected over 250 metres from the Herradura zone at AM North. Highlights include:

- 5.8 per cent copper plus 51 grams per tonne silver over 25 metres (No. 875507);
- 5.2 per cent copper plus 58 g/t silver over 25 metres (No. 875503);
- 3.3 per cent copper plus 32 g/t silver over 25 metres (No. 875504);
- 2.4 per cent copper plus 23 g/t silver over 25 metres (No. 875508);
- 0.9 per cent copper plus seven g/t silver over 25 metres (No. 875505);
- 0.5 per cent copper plus five g/t silver over 25 metres (No. 875506).

Each sample was taken from the available outcrop over 25-metre intervals and combined into one sample. The average grade over 250 metres is 3.0 per cent copper plus 29 g/t silver. Thickness of the copper-silver horizon has yet to be determined.

The company considers these results to be extremely significant as they clearly demonstrate the persistence of copper-silver mineralization over 250 metres. The angle of the slope and the dip of the copper-silver horizon appears to be closely parallel, meaning the mineralization crops out at surface. The absence of visible copper oxides (malachite or azurite) in these samples indicate the dominant copper mineral is likely chalcocite, which carries a higher (80 per cent) copper content.

The Cesar AM North copper-silver mineralization is interpreted to be stratabound, hosted in fine-grained clastic sediments: sandstone and siltstone. The general strike of the AM North copper-silver mineralization is 245 degrees with a shallow dip to the northwest. CESAR's AM South copper-silver zone occurs 40 km south-southwest of AM North along the same mineralized trend.

On November 9, 2020 Max announced the acquisition of the Cesar South copper-silver property covering an area of 340 square kilometres, located in the southeastern part of the Cesar copper-silver basin, 200 km along trend from the company's wholly owned Cesar copper-silver project. The Company further reported reconnaissance grab rock sampling along 15 km of strike at Cesar South identified multiple stratabound copper-silver occurrences very similar to the AM North and AM South zones. Copper values ranged from 0.3 per cent to 11.4 per cent, with a highlight value of 11.4 per cent copper plus 656 grams per tonne (21 ounces/ton) silver. Sample results include:

- 11.4 per cent copper plus 656 grams per tonne silver (No. 875590);
- 1.7 per cent copper plus 14 g/t silver (No. 875580);
- 1.2 per cent copper plus 18 g/t silver (No. 875583);
- 1.2 per cent copper plus 10 g/t silver (No. 875582);
- 0.5 per cent copper plus three g/t silver (No. 875585);
- 0.4 per cent copper plus 28 g/t silver (No. 875579);
- 0.3 per cent copper plus three g/t silver (No. 875584).

The newly identified copper-silver mineralization at Cesar South is considered most significant because it confirms the presence of significant stratabound copper-silver mineralization at both the southern and northern margins of the sedimentary basin, a distance of over 200 km, suggesting the mineralization may be continuous through the entire basin.

On November 23, 2020, Max announced it purchased the underlying 15-per-cent net production royalties over AM North and AM South for annual payments of \$50,000 (U.S.) over 10 years (2020 is paid). The Vendors retain a 3-per-cent NSR (net smelter royalty) which Max has the exclusive rights to purchase in its entirety for \$4-million (U.S.) at any time prior to production.

Of significant interest, Max announced a presentation comparing the Kupferschiefer with the Cesar project had recently been delivered by leading Kupferschiefer expert Prof. Adam Piestrzynski from AGH. Professor Piestrzynski concluded the similarities between Kupferschiefer and CESAR were: basin characteristics, lithology, mineralogy, deposit assumptions, grades and origin of sulphur.

RT GOLD PROJECT, NORTHERN PERU

On September 28, 2020, Max announced the execution of an option agreement to acquire a 100-per-cent interest in the RT gold property, consisting of two contiguous mineral concessions located 760 kilometres northwest of Lima in the district of Tabaconas, Peru. Maintaining the option will require yearly payments of \$300,000 (U.S.) over four years (the initial payment for 2020 has been paid), and exercise of the option will require an additional \$3-million (U.S.) payment on or before the fifth anniversary.

RT Gold sits along the Condor mountain chain of northern Peru, within the Cajamarca metallogenic belt. This geological belt extends from central Peru into southern Ecuador, and hosts a number of world-class gold deposits.

Two distinct mineralized systems occur within RT Gold: the Cerro, a bulk tonnage gold-bearing porphyry zone, and three kilometres to the northwest, the Tablon, a gold-bearing massive sulphide zone.

The Cerro system hosts several known mineralized zones, including Peak, West, Breccia and Cathedral, consisting of:

- Soil geochemistry of the Cerro zone has outlined a 2.0-kilometre-by-1.5-kilometre gold anomaly, open in all directions grading from 0.1 to four grams per tonne gold.
- Soil geochemistry is coincident with induced polarization chargeability.
- Within the gold soil anomaly, several veins and structures returned assays up to 62.9 g/t and within the wall rock 0.5 to one g/t gold.
- The Cerro zone has never been drill tested.

The Tablon zone is located three kilometres northwest from Cerro and hosts numerous gold-bearing massive to semi-massive sulphide bodies over a 150-metre-by-450-metre area, within a larger 1.0-kilometre-by-1.5-kilometre area of anomalous gold soil and rock geochemistry. Highlight intersections from the 33 Tablon diamond drill holes completed in 2001 include:

- RT-06 returned 3.1 g/t gold over 21.4 m from 9.1 m;
- RT-11 returned 5.3 g/t gold over 17.1 m from 12.0 m;
- RT-13 returned 8.8 g/t gold over 25.4 m from 13.4 m;
- RT-22 returned 4.9 g/t gold over 14.1 m from 40.8 m;
- RT-25 returned 13.0 g/t gold over 36.1 m from 33.0 m;
- RT-29 returned 18.0 g/t gold over 16.4 m from 35.0 m.

Intervals are core lengths not true widths, which are unknown at this time (source: National Instrument 43-101 geological report, Rio Tabaconas gold project for Golden Alliance Resources Corp. by George Sivertz, Oct. 3, 2011).

The last field exploration on both the Cerro and Tablon zones was conducted over a decade ago. The Max technical team is currently reviewing and digitizing all available data for subsequent interpretation for target generation. A program of field verification by Max's in-country team, with mapping, surveying and sampling, is scheduled to follow. Concurrent with the verification program, the company will be initiating drill permitting.

RT Exploration completed during the Quarter Ended September 30, 2020

None.

RT Exploration completed subsequent to the Quarter Ended September 30, 2020

None

PGE METALS AMERICAS CORP.

During the quarter, Max Resource Corp. established a wholly owned subsidiary named PGE Americas Metals Corp. whereby the company has transferred all of its rights in the PGE Choco project. This is the first step toward building a portfolio of platinum-group-element assets with a targeted focus on palladium, platinum and rhodium in order to capitalize on real-world technology metal deficits. The corporate intent is to unlock this value in both an accelerated and timely manner.

On March 25, 2020 Max announced the Company had entered into a letter of intent (LOI), through its wholly owned subsidiary, PGE Americas Metals Corp., to acquire 100 per cent of the **EBAY Palladium**, located 30 kilometres southeast of Matagami in the Abitibi region of Quebec, Canada. It is underlain by the Archean Bell River complex, a layered mafic intrusion measuring 65 kilometres by 15 km and five km thick. Excellent access to the project is via a network of logging roads and trails.

Highlight results from historic exploration between 2000 to 2008 include:

- 4.87 grams per tonne palladium-platinum from a four- to five-metre-wide northerly zone from blast pit grab sampling in 2000;
- 3.04 g/t palladium plus 1.39 g/t platinum plus 0.12 g/t rhodium (4.55 g/t palladium-platinum-rhodium) and highlight value of 0.18 g/t rhodium from grab sampling in 2005;
- 2.46 g/t palladium-platinum (rhodium was not assayed) from blast pit grab sampling of a newly discovered 500-metre-long zone in 2006;
- 1.90 g/t palladium-platinum over 3.0 m from 80.5 m to 83.5 m (rhodium was not assayed) from the EBAY palladium discovery drill hole in 2006. Palladium to platinum ratio varies from 1.25 to 1.0;
- EBAY palladium discovery was the first reported PGE (platinum group element) drill intersection from the Bell River complex;
- Drilling in 2007 resulted in the discovery of a new zone with 600 m on strike, 120 m deep, 6.7 m to 31.1 m wide, open in all directions, highlight values of 2.52 g/t palladium-platinum (rhodium not assayed) width not provided;
- 2007 drilling also includes highlight values of 1.12 per cent copper and 0.36 per cent nickel over 1.8 m interval;
- Subsequent aero-magnetic survey extended the target zone to 4.8 km of strike;
- Max is conducting reanalysis of drill core and for rhodium, iridium, osmium and ruthenium values.

The company cautions investors that grab samples are selected samples and are not necessarily representative of mineralization hosted on the project. The company also cautions investors it has not yet verified any of the historical exploration information (refer to Hinterland Metals AR 2005, Oct. 10 and Oct. 17, 2006, news releases; drill results from Hinterland Metals Nov. 21, 2006, March 13, 2007, and April 10, 2008, news releases).

EBAY Exploration completed during the Quarter Ended September 30, 2020

Max has conducted a geophysical study and commenced field work in August 2020.

Exploration completed Subsequent to the Quarter Ended September 30, 2020

Results from the geophysical survey and field work are pending as of the date of this M D & A.

Choco Gold

On October 15, 2019, the Company announced that further to Max Resource Corp.'s press release dated April 3, 2019, the company has terminated the definitive asset purchase agreement with Noble Metals Ltd. to purchase a bundle of resource exploration assets located in the Choco department of Colombia.

Choco Gold project now consists of wholly owned mineral applications that cover approximately 90 sq. km and are located approximately 120 km SW of Medellín Colombia. It covers or are nearby to historic production of 605,110 ounces of gold by Choco Pacific Mining (1906 to 1990), and the conglomerate gold discovery, the most recent concentrate results of sample 001 grading 340.84 g/t gold and 111.03 g/t platinum and sample 002 grading 222.06 g/t gold and 113.83 g/t platinum (see April 16, 2019 News Release).

Sample 001 consisted of 26.8 kg of material subsequently panned to a concentrate of 57.99 g which was subsequently assayed and reported. The numbers for sample 002 were 22.8 kg and 39.39 g respectively.

Sources: The historic production figures from R.J. Fletcher & Associates' (2011) review of gold and platinum exploration and production in Choco Province, Colombia, Part 3, a private report for Condoto Platinum Ltd.; the hard-rock sampling data are from the historic exploration files of Condoto Platinum. Max cautions investors it has yet to verify the historic exploration data. Historic exploration data come from 2013 exploration program undertaken by ASX-listed Condoto Platinum disclosed in its Sept. 11, 2013, news release.

During the year ended December 31, 2019, the Company relinquished a number of its mineral applications at Choco. The Company now holds 6 license applications.

Choco Exploration completed during the Quarter Ended September 30, 2020

None.

Choco Exploration completed Subsequent to the Quarter Ended September 30, 2020

None.

North Choco Gold-Copper

On October 15, 2019, the Company announced that further to Max Resource Corp.'s press release dated May 8, 2019, the company has terminated the letter of intent (LOI) with Noble and Buena Fortuna Mining Company Pty. Ltd. to acquire up to a 100-per-cent interest in Andaguada Mining Pty. Ltd., which holds an exploration and mining agreement with the Tahami Indigenous Reservation of Alto Andaguada due to challenges surrounding due diligence.

However, the company is retaining priority mineral applications that are registered to the Company, so the North Choco Gold-Copper project now consists of wholly owned mineral applications that cover approximately 80 sq. km, which are located approximately 80 km SW of Medellin Colombia, adjacent or nearby to properties held by AngloGold and Continental Gold. The NW Gold-Copper Discovery (refer 29 October 2019 news release) outcrop reported 1 metre of 49.8 g/t gold and 4.3% copper, which continues under cover in both directions. The target area is also coincident with a Long Wave InfraRed (LWIR) anomaly and with elevated gold-copper soil values.

Subsequent to the year ended December 31, 2019, the Company relinquished a number of its mineral applications at North Choco. The Company now holds 5 license applications.

North Choco Exploration completed during the Quarter Ended September 30, 2020

None.

North Choco Exploration completed Subsequent to the Quarter Ended September 30, 2020

None.

GACHALA COPPER

The Company has filed mineral licence applications which have been reduced to cover an area of approximately 164 sq. km which are located within the Gachala sedimentary copper basin of eastern Colombia, approximately 60 kilometres east of Bogota.

The Company relinquished its remaining mineral applications at Gachala.

Gachala Exploration completed Subsequent to the Quarter Ended September 30, 2020

None.

1.3 Selected Annual Information

n/a – Annual requirement

1.4 Results of Operations

Nine months ended September 30, 2020

During the nine months ended September 30, 2020 (the “current period”), the Company incurred a loss of \$2,957,387 compared to a loss of \$3,900,736 for the nine months ended September 30, 2019 (the “comparative period”). Variances between the current period compared to the comparative period are shown in the table below:

	2020	2019
Consulting fees	\$ 569,616	\$ 1,094,883
Depreciation	4,521	4,708
Exploration and evaluation expenditures	1,142,768	1,459,695
Foreign exchange	(892)	-
Gain on debt settlement	(72,755)	-
Interest expense (income)	-	(3,145)
Management fees	294,179	286,000
Office and miscellaneous	80,479	160,013
Professional fees	168,103	259,582
Property investigation costs	13,640	128,121
Share based compensation	594,836	69,350
Transfer agent, filing, and shareholder relations	95,944	267,499
Travel	66,948	174,030
Net income (loss) for the nine months ended September 30	\$ (2,957,387)	\$ (3,900,736)

The primary drivers for the general decrease in expenditures during the nine months ended September 30, 2020 is COVID 19 and an overall effort to reduce costs and focus operations on the Company’s key projects. Key cost drivers are discussed below.

Exploration and evaluation expenditures totalling \$1,142,768 were expensed in the current period (comparative period: \$1,459,695) as the amounts do not meet the capitalization criteria under IFRS 6. Exploration expenditures in 2020 included licencing/project costs totalling 299,353. The Company focussed its exploration efforts on its Cesar project in Colombia and the EBAY project in Quebec. The Company incurred \$269,257 in exploration costs for its EBAY project in Quebec and \$574,158 at its CESAR project in Colombia. The Company did not incur any exploration-related costs at its other Colombian projects. As a result of the Company focussing on its key projects, property investigation costs were also reduced by \$114,481 to \$13,640 (comparative period: \$128,121).

Share based compensation totalled \$594,836 in the current period reflecting the fair value of stock options granted and vested during the current period. Share based compensation of \$69,350 was recognized during the comparative period.

Further contributing to the decrease in costs was a \$525,267 decrease in consulting (expenses) during the current period. The total consulting costs during the current period totalled \$569,616 (comparative period: \$1,094,883).

During the current period the Company entered into shares for debt settlement agreements to issue a total of 3,757,750 common shares to consultants of the Company at a price of \$0.10 per share, thereby extinguishing a total of \$375,775 in liabilities. The shares were issued on May 8, 2020 with a fair value of \$291,020, resulting in a gain of \$72,755.

Three months ended September 30, 2020

During the three months ended September 30, 2020 (the “current period”), the Company incurred a loss of \$1,310,029 compared to a loss of \$1,196,442 for the three months ended September 30, 2019 (the “comparative period”). The Company reduced its expenditures during the current period in response to the coronavirus COVID-19 global pandemic and a resulting decrease in activity.

Exploration and evaluation expenditures totalling \$498,597 were expensed in the current period (comparative period: \$612,657). Exploration activities were focused on the Company’s CEZAR project in Colombia during the current period while during the comparative period the Company was working with a large team at the Choco and North Choco project.

During the current period, the Company incurred consulting expenses totalling \$226,800. The comparative period had significantly higher costs of \$434,445.

Share based compensation totalled \$374,725 in the current period reflecting the fair value of stock options granted and vested during the current period. Share based compensation of \$23,725 was recognized during the comparative period.

1.5 Summary of Quarterly Results

	Q2-20	Q2-20	Q1-20	Q4-19	Q3-19	Q2-19	Q1-19	Q4-18
Other Items (\$)	-	-	-	-	-	-	-	-
Income (loss) (\$)	(1,310,029)	(612,963)	(1,034,394)	(880,106)	(1,196,442)	(1,513,933)	(1,190,361)	(1,286,437)
Income (loss) per Share (\$)	(0.02)	(0.02)	(0.04)	(0.07)	(0.10)	(0.13)	(0.10)	(0.12)

The loss for the fourth quarter of fiscal 2018 increased to \$1,286,437 from the \$739,602 incurred during Q3. Property investigation costs, consulting fees, and professional fees were the primary costs during this quarter.

The loss for the first quarter of fiscal 2019 saw continued exploration work in the Choco region. Loss during Q1 2019 was \$1,190,361.

The loss for the second quarter of fiscal 2019 increased due to increased exploration in the North Choco region. Loss in Q2 2019 was \$1,513,934.

The loss for the third and fourth quarters of fiscal 2019 decreased due to fewer exploration and evaluation expenditures and a decrease in professional fees. The Company maintained exploration on its projects and continued to investigate additional project candidates.

The loss for the first quarter of fiscal 2020 increased to \$1,094,034. This included a \$220,111 expense related to the grant of stock options. During the quarter, the Company continued exploration at its Cesar project in Colombia whereby it incurred 199,609 in exploration and evaluation costs.

The loss for the second quarter of fiscal 2020 decreased as a result of overall decreased expenditures associated with the COVID 19 pandemic. The Company continued exploration at the CESAR project in Colombia and performed some initial exploration programs at the EBAY project in Quebec.

The loss for the third quarter of fiscal 2020 increased as a result in a partial resumption of operations during the COVID 19 pandemic. Exploration continued at the CESAR project in Colombia and further exploration was performed at the EBAY project in Quebec. Q3 2020 included a \$374,725 expense related to the granting and vesting of incentive stock options.

1.6 Liquidity and Solvency

At September 30, 2020, the Company had a working capital deficit of \$192,811 including cash on hand of \$360,386. This compares to working capital of \$60,683 at December 31, 2019, inclusive of cash of \$685,025.

The decrease in cash totalling \$324,640 during the nine months ended September 30, 2020 was a result of operating activities consuming \$1,875,406 in cash, property investments consuming \$509,679 in cash, equipment consuming \$47,320 in cash, and cash inflows net of share issuance costs from private placements totalling \$2,083,766 in addition to \$24,000 of advances towards private placements.

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.

1.7 Capital Resources

As at September 30, 2020, the Company had a cash and cash equivalents balance of \$360,386 (December 31, 2019: \$685,025) to settle current liabilities of \$620,661 (December 31, 2019: \$678,254). The Company expects to fund its liabilities and its acquisition, exploration and operational activities over the next fiscal year with cash on hand and from cash received from the issuance of equity securities, primarily through private placements and the exercise of warrants.

1.8 Off Balance Sheet Arrangements

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

1.9 Transactions with Related Parties

Related party balances

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

	September 30, 2020	December 31, 2019
Directors and management of the Company	98,584	159,970
	\$ 98,584	\$ 159,970

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

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

Nine months ended:	September 30, 2020	September 30, 2019
Management fees paid to a company controlled by the CEO and a Director (Brett Matich)	\$ 222,179	\$ 190,000
Management fees paid to a company controlled by the CFO (Alex Helmel)	\$ 72,000	\$ 96,000
Management fees paid to a company controlled by the corporate secretary (Kelly Pladson)	\$ 22,500	\$ 27,000
Director fees paid to a Director (Stuart Rogers)	-	\$ 22,500
Director fees paid to a Director (Paul John)	-	\$ 22,500
	\$ 209,179	\$ 240,000

1.10 Third Quarter Highlights

The Company's focus during the third quarter was to continue exploration at its Canadian and Colombian projects as described above. For additional detail, see the Company's news releases available on SEDAR.

1.11 Proposed Transactions

There are no proposed transactions that will materially affect the performance of the Company other than those which have been disclosed in this MD&A.

1.12 Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ significantly from these estimates.

Areas requiring a significant degree of estimation relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

1.13 Changes in Accounting Policies including Initial Adoption

For details of the Company's accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 2 of the Company's financial statements for the year ended December 31, 2019.

1.14 Classification of financial instruments

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

	September 30, 2020	December 31, 2019
Financial Assets:		
Cash	\$ 360,386	\$ 685,025

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

	September 30, 2020	December 31, 2019
Non-derivative financial liabilities:		
Trade payables	\$ 620,661	\$ 678,254
	\$ 620,661	\$ 678,254

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, 2020 and December 31, 2019:

	As at September 30, 2020		
	Level 1	Level 2	Level 3
Cash	\$ 360,386	-	\$ -

	As at December 31, 2019		
	Level 1	Level 2	Level 3
Cash	\$ 685,025	-	\$ -

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 one bank 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 with 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 or Colombian peso:

	September 30, 2020	December 31, 2019
Cash	\$ 189,275	\$ 922
Trade payables and accrued liabilities	630	90,092
	\$ 189,905	\$ 91,014

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.

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.

Contingencies

During the year ended December 31, 2019, certain employees of Noble in Colombia were registered under the Company's name with the Columbian tax authorities, without the consent of the Company (Note 5). The Company has hired a Colombian law firm to unwind this unauthorized registration; however, the Company may face potential claims from these employees with respect to taxes, salaries and social security. The Company intends to vigorously defend against any potential claims, which cannot be reasonably estimated at this time.

1.15 Other MD&A Requirements

Equity Securities Issued and Outstanding

As at the date of this report, the Company has:

86,550,934 common shares issued and outstanding,
31,265,756 share purchase warrants outstanding, and
6,225,000 stock options outstanding

Other Information

Additional information relating to the Company can be found on the Company's website at www.maxresource.com and on SEDAR at www.sedar.com.

Subsequent Events

- a) On October 5, 2020, the Company announced that it has appointed Rahim Kassim-Lakha as strategic adviser.
- b) On October 26, 2020, the Company announced that it has closed an oversubscribed, non-brokered private placement financing for total gross proceeds of \$6.5-million. The Company has issued 27,083,333 units at a price of 24 cents per unit. Each unit comprises one common share and one-half of one transferable share purchase warrant. Each whole warrant is exercisable to acquire one additional share at an exercise price of 40 cents per share for a period of 12 months from the date of issuance, subject to accelerated expiry. In the event that the company's common shares trade at a closing price at or greater than 80 cents per share for a period of 10 consecutive trading days, the company may accelerate the expiry date of the warrants by giving notice to the holders thereof, and in such case, the warrants will expire on the 30th day after the date on which such notice is given by the Company. In addition, the company has paid finders' fees totaling \$302,035.32 and issued an aggregate 1,242,480 finders' warrants to arm's-length parties. Each finder's warrant is exercisable to acquire one share at an exercise price of 40 cents per share for a period of 12 months from the date of issuance, also subject to accelerated expiry.
- c) On November 9, 2020, the Company announced that it has expanded the Cesar project with the acquisition of the Cesar South copper-silver property covering an area of 340 square kilometers. Cesar South is located in the southeastern part of the Cesar copper-silver basin, 200 km along trend from the company's wholly owned Cesar copper-silver project in northeastern Colombia. The Company has acquired 13 mineral applications covering approximately 340 square km from an arm's-length vendor by agreeing to pay \$250,000 (U.S.). The vendor retains a 3-per-cent net smelter royalty with the company having the exclusive right to purchase 100 per cent of the 3 per cent NSR for \$4-million (U.S.), any time prior to production.
- d) On November 9, 2020, the Company has granted one million incentive stock options to consultants of the Company. The options are exercisable at 40 cents per share for a period of five years from the date of grant. The options have been granted under and are governed by the terms of the Company's incentive stock option plan.
- e) On November 23, 2020, the Company announced that it has purchased the underlying 15-per-cent net production royalties over AM North and AM South at the company's wholly owned Cesar copper-silver project, northeastern Colombia. The terms include:
 - Annual payments of \$50,000 (U.S.) over 10 years (2020 is paid);
 - Vendors retain a 3-per-cent NSR (net smelter royalty);
 - Max has the exclusive rights to purchase 100 per cent of the 3-per-cent NSR for \$4-million (U.S.) at any time prior to production.
- f) 3,021,016 warrants were exercised at an average price of \$0.10.