



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

For the three and nine months ended September 30, 2023 and 2022

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)

		Three Months Ended September 30,		Nine Months Ended September 30,	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
OPERATING EXPENSES					
Accretion	9	11,969	-	34,354	-
Consulting and employment costs					
Depreciation	11	299,764	445,571	946,936	1,296,254
Foreign exchange (gain)	4,7	30,234	14,729	90,425	31,356
Management fees	11	43,591	(54,462)	152,671	(32,550)
Marketing		138,000	182,000	397,000	382,000
Office and miscellaneous	7	46,733	107,363	241,160	378,846
Professional fees		294,947	196,258	513,137	354,293
Property investigation costs	6	66,885	33,332	237,926	212,819
Share-based compensation	10	-	439	49,441	877
Transfer agent and filing fees		-	-	-	1,633,680
Travel and related costs		(7,567)	9,330	23,860	30,411
		135,439	127,881	394,663	264,952
		(1,059,995)	(1,062,441)	(3,081,573)	(4,552,938)
Interest income		191,198	148,978	368,952	148,978
Loss and comprehensive loss for the period		(868,797)	(913,463)	(2,712,621)	(4,403,960)
Loss per share - basic and diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding		161,884,325	161,809,325	161,884,325	137,042,259

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		
			\$	\$	\$	\$	\$	\$
Balance at December 31, 2021		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	10	59,150,000	19,844,000	5,565,000	-	5,565,000	-	25,409,000
Shares issued on exercise of warrants	10	595,833	80,000	-	-	-	-	80,000
Shares issued on exercise of share options	10	680,000	206,589	-	(83,889)	(83,889)	-	122,700
Share issuance costs	10	-	(962,935)	276,620	-	276,620	-	(686,315)
Share-based compensation	10	-	-	-	1,633,680	1,633,680	-	1,633,680
Loss for the period		-	-	-	-	-	(4,403,960)	(4,403,960)
Balance at September 30, 2022		161,884,325	53,070,112	6,488,749	5,266,466	11,755,215	(39,928,508)	24,896,819
Units issued for private placements	10	-	4,545,000	(4,545,000)	-	(4,545,000)	-	-
Share issuance costs	10	-	(48,860)	48,860	-	48,860	-	-
Loss for the period		-	-	-	-	-	(1,248,274)	(1,248,274)
Balance at December 31, 2022		161,884,325	57,566,252	1,992,609	5,266,466	7,259,075	(41,176,782)	23,648,545
Loss for the period		-	-	-	-	-	(2,712,621)	(2,712,621)
Balance at September 30, 2023		161,884,325	57,566,252	1,992,609	5,266,466	7,259,075	(43,889,403)	20,935,924

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

	Nine Months Ended September 30,	
	2023	2022
	\$	\$
Cash flows used in operating activities		
Loss for the period	(2,712,621)	(4,403,960)
Items not affecting cash:		
Accretion	34,354	-
Depreciation	90,425	31,356
Interest on lease liability	6,119	-
Share-based compensation	-	1,633,680
Unrealized (gain) loss on foreign exchange	(350)	-
Changes in non-cash working capital items:		
Receivables	135,817	(116,243)
Taxes recoverable	88,590	(249,039)
Prepays	(5,440)	(127,046)
Accounts payables and accrued liabilities	(26,737)	614,801
	(2,389,843)	(2,616,451)
Cash flows used in investing activities		
Exploration asset expenditures	(4,438,897)	(4,479,977)
Purchase of equipment	(61,130)	(276,579)
	(4,500,027)	(4,756,556)
Cash flows from financing activities		
Units issued for cash	-	25,409,000
Proceeds from exercise of options	-	122,700
Proceeds from exercise of warrants	-	80,000
Repayment of lease liabilities	(41,978)	-
Share issue costs	-	(686,315)
	(41,978)	24,925,385
Change in cash during the period	(6,931,848)	17,552,378
Cash, beginning of period	15,600,259	786,789
Cash, end of period	8,668,411	18,339,167

Supplemental cash flow information (Note 13)

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 began trading on the TSX-V under the symbol “MAX”.

The Company’s head office is located at #2710 - 200 Granville St., Vancouver, British Columbia, Canada, V6E 1S4 and its registered and records office is located at 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning 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. The recoverability of carrying amounts for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral properties, the ability of the Company to obtain necessary financing to complete exploration and development, achievement of future profitable production or proceeds from the disposition thereof. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable.

The Company’s continuation as a going-concern is dependent upon the successful results of its mineral property exploration and downstream development activities and its ability to raise equity capital sufficient to meet current and future obligations. As at September 30, 2023, the Company had cash and cash equivalents of \$8,668,411 which alleviates significant doubt about the Company’s ability to continue as a going concern.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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, 2022.

Certain accounts have been reclassified to be consistent with the current period classification.

These condensed interim financial statements were approved by the Board of Directors of the Company and authorized for issuance on November 29, 2023.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of preparation

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

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

Basis of consolidation

The condensed interim consolidated financial statements include the accounts of the Company and the following wholly owned 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 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 and judgements

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 condensed interim consolidated financial statements are outlined below.

Significant judgements

Going concern

The assessment of the Company’s ability to continue as a going concern and whether there exists material uncertainties that may cast doubt involves management judgement about the Company’s resources and future prospects (see Note 1).

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Use of estimates and judgements (continued)

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.

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

Management must use judgment when determining whether there are indicators that its mineral properties may be impaired. Indicators that are considered by management are described in the Company's accounting policy for exploration and evaluation assets.

Significant estimates

Valuation of share-based compensation

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

Income taxes

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

Foreign currency translation

Functional and presentation currency:

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

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 of losses in the statements of loss and comprehensive loss.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

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 consolidated financial statements.

Max Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars - Unaudited)
September 30, 2023

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the statement of financial position usually comprise of cash at bank, held in trust, and short-term deposits which are highly liquid and readily convertible into a known amount of cash.

	September 30, 2023	December 31, 2022
	\$	\$
Cash	127,469	12,466,174
Held in trust	152,451	106,035
Guaranteed investment certificate	8,388,491	3,028,050
	8,668,411	15,600,259

4. EQUIPMENT

	Computers	Equipment	Office Furniture	Vehicles	Total
	\$	\$	\$	\$	\$
Cost:					
At December 31, 2021	1,388	42,830	870	151,849	196,937
Additions	21,273	24,003	3,580	236,160	285,016
At December 31, 2022	22,661	66,833	4,450	388,009	481,953
Additions	14,298	46,832	-	-	61,130
At September 30, 2023	36,959	113,665	4,450	388,009	543,083
Depreciation:					
At December 31, 2021	382	11,513	174	23,286	35,355
Additions	7,234	8,036	599	31,009	46,878
At December 31, 2022	7,616	19,549	773	54,295	82,233
Additions	9,510	13,337	551	29,101	52,499
At September 30, 2023	17,126	32,886	1,324	83,396	134,732
Net book value:					
At December 31, 2022	15,045	47,284	3,677	333,714	399,720
At September 30, 2023	19,833	80,779	3,126	304,613	408,351

Max Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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September 30, 2023

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES

A continuity of exploration and evaluation assets is as follows:

	RT Gold Project (Peru) \$	CESAR Project (Colombia) \$	Total \$
Balance, December 31, 2021	1,718,270	347,280	2,065,550
Property acquisition/staking costs	-	-	-
Exploration costs			
Equipment and supplies	14,120	343,416	357,536
General administration	105,422	27,955	133,377
Geological consulting	1,130,608	4,182,732	5,313,340
Permits	-	135,814	135,814
Rent	-	199,455	199,455
Salaries and wages	305,668	596,714	902,382
Travel	31,958	43,271	75,229
Subtotal	1,587,776	5,529,357	7,117,133
Balance, December 31, 2022	3,306,046	5,876,637	9,182,683
Property acquisition/staking costs	203,761	-	203,761
Exploration costs			
Claim fees	73,589	-	73,589
Equipment and supplies	5,099	405,079	410,178
General administration	30,820	13,473	44,293
Geological consulting	316,834	2,275,282	2,592,116
Permits	-	20,412	20,412
Rent	-	32,392	32,392
Salaries and wages	17,376	309,310	326,686
Travel	11,156	54,799	65,955
Subtotal	658,635	3,110,747	3,769,382
Balance, September 30, 2023	3,964,681	8,987,384	12,952,065

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

RT Gold Project

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

- pay US\$300,000 to the vendors on execution of the agreement (paid);
- pay US\$300,000 on or before October 30, 2021 (paid);
- pay US\$150,000 on or before March 20, 2023 (paid);
- 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 before 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 September 30, 2023, the Company held 88 (December 31, 2022 – 69) initial mineral license applications within the northern Andean copper belt in northeastern Colombia. As at September 30, 2023, the Company was awarded 20 (December 31, 2022 – 20) Colombian Mining Concession contracts (“CMC Contract”) for a period of 30 years, with the ability to extend for an additional 30 years, for 20 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).

Prior to receiving the CMC contracts, the Company incurred geological expenses \$nil (year ended December 31, 2022 - \$69,653) during the nine month ended September 30, 2023 for the CESAR Project which were included in exploration and evaluation expenditures in the consolidated statement of loss and comprehensive loss. Subsequent to receiving the CMC contracts, the Company has capitalized the geological expenditures incurred on this property.

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, which was included in property investigation costs when incurred, and was granted a 3% net smelter royalty (“NSR”) on all mineral claims currently registered to Valleduper and Baccancas and any claims registered to these companies up until December 31, 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, 2023, 49 (December 31, 2022 – 49) mineral license applications have been acquired under this agreement of which 19 (December 31, 2022 – 19) have been converted into CMC contracts. In November 2023, the Company acquired 100% of the issued and outstanding shares of the consultant for 14,000,000 common shares of the Company.

5. EXPLORATION AND EVALUATION ASSETS AND EXPENDITURES (continued)

CESAR Project (continued)

On March 18, 2022, the Company entered into a Cooperation Agreement (the “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 (defined in Note 10) (“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 the Company’s management’s recommendations. As at September 30, 2023, 44 (December 31, 2022 – 24) mineral license applications have been acquired under this Agreement of which none have been converted into CMC contracts.

6. PROPERTY INVESTIGATION COSTS

During the nine months ended September 30, 2023, \$49,441 (December 31, 2022 - \$6,813) was charged to property investigation costs in the statement of loss and comprehensive loss in relation to several potential acquisition targets being considered in Colombia where the Company did not proceed after the evaluation process.

7. RIGHT-OF-USE ASSET AND LEASE LIABILITY

As of February 2023, the Company leased an office space in Vancouver, Canada. In June 2023, the office lease was amended to decrease the future monthly payments from \$6,190 per month to \$4,305 per month.

Right-of-use assets

	Office Lease
	\$
Cost:	
At December 31, 2021 and 2022	-
Additions	106,625
Revaluation	(26,134)
At September 30, 2023	106,625
Depreciation:	
At December 31, 2021 and 2022	-
Additions	37,926
At September 30, 2023	37,926
Net book value:	
At December 31, 2022	-
At September 30, 2023	42,565

Depreciation of right-of-use asset is calculated using the straight-line method over the remaining lease term.

Max Resource Corp.
Notes to the Condensed Interim Consolidated Financial Statements
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7. RIGHT-OF-USE ASSET AND LEASE LIABILITY (continued)

Lease Liabilities

	September 30, 2023
	\$
Balance, beginning of period	-
Additions	106,625
Revaluation	(26,134)
Lease payments	(29,064)
Interest expense	4,552
	55,979
Less: current portion	(47,497)
Balance, end of period	8,482

The lease liability was discounted at a discount rate of 12%.

The minimum lease payments in respect of the lease liability and the effect of discounting are as follows:

	\$
Undiscounted minimum lease payments:	
October 1, 2023 – December 31, 2023	12,915
January 1, 2024 – December 31, 2024	34,440
Total	47,355
Effect of discounting	(2,723)
Total present value of lease liabilities	44,632
Less: current portion	(44,632)
Balance, end of period	-

8. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	September 30, 2023	December 31, 2023
	\$	\$
Trade payables (Note 11)	724,601	1,407,189
Accrued liabilities	138,500	112,570
Payroll liabilities	68,318	107,854
Sales taxes payable	-	58
	931,419	1,627,671

Max Resource Corp.
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9. LONG-TERM DEBT

The following is a continuity schedule of the carrying value of the long-term debt:

	September 30, 2023	December 31, 2022
		\$
Balance, beginning of period	293,207	-
Additions	-	474,040
Discount	-	(180,833)
Accretion	34,354	-
Translation adjustment	(350)	-
	327,211	293,207
Less: current portion	(24,757)	(22,294)
Balance, end of period	302,454	270,913

In October 2020, the Company agreed to cancel an agreement between Gachala and a consultant, in respect to locating prospective properties and data acquisition for the CESAR Project, for the Company making annual payments of US\$50,000 to the former consultant for 10 years. As at December 31, 2022, \$197,652 (US\$150,000) had been paid and expensed under exploration and evaluation expenditures. As at December 31, 2022, the consultant was no longer engaged with the Company; as such, the Company setup the remaining net commitment of \$293,207 as a long-term debt and recorded a loss on settlement in the statement of comprehensive loss. The commitment was recorded at a discount of \$180,833, which will be amortized over the term of the agreement at an effective interest rate of 15%. As at September 30, 2023, \$463,400 (US\$350,000) was owing to the consultant.

In October 2023, the Company signed a Settlement Agreement with the consultant whereby the consultant would accept US\$60,000 for the remaining US\$350,000 owed to the consultant.

10. SHARE CAPITAL AND RESERVES

Authorized and issued share capital

Unlimited number of common shares without par value. At September 30, 2023, there were 161,884,325 (December 31, 2022 – 161,884,325) issued and fully paid common shares outstanding.

Shares issued

During the nine months ended September 30, 2023:

The Company did not issue any shares during the nine months ended September 30, 2023.

10. SHARE CAPITAL AND RESERVES (continued)

Shares issued (continued)

During the year ended December 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. No value was allocated to the warrants. 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 – 115.79%, Dividend yield – 0%.

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 \$1,020,000 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 \$34,340. 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 – 113.09%, Dividend yield – 0%.

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. No value was allocated 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 \$60,860. 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 – 115.66%, Dividend yield – 0%.

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.

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.

10. SHARE CAPITAL AND RESERVES (continued)

Share options

In October 2022, the Company adopted an Omnibus Equity Incentive Compensation Plan (“Omnibus Plan”), approved by the shareholders, which succeeded the Company’s incentive stock option plan. Under the Omnibus Plan, 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 10% of the Company’s issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. Options granted typically vest on the grant date with the exception of options granted to persons retained to provide Investors Relations Activities whereby the options will vest ¼ every quarter from the date of grant.

During the year ended December 31, 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. The fair value of the options was calculated to be \$1,633,680 using the Black-Scholes Option Pricing Model and the following weighted average assumptions: Expected life – 4 years, Risk-free rate – 2.60%, Annualized volatility – 129.62%, Dividend yield – 0%. During the year ended December 31, 2022, the Company recognized share-based compensation expense of \$1,633,680 in respect to these options.

The share option continuity schedule is as follows:

	Number of options	Weighted average exercise price	Weighted average share price on exercise
		\$	\$
Balance, December 31, 2021	8,408,334	0.27	
Granted	3,720,000	0.55	
Exercised	(680,000)	0.18	0.68
Expired / cancelled	(383,334)	0.17	
Balance, December 31, 2022 and September 30, 2023	11,065,000	0.37	

Details of the share options outstanding and exercisable as at September 30, 2023 are as follows:

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
11,065,000		

The weighted average life of share options outstanding at September 30, 2023 was 2.53 years.

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10. SHARE CAPITAL AND RESERVES (continued)

Warrants

The warrant continuity schedule is as follows:

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2021	2,075,000	0.44
Issued	45,436,004	0.68
Exercised	(595,833)	0.13
Balance, December 31, 2022	46,915,171	0.60
Expired	(31,411,467)	0.84
Balance, September 30, 2023	15,503,704	0.36

Details of the warrants outstanding as at September 30, 2023 are as follows:

Number of warrants outstanding	Exercise price	Expiry date
	\$	
15,503,704	0.36	March 28, 2024
15,503,704		

The weighted average life of warrants outstanding at September 30, 2023 is 0.50 years.

Performance share units

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. The Company recognized \$nil share-based compensation expense in respect to these PSUs.

PSU transactions are summarized as follows:

	Number of PSUs
Balance December 31, 2021	-
Granted	4,000,000
Balance, December 31, 2022 and September 30, 2023	4,000,000

11. RELATED PARTY TRANSACTIONS

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

As at September 30, 2023, the Company owed \$116,566 (December 31, 2022 - \$106,017) to directors and officers of the Company for reimbursement of expenses, and accrued fees which are included in accounts payables and accrued liabilities.

A summary of key management personnel compensation is as follows:

	For the nine months ended September 30,	
	2023	2022
	\$	\$
Consulting	27,000	27,000
Management fees	397,000	382,000
	424,000	409,000

12. 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 and independent financial services firms in Canada 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 the Government of Canada; therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at September 30, 2023 is the carrying value of the receivables which 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, 2023, the Company had a cash and cash equivalents balance of \$8,668,411 to settle current liabilities of \$1,000,808. Liquidity risk is assessed as low.

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12. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

Liquidity risk (continued)

Contractual undiscounted cash flow requirements for financial liabilities as at September 30, 2023 are as follows:

	≤1 Year	>1-5 Years	>6-10 Years	Total
	\$	\$	\$	\$
Accounts payable	931,419	-	-	931,419
Lease liability	47,355	-	-	47,355
Long-term debt	67,600	270,400	135,200	473,200
	1,046,374	270,400	135,200	1,451,974

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, 2023	December 31, 2022
	\$	\$
Cash	67,696	129,711
Accounts payables	(256,244)	(652,645)
Long-term debt	(327,211)	(293,207)
Net liabilities	(515,759)	(816,141)

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 \$52,000.

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 shareholders' equity. 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.

12. FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)

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

13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the nine months ended	
	September 30,	
	2023	2022
	\$	\$
Supplemental non-cash disclosures		
Value allocated to warrants issued in private placements	-	5,565,000
Reallocation of value of options upon exercise	-	83,889
Warrants issued for finders' fees pursuant to share issuances	-	276,620
Exploration and evaluation expenditures included in accounts payable	669,515	-
Initial recognition of right-of-use asset and lease liability	106,625	-
Revaluation of right-of-use asset and lease liability	26,134	-

14. 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.

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15. SEGMENTED INFORMATION

The Company and its subsidiaries are considered to be operating in one operating segment that being the exploration of resource properties. The Company's corporate offices are located in Canada and its mineral exploration activities are conducted in Colombia and Peru. Assets by geographical region are:

	As at September 30, 2023			
	Canada	Colombia	Peru	Total
	\$	\$	\$	\$
Equipment	64,870	343,481	-	408,351
Exploration assets	-	8,987,384	3,964,681	12,952,065
Right-of-use asset	42,565	-	-	42,565
	107,435	9,330,865	3,964,681	13,402,981

	As at December 31, 2022			
	Canada	Colombia	Peru	Total
	\$	\$	\$	\$
Equipment	28,957	370,763	-	399,720
Exploration assets	-	5,876,637	3,306,046	9,182,683
	28,957	6,247,400	3,306,046	9,582,403

16. SUBSEQUENT EVENTS

- a) In October 2023, the Company signed a Settlement Agreement with a consultant whereby the consultant would accept US\$60,000 for the remaining US\$350,000 owed to the consultant (Note 9).
- b) In November 2023, the Company was awarded 12 additional mining concession applications for its CESAR Project (Note 5).
- c) In November 2023, the Company executed a Share Exchange Agreement with Bay Street Mineral Corp. ("Bay Street") whereby the Company acquired 100% of the issued and outstanding common shares of Bay Street for 14,000,000 common shares of the Company. Bay Street holds a 3% NSR on 19 mineral license applications and 30 CMC Contracts applications on the Company's CESAR Project (Note 5).