



TSX.V **MXR**



**Condensed Interim Consolidated Financial Statements
(Unaudited)**

For the three and nine months ended September 30, 2021 and 2020

Expressed in Canadian Dollars

Max Resource Corp.
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(Expressed in Canadian Dollars - Unaudited)

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**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated 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 interim consolidated financial statements have been prepared by and are the responsibility of management.

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

Max Resource Corp.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars - Unaudited)

	Note	Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
		\$	\$	\$	\$
OPERATING EXPENSES					
Consulting	8	247,923	226,800	587,765	569,616
Depreciation	3	4,894	1,507	13,626	4,521
Exploration and evaluation expenditures	4	318,975	444,572	954,828	1,142,768
Foreign exchange (gain)		16,529	-	40,172	(892)
Management fees	8	96,000	100,000	304,000	294,179
Marketing		113,915	10,080	346,451	53,863
Office and miscellaneous		72,086	48,720	267,490	80,479
Professional fees		52,849	73,663	198,213	168,103
Property investigation costs	5	87,271	1,640	232,727	13,640
Salaries and benefits	7	73,272	-	221,725	-
Share-based compensation		29,970	374,725	29,970	594,836
Transfer agent and filing fees		5,437	11,007	30,815	42,081
Travel		3,208	17,316	22,932	66,948
		(1,122,329)	(1,310,030)	(3,250,714)	(3,030,142)
Interest income		792	-	6,222	-
Gain on debt settlement	7	-	-	-	72,755
		792	0	6,222	72,755
Loss and comprehensive loss for the period		(1,121,537)	(1,310,030)	(3,244,492)	(2,957,387)
Loss per share - basic and diluted		\$ (0.01)	\$ (0.03)	\$ (0.04)	\$ (0.08)
Weighted average number of common shares outstanding		95,023,247	47,037,454	91,812,873	36,335,135

Max Resource Corp.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Share capital			Reserves					
	Note	Number of shares	Amount	Share subscriptions	Warrants	Share options	Total	Deficit	Total
			\$	\$	\$	\$	\$	\$	\$
Balance at December 31, 2019		27,906,155	22,611,032	-	512,684	2,225,732	2,738,416	(25,241,705)	107,743
Units issued for private placements	7	13,971,000	1,347,825	-	-	-	-	-	1,347,825
Shares issued for debt	7	3,757,750	318,620	-	-	-	-	-	318,620
Shares issued for exploration assets	4,7	2,950,000	250,750	-	-	-	-	-	250,750
Shares issued on exercise of warrants	7	7,861,680	786,168	-	-	-	-	-	786,168
Share issuance costs		-	(87,028)	-	36,801	-	36,801	-	(50,227)
Share subscriptions received		-	-	24,000	-	-	-	-	24,000
Share-based compensation		-	-	-	-	594,836	594,836	-	594,836
Loss for the year		-	-	-	-	-	-	(2,957,387)	(2,957,387)
Balance at September 30, 2020		56,446,585	25,227,367	24,000	549,485	2,820,568	3,370,053	(28,199,092)	422,328
Units issued for private placements	7	27,083,333	6,500,000	(24,000)	-	-	-	-	6,476,000
Shares issued on exercise of warrants	7	3,146,182	372,325	-	(46,383)	-	(46,383)	-	325,942
Shares issued on exercise of share options	7	900,000	212,433	-	-	(77,433)	(77,433)	-	135,000
Share issuance costs		-	(504,101)	-	160,499	-	160,499	-	(343,602)
Share-based compensation		-	-	-	-	469,318	469,318	-	469,318
Loss for the year		-	-	-	-	-	-	(2,249,578)	(2,249,578)
Balance at December 31, 2020		87,576,100	31,808,024	-	663,601	3,212,453	3,876,054	(30,448,670)	5,235,408
Shares issued on exercise of warrants	7	9,841,635	1,369,520	-	(8,236)	-	(8,236)	-	1,361,284
Shares issued on exercise of share options	7	666,666	202,289	-	-	(64,789)	(64,789)	-	137,500
Share-based compensation		-	-	-	-	29,970	29,970	-	29,970
Loss for the year		-	-	-	-	-	-	(3,244,492)	(3,244,492)
Balance at September 30, 2021		98,084,401	33,379,833	-	655,365	3,177,634	3,832,999	(33,693,162)	3,519,670

See accompanying notes to the condensed interim consolidated financial statements

Max Resource Corp.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars - Unaudited)

	Nine Months Ended	
	September 30,	
	2021	2020
	\$	\$
Cash flows used in operating activities		
Loss for the period	(3,244,492)	(2,957,387)
Items not affecting cash:		
Depreciation	13,626	4,521
Gain on debt settlement	-	(72,755)
Share-based compensation	29,970	594,836
Shares issued for exploration assets	-	250,750
Changes in non-cash working capital items:		
Taxes recoverable	78,412	(10,369)
Prepays	(51,501)	(3,184)
Trade payables and accrued liabilities	(343,147)	318,182
	(3,517,132)	(1,875,406)
Cash flows used in investing activities		
Exploration asset expenditures	(510,990)	(509,679)
Purchase of equipment	(56,984)	(47,320)
	(567,974)	(556,999)
Cash flows from financing activities		
Shares issued for cash	-	1,347,825
Proceeds from exercise of options	137,500	-
Proceeds from exercise of warrants	1,361,284	786,168
Share subscriptions received	-	24,000
Share issue costs	-	(50,227)
	1,498,784	2,107,766
Change in cash during the period	(2,586,322)	(324,639)
Cash, beginning of period	4,697,156	685,025
Cash, end of period	2,110,834	360,386

Supplemental cash flow information (Note 10)

1. NATURE OF OPERATIONS AND GOING CONCERN

Max Resource Corp. (the “Company” or “Max Resource”) was incorporated on April 25, 1994, under the laws of the province of Alberta, Canada, and continued its jurisdiction of incorporation into British Columbia on February 5, 2019. The Company’s principal activity is the acquisition and exploration of mineral properties in South America and Canada. 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 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3.

These condensed interim consolidated 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 basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2021, the Company had an accumulated deficit of \$33,693,162 and working capital of \$2,098,593 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 material uncertainties may cast significant doubt on the ability of the Company to continue operations as a going concern. Management intends to finance operating costs and exploration activities over the next twelve months with cash on hand and cash received from the issuance of equity securities, primarily through private placements and the exercise of share options and warrants.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance with International Financial Reporting Standards

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

This condensed interim financial report does 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 financial statements of the Company. for the year ended December 31, 2020.

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issuance on November 26, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Basis of preparation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value. In addition, the condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow disclosure.

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company, unless otherwise noted.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

<u>Name</u>	<u>Jurisdiction</u>
Gachala Colombia Corp.	British Columbia, Canada
Gachala Colombia Corp Sucursal Colombia ("Gachala")	Colombia
PGE Americas Metals Corp.	British Columbia, Canada
Valleduper Colombia Corp.	British Columbia, Canada
Valleduper Colombia S.A.S. ("Valleduper")	Colombia
Baccancas Colombia Corp.	British Columbia, Canada
Baccancas Colombia S.A.S. ("Baccancas")	Colombia
Bocono Colombia Corp.	British Columbia, Canada
Bocono Colombia Corp S.A.S. ("Bocono")	Colombia
TUCO Resource Corp.	British Columbia, Canada
TUCO Resource Corp. S.A.C ("TUCO")	Peru

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

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the uncertainty of COVID-19 pandemic, recoverability of exploration and evaluation assets, determination of functional currency, valuation of share-based compensation and other equity based payments, and the recoverability and measurement of deferred tax assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Use of estimates (continued)

Critical judgment exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

Uncertainty of COVID-19 pandemic

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including Max Resource. This outbreak could decrease spending, adversely affect the raising of capital and harm Max Resource's business and results of operations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its effects on the business or results of operations at this time.

Economic recoverability and probability of future economic benefits of mineral exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral resources with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Functional currency

The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar ("CAD"); however, determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Foreign currency translation

Functional and presentation currency:

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent company and its subsidiaries' functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Foreign currency translation (continued)

Transactions and balances:

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities, expenses and other income arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains or losses arising from the translation are included in the determination

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs directly related to a recognized asset are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of significant replaced parts are derecognized. All other repairs and maintenance costs are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss. Depreciation is calculated using the declining balance method or straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category is as follows:

Class	Depreciation rate
Computers	55%
Equipment	20%
Office furniture	20%
Vehicles	10 yrs

Future accounting standards, amendments and interpretations

The Company has performed an assessment of new standards issued by the IASB that are not yet effective and has determined that any standards that have been issued would have no or very minimal impact on the Company's financial statements.

Max Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars - Unaudited)
September 30, 2021

3. EQUIPMENT

	Computers	Equipment	Office Furniture	Vehicles	Total
	\$	\$	\$	\$	\$
Cost:					
At December 31, 2019	-	-	-	52,764	52,764
Additions	-	39,869	-	47,320	87,189
At December 31, 2020	-	39,869	-	100,084	139,953
Additions	1,388	2,961	870	51,765	56,984
At September 30, 2021	1,388	42,830	870	151,849	196,937
Depreciation:					
At December 31, 2019	-	-	-	5,703	5,703
Additions	-	3,987	-	6,065	10,052
At December 31, 2020	-	3,987	-	11,768	15,755
Additions	191	5,583	130	7,722	13,626
At September 30, 2021	191	9,570	130	19,490	29,381
Net book value:					
At December 31, 2020	-	35,882	-	88,316	124,198
At September 30, 2021	1,197	33,260	740	132,359	167,556

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

A continuity of exploration and evaluation assets is as follows:

	RT Gold Project	EBAY Project	Total
	\$	\$	\$
Balance, December 31, 2019	-	-	-
Property acquisition/staking costs	509,769	275,750	785,519
Exploration costs			
Geological	232,762	392,504	625,266
Subtotal	742,531	668,254	1,410,785
Write-off of exploration asset	-	(668,254)	(668,254)
Balance, December 31, 2020	742,531	-	742,531
Property acquisition/staking costs	-	-	-
Exploration costs			
Geological	510,990	-	510,990
Subtotal	510,990	-	510,990
Balance, September 30, 2021	1,253,521	-	1,253,521

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

RT Gold Project

On September 16, 2020, the Company optioned the RT Gold property which consists of two contiguous mineral concessions within the district of Tabaconas, Peru. On November 4, 2021, the option agreement was amended to change the dates of the payments required. In accordance with the amended option agreement, to earn a 100% interest in the property, the Company must:

- pay US\$300,000 to the vendors on execution of the agreement (paid);
- pay US\$300,000 on or before October 30, 2021 (paid subsequently);
- pay US\$150,000 on or before March 20, 2023;
- pay US\$150,000 on or before March 20, 2024;
- pay US\$300,000 on or before March 20, 2025;
- pay US\$300,000 on or before March 20, 2026;
- pay US\$3,000,000 on or March 20, 2027.

Upon acquiring a 100% interest in the RT Gold property, the vendors will retain a 2.5% net smelter royalty on the commercial production of the RT Gold property.

EBAY Project

On May 11, 2020, the Company optioned the EBAY property located in Quebec, Canada. To earn a 100% interest in the property, the Company must:

- pay \$25,000 (paid) to the vendor on signing of the agreement;
- issue 2,950,000 common shares of the Company (issued at a value of \$250,750) to the vendor within seven days of TSX-V approval;
- pay a further \$25,000, issue additional common shares of the Company having a market value of \$75,000, and incur \$200,000 of expenditures on or before May 11, 2021;
- pay a further \$25,000, issue additional common shares of the Company having a market value of \$75,000, and incur a further \$200,000 of expenditures on or before May 11, 2022; and
- pay a further \$75,000, issue additional common shares of the Company having a market value of \$225,000 and incur a further \$500,000 of expenditures on or before May 11, 2023.

The number of common shares to be issued under the EBAY agreement shall be computed by dividing the common share issuance value by the share price defined as the volume weighted average price of the common shares on the TSX-V over the 30 day period prior to the share issuance.

Management decided not to proceed with the EBAY Project; as such, the option agreement was terminated and the project was written off during the year ended December 31, 2020.

Other Projects

For the nine months ended September 30, 2021, the Company incurred exploration and evaluation expenditures on projects as follows:

	CESAR Project	Total
	\$	\$
Geological	954,828	954,828
Balance, September 30, 2021	954,828	958,828

Max Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars - Unaudited)
September 30, 2021

4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

For the nine months ended September 30, 2020, the Company incurred exploration and evaluation expenditures on projects as follows:

	CESAR Project	EBAY Project	Total
	\$	\$	\$
Licensing/acquisition costs	23,603	275,750	299,353
Geological	574,158	269,257	843,415
Balance, September 30, 2020	597,761	545,007	1,142,768

These amounts have been expensed as they do not meet the criteria for capitalization under IFRS 6 as the Company does not yet have title to the licenses which are currently in the application phase with the ANM (the Colombian National Mining Agency).

Choco Project (aka Novita Project)

As at September 30, 2021, the Company held 0 (December 31, 2020 - 5) initial mineral license applications within the Choco Department, Colombia.

CESAR Project

As at September 30, 2021, the Company held 38 (December 31, 2020 – 52) initial mineral license applications within the northern Andean copper belt in northeastern Colombia. Subsequent to September 30, 2021, the Company was awarded four Colombian Mining Concession contracts (“CMC Contract”) for a period of 30 years, with the ability to extend for an additional 30 years, for four of the mineral license applications.

In October 2020, the Company agreed to cancel an agreement between Gachala and a consultant in respect to locating prospective properties and data acquisition. Under the terms of the agreement, the Company is required to make annual payments of US\$50,000 to the former consultant for 10 years. As at September 30, 2021, \$66,175 (US\$50,000) (year ended December 31, 2020 - \$66,175 (US\$50,000)) has been paid.

5. PROPERTY INVESTIGATION COSTS

During the nine months ended September 30 2021 and the year ended December 31, 2020, the Company considered several potential acquisition targets in Colombia where the Company did not proceed after the evaluation process. Additionally, on January 27, 2021, the Company signed a consulting agreement with a consultant to help identify and acquire additional mineral claims around the Company’s CESAR Project. Under the agreement, the consultant will be paid \$320,000 upon signing of the agreement (paid), of which \$87,272 is included in prepaids at September 30, 2021, and will be granted a 3% net smelter royalty (“NSR”) on all mineral claims currently registered to Valleduper and Baccancas and any claims registered to these companies during 2021. The Company has the right to purchase 100% of the NSR for US\$4,000,000 any time prior to production.

During the nine months ended September 30, 2021, \$232,727 (September 30, 2020 - \$13,640) was charged to property investigation costs in the statement of loss and comprehensive loss.

6. TRADE PAYABLES AND ACCRUED LIABILITIES

	September 30, 2021	December 31, 2020
	\$	\$
Trade payables (Note 8)	329,298	734,841
Accrued liabilities	6,500	40,000
Payroll liabilities	55,896	-
	391,694	734,841

7. SHARE CAPITAL AND RESERVES

Authorized and issued share capital

Unlimited number of common shares without par value. At September 30, 2021, there were 98,084,401 (December 31, 2020 – 87,576,100) issued and fully paid common shares outstanding.

Shares issued

During the nine months ended September 30, 2021:

The Company issued 9,841,635 common shares for gross proceeds of \$1,361,283 in connection with the exercise of 413,636 warrants at \$0.10 per warrant and 9,427,999 warrants at \$0.14 per warrant. Upon exercise, \$8,236 was reallocated from reserves to share capital.

The Company issued 666,666 common shares for gross proceeds of \$137,500 in connection with the exercise of 250,000 share options at \$0.15 per option and 416,666 share options at \$0.24 per option. Upon exercise, \$64,789 was reallocated from reserves to share capital.

During the year ended December 31, 2020:

The Company issued 11,007,862 common shares for gross proceeds of \$1,112,110 from the exercise of warrants with an average exercise price of \$0.10. Upon exercise, \$46,383 was reallocated from reserves to share capital.

The Company issued 900,000 common shares for gross proceeds of \$135,000 from the exercise of share options with an average exercise price of \$0.15. Upon exercise, \$39,812 was reallocated from reserves to share capital.

On October 22, 2020 the Company closed a non-brokered private placement financing by issuing 27,083,333 units at \$0.24 per unit for total gross proceeds of \$6,500,000. Each unit is comprised of one common share and one-half of one warrant with each whole warrant entitling the holder to purchase one additional common share for a period of one year at a price of \$0.40 per share, 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 paid finders' fees totaling \$302,035 and issued 1,242,481 finders' warrants valued at \$150,700 and recognized \$27,422 as share issuance costs. Each finders' warrant is exercisable into one common share for a period of up to one year at a price of \$0.40 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 \$0.40, Expected life – 1 year, Risk-free rate – bond equivalent yield – 0.17%, Annualized volatility – 141%, Dividend yield – 0%.

7. SHARE CAPITAL AND RESERVES (continued)

Shares issued (continued)

On August 19, 2020 the Company closed a non-brokered private placement financing by issuing 10,000,000 units at \$0.105 per unit for total gross proceeds of \$1,050,000. Each unit is comprised of one common share and one warrant with each warrant entitling 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 totaling \$20,301 and issued 193,340 finders' warrants valued at \$33,700 and recognized \$10,125 as share issuance costs. 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. The fair value of the finder warrants was calculated using the Black-Scholes Option Pricing Model and the following assumptions: Average exercise price \$0.14, Expected life – 1 year, Risk-free rate – bond equivalent yield – 0.21%, Annualized volatility –180.04%, Dividend yield – 0%.

On August 19, 2020, the Company issued 120,000 common shares to a consultant of the Company to extinguish \$12,000 in trade payables. The shares were issued with a fair value of \$27,600, resulting in a loss of \$15,600.

On May 25, 2020 the Company issued 2,950,000 with a fair value of \$250,750 in relation to an option agreement to acquire 100% of the EBAY project (Note 4).

On May 8, 2020, the Company issued a total of 3,637,750 common shares to consultants of the Company to extinguish a total of \$363,775 in trade payables. The shares were issued with a fair value of \$291,020, resulting in a gain of \$72,755.

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 for total proceeds of \$297,825. Each FT Unit is comprised of one flow-through common share and one-half of one warrant with each whole warrant entitling 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 \$29,926 and issued 265,680 finder's warrants valued at \$12,900 and recognized \$4,021 as share issuance costs. 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 – 0.30%, Annualized volatility – 100%, Dividend yield – 0%.

Share 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 share 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.

During the nine months ended September 30, 2021, the Company granted 500,000 share options to a consultant exercisable at a price of \$0.24 for a period of one year. The fair value of the options was calculated to be \$29,970 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 1 year¹, Risk-free rate – treasury bill equivalent yield – 0.26%, Annualized volatility – 101%, Dividend yield – 0%. During the nine months ended September 30, 2021, the Company recognized share-based compensation expense of \$29,970 in respect to these options.

7. SHARE CAPITAL AND RESERVES (continued)

Share options (continued)

During the year ended December 31, 2020, the Company granted 6,150,000 share options to officers, directors, and consultants exercisable at an average price of \$0.21 for a period of five years. The fair value of the options was calculated to be \$1,058,818 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 5 years, Risk-free rate – bond equivalent yield – 0.91%, Annualized volatility – 122%-146%, Dividend yield – 0%. During the year ended December 31, 2020, the Company recognized share-based compensation expense of \$1,058,818 in respect to these options.

During the year ended December 31, 2019, the Company granted 75,000 share options to a consultant exercisable at \$3.60 for a period of five years. The fair value of the options was calculated to be \$97,645 using the Black-Scholes Option Pricing Model and the following assumptions: Expected life – 5 years, Risk-free rate – bond equivalent yield – 1.43%, Annualized volatility – 113%, Dividend yield – 0%. The options vest as to 25% on grant date and 25% on every three months thereafter. During the year ended December 31, 2020, the Company recognized share-based compensation expense of \$5,336 in respect to these options.

The share option continuity schedule is as follows:

	Number of options	Weighted average exercise price	Weighted average share price on exercise
		\$	\$
Balance, December 31, 2019	75,000	3.60	-
Granted	6,150,000	0.21	-
Exercised	(900,000)	0.15	0.41
Balance, December 31, 2020	5,325,000	0.27	0.41
Granted	500,000	0.24	-
Exercised	(666,666)	0.21	0.22
Balance, September 30, 2021	5,158,334	0.28	-

Details of the share options outstanding and exercisable as at September 30, 2021 are as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
75,000	75,000	3.60	March 20, 2024
1,550,000	1,550,000	0.15	January 3, 2025
2,450,000	2,450,000	0.21	August 24, 2025
1,000,000	1,000,000	0.40	November 9, 2025
83,334	83,334	0.24	August 24, 2022
5,158,334	5,158,334		

The weighted average life of share options outstanding at September 30, 2021 was 3.68 years.

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7. SHARE CAPITAL AND RESERVES (continued)

Warrants

The warrant continuity schedule is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2019	16,592,346	0.34
Issued	27,228,671	0.28
Exercised	(11,007,862)	0.10
Expired	(1,672,561)	1.49
Balance, December 31, 2020	31,140,594	0.31
Exercised	(9,841,635)	0.14
Expired	(1,615,717)	0.67
Balance, September 30, 2021	19,683,242	0.36

Details of the warrants outstanding as at September 30, 2021 are as follows:

Number of warrants outstanding	Exercise price	Expiry date
	\$	
895,833	0.45	January 17, 2023
641,667	0.72	February 6, 2023
2,824,091	0.10	December 30, 2021
537,500	0.10	May 1, 2022
14,784,151*	0.40	October 22, 2021
19,683,242		

**expired unexercised subsequent to September 30, 2021*

The weighted average life of warrants outstanding at September 30, 2021 is 0.20 years.

8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

As at September 30, 2021, the Company owed \$25,200 (December 31, 2020 - \$13,123) to directors and officers of the Company for reimbursement of expenses, and accrued fees which are included in trade payables and accrued liabilities.

Max Resource Corp.
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8. RELATED PARTY TRANSACTIONS (continued)

A summary of key management personnel compensation is as follows:

	For the nine months ended September 30,	
	2021	2020
	\$	\$
Consulting	27,000	22,500
Management fees	304,000	294,179
	331,000	316,679

9. FINANCIAL RISK AND CAPITAL MANAGEMENT

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

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited with a major bank in Canada and Peru. 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.

As at September 30, 2021, the Company had a cash balance of \$2,110,834 to settle current liabilities of \$391,694.

Currency risk

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, Colombian Pesos, and the Peruvian Sol 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.

Max Resource Corp.
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9. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

The following is a summary of Canadian dollar equivalent financial assets and liabilities that are denominated in United States dollars, Colombian Pesos, or Peruvian Sol:

	September 30, 2021	December 31, 2020
	\$	\$
Cash	126,351	144,481
Taxes recoverable	16,101	-
Trade payables	(65,683)	(3,415)
Net assets (liabilities)	76,769	141,066

Based on the above net exposures, a 10% change in the Canadian dollar exchange rate compared to with the United States dollars, Colombian Pesos, or Peruvian Sol would change net loss and comprehensive loss by approximately \$7,700.

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. 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 and share capital. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Fair value

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 Company's financial instruments consist of cash and cash equivalents, taxes recoverable, and accounts payables. The fair value of taxes recoverable and accounts payables approximates their carrying values. Cash and cash equivalents is measured at fair value using level 1 inputs.

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10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30,	
	2021	2020
	\$	\$
Supplemental non-cash disclosures		
Shares issued for debt	-	375,775
Shares issued for exploration assets	-	250,750
Reallocation of value of options upon exercise	64,789	-
Reallocation of value of warrants upon exercise	8,236	-

11. CONTINGENCY

During the year ended December 31, 2019, certain Colombian employees of Noble Metals Ltd. were registered under the Company's name with the Colombian tax authorities, without the consent of the Company. 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.

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

	As at September 30, 2021			
	Canada	Colombia	Peru	Total
	\$	\$	\$	\$
Equipment	30,500	137,056	-	167,556
Exploration assets	-	-	1,253,521	1,253,521
Current assets	2,150,153	265,080	75,054	2,490,287
	2,180,653	402,136	1,328,575	3,911,364

	As at December 31, 2020			
	Canada	Colombia	Peru	Total
	\$	\$	\$	\$
Equipment	35,882	88,316	-	124,198
Exploration assets	-	-	742,531	742,531
Current assets	4,953,599	-	149,921	5,103,520
	4,989,481	88,316	892,452	5,970,249

13. SUBSEQUENT EVENTS

- a) Subsequent to September 30, 2021, the Company issued 200,000 common shares for gross proceeds of \$20,000 in connection with the exercise of 200,000 warrants with an exercise of \$0.10 per common share.