



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

**For the three months ended March 31, 2022 and 2021**

**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)**

		<b>Three Months Ended</b>	
	<b>Note</b>	<b>2022</b>	<b>March 31,</b>
		<b>\$</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>OPERATING EXPENSES</b>			
Consulting	8	300,966	217,886
Depreciation	3	6,194	4,340
Exploration and evaluation expenditures	4	-	373,122
Foreign exchange		80,226	55,512
Management fees	8	96,000	120,000
Marketing		144,716	170,070
Office and miscellaneous		43,575	69,599
Professional fees		84,768	61,231
Property investigation costs	5	-	58,182
Salaries and benefits	7	82,568	72,070
Transfer agent and filing fees		5,345	11,916
Travel		64,913	19,023
		(909,271)	(1,232,951)
Interest income		-	3,452
<b>Loss and comprehensive loss for the period</b>		<b>(909,271)</b>	<b>(1,229,499)</b>
Loss per share - basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		103,079,168	89,150,308

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

	Note	Share capital		Reserves			Deficit	Total
		Number of shares	Amount	Warrants	Share options	Total		
			\$	\$	\$	\$	\$	
<b>Balance at December 31, 2020</b>		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	2,856,131	394,264	(6,406)	-	(6,406)	-	387,858
Shares issued on exercise of share options	7	250,000	77,312	-	(39,812)	(39,812)	-	37,500
Loss for the period		-	-	-	-	-	(1,229,499)	(1,229,499)
<b>Balance at March 31, 2021</b>		90,682,231	32,279,600	657,195	3,172,641	3,829,836	(31,678,169)	4,431,267
Shares issued on exercise of warrants	7	9,709,595	1,255,901	(10,066)	-	(10,066)	-	1,245,835
Shares issued on exercise of share options	7	1,066,666	366,957	-	(130,456)	(130,456)	-	236,501
Share-based compensation		-	-	-	674,490	674,490	-	674,490
Loss for the period		-	-	-	-	-	(3,846,379)	(3,846,379)
<b>Balance at December 31, 2021</b>		101,458,492	33,902,458	647,129	3,716,675	4,363,804	(35,524,548)	2,741,714
Units issued for private placements	7	29,650,000	7,709,000	-	-	-	-	7,709,000
Shares issued on exercise of warrants	7	365,833	48,250	-	-	-	-	48,250
Shares issued on exercise of share options	7	150,000	60,789	-	(24,789)	(24,789)	-	36,000
Share issuance costs		-	(439,250)	230,280	-	230,280	-	(208,970)
Loss for the period		-	-	-	-	-	(909,271)	(909,271)
<b>Balance at March 31, 2022</b>		<b>131,624,325</b>	<b>41,281,247</b>	<b>877,409</b>	<b>3,691,886</b>	<b>4,569,295</b>	<b>(36,433,819)</b>	<b>9,416,723</b>

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)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Loss for the period	(909,271)	(1,229,499)
Items not affecting cash:		
Depreciation	6,194	4,340
Changes in non-cash working capital items:		
Receivables	(74,620)	-
Taxes recoverable	(58,239)	1,906
Prepays	18,781	(146,910)
Trade payables and accrued liabilities	727,502	(290,472)
	<b>(289,653)</b>	<b>(1,660,635)</b>
<b>Cash flows used in investing activities</b>		
Exploration asset expenditures	(877,857)	(133,609)
Purchase of equipment	(106,804)	(1,543)
	<b>(984,661)</b>	<b>(135,152)</b>
<b>Cash flows from financing activities</b>		
Units issued for cash	7,709,000	-
Proceeds from exercise of options	36,000	37,500
Proceeds from exercise of warrants	48,250	387,858
Share issue costs	(208,970)	-
	<b>7,584,280</b>	<b>425,358</b>
<b>Change in cash during the period</b>	<b>6,309,966</b>	<b>(1,370,429)</b>
<b>Cash, beginning of period</b>	<b>786,789</b>	<b>4,697,156</b>
<b>Cash, end of period</b>	<b>7,096,755</b>	<b>3,326,727</b>

**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 traded on the TSX Venture Exchange (“TSX-V”) under the symbol “MXR” until March 9, 2022. On March 10, 2022, the Company shares traded on the TSX-V under the symbol “MAX”.

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 25<sup>th</sup> 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 March 31, 2022, the Company had an accumulated deficit of \$36,433,819 and working capital of \$6,211,124 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. These adjustments could be material.

## **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, 2021.

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issuance on May 30, 2022.

## **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 consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow disclosure.

The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

### **Basis of consolidation**

The condensed interim 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. 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.

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

### **Use of estimates (continued)**

#### 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.

### **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 condensed interim consolidated financial statements are presented in Canadian dollars which is the parent company and its subsidiaries' functional and presentation currency.

#### 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

**Max Resource Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**March 31, 2022**

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

**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:

<b>Class</b>	<b>Depreciation rate</b>
Computers	55%
Equipment	20%
Office furniture	20%
Vehicles	10 years

**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 condensed interim financial statements.

**3. EQUIPMENT**

	<b>Computers</b>	<b>Equipment</b>	<b>Office Furniture</b>	<b>Vehicles</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost:</b>					
At December 31, 2020	-	39,869	-	100,084	139,953
Additions	1,388	2,961	870	51,765	56,984
At December 31, 2021	1,388	42,830	870	151,849	196,937
Additions	4,704	2,759	1,039	98,302	106,804
At March 31, 2022	6,092	45,589	1,909	250,151	303,741
<b>Depreciation:</b>					
At December 31, 2020	-	3,987	-	11,768	15,755
Additions	382	7,526	174	11,518	19,600
At December 31, 2021	382	11,513	174	23,286	35,355
Additions	332	1,604	52	4,206	6,194
At March 31, 2022	714	13,117	226	27,492	41,549
<b>Net book value:</b>					
At December 31, 2021	1,006	31,317	696	128,563	161,582
<b>At March 31, 2022</b>	<b>5,378</b>	<b>32,472</b>	<b>1,683</b>	<b>222,659</b>	<b>262,192</b>

**Max Resource Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars - Unaudited)**  
**March 31, 2022**

**4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES**

A continuity of exploration and evaluation assets is as follows:

	<b>RT Gold Project</b>	<b>CESAR Project</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance, December 31, 2020</b>	<b>742,531</b>	<b>-</b>	<b>742,531</b>
Property acquisition/staking costs	370,860	-	370,860
Exploration costs			
Geological	604,880	347,279	952,159
Subtotal	975,740	347,279	1,323,019
<b>Balance, December 31, 2021</b>	<b>1,718,271</b>	<b>347,279</b>	<b>2,065,550</b>
Property acquisition/staking costs	-	-	-
Exploration costs			
Geological	313,531	564,326	877,857
Subtotal	313,531	564,326	877,857
<b>Balance, March 31, 2022</b>	<b>2,031,802</b>	<b>911,605</b>	<b>2,943,407</b>

**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);
- 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.

**CESAR Project**

As at March 31, 2022, the Company held 67 (December 31, 2021 – 39) initial mineral license applications within the northern Andean copper belt in northeastern Colombia. As at March 31, 2022, the Company was awarded 19 (December 31, 2021 – 19) Colombian Mining Concession contracts (“CMC Contract”) for a period of 30 years, with the ability to extend for an additional 30 years, for 34 of the mineral license applications.

All costs incurred prior to receiving the CMC Contracts were expensed as they did not meet the criteria for capitalization under IFRS 6 as the Company did not yet have title to the licenses which were currently in the application phase with the ANM (the Colombian National Mining Agency).

**4. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)**

**CESAR Project (continued)**

Prior to receiving the CMC contracts, the Company incurred geological expenses of \$nil (March 31, 2021 - \$373,122) and licensing/acquisition costs of \$nil (March 31, 2021 - \$nil) during the three months ended March 31, 2022 for the CESAR Project which were included in exploration and evaluation expenditures in the condensed interim consolidated statement of loss and comprehensive loss.

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 March 31, 2022, \$128,000 (US\$100,000) (December 31, 2021 - \$128,000 (US\$100,000)) has been paid.

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 addition 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 (defined in Note 7) ("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.

**5. PROPERTY INVESTIGATION COSTS**

During the three months ended March 31, 2022 and 2021, 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 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.

During the three months ended March 31, 2022, \$nil (March 31, 2021 - \$58,182) was charged to property investigation costs in the statement of loss and comprehensive loss.

**6. TRADE PAYABLES AND ACCRUED LIABILITIES**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Trade payables (Note 8)	1,078,284	386,139
Accrued liabilities	70,500	56,500
Payroll liabilities	66,542	45,185
	<b>1,215,326</b>	<b>487,824</b>

## **7. SHARE CAPITAL AND RESERVES**

### **Authorized and issued share capital**

Unlimited number of common shares without par value. At March 31, 2022, there were 131,624,325 (December 31, 2021 – 101,458,492) issued and fully paid common shares outstanding.

### **Shares issued**

*During the three months ended March 31, 2022:*

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 and 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 – 115.79%, Dividend yield – 0%.

The Company issued 365,833 common shares for gross proceeds of \$48,250 in connection with the exercise of 332,500 warrants at \$0.10 per warrant and 33,333 warrants at \$0.45 per warrant.

The Company issued 150,000 common shares for gross proceeds of \$36,000 in connection with the exercise of 150,000 share options at \$0.24 per option. Upon exercise, \$24,789 was reallocated from reserves to share capital.

*During the year ended December 31, 2021:*

The Company issued 12,565,726 common shares for gross proceeds of \$1,633,693 in connection with the exercise of 3,137,727 warrants at \$0.10 per warrant and 9,427,999 warrants at \$0.14 per warrant. Upon exercise, \$16,472 was reallocated from reserves to share capital.

The Company issued 1,316,666 common shares for gross proceeds of \$274,001 in connection with the exercise of 250,000 share options at \$0.15 per option, 416,666 share options at \$0.24 per option, and 650,000 share options at \$0.21 per option. Upon exercise, \$170,268 was reallocated from reserves to share capital.

### **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 year ended December 31, 2021, the Company granted 4,400,000 share options to certain consultants exercisable at an average price of \$0.24 for an average period of 4.55 years. The fair value of the options was calculated to be \$674,490 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 4.55 years, Risk-free rate – 1.11%, Annualized volatility – 122%, Dividend yield – 0%. During the year ended December 31, 2021, the Company recognized share-based compensation expense of \$674,490 in respect to these options.

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**7. SHARE CAPITAL AND RESERVES (continued)**

**Share options (continued)**

The share option continuity schedule is as follows:

	Number of options	Weighted average exercise price	Weighted average share price on exercise
		\$	\$
Balance, December 31, 2020	5,325,000	0.27	-
Granted	4,400,000	0.24	-
Exercised	(1,316,666)	0.21	0.20
Balance, December 31, 2021	8,408,334	0.27	-
Exercised	(150,000)	0.24	0.25
<b>Balance, March 31, 2022</b>	<b>8,258,334</b>	<b>0.27</b>	<b>-</b>

Details of the share options outstanding and exercisable as at March 31, 2022 are as follows:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
83,334	0.24	August 24, 2022
75,000	3.60	March 20, 2024
1,550,000	0.15	January 3, 2025
1,800,000	0.21	August 24, 2025
1,000,000	0.40	November 9, 2025
3,750,000	0.24	December 20, 2026
<b>8,258,334</b>		

The weighted average life of share options outstanding at March 31, 2022 was 3.87 years.

**Warrants**

The warrant continuity schedule is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2020	31,140,594	0.31
Exercised	(12,565,726)	0.13
Expired	(16,499,868)	0.42
Balance, December 31, 2021	2,075,000	0.44
Issued	15,503,704	0.36
Exercised	(365,833)	0.13
<b>Balance, March 31, 2022</b>	<b>17,212,871</b>	<b>0.37</b>

**Max Resource Corp.**  
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**7. SHARE CAPITAL AND RESERVES (continued)**

**Warrants (continued)**

Details of the warrants outstanding as at March 31, 2022 are as follows:

Number of warrants outstanding	Exercise price	Expiry date
	\$	
205,000	0.10	May 1, 2022
862,500	0.45	January 17, 2023
641,667	0.72	February 6, 2023
15,503,704	0.36	March 28, 2024
<b>17,212,871</b>		

The weighted average life of warrants outstanding at March 31, 2022 is 1.89 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 March 31, 2022, the Company owed \$150,174 (December 31, 2021 - \$98,496) to directors and officers of the Company for reimbursement of expenses, and accrued fees which are included in trade payables and accrued liabilities.

A summary of key management personnel compensation is as follows:

	For the three months ended	
	2022	March 31, 2021
	\$	\$
Consulting	9,000	9,000
Management fees	96,000	120,000
	<b>105,000</b>	<b>129,000</b>

## 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, Colombia, 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 March 31, 2022, the Company had a cash balance of \$7,096,755 to settle current liabilities of \$1,215,326. 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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>
	<b>\$</b>	<b>\$</b>
Cash	186,198	112,724
Trade payables	(99,872)	(62,621)
<b>Net assets</b>	<b>86,326</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 \$9,000.

### **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.

**9. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)**

**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, 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.

**10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

	For the three months ended	
	2022	March 31, 2021
	\$	\$
Supplemental non-cash disclosures		
Reallocation of value of options upon exercise	24,789	39,812
Reallocation of value of warrants upon exercise	-	6,406
Warrants issued for finders' fees pursuant to share issuances	281,320	-

**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.

**Max Resource Corp.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**(Expressed in Canadian Dollars - Unaudited)**  
**March 31, 2022**

**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:

	<b>As at March 31, 2022</b>			
	<b>Canada</b>	<b>Colombia</b>	<b>Peru</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment	27,270	234,922	0	262,192
Exploration assets	0	911,605	2,031,802	2,943,407
Current assets	7,328,346	664	97,440	7,426,450
	<b>7,355,616</b>	<b>1,147,191</b>	<b>2,129,242</b>	<b>10,632,049</b>

  

	<b>As at March 31, 2021</b>			
	<b>Canada</b>	<b>Colombia</b>	<b>Peru</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment	34,088	87,313	-	121,401
Exploration assets	-	-	876,140	876,140
Current assets	3,787,897	33,239	56,959	3,878,095
	<b>3,821,985</b>	<b>120,552</b>	<b>933,099</b>	<b>4,875,636</b>

**13. SUBSEQUENT EVENTS**

- a) On April 26, 2022, the Company granted 3,720,000 stock options to certain consultants of the Company with an exercise price of \$0.55 and an expiry date of April 26, 2026.
- 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. In connection with the May 2022 PP, the Company paid 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.
- c) Subsequent to March 31, 2022, the Company issued 230,000 common shares for gross proceeds of \$31,750 in connection with the exercise of 205,000 warrants with an exercise of \$0.10 per common share and 25,000 warrants with an exercise of \$0.45 per common share.
- d) Subsequent to March 31, 2022, the Company issued 530,000 common shares for gross proceeds of \$86,700 in connection with the exercise of 450,000 warrants with an exercise of \$0.15 per common share and 80,000 warrants with an exercise of \$0.24 per common share.