

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL POSITION AND RESULTS OF OPERATIONS  
For the three and nine months ended September 30, 2022

**1.1 Date of report: November 29, 2022**

The following management's discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for Max Resource Corp. ("Max" or the "Company") for the three and nine months ended September 30, 2022 and the audited consolidated financial statements and related notes for the years ended December 31, 2021 and 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](http://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 mineral resource company engaged in the acquisition and exploration of mineral properties in South America and Canada. As of March 10, 2022, the Company trades on the TSX Venture Exchange (“TSX-V”) under the symbol MAX; previously the Company traded under the symbol MXR. In February 2021, the Company was ranked in the top 10 performing stocks in the 2021 TSX Venture 50, which is comprised of the top 50 from over 1,600 companies on the TSX-V.

The Company owns the following subsidiaries:

Name	Jurisdiction
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 SAS (“Valleduper”)	Colombia
Baccancas Colombia Corp.	British Columbia, Canada
Baccancas Colombia SAS (“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

## Financings

The Company raised funds during the nine months ended September 30, 2022 through the following share issuances:

- a) On March 28, 2022, the Company closed a private placement of 29,650,000 units at a price of \$0.26 per unit for total proceeds of \$7,709,000 (“March 2022 PP”). Each unit consists of one common share and one-half warrant with each whole warrant being exercisable into one common share of the Company at an exercise price of \$0.36 for a period of 24 months from the date of issuance. In connection with the March 2022 PP, the Company paid filing fees of \$32,507, finder’s fees of \$176,463 and issued 678,704 finders’ warrants with each finders’ warrant entitling the holder to purchase one common share of the Company at a price of \$0.36 per warrant until March 28, 2024 valued at \$230,280. The fair value of the finder warrants was calculated using the Black-Scholes Option Pricing Model and the following assumptions: Average exercise price \$0.36, Expected life – 2 years, Risk-free rate – bond equivalent yield – 2.27%, Annualized volatility – 116%, Dividend yield – 0%.
- b) On May 18, 2022, the Company closed a private placement of 25,500,000 units at a price of \$0.60 per unit for total proceeds of \$15,300,000 (“May 2022 PP”). Each unit consists of one common share and one warrant exercisable into one common share of the Company at an exercise price of \$0.85 for a period of 12 months from the date of issuance. Upon issuance, the Company allocated \$4,845,000 to reserves for the value attributed to the warrants. In connection with the May 2022 PP, the Company paid legal fees of \$61,921, filing fees of \$38,550, finder’s fees of \$115,380, and issued 192,300 finders’ warrants with each finders’ warrant entitling the holder to purchase one common share of the Company at a price of \$0.85 per warrant until May 18, 2023 valued at \$19,920. The fair value of the finder warrants was calculated using the Black-Scholes Option Pricing Model and the following assumptions: Average exercise price \$0.85, Expected life – 1 year, Risk-free rate – treasury bill equivalent yield – 2.52%, Annualized volatility – 117%, Dividend yield – 0%.
- c) On June 7, 2022, the Company closed a private placement of 4,000,000 units at a price of \$0.60 per unit for total proceeds of \$2,400,000 (“June 2022 PP”). Each unit consists of one common share and one warrant exercisable into one common share of the Company at an exercise price of \$0.85 for a period of 12 months from the date of issuance. Upon issuance, the Company allocated \$720,000 to reserves for the value attributed to the warrants. In connection with the June 2022 PP, the Company paid legal fees of \$105,494, filing fees of \$12,000, finder’s fees of \$144,000, and issued 240,000 finders’ warrants with each finders’ warrant entitling the holder to purchase one common share of the Company at a price of \$0.85 per warrant until June 7, 2023 valued at \$26,420. The fair value of the finder warrants was calculated using the

Black-Scholes Option Pricing Model and the following assumptions: Average exercise price \$0.85, Expected life – 1 year, Risk-free rate – treasury bill equivalent yield – 2.88%, Annualized volatility – 117.03%, Dividend yield – 0%.

- d) The Company issued 595,833 common shares for gross proceeds of \$80,000 in connection with the exercise of 537,500 warrants at \$0.10 per warrant and 58,333 warrants at \$0.45 per warrant.
- e) The Company issued 680,000 common shares for gross proceeds of \$122,700 in connection with the exercise of 450,000 share options at \$0.15 per option and 230,000 share options at \$0.24 per option. Upon exercise, \$83,889 was reallocated from reserves to share capital

### **Subsequent Events**

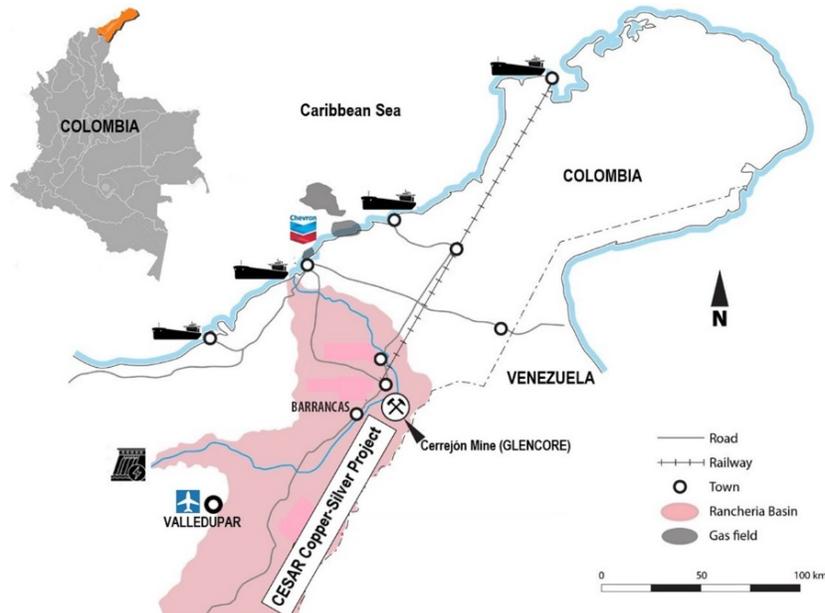
In October 2022, the Company adopted the Omnibus Plan, approved by the shareholders, under which it was authorized to grant a maximum of 4,000,000 performance share units (“PSUs”) with each PSU convertible, on certain terms and conditions, to one common share of the Company. The exercise price and vesting terms of the PSUs granted may be determined by sole discretion of the Committee at the time of grant and/or on vesting.

In November 2022, the Company issued the maximum 4,000,000 PSUs to various directors and officers of the Company which will vest upon a change of control of the Company, but not earlier than November 17, 2023.

### **Exploration and Evaluation Assets**

#### **CESAR COPPER-SILVER PROJECT, NE COLOMBIA**

CESAR lies along the copper-silver rich 200-km-long Cesar basin in northeastern Colombia. This region provides access to major infrastructure resulting from oil & gas and coal mining operations, including Cerrejón, the largest coal mine in South America, held by global miner Glencore (refer to Figure 1 and 2). The mining concessions collectively expanse over 188-km<sup>2</sup>.



**Figure 1.** CESAR copper-silver project location

Max is proactive, with the corporate goal of transitioning the Cesar basin towards the mining of copper, the key metal for the Colombia’s transition to clean energy.

The Company executed a 2-year co-operation agreement with Endeavour Silver Corp. (TSX: EDR, NYSE: EXK), which assists Max to significantly expand its 100% owned landholdings at CESAR, Endeavour will hold underlying 0.5% NSR.

The Company is focusing on three major copper-silver districts individually located along the CESAR 90-km-long belt, with the objective of expanding the zones and defining drill targets (refer to Figure 2):

- The 32-km long **AM district** with highlight values of 34.4% copper and 305 g/t silver
- The **Conejo district**, with values averaging 4.9% copper (2% cut-off) over 3.7-km
- The 20-km long **URU district**, includes the **URU-C** and **URU-CE** discoveries, highlights of: 7.0m @ 8.5% copper + 143 g/t silver and 16.8m @ 8.3% copper + 146 g/t silver

Geologically, Max interprets the sediment-hosted copper-silver mineralization in the Cesar basin to be analogous to both the Central African Copper Belt (CACB) in the south and the Kupferschiefer deposits in Poland of the CESAR copper-silver belt. Almost 50% of the copper known to exist in sediment-hosted deposits are contained at CACB, including Ivanhoe Mines Ltd (TSX: IVN) 95-billion-pound Kamoakakula discovery in the Congo.

Kupferschiefer, the world's largest silver producer and Europe's largest copper source, is a mining orebody ranging from 0.5 to 5.5m thick at depths of 500m, grading 1.49% copper and 48.6 g/t silver.

Source: Central African Belt Descriptive models, grade-tonnage relations, and databases for the assessment of sediment-hosted copper deposits with emphasis on deposits in the Central Africa Copperbelt, Democratic Republic of the Congo and Zambia by USGS 2010. Kamoakakula by OreWin March 2020. World Silver Survey 2020 and Kupferschiefer Deposits & Prospects in SW Poland, September 27, 2019. Max cautions investors that the presence of copper mineralization of the Central African Copper Belt and the Polish Kupferschiefer are not necessarily indicative of similar mineralization at CESAR.

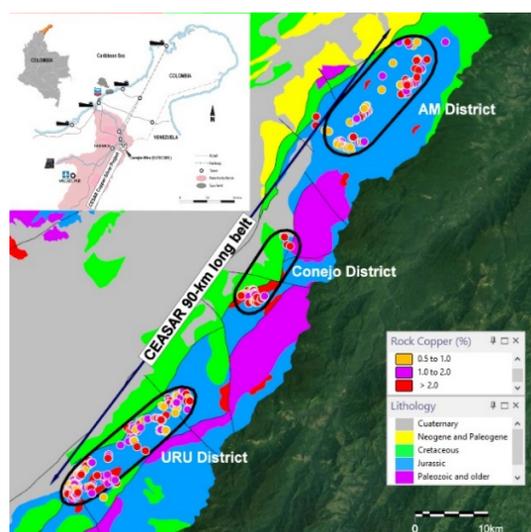


Figure 2. Location of AM, Conejo and URU Districts

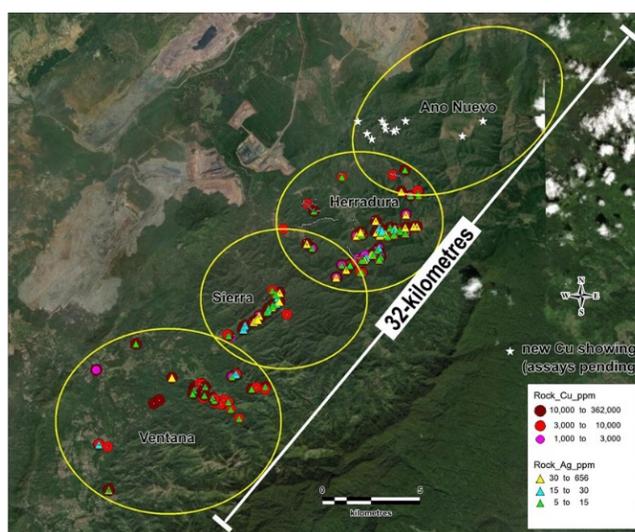


Figure 3. AM: Copper-silver mineralization spans over 100-km2

### AM District

The AM District lies on the northern portion of the CESAR 90-km-long copper-silver belt. The mining concessions cover 118-km<sup>2</sup>. Rock channel sampling demonstrates mineralization at NE/SW strike of over 32-km. Widths varied from 0.5 to 3m with highlight values of 34.4% copper and 305 g/t silver (refer to Figure 3).

### Next Steps

Max is building a geological model from historical seismic data and rock geochemistry, which will subsequently include on-ground geophysical surveys expected to commence early 2023. The objective is to identify priority targets for an exploratory drill program to follow.

### Conejo District

The Conejo District lies along the mid-section of the CESAR 90-km-long copper-silver belt. The mineralization is hosted in a stockwork within igneous host rock and is associated with the presence of epidote. Observed minerals include chalcocite, native copper, cuprite and copper oxides.

The Conejo discovery (March 2021) now spans over 3.7-km of strike and remains open in all directions. To date, 13 rock samples returned values greater than 8.0% copper; 53 returned values greater than 5.0% copper; 93 returned values 2.0% copper and above; 36 returned values greater than 20 g/t silver (refer to Figure 4, 5 and drone video)



Figure 4. Conejo “Outcrop 2, located west of “Outcrop 1”

CONEJO District: “Outcrop 1” located 1.6 - km east of “Outcrop 2”



Figure 5. (Drone Video): Conejo 40m thick outcrop: <https://www.youtube.com/watch?v= BaY4gsnPRg>

Next Steps

Max plans to conduct ground geophysical surveys in early 2023 to identify priority drill targets.

URU District

The URU District lies along the southern portion of the CESAR 90-km-long copper-silver belt. Discovered in 2021, extends over 20-km of strike. The copper mineralization is structurally controlled, predominantly chalcocite with localized weathering to malachite. Early-stage highlight rock chip channel results:

- 4.3% copper + 8 g/t silver over 10.0m
- 3.9% copper + 7 g/t silver over 10.0m
- 3.6% copper + 12 g/t silver over 10.0m
- 2.7% copper + 1 g/t silver over 25.0m
- 2.2% copper + 9 g/t silver over 25.0m

### CESAR Exploration Completed During the Quarter Ended September 30, 2022

On August 9, 2022, Max reported initial results of a high-resolution ground Induced Polarization (“IP”) survey. The IP chargeability correlates with the two copper-silver discoveries (URU-C and URU-CE).

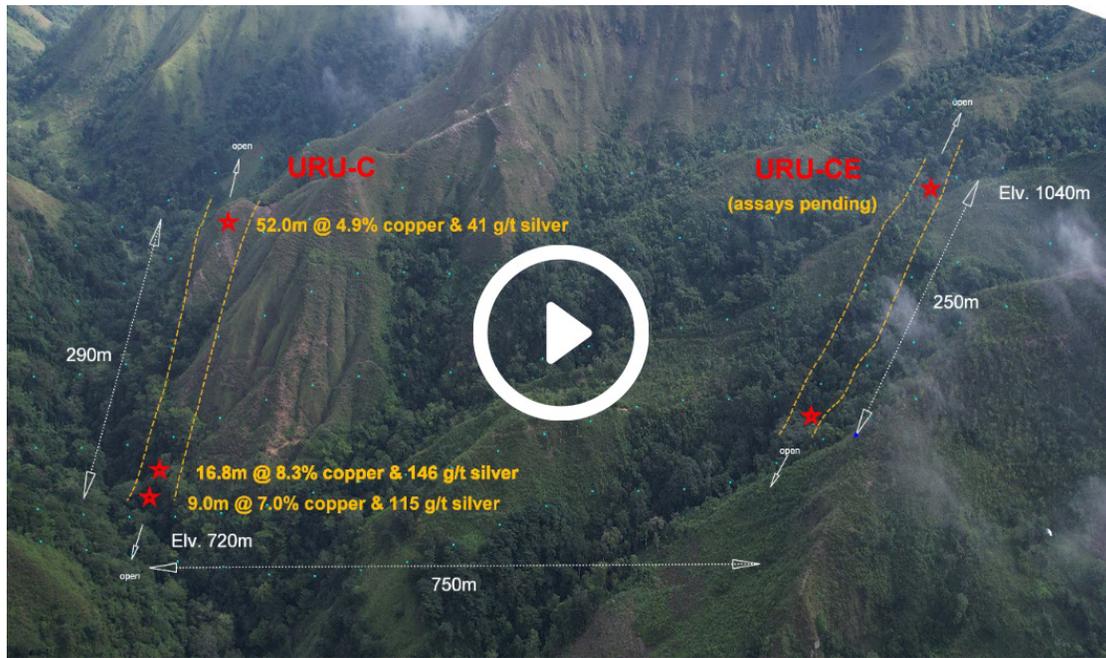


Figure 6 and drone video. URU-C and URU-CE

Rock chip surface results from the URU-C and URU-CE discoveries (refer to Figure 6 and drone video):

- **URU-C:**  
Base Level returned 9.0m @ 7.0% copper + 115 g/t silver and 16.8m @ 8.3% copper + 146 g/t silver  
Upper Level (+190m vertically above the base level) +290m along strike and returned 4.9% copper + 41 g/t silver along a 52m ridgeline (not width)
- **URU-CE:**  
 322m elevation and 750m east of the Base Level, the outcrop returned 19.4m @ 1.3% copper + 2.5 g/t silver

On September 28, Max reported completion of a 14-line-km induced polarization (IP) and ground magnetometer (TMI) survey consisting of seven lines spaced at 100m, with IP stations every 50m. The IP chargeability and TMI anomalies correlate with the URU-C and URU-CE copper-silver mineralization and indicated the mineralization of URU-CE trends 500m northeast, and dips to the east (refer to Figure 11).

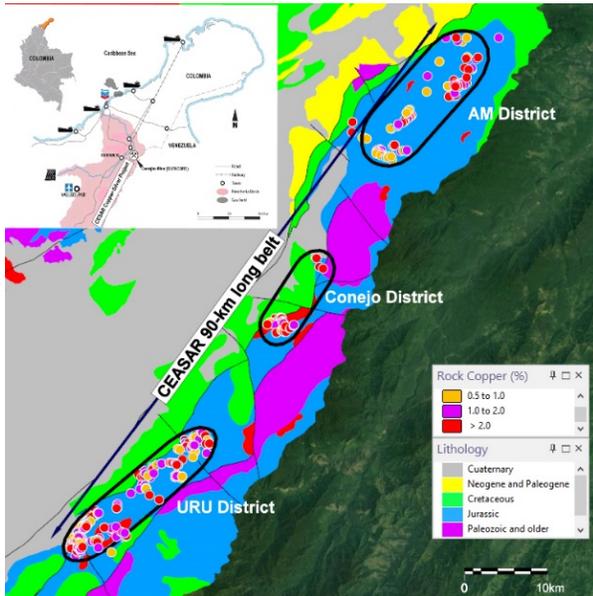


**Figure 7.** Mobilization of rig and core trays

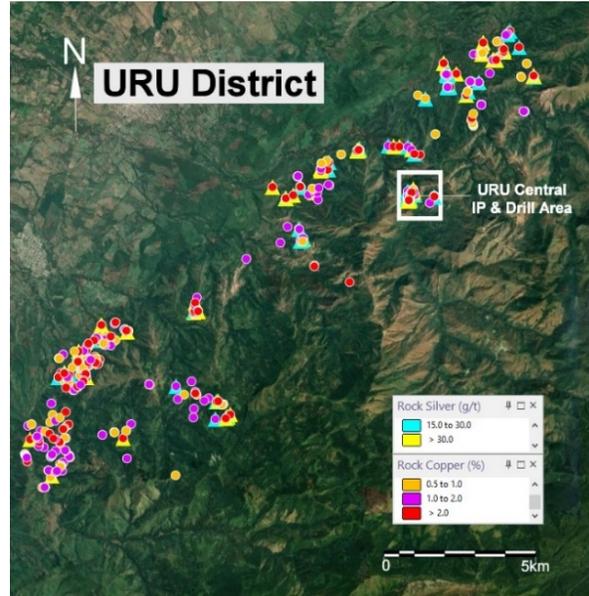


**Figure 8.** URU-C chalcocite rock

The mobilization of the drill rig and related equipment nears completion, drilling to commence on or before October 11, 2022. The man portable rig will run HTW or NTW diamond core and is capable of drilling to 400m. This first ever drill program of 2,000m is to scout test copper-silver mineralization at both URU-C and URU-CE.



**Figure 9.** CESAR 90-km-long belt



**Figure 10.** 20-km-long URU District

The initial drilling planned (refer to Figure 11):

- At URU-C, pad 1, two drill holes (P-URU1 and P-URU2) testing the down-dip continuation of surface rock chip sampling. Third hole (P-URU3) testing a blind target supported by a magnetic high and IP chargeability
- At URU-C, pads 2 and 3, holes are testing the down-dip continuation of the surface mineralization
- At URC-CE, pads 4 and 5, these pads to be located 373m vertically above and 750 m east of pad 1. Two drill holes will test continuation of the outcrop returning 19.4m @ 1.3% copper + 2.5 g/t silver

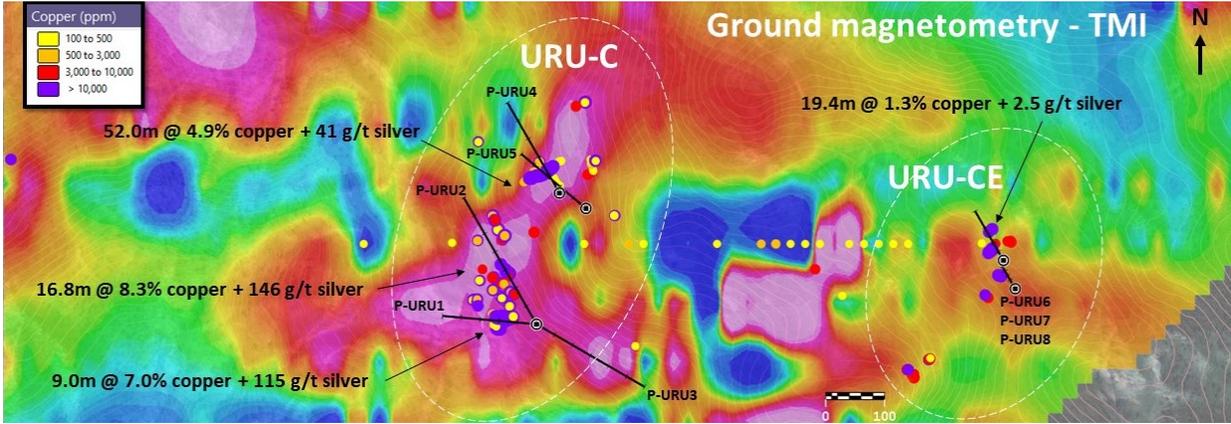


Figure 11. Ground Magnetometer (TMI) and P-URU1 to 8 drill hole locations



Figure 12. Copper mineralization in URU-1 drill core



Figure 13. URU-1 drill core showing visible malachite



**Figure 14.** URU-C, upper level drill pad



**Figure 15.** Operation of man portable diamond rig

### **CESAR Exploration Completed Subsequent to September 30, 2022**

On October 10, Max announced the very first drill program at URU-C and URU-CE, lying along the 20-km-long URU district. The inaugural program to consist of 2,000m of drilling on four pads with eight drill holes (refer to Figure 11).

On November 17, Max provided an update on its inaugural drilling program at URU-C and URU-CE (refer to Figures 11 through to 15). Eight holes from four pads for a total of 1,421m of drilling have been completed to date at URU-C. Drill hole lengths ranged from 53m to 382m. Assays are pending and due December. The drill rig is now moving to URU-CE, located 750m east of URU-C, drilling expected to continue through to mid-December 2022.

#### **Quality assurance/quality control**

All CESAR rock chip samples are shipped to ALS Lab's sample preparation facility in Medellin, Colombia. 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.

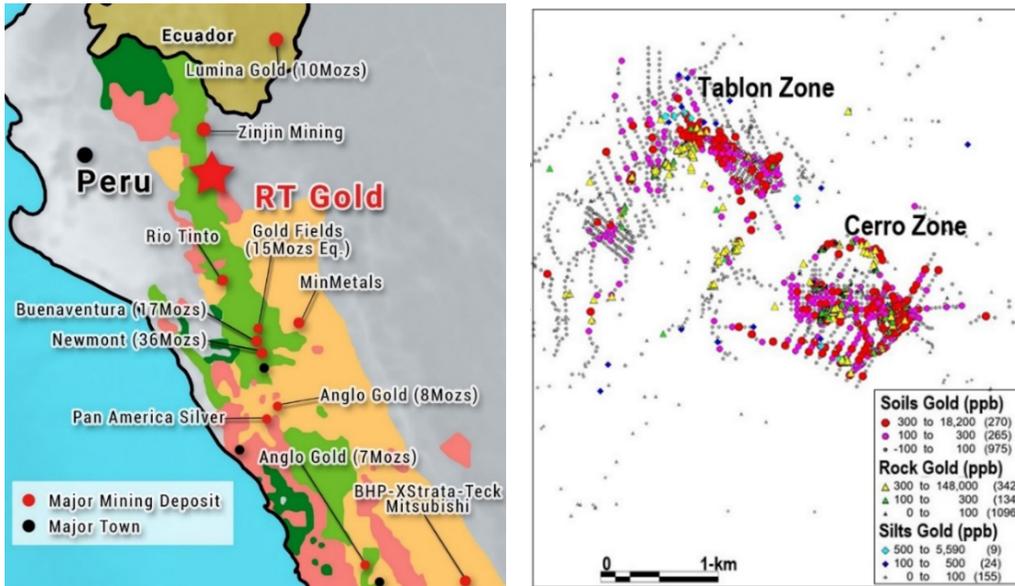
### **RT GOLD PROJECT IN PERU**

On September 16, 2020, Max executed an option agreement to acquire a 100% interest in the RT Gold property, consisting of two contiguous mineral concessions located 760-km northwest of Lima, Peru. On November 4, 2021, the option agreement was amended to change the dates of the payments required, 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)
- 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.

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 several world-class gold deposits.



Two distinct mineralized systems occur within RT Gold: CERRO, a bulk tonnage gold-bearing porphyry zone, and 3-km to the northwest, TABLON, a gold-bearing massive sulphide zone CERRO system hosts several known mineralized zones, including Peak, West, Breccia and Cathedral, consisting of:

- Soil geochemistry of CERRO has outlined a large-scale 2.0-km by-1.5-km gold anomaly, open in all directions grading from 0.1 to 4 g/t gold
- Soil geochemistry is coincident with induced polarization chargeability
- Within the gold soil anomaly, several veins and structures returned highlight assays up to 62.9 g/t gold
- CERRO has never been drilled

TABLON is located 3-km northwest from CERRO and hosts numerous gold-bearing massive to semi-massive sulphide bodies over a 150m by 450m, within a larger 1.0-km by 1.5-km anomalous gold soil and rock geochemistry.

Highlights of the 2001 diamond drill program:

- 3.1 g/t gold over 21.4m from 9.1m (RT-06)
- 5.3 g/t gold over 17.1m from 12.0m (RT-11)
- 8.8 g/t gold over 25.4m from 13.4m (RT-13)
- 5.1 g/t gold over 9.5m from 1.5m (RT-21)
- 4.9 g/t gold over 14.1m from 40.8m (RT-22)
- 13.0 g/t gold over 3.1m from 33.0m (RT-25)
- 7.0 g/t gold over 6m from 0.0m (RT-26)
- 18.0 g/t gold over 16.4m from 34.9m (RT-29)

Source: NI 43:101 Geological Report Rio Tabaconas Gold Project for Golden Alliance Resources Corp. by George Sivertz, Oct.3, 2011

### RT Gold Exploration Completed During the Quarter Ended September 30, 2022

The Company carried out exploratory exploration and continues relations with the local communities.

### RT Gold Exploration Completed Subsequent to September 30, 2022

The Company continues exploration and relations with the local communities.

The technical content of this Management Discussion and Analysis was reviewed and approved by R. Tim Henneberry, P.Geo.(BC), an Advisor to the Company.

### 1.3 Selected Quarterly Information

As at September 30, 2022, the Company was listed on the TSX Venture Exchange. The Company has not recorded any revenues in the current fiscal period, and depends upon share issuances to fund its administrative and exploration expenses. See the summary of results, below:

	Three months ended September 30,		Nine months ended September 30,	
	2022 \$	2021 \$	2022 \$	2021 \$
Revenues	-	-	-	-
Expenses	(1,062,441)	(1,122,329)	(4,552,938)	(3,250,714)
Net and comprehensive loss for the period	(913,463)	(1,121,537)	(4,403,960)	(3,244,492)
Basic and diluted net loss per common share	(0.01)	(0.01)	(0.03)	(0.04)
Exploration and evaluation assets	6,545,527	1,253,521	6,545,527	1,253,521
Total assets	25,999,444	3,911,364	25,999,444	3,911,364
Total long-term liabilities	-	-	-	-
Working capital (deficiency)	17,944,487	2,098,593	17,944,487	2,098,593
Dividends per share	-	-	-	-

The Company's current projects are at the exploration and development stages and have not generated any revenues.

At September 30, 2022, the Company had not yet achieved profitable operations and had accumulated losses of \$39,928,508 (December 31, 2021 – \$35,524,548) since inception. The net losses for the quarter ended September 30, 2022 and 2021 resulted in a net loss per share of \$0.01 and \$0.01, respectively. The net losses for the nine months ended September 30, 2022 and 2021 resulted in a net loss per share of \$0.03 and \$0.04, respectively.

At September 30, 2022, the Company has no continuing source of operating revenues. The Company has not paid any dividends on its common shares nor does it have any present intention of paying dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

### 1.4 Results of Operations

#### *Three months ended September 30, 2022*

During the quarter ended September 30, 2022 (the "current quarter"), the Company incurred a loss of \$913,463 compared to a loss of \$1,121,537 for the quarter ended September 30, 2021 (the "comparative quarter"). Variances between the current quarter compared to the comparative quarter are shown in the table below:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting	Increase of \$129,685	Increased due to the Company engaging additional consultants to assist with strategic and geological planning.
Exploration and evaluation expenditures	Decrease of \$318,975	During 2021 Q4, the Company started to capitalize its expenditures on the CESAR Project as mining concession contracts were awarded. No mining concessions had been awarded during, or prior to, the comparative quarter.
Management fees	Increase of \$86,000	Increased due to bonuses being paid in the current quarter where no bonuses were paid in the comparative quarter.
Office and miscellaneous	Increase of \$124,172	Increased due to increased corporate activity during the current quarter.

Property investigation costs	Decrease of \$86,832	Decreased as the Company became more focused on the properties currently owned by the Company.
Travel	Increase of \$124,673	Increased due to the Company incurring more travel to Colombia during the current quarter due to the lifting of the Covid-19 travel restrictions.

### ***Nine months ended September 30, 2022***

During the nine months ended September 30, 2022 (the “current period”), the Company incurred a loss of \$4,403,960 compared to a loss of \$3,250,714 for the nine months ended September 30, 2021 (the “comparative period”). Variances between the current period compared to the comparative period are shown in the table below:

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Consulting	Increase of \$497,006	Increased due to the Company engaging additional consultants to assist with strategic and geological planning.
Exploration and evaluation expenditures	Decrease of \$954,828	During 2021 Q4, the Company started to capitalize its expenditures on the CESAR Project as mining concession contracts were awarded. No mining concessions had been awarded during, or prior to, the comparative period.
Management fees	Increase of \$78,000	Increased due to bonuses being paid in the current period where no bonuses were paid in the comparative period.
Office and miscellaneous	Increase of \$86,803	Increased due to increased corporate activity during the current period.
Property investigation costs	Decrease of \$86,832	Decreased as the Company became more focused on the properties currently owned by the Company.
Share-based compensation	Increase of \$1,603,710	Increased due to the Company granting share options during the current period. Fewer share options were granted in the comparative period.
Travel	Increase of \$242,020	Increased due to the Company incurring more travel to Colombia during the current period with the lifting of the Covid-19 travel restrictions.

### **1.5 Summary of Quarterly Results**

	<b>Q3-2022</b>	<b>Q2-2022</b>	<b>Q1-2022</b>	<b>Q4-2021</b>	<b>Q3-2021</b>	<b>Q2-2021</b>	<b>Q1-2021</b>	<b>Q4-2020</b>
	<b>\$</b>							
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>Income (loss)</b>	(913,463)	(2,581,226)	(909,271)	(1,831,386)	(1,121,537)	(893,456)	(1,229,499)	(2,249,578)
<b>Income (loss) per Share</b>	(0.01)	(0.02)	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.03)

The loss for 2020 Q4 included a \$668,254 write-off for the EBAY Project and a \$469,318 expense related to the granting and vesting of incentive share options.

The loss for the 2021 Q1 included \$373,122 in exploration and evaluation costs related to the continued exploration at the Company’s CESAR project in Colombia.

The loss for the 2021 Q3 included \$318,975 in exploration and evaluation costs related to the continued exploration at the Company’s CESAR project in Colombia.

The loss for 2021 Q4 included a \$644,520 expense related to the granting and vesting of incentive share options.

The loss for 2022 Q2 included a \$1,633,680 expense related to the granting and vesting of incentive share options.

## 1.6 Liquidity and Solvency

At September 30, 2022, the Company had working capital of \$17,944,487 including cash on hand of \$18,339,167. This compares to working capital of \$514,582 at December 31, 2021, inclusive of cash of \$786,789.

The increase in cash totalling \$17,552,378 during the nine months ended September 30, 2022 was a result of operating activities consuming \$2,616,451 in cash, exploration and evaluation assets consuming \$4,479,977 in cash, and equipment acquisitions costing \$276,579 in cash, offset by cash inflows from the closing of the March 2022 PP, May 2022 PP, and June 2022 PP and the exercise of warrants and share options totalling \$24,925,385, net of share issuance costs.

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, 2022, the Company had a cash and cash equivalents balance of \$18,339,167 (December 31, 2021 - \$786,789) to settle current liabilities of \$1,102,625 (December 31, 2021 - \$487,824). 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 share options and warrants.

## 1.8 Off Balance Sheet Arrangements

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 was paid \$320,000 upon signing of the agreement 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. As at September 30, 2022, 51 mineral license applications have been acquired under this agreement of which 19 have been converted into Colombian Mining Concession contracts.

On March 18, 2022, the Company entered into a Cooperation Agreement with Endeavour Silver Corp. ("Endeavour") to solidify the terms to cooperate in the acquisition of additional mining properties to be included in the CESAR Project. Under the agreement, Endeavour will provide certain financial capabilities required of the Company by the ANM of Colombia for the benefit of securing additional mineral tenures. Endeavour will hold a 0.5% net smelter royalty on any mineral tenures acquired under this agreement. In accordance with the agreement, Endeavour subscribed to 6,600,000 units of the Company's March 2022 PP ("Endeavour Shares"), representing approximately 5% of the Company's outstanding common shares at that time. The Endeavour Shares shall not be sold, transferred or disposed of until March 28, 2024. In addition, Endeavour has entered into a voting trust agreement to vote its share in favor of management's recommendations. As at September 30, 2022, 24 mineral license applications have been acquired under this agreement of which none have been converted into Colombian Mining Concession contracts.

## 1.9 Transactions with Related Parties

### *Related party balances*

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

	September 30, 2022	December 31, 2021
	\$	\$
Alex Hemel, CFO of the Company	-	14,901
Kelly Pladson, Corporate Secretary of the Company	2,977	3,195
Mardu Investments Ltd., a Company controlled by Brett Match, CEO, President, Director	-	72,000

Redonda Management Ltd., a Company controlled by Alex Hemel, CFO	14,700	8,400
Nia Capital Corp., a Company controlled by Kelly Pladson, Corporate Secretary	3,150	-
	<b>20,827</b>	<b>98,496</b>

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:	2022	2021
	\$	\$
Management fees paid to Mardu Investments Ltd.	256,000	232,000
Management fees paid to Redonda Management Ltd.	126,000	72,000
Consulting fees paid to Nia Capital Corp.	27,000	27,000
	<b>409,000</b>	<b>331,000</b>

### 1.10 Fourth Quarter Highlights

N/A

### 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 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. Significant estimates and judgements made by management in the preparation of these consolidated financial statements are outlined below.

#### 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. 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.

#### 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.

### **1.13 Changes in Accounting Policies including Initial Adoption**

The Company did not adopt any new accounting policies during the nine months ended September 30, 2022.

### **1.14 Classification of financial instruments**

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

	September 30, 2022	December 31, 2021
	\$	\$
Cash	18,339,167	786,789
Receivables	119,487	3,244
Taxes recoverable	280,510	31,471
	<b>18,739,164</b>	<b>821,504</b>

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

	September 30, 2022	December 31, 2021
	\$	\$
Non-derivative financial liabilities:		
Accounts payables	1,102,625	487,824
	<b>1,102,625</b>	<b>487,824</b>

#### ***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, receivables, taxes recoverable, and accounts payables. The fair value of receivables, taxes recoverable and accounts payables approximates their carrying values. Cash and cash equivalents is measured at fair value using level 1 inputs.

#### **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 cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is deposited with major banks in Canada, Colombia, and Peru. The Company maintains certain cash deposits with Schedule I financial institutions, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's tax receivable is due from various government agencies; therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at September 30, 2022 is the carrying value of the receivables. Management has assessed the risk of loss as low.

#### **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, 2022, the Company had a cash balance of \$18,339,167 to settle current liabilities of \$1,102,625. Liquidity risk is assessed as low.

#### **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.

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, 2022	December 31, 2021
	\$	\$
Cash	242,648	112,724
Trade payables	(232,520)	(62,621)
Net assets	<b>10,128</b>	<b>50,103</b>

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 \$1,000.

#### **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.

#### **Other risks and uncertainties**

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks are associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

The Company is engaged in the acquisition, exploration and development of mineral properties. Given the nature of the resource business, the limited extent of the Company's assets, and the present stage of exploration, the following risks factors, among others, should be considered.

#### ***Global 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.

#### ***Exploration, Development and Operating Risks***

The Company is in the process of exploration and development of its properties and has not yet generated any revenues from production. The recovery of expenditures on mineral properties and the related exploration and evaluation expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its Projects, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Resource exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's efforts will be successful and will result in commercial production or profitability.

#### ***Fluctuating Resource Prices***

The economics of resource exploration and development are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the quantity and quality of resources and fluctuations in the market price of those resources. Depending on the price of resources, the Company may determine that it is impractical to continue a resource exploration operation or to develop one. Resource prices are prone to fluctuations and the marketability of resources are affected by government regulation relating to price, royalties, allowable production and the importing and exporting of resources, the effect of which cannot be accurately predicted.

#### ***Financing Risks and Dilution to Shareholders***

The Company has limited financial resources and no revenues. The Company will require additional funds to continue with its current business. Additionally, if the Company's programs on its Projects are successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

#### ***Title to Properties***

Acquisition of title to mineral properties in Colombia and Peru can be a very detailed and time-consuming process. Title to, and the area of, properties could be disputed. The Company cannot give a certain assurance that title to its properties will not be challenged or impugned. A successful claim that the Company does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any resources or minerals on its properties without compensation for its prior expenditures relating to its properties.

#### ***Regulatory, Permit and License Requirements***

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards,

occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any exploration or development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of resource companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

### ***Competition***

The resource exploration and development industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

### ***Reliance on Management and Dependence on Key Personnel***

The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

### ***Local Resident Concerns***

Apart from ordinary environmental issues, the exploration and development the Company's Projects could be subject to resistance from local residents that could either prevent or delay exploration and development of its properties.

### ***Environmental Risks***

The Company's exploration and development programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the resource business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that mines and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

### ***Currency Risks***

The Company's financial results are reported in Canadian dollars. The Company's exploration properties are located in Colombia and Peru and the Company incurs most of its expenditures in United States dollars. Any appreciation in the currency of the United States, Colombia, or Peru against the Canadian dollar will increase the Company's costs of carrying out operations and its ability to continue to finance its operations. Such fluctuations could have a material adverse effect on the Company's financial results.

### ***Conflicts of Interest***

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other

activities, such directors and officers may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to an issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA and applicable internal corporate governance or board policies where and when applicable.

**Political Risks**

The Company’s operations may be adversely affected by changes in governmental policies or other economic developments which are not within the control of the Company including a change in taxation policies, economic sanctions, and currency control. The Company is subject to various laws governing exploration, development, production, export of products, taxes, labour standards and occupational health, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could increase the cost of operations.

**Uninsurable Risks**

Exploration, development and production operations on resource properties involve numerous risks, including unexpected or unusual geological and/or operating conditions, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company’s results of operations and financial condition and could cause a decline in the value of the Company’s shares.

**Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

**Contingencies**

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.

**1.15 Other MD&A Requirements**

**Equity Securities Issued and Outstanding**

**Common Shares**

The Company has one class of common shares. Below is a summary of the common shares, stock options, warrants, and performance share units issued and outstanding as at September 30, 2022 and the date of this report.

	September 30, 2022	Date of this report
Common shares	161,884,325	161,884,325
Share options	11,065,000	11,065,000
Warrants	46,915,171	46,915,171
Performance share units	-	4,000,000

### Share Options

The following tranches of Share options are outstanding as of the date of this report:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
75,000	3.60	March 20, 2024
800,000	0.15	January 3, 2025
1,800,000	0.21	August 24, 2025
1,000,000	0.40	November 9, 2025
3,720,000	0.55	April 26, 2026
3,670,000	0.24	December 20, 2026
<b>11,065,000</b>		

### Warrants

The following tranches of warrants are outstanding as of the date of this report:

Number of warrants outstanding	Exercise price	Expiry date
	\$	
837,500	0.45	January 17, 2023
641,667	0.72	February 6, 2023
25,692,300	0.85	May 18, 2023
4,240,000	0.85	June 7, 2023
15,503,704	0.36	March 28, 2024
<b>46,915,171</b>		

### Performance Share Units:

The Company has issued PSUs to certain directors, employees, officers, and consultants of the Company. As of the date of this report, the following tranche is outstanding:

Number of PSUs Outstanding	Number of PSUs Vested	Vesting Date
4,000,000	Nil	Later of a change of control or November 17, 2023
<b>4,000,000</b>		

### Other Information

Additional information relating to the Company can be found on or in:

- the Company's website at [www.maxresource.com](http://www.maxresource.com) ;
- SEDAR at [www.sedar.com](http://www.sedar.com);
- the Company's audited consolidated financial statements for the years ended December 31, 2021 and 2020; and
- the Company's unaudited consolidated financial statements for the three and nine months ended September 30, 2022 and 2021.

This MD&A was approved by the Board of Directors of Max Resource Corp effective November 29, 2022.