

**MAX RESOURCE CORP.**

**(An Exploration Stage Company)**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF 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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the company have been prepared by and are the responsibility of the Company's management.

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

**MAX RESOURCE CORP.**  
(An Exploration Stage Company)  
**INTERIM CONSOLIDATED BALANCE SHEETS**  
(Unaudited – Prepared by Management)  
(Expressed In Canadian Dollars)

|  | March 31,<br>2009 | December 31,<br>2008 |
|--|-------------------|----------------------|
| (audited)  |                   |                      |
| <b>ASSETS</b>  |                   |                      |
| <b>CURRENT</b>   |                   |                      |
| Cash and cash equivalents  | \$ 3,999,425      | \$ 4,377,361         |
| Receivables and prepaids   | 148,519           | 99,545               |
| Taxes recoverable  | 4,464             | 13,932               |
|  | 4,152,408         | 4,490,838            |
| EQUIPMENT (Note 3)   | 4,762             | -                    |
| RECLAMATION BONDS (Note 4)   | 28,356            | 28,356               |
| MINERAL PROPERTIES (Note 4)  | 5,597,931         | 5,462,920            |
|  | \$ 9,783,457      | \$ 9,982,114         |
| <b>LIABILITIES</b>   |                   |                      |
| <b>CURRENT</b>   |                   |                      |
| Accounts payable and accrued liabilities                               | \$ 48,651         | \$ 146,271           |
| <b>SHAREHOLDERS' EQUITY</b>  |                   |                      |
| <b>SHARE CAPITAL (Note 6)</b>  |                   |                      |
| Authorized: Unlimited number of voting common shares without par value |                   |                      |
| Unlimited number of preferred shares without par value                 |                   |                      |
| Issued and   |                   |                      |
| outstanding: 21,649,230 common shares                                  | 12,996,918        | 12,996,918           |
| SHARE PURCHASE WARRANTS (Note 6)                                       | 288,562           | 288,562              |
| CONTRIBUTED SURPLUS (Note 6)   | 1,307,229         | 1,307,229            |
| DEFICIT  | (4,857,903)       | (4,756,866)          |
|  | 9,734,806         | 9,835,843            |
|  | \$ 9,783,457      | \$ 9,982,114         |

NATURE OF OPERATIONS (Note 1)

APPROVED BY THE DIRECTORS:

“PAUL JOHN”  
\_\_\_\_\_  
Paul John – Director

“STUART ROGERS”  
\_\_\_\_\_  
Stuart Rogers – Director

The accompanying notes are an integral part of these interim consolidated financial statements.

**MAX RESOURCE CORP.**  
(An Exploration Stage Company)  
**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**  
**(Unaudited – Prepared by Management)**  
**(Expressed In Canadian Dollars)**

|   | Three months<br>ended<br>March 31, 2009 | Three months<br>ended<br>March 31, 2008 |
|---|---|---|
| <b>EXPENSES</b>   |   |   |
| Amortization  | \$ 386                                  | \$ -                                    |
| Consulting  | 20,739                                  | 17,060                                  |
| Consulting – stock based compensation (Note 6)                          | -                                       | 53,508                                  |
| Management fees (Note 5)  | 30,000                                  | 30,000                                  |
| Office and general  | 3,263                                   | 6,017                                   |
| Part X11.6 tax  | 23,079                                  | -                                       |
| Professional fees   | 18,532                                  | 9,153                                   |
| Transfer agent, filing fees and shareholder relations                   | 37,170                                  | 114,487                                 |
| Travel and related costs  | 6,842                                   | 8,655                                   |
| <b>LOSS BEFORE OTHER ITEM AND INCOME TAXES</b>                          | <b>(140,011)</b>                        | <b>(238,880)</b>                        |
| Interest Income   | 38,974                                  | 79,013                                  |
| <b>LOSS BEFORE INCOME TAXES</b>   | <b>(101,037)</b>                        | <b>(159,867)</b>                        |
| Future income tax recovery  | -                                       | 263,748                                 |
| <b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b> | <b>(101,037)</b>                        | <b>103,881</b>                          |
| <b>DEFICIT, BEGINNING OF PERIOD</b>                                     | <b>(4,756,866)</b>                      | <b>(3,607,852)</b>                      |
| <b>DEFICIT, END OF PERIOD</b>   | <b>\$ (4,857,903)</b>                   | <b>\$ (3,503,971)</b>                   |
| <b>BASIC NET INCOME (LOSS) PER COMMON SHARE</b>                         | <b>\$ (0.01)</b>                        | <b>\$ 0.01</b>                          |
| <b>DILUTED NET INCOME (LOSS) PER COMMON SHARE</b>                       | <b>-</b>                                | <b>0.01</b>                             |
| <b>BASIC WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING</b>               | <b>21,649,230</b>                       | <b>21,549,229</b>                       |
| <b>DILUTED WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING</b>             | <b>-</b>                                | <b>21,680,029</b>                       |

The accompanying notes are an integral part of these interim consolidated financial statements.

**MAX RESOURCE CORP.**  
(An Exploration Stage Company)  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited – Prepared by Management)**  
**(Expressed In Canadian Dollars)**

|  | Three months<br>ended<br>March 31, 2009 | Three months<br>ended<br>March 31, 2008 |
|--|---|---|
| <b>CASH PROVIDED BY (USED FOR):</b>                            |   |   |
| <b>OPERATING ACTIVITIES</b>                                    |   |   |
| Net income (loss) for the period                               | \$ (101,037)                            | \$ 103,881                              |
| Adjust for items not involving cash:                           |   |   |
| Amortization   | 386                                     | -                                       |
| Non-cash consulting expense – stock based compensation         | -                                       | 53,508                                  |
| Renunciation of flow through shares                            | -                                       | (263,748)                               |
|  | (100,651)                               | (106,359)                               |
| Changes in non-cash working capital items:                     |   |   |
| Increase in receivables and prepaids                           | (48,974)                                | (109,247)                               |
| Decrease in taxes recoverable                                  | 9,468                                   | 12,059                                  |
| Decrease in accounts payable and accrued liabilities           | (97,620)                                | (1,984)                                 |
|  | (237,777)                               | (205,531)                               |
| <b>CASH USED IN OPERATING ACTIVITIES</b>                       | <b>(237,777)</b>                        | <b>(205,531)</b>                        |
| <b>INVESTING ACTIVITIES</b>                                    |   |   |
| Purchase of equipment  | (5,148)                                 | -                                       |
| Reclamation bonds  | -                                       | (8,046)                                 |
| Mineral property acquisition and exploration costs (Note 4)    | (135,011)                               | (137,618)                               |
|  | (140,159)                               | (145,664)                               |
| <b>CASH USED IN INVESTING ACTIVITIES</b>                       | <b>(140,159)</b>                        | <b>(145,664)</b>                        |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD</b> | <b>(377,936)</b>                        | <b>(351,195)</b>                        |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>          | <b>4,377,361</b>                        | <b>7,661,128</b>                        |
| <b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>                | <b>\$ 3,999,425</b>                     | <b>\$ 7,309,933</b>                     |

SUPPLEMENTARY CASH FLOW DISCLOSURE (Note 7)

The accompanying notes are an integral part of these interim consolidated financial statements.

**MAX RESOURCE CORP.**  
(An Exploration Stage Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

**(Unaudited – Prepared by Management)**

**(Expressed In Canadian Dollars)**

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**NOTE 1. NATURE OF OPERATIONS**

The Company was incorporated under the Business Corporations Act (Alberta) on April 25, 1994 as Proven Capital Corp. By Articles of Amendment dated January 10, 1995, the Company's name was changed to Cedar Capital Corp. and then to Vancan Capital Corp. on February 12, 2002 concurrent with the consolidation of outstanding common share capital on a four for one basis. The Company's name was changed to Max Resource Corp. on May 14, 2004. The Company is in the business of mineral property exploration and development. The recoverability of amounts recorded for mineral properties and related deferred costs is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development, and future production or proceeds from the disposition thereof. To date, the Company has not generated any revenues from operations and will require additional funds to meet its obligations and the costs of its operations. As a result, further losses are anticipated prior to the generation of any profits.

The Company's future capital requirements will depend on many factors, including costs of exploration of the properties, cash flow from operations, and competition and global market conditions. The Company's anticipated recurring operating losses and growing working capital needs will require that it obtain additional capital to operate its business. The Company has sufficient funds on hand to cover anticipated operating expenses and the costs of budgeted exploration programs for the next year.

The Company will depend almost exclusively on outside capital to complete the exploration and development of its mineral properties. Such outside capital will include the sale of additional stock. There can be no assurance that capital will be available as necessary to meet these continuing exploration and development costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional stock by the Company may result in a significant dilution in the equity interests of its current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, its business and future success may be adversely affected.

Given the Company's limited operating history, lack of sales, and its operating losses, there can be no assurance that it will be able to achieve or maintain profitability.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada for interim financial statements.

**Adoption of New Accounting Standards and Accounting Pronouncements**

**Goodwill and Intangible Assets**

Effective January 1, 2009, the Company adopted CICA Section 3064 "Goodwill and Intangible Assets", which replaced CICA Handbook sections 3062, "Goodwill and Other Intangible Assets" and 3450, "Research and Development Costs", as well as EIC-27, "Revenues and Expenditures During the Pre-operating Period", and part of Accounting Guideline 11, "Enterprises in the development stage". Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards ("IFRS"). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition, and; 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the new standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company's presentation of its financial position or results of operations as at March 31, 2009.

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(An Exploration Stage Company)

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2009****(Unaudited – prepared by management)****(Expressed In Canadian Dollars)**

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****Credit Risk and the Fair Value of Financial Assets and Financial Liabilities**

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at March 31, 2009.

**Mining Exploration Costs**

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, “Mining Exploration Costs”, which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company’s presentation of its financial position or results of operations as at March 31, 2009.

**Basis of Consolidation**

These interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Max Resource, Inc., a Nevada company, which was incorporated on August 24, 2005. All significant inter-company balances and transactions have been eliminated upon consolidation.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to useful lives for depreciation and amortization, the recoverability of mineral property interests, the determination of future income taxes, asset retirement obligations, going concern and the determination of fair value for stock based transactions. Where estimates have been used financial results as determined by actual events could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid Canadian dollar denominated guaranteed investment certificates with original terms to maturity of not more than ninety days which are readily convertible to contracted amounts of cash. Cash equivalents are classified as held-for-trading and are recorded at fair value with realized and unrealized gains and losses reported in net income (loss). At March 31, 2009 the Company had cash equivalents comprised of guaranteed investment certificates issued by major financial institutions in the aggregate amount of \$3,924,668 (December 31, 2008 - \$4,169,668) and bearing interest at a rate of 3.9% per annum.

**Equipment**

Equipment and vehicle is recorded at cost with amortization being provided using the declining balance basis at 20% per annum for equipment and 30% per annum for vehicle.

**Mineral Properties**

The Company records its interests in mineral properties at the lower of cost or estimated recoverable value. Where specific exploration programs are planned and budgeted by management, the cost of mineral properties and related exploration expenditures are capitalized until the properties are placed into commercial production, sold, abandoned or determined by management to be impaired in value. These costs will be amortized over the estimated useful lives of the properties following the commencement of production or written off if the properties are sold or abandoned.

The costs include the cash or other consideration and the assigned value of shares issued, if any, on the acquisition of mineral properties. Costs related to properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded in the accounts at such time as the payments are made. For properties held jointly with other parties the Company only records its proportionate share of acquisition and exploration costs. The proceeds from options granted are deducted from the cost of the related property and any excess is deducted from other remaining capitalized property costs. The Company does not accrue estimated future costs of maintaining its mineral properties in good standing.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

**(Unaudited – prepared by management)**

**(Expressed In Canadian Dollars)**

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Mineral Properties (Continued)**

Capitalized costs as reported on the balance sheet represent costs incurred to date and may not reflect actual, present, or future values. Recovery of carrying value is dependent upon future commercial success or proceeds from disposition of the mineral interests.

Management evaluates each mineral interest on a reporting period basis or as events and circumstances warrant, and makes a determination based on exploration activity and results, estimated future cash flows and availability of funding as to whether costs are capitalized or charged to operations.

Mineral property interests, where future cash flows are not reasonably determinable, are evaluated for impairment based on management's intentions and determination of the extent to which future exploration programs are warranted and likely to be funded.

General exploration costs not related to specific properties and general administrative expenses are charged to operations in the year in which they are incurred.

The Company does not have any producing mineral properties and all of its efforts to date have been exploratory in nature. Upon the establishment of commercial production, carrying values of deferred acquisition and exploration costs will be amortized over the estimated life of the mine using the units of production method.

**Asset retirement obligations**

The Company reviews and recognizes legal obligations associated with the retirement of tangible long-lived assets, including rights to explore or exploit natural resources. When such obligations are identified and measurable, the estimated fair values of the obligations are recognized on a systematic basis over the remaining period until the obligations are expected to be settled.

Resource property related retirement obligations are capitalized as part of carrying values and are accounted for in the same manner as all other capitalized costs.

**Future site restoration costs**

The Company records future site restoration costs based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures are charged to the accumulated provision account as incurred.

**Impairment of Long-lived Assets**

The Company follows the recommendations of the CICA Handbook section 3063, "Impairment of Long-Lived Assets". Section 3063 establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. The Company conducts its impairment test on long-lived assets when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted future net cash flows expected from its use and disposal. If there is impairment, the impairment amount is measured as the amount by which the carrying amount of the asset exceeds its fair value, calculated using discounted cash flows when quoted market prices are not available.

**Stock-based Compensation**

The Company follows CICA Handbook Section 3870, which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards be measured using a fair value method. Under the standard all awards are measured and expensed or allocated to specific asset accounts, as applicable, in the period of grant or modification. The fair value of options and other stock-based awards issued or altered in the period, are determined using the Black-Scholes option pricing model. Upon the exercise of stock options or agents warrants, the fair value of the share based award is allocated to share capital.

The Company has granted stock options to directors and employees as described in Note 6.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Management**

This section establishes standards for the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The new accounting standard covers disclosure only and has no effect on the financial results of the Company. Refer to Note 10.

**Flow-through Shares**

The resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. Under the recommendations of the Emerging Issues Committee (EIC 146), future income tax liabilities resulting from the renunciation of qualified mineral expenditures by the Company is recorded as a reduction in share capital. Any corresponding realization of future income tax benefits resulting from the utilization of prior year losses available to the Company not previously recorded, as the Company did not meet the criteria for recognition, will be reflected as part of the Company's operating results as a recovery of future income taxes in the same period of filing the renunciations with the Canada Revenue Agency.

**Income Taxes**

Income taxes are accounted for using the liability method, which requires the recognition of taxes payable or refundable for the current period and future tax liabilities and assets for future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and future tax liabilities and assets is based on provisions of enacted tax laws and the effects of future changes in tax laws or rates. The measurement of future tax assets is reduced, if necessary, by a valuation allowance, where, based on available evidence, the probability of realization of the future tax asset does not meet a more likely than not criterion. The Company has not recognized potential future benefit amounts as the criteria for recognition under GAAP have not been met.

**Loss per Share**

The Company is using the treasury stock method to determine the dilutive effect of stock options and other dilutive instruments. The treasury stock method assumes that proceeds received from in-the-money stock options are used to repurchase common shares at the prevailing market rate.

Basic loss per share figures have been calculated using the weighted average number of shares outstanding during the respective periods. Diluted loss per share figures are equal to those of basic loss per share for each year since the effects of the share purchase warrants and stock options have been excluded as they are anti-dilutive.

**Comprehensive Income**

The Company adopted CICA Handbook Section 1530, Comprehensive Income on January 1, 2008. Section 1530 establishes standards for the reporting and presenting of comprehensive income which is defined as the change in equity from transaction and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net loss. At December 31, 2008 the Company had no items that caused other comprehensive loss to be different than net loss.

**Financial Instruments**

Handbook Sections 3862 and 3863 replaced Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revised and enhanced its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook sections in Note 9 to these financial statements.

The Company's financial instruments consist of cash, short-term investments, receivables, and accounts payable. The value of the Company's arm's length short term financial instruments is estimated by management to approximate their carrying values due to their immediate or short-term maturity.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2009**

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Instruments (Conitnued)**

Cash and cash equivalents are classified as held for trading; receivables are classified as loans and receivables; accounts payable are classified as other financial liabilities.

Net Smelter Royalties (“NSR”) are a form of derivative financial instrument. The fair value of the Company’s right to purchase the NSR is not determinable at the current stage of the Company’s exploration program. No value has been assigned by management. The Company does not engage in any form of derivative or hedging instruments.

**Translation of Foreign Currency**

The financial statements of the Company's integrated foreign subsidiary is translated into Canadian dollar equivalents using the temporal method whereby all monetary assets and liabilities are translated at the rate of exchange at the balance sheet date. Non-monetary assets and liabilities are translated at exchange rates prevailing at the transaction date. Income and expenses are translated at rates which approximate those in effect on transaction dates. Gains and losses arising from translation of foreign currency monetary assets and liabilities at each period end are included in earnings. Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Gains and losses arising from translation of foreign currency monetary assets and liabilities and transactions are included in earnings.

**Recent accounting pronouncements**

**International Financial Reporting Standards**

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with International Financial Reporting Standards (“IFRS”) over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company continues to monitor and assess the impact of Canadian GAAP and IFRS.

**Business Combinations – Section 1582, Consolidated Financial Statements – Section 1601 and Non-Controlling Interests – Section 1602**

The CICA issued three new accounting standards in January 2009: Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, “Business Combinations”. Section 1601 and 1602 together replace section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS-27, “Consolidated and Separate Financial Statements”. The Company is in the process of evaluating the requirements of the new standards.

**Comparative figures**

Certain of the comparative figures have been reclassified to conform to the current period's presentation.

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2009****(Unaudited – prepared by management)****(Expressed In Canadian Dollars)****NOTE 3. EQUIPMENT**

|          | March 31,<br>2009 |                             |                   | December 31,<br>2008 |                             |                   |
|----------|-------------------|-----------------------------|-------------------|----------------------|-----------------------------|-------------------|
|          | Cost              | Accumulated<br>Amortization | Net Book<br>Value | Cost                 | Accumulated<br>Amortization | Net Book<br>Value |
| Vehicles | \$ 5,148          | \$ 386                      | \$ 4,762          | \$ -                 | \$ -                        | \$ -              |

**NOTE 4. MINERAL PROPERTIES**

|                           | Balance<br>December 31,<br>2007 | Additions    | Write-down   | Balance<br>December 31,<br>2008 | Additions  | Balance<br>March 31,<br>2009 |
|---------------------------|---------------------------------|--------------|--------------|---------------------------------|------------|------------------------------|
| <b>Acquisition costs:</b> |                                 |              |              |                                 |            |                              |
| Target Claims, NWT        | \$ 1                            | \$ -         | \$ -         | \$ 1                            | \$ -       | \$ 1                         |
| Gold Hill, Alaska         | 382,897                         | 50,047       | -            | 432,944                         | 91,500     | 524,444                      |
| MacInnis Lake, NWT        | 110,000                         | -            | (109,999)    | 1                               | -          | 1                            |
| C de Baca, NM             | 106,982                         | 65,581       | -            | 172,563                         | -          | 172,563                      |
| Diamond Peak, NV          | 43,187                          | 5,550        | -            | 48,737                          | -          | 48,737                       |
| Nustar Claims, AZ         | 440,453                         | 57,495       | -            | 497,948                         | -          | 497,948                      |
| Ravin, NV                 | 65,677                          | 50,366       | -            | 116,043                         | -          | 116,043                      |
| East Manhattan, NV        | 38,073                          | 67,378       | -            | 105,451                         | -          | 105,451                      |
| Howell, BC                | -                               | 27,500       | -            | 27,500                          | -          | 27,500                       |
| Indata, BC                | -                               | 22,500       | -            | 22,500                          | -          | 22,500                       |
|                           | 1,187,270                       | 346,417      | (109,999)    | 1,423,688                       | 91,500     | 1,515,188                    |
| <b>Exploration costs:</b> |                                 |              |              |                                 |            |                              |
| Target Claims, NWT        | -                               | -            | -            | -                               | -          | -                            |
| Gold Hill, Alaska         | 1,093,852                       | 1,415,727    | -            | 2,509,579                       | 13,655     | 2,523,234                    |
| MacInnis Lake, NWT        | 374,307                         | -            | (374,307)    | -                               | -          | -                            |
| C de Baca, NM             | 217,235                         | 18,361       | -            | 235,596                         | -          | 235,596                      |
| Nustar Claims, AZ         | 1,963                           | 2,133        | -            | 4,096                           | -          | 4,096                        |
| Ravin, NV                 | 11,698                          | 474,720      | -            | 486,418                         | 13,243     | 499,661                      |
| East Manhattan, NV        | -                               | 9,658        | -            | 9,658                           | 9,970      | 19,628                       |
| Howell, BC                | -                               | 455,407      | -            | 455,407                         | 1,173      | 456,580                      |
| Indata, BC                | -                               | 338,478      | -            | 338,478                         | 5,470      | 343,948                      |
|                           | 1,699,055                       | 2,714,484    | (374,307)    | 4,039,232                       | 43,511     | 4,082,743                    |
|                           | \$ 2,886,325                    | \$ 3,060,901 | \$ (484,306) | \$ 5,462,920                    | \$ 135,011 | \$ 5,597,931                 |

**Target Claims, Northwest Territories, Canada**

During 2003, the Company acquired a 50% interest in a mineral claim comprising 1,781.9 acres located in the Longtom Lake area of the Northwest Territories (the "Target 1 Claim").

During the year ended December 31, 2007, the Company recorded an impairment charge of \$148,097 on the Target 1 Claim as the Company has not done any work on the property since 2004 and has no immediate plans to do so.

**MAX RESOURCE CORP.****(An Exploration Stage Company)****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2009****(Unaudited – prepared by management)****(Expressed In Canadian Dollars)**

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**NOTE 4. MINERAL PROPERTIES (continued)****Gold Hill Property, Alaska, United States**

During 2004, the Company entered into an option agreement to acquire an interest in the Gold Hill claims near Cantwell, Alaska. Under the terms of the option agreement, the Company paid \$45,173 (US\$33,200) in acquisition costs and a further \$18,518 (US\$15,000) in advance royalties and issued 100,000 common shares valued at \$47,000 and 100,000 warrants valued at \$19,724 exercisable at \$0.47 per share for a two year period. In order to maintain the Option, the Company issued an additional 200,000 common shares effective December 31, 2004 at a value of \$74,000 and a further 200,000 common shares during the year ended December 31, 2005 at a value of \$120,000.

The Company assumed all of the optionor's obligations under their lease with GCO Minerals Corp. ("GCO") which include the following minimum work commitments and Advance Royalty Payments (in U.S. funds):

| <u>Year</u> | <u>Work Commitment</u> | <u>Advance Royalty</u> |
|-------------|------------------------|------------------------|
| 2004        | \$100,000 (incurred)   | \$ 5,000 (paid)        |
| 2005        | 150,000 (incurred)     | 15,000 (paid)          |
| 2006        | deferred to 2007       | 25,000 (paid)          |
| 2007        | 250,000 (incurred)     | 25,000 (paid)          |
| 2008        | 250,000 (incurred)     | 50,000 (paid)          |
| 2009        | 500,000                | 75,000 (paid)          |
| 2010        | 500,000                | 100,000                |
| 2011        | 500,000                | 100,000                |

Upon exercise of the option, the Company can earn up to a 90% interest in the Gold Hill claims, subject to a net smelter return ("NSR") and back-in rights to GCO that would allow GCO to buy back up to a 30% interest in the Gold Hill claims by paying the Company the lesser of US\$5,000,000 or 300% of all costs incurred to completion of a Feasibility Report. The NSR royalty will fluctuate from 1.5% to 4.0% depending on the price of gold. In addition, the Company will pay to the optionor an additional 1% NSR royalty.

During the three months ended March 31, 2009, the Company incurred the following exploration costs on the Gold Hill Property:

|                       |                  |
|-----------------------|------------------|
| Geological consulting | \$ 11,348        |
| Field expenses        | <u>2,307</u>     |
|                       | <u>\$ 13,655</u> |

**C de Baca, New Mexico, United States**

On September 22, 2005, the Company announced that it had entered into an agreement to acquire a total of 108 claims (the "Dat Claims") in Socorro County, New Mexico, pursuant to an agreement with Applied Geologic Services, Inc. of Denver, Colorado. Consideration for the acquisition of the Claims was US\$10,000 cash payment (paid), with annual payments of US\$10,000 until production. After production, a royalty of 2% of gross revenues is payable until such time as a total of US\$500,000 (including the initial cash payment and annual payments) has been paid.

As at December 31, 2008, the Company had incurred total acquisition costs of \$172,563 with respect to the Dat Claims. This amount is comprised of staking fees of \$63,299, filing fees of \$62,436 and annual payments totalling \$46,828 (US\$40,000).

The Company did not incur any exploration expenses on the C de Baca project during the three months ended March 31, 2009.

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**NOTE 4. MINERAL PROPERTIES (continued)**

**MacInnis Lake, Northwest Territories, Canada**

The Company entered into an option agreement dated April 1, 2005, as amended April 11, 2006 and September 29, 2008, with Alberta Star Development Corp. (“Alberta Star”), which, commencing September 5, 2006 has a director in common, whereby the Company can earn an interest in the MacInnis Lake Uranium Project in the Northwest Territories. The terms of the option agreement, as amended, call for payments as follows:

- (i) cash payments totalling \$30,000 (paid);
- (ii) the issuance to Alberta Star of 200,000 common shares of the Company (issued); and
- (iii) work commitments totalling \$2,000,000 over a five year period (\$250,000 on or before October 1, 2008 (incurred); \$750,000 on or before October 31, 2009; \$500,000 on or before October 1, 2010 and \$500,000 on or before April 1, 2011).

The terms of the option agreement call for the Company to earn a 25% interest in the MacInnis Lake Project upon making the payments in (i) and (ii) above together with the first \$1,000,000 in work commitments. The Company may earn a further 25% interest when it completes the \$2,000,000 in work commitments. The MacInnis Lake property is subject to a 2% NSR royalty. Upon full exercise of the option, the parties agree to enter into a joint venture agreement. Alberta Star will act as operator on the MacInnis Lake project for the term of the option agreement.

During the year ended December 31, 2008, the Company recorded an impairment charge of \$484,306 on the MacInnis Lake property as the Company has not done any work on the property since 2007 and has not budgeted any for 2009 given current market conditions.

**Ravin Claims, Nevada, United States**

On September 10, 2007, the Company entered into an Option Agreement with Energex LLC (“Energex”), a Nevada corporation, for the acquisition of a 100% interest in the Ravin molybdenum/tungsten property, 162 mineral claims located in Lander County, Nevada. Energex is wholly-owned by Clancy J. Wendt, the Vice President of Exploration for the Company.

The terms of the Option Agreement with Energex call for the payment of \$4,996 (US\$5,000) on execution of the agreement (paid), \$26,722 (US\$25,000) by September 10, 2008 (paid), US\$35,000 by September 10, 2009 and US\$50,000 on each anniversary thereafter. The Ravin Property is subject to a 3% NSR royalty. Upon full exercise of the option, the Company will own 100% of the project. In addition, the Company has paid filing fees of \$60,681, which have been included in acquisition costs.

During the the three months ended March 31, 2009, the Company incurred the following exploration costs on the Ravin Claims:

|                       |                  |
|-----------------------|------------------|
| Drilling and assays   | \$ 2,741         |
| Geological consulting | 10,502           |
|                       | <u>\$ 13,243</u> |

**MAX RESOURCE CORP.****(An Exploration Stage Company)****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2009****(Unaudited – prepared by management)****(Expressed In Canadian Dollars)**

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**NOTE 4. MINERAL PROPERTIES (continued)****Diamond Peak, Nevada, United States**

On May 9, 2006, the Company entered into an Option Agreement to acquire a 100% interest in the FMC claims in Eureka County, Nevada, the “Diamond Peak Property”, from The Wendt Family Trust. The Wendt Family Trust is controlled by Clancy J. Wendt, the Vice President of Exploration for the Company. The terms of the Option Agreement call for the issuance to the Wendt Family Trust of 100,000 escrowed shares (issued) of the Company valued at \$40,000 and the following rental payments:

| <u>Date</u>                              | <u>Payment Amount</u>  |
|--|--|
| Upon execution of the Agreement          | \$ 25,000 (U.S.) (paid)  |
| May 9, 2007                              | 35,000 (U.S.) (paid)   |
| May 9, 2008                              | 45,000 (U.S.) (pending completion of Kokanee’s public listing) |
| Each anniversary thereafter for 10 years | 50,000 (U.S.)  |

The Company may purchase the property for US\$300,000. If the option to purchase the property is exercised during the term of the rental payments, no further property rental payments will be due. The Diamond Peak property will be subject to a 3% NSR royalty. Upon full exercise of the option, the Company will own 100% of the property.

On May 15, 2006, the Company entered into a mineral property Option Agreement with Kokanee Placer Ltd. (“Kokanee”), a British Columbia company, whereby it granted Kokanee the right to acquire up to a 51% interest in the Diamond Peak Property in consideration of a cash payment of US\$25,000 (received) and the issuance of 100,000 common shares of Kokanee to the Company upon completion of Kokanee’s public listing (not completed as at December 31, 2008). In addition, the following annual payments and share issuances are due from Kokanee to the Company:

By May 15, 2007: - 200,000 shares (pending completion of Kokanee’s public listing); and US\$35,000 (received)

By May 15, 2008: - 300,000 shares (pending completion of Kokanee’s public listing); and either US\$45,000 or issue the greater of either 300,000 common shares or that number of shares which are valued at US\$45,000 (pending completion of Kokanee’s public listing).

By May 15, 2009:- either US\$100,000 or issue either 600,000 common shares or that number of shares which are valued at US\$100,000, whichever is greater.

On commencement of commercial production, issue 1,000,000 shares of Kokanee to the Company.

The option granted to Kokanee is for a term of three years from the date of the agreement, subject to the following annual mineral exploration commitments:

- \$100,000 to be spent by Kokanee in the first year of the agreement (incurred);
- \$300,000 in the second year (pending completion of Kokanee’s public listing), and
- \$600,000 in the third year.

The Company did not incur any exploration expenses on the Diamond Peak project during the three months ended March 31, 2009.

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**NOTE 4. MINERAL PROPERTIES (continued)**

**NUSTAR Claims, Arizona, United States**

On April 4, 2007, the Company entered into an agreement with NUSTAR Exploration LLC, a private Arizona limited liability corporation, for the acquisition of a 100% interest in 427 mineral claims located in northwest Arizona.

Under the terms of the agreement, the Company acquired a 100% interest in the claims by making a cash payment of \$142,126 (US\$128,100) (paid) and issuing 200,000 shares of common stock with a fair value of \$1.21 per share totalling \$242,000, subject to a gross royalty of 4% (the “Royalty”) of sales revenue from commercial production of uranium from the claims. For each breccia pipe identified on the claims that goes into commercial production, the Company shall have the right to purchase 3% of the 4% Royalty on that breccia pipe by payment of US\$1,000,000. The Company has also paid filing fees of \$113,822, which have been capitalized as acquisition costs.

During the three months ended March 31, 2009, the Company did not incur any exploration expenses on the NUSTAR project.

**East Manhattan, Nevada, United States**

On December 4, 2007, the Company entered into an Option Agreement with MSM LLC (“MSM”), a Nevada corporation, for the acquisition of a 100 % interest in the East Manhattan Wash mineral claims located in Nye County, Nevada.

The terms of the Option Agreement with MSM call for the payment of \$27,874 (US\$28,000) on execution of the agreement (paid), \$25,029 (US\$20,000) by December 4, 2008 (paid), US\$25,000 by December 4, 2009, US\$40,000 by December 4, 2010, US\$50,000 by December 4, 2011 and US\$100,000 by December 12, 2012. The East Manhattan Property is subject to a 3% NSR royalty. Upon full exercise of the option, the Company will own 100% of the project.

During the three months ended March 31, 2009, the Company incurred the following exploration costs on the East Manhattan Project:

|                       |                 |
|-----------------------|-----------------|
| Geological consulting | \$ 8,976        |
| Field expenses        | 994             |
|                       | <u>\$ 9,970</u> |

**Howell, British Columbia, Canada**

On June 9, 2008, the Company entered into an Option Agreement with Eastfield Resources Ltd. (“Eastfield”), whereby the Company may acquire a 60 % interest in the Howell Gold Project in Southeast British Columbia.

The terms of the Option Agreement with Eastfield call for the payment of \$10,000 (paid) and the issuance of 50,000 common shares of the Company on commencement of drilling (issued - Note 6), the payment of \$20,000 or the issuance of a further 50,000 common shares by June 1, 2009, the payment of \$35,000 by June 1, 2010 and the payment of \$55,000 and a further 200,000 common shares of the Company by June 1, 2011. The Company has also agreed to incur \$1,250,000 of exploration expenditures within the following timeframe; \$350,000 of exploration expenditures on the property by June 1, 2009 (completed), a further \$250,000 by June 1, 2010 and a further \$650,000 by June 1, 2011.

During the three months ended March 31, 2009, the Company incurred \$1,173 for consulting fees on the Howell gold project.

**MAX RESOURCE CORP.****(An Exploration Stage Company)****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2009****(Unaudited – prepared by management)****(Expressed In Canadian Dollars)**

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**NOTE 4. MINERAL PROPERTIES (continued)****Indata, British Columbia, Canada**

On June 9, 2008, the Company entered into an Option Agreement with Eastfield for the acquisition of a 60 % interest in the Indata Gold and Copper Project in North Central British Columbia.

The terms of the Option Agreement with Eastfield call for the payment of \$10,000 (paid) and the issuance of 50,000 common shares (issued - Note 6) of the Company on commencement of drilling, the payment of \$20,000 or the issuance of a further 50,000 common shares by June 1, 2009, the payment of \$35,000 by June 1, 2010 and the payment of \$55,000 and the issuance of a further 200,000 common shares of the Company by June 1, 2011. The Company has also agreed to incur \$1,150,000 of exploration expenditures within the following timeframe; \$250,000 of exploration expenditures on the property by June 1, 2009 (completed), a further \$250,000 by June 1, 2010 and a further \$650,000 by June 1, 2011.

During the three months ended March 31, 2009, the Company incurred \$5,470 for consulting fees on the Indata project.

**NOTE 5. RELATED PARTY TRANSACTIONS**

During the three months ended March 31, 2009, management fees of \$30,000 (2008 - \$30,000) were paid or accrued to a private company controlled by a director and officer. These transactions were measured at the exchange amount as agreed to by the related parties.

**NOTE 6. SHARE CAPITAL**

Authorized: Unlimited number of voting common shares without par value  
Unlimited number of preferred shares without par value

|   | Number of<br>Shares | Share Capital | Contributed<br>Surplus |
|---|---------------------|---------------|------------------------|
| Common Shares Issued:                           |                     |               |                        |
| Balance at December 31, 2007                    | 21,549,230          | \$ 13,230,666 | \$ 855,264             |
| Renunciation of flow-through shares             | -                   | (263,748)     | -                      |
| Shares issued for mineral property (Note 4)     | 100,000             | 30,000        | -                      |
| Stock-based compensation                        | -                   | -             | 451,965                |
|   |                     |               |                        |
| Balance at December 31, 2008 and March 31, 2009 | 21,649,230          | \$ 12,996,918 | \$ 1,307,229           |

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**NOTE 6. SHARE CAPITAL (Continued)**

Stock Options

On April 2, 2008, the Company granted stock options to a consultant entitling the optionee to purchase 200,000 common shares at a price of \$0.41 per share to April 2, 2010. These options were to vest over a one-year period. The total fair value of \$41,414 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 2.90% and an expected volatility of 90%. The granting of these options resulted in a stock-based compensation expense of \$27,609 being recorded in fiscal 2008, representing the fair value of the options vested. These options were cancelled during the fourth quarter of fiscal 2008. The fair value of the cancelled and unvested options was \$13,805.

On August 1, 2008, the Company granted stock options to directors, officers and consultants entitling them to purchase 1,150,000 common shares at a price of \$0.35 per share to August 1, 2011. These options vested immediately. The total fair value of \$219,996 was estimated using the Black-Scholes option pricing model assuming an expected life of 3 years, a risk-free interest rate of 3.03% and an expected volatility of 96.7%. The granting of these options resulted in a stock-based compensation expense of \$219,996 being recorded in fiscal 2008.

On October 31, 2008, the Company granted stock options to directors, officers and consultants entitling them to purchase 575,000 common shares at a price of \$0.17 per share to October 31, 2011. These options vested immediately. The total fair value of \$66,046 was estimated using the Black-Scholes option pricing model assuming an expected life of 3 years, a risk-free interest rate of 2.33% and an expected volatility of 117%. The granting of these options resulted in a stock based compensation expense of \$66,046 being recorded in fiscal 2008.

The following table summarizes information about stock option transactions:

|   | Outstanding<br>Options | Weighted<br>Average<br>Exercise Price | Weighted<br>Average Remaining<br>Contractual Life |
|---|------------------------|---------------------------------------|---|
| Balance, December 31, 2007                    | 2,150,000              | \$ 0.86                               | 1.75 years  |
| Options granted                               | 1,925,000              | 0.30                                  | 2.90 years  |
| Options cancelled and expired                 | (2,225,000)            | 0.82                                  | -   |
| Balance, December 31, 2008 and March 31, 2009 | <u>1,850,000</u>       | <u>\$ 0.34</u>                        | <u>2.33 years</u>                                 |

The following incentive stock options were outstanding and exercisable at March 31, 2009:

| Number of<br>options<br>outstanding | Exercise<br>Price | Expiry Date                                      |
|-------------------------------------|-------------------|--|
| 50,000                              | \$1.09            | April 5, 2009 (Subsequently expired unexercised) |
| 75,000                              | 0.85              | October 5, 2009                                  |
| 1,150,000                           | 0.35              | August 1, 2011                                   |
| 575,000                             | 0.17              | October 31, 2011                                 |
| <u>1,850,000</u>                    |                   |  |

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**NOTE 6. SHARE CAPITAL (Continued)**

Warrants

The following table summarizes information about warrant transactions:

|                                | Outstanding<br>Warrants | Weighted<br>Average<br>Exercise Price | Weighted<br>Average Remaining<br>Contractual Life |
|--------------------------------|-------------------------|---------------------------------------|---|
| Balance, December 31, 2007     | 6,163,095               | \$ 0.82                               | 0.97 years  |
| Warrants issued                | 250,000                 | 1.29                                  | 2.00 years  |
| Warrants cancelled and expired | (6,163,095)             | 0.70                                  | -   |
| Balance, December 31, 2008     | 250,000                 | 1.23                                  | 0.79 years  |
| Warrants cancelled and expired | (250,000)               | 1.23                                  | -   |
| Balance, March 31, 2009        | -                       | \$ -                                  | -   |

On June 15, 2008, the Company issued warrants to a consultant for investment banking and other services for a term of one year, entitling them to purchase 250,000 common shares at a price of \$0.40 per share to June 16, 2010. These warrants vested on a monthly basis over a one year period. The total fair value of \$40,718 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 3.40% and an expected volatility of 87%. The issuance of these warrants resulted in a stock based compensation expense of \$123,752 being recorded in the year, representing the fair value of the warrants vested. The remaining \$16,966 will never be recorded as the consultant ceased to provide services as of January 1, 2009.

There were no warrants outstanding as at March 31, 2009.

**NOTE 7. SUPPLEMENTARY CASH FLOW DISCLOSURE**

|                         | 2008 | 2007 | 2006 |
|-------------------------|------|------|------|
| Cash paid for: Interest | \$ - | \$ - | \$ - |
| Income taxes            | \$ - | \$ - | \$ - |

There were no significant non-cash transactions during the three month periods ended March 31, 2009 and 2008.

**NOTE 8. SEGMENTED INFORMATION**

The Company's income, loss and assets are located in the following geographic locations:

|                     | Canada         | United States | Consolidated   |
|---------------------|----------------|---------------|----------------|
| December 31, 2008   |                |               |                |
| Interest income     | \$ 273,890     | \$ -          | \$ 273,890     |
| Net loss            | \$ (1,084,476) | \$ (64,538)   | \$ (1,149,014) |
| Identifiable assets | \$ 5,331,065   | \$ 4,651,059  | \$ 9,982,114   |
| December 31, 2007   |                |               |                |
| Interest income     | \$ 222,290     | \$ -          | \$ 222,290     |
| Net loss            | \$ (1,043,158) | \$ (50,396)   | \$ (1,093,554) |
| Identifiable assets | \$ 8,345,733   | \$ 2,455,349  | \$ 10,801,082  |
| December 31, 2006   |                |               |                |
| Interest income     | \$ 19,458      | \$ -          | \$ 19,458      |
| Net loss            | \$ (504,033)   | \$ (218,125)  | \$ (722,158)   |
| Identifiable assets | \$ 1,406,497   | \$ 870,083    | \$ 2,276,580   |

**MAX RESOURCE CORP.**

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9. RISK MANAGEMENT**

**Management of Industry Risk**

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

**Management of Financial Risk**

The Company's financial instruments are exposed to certain financial risks, which include credit risk, liquidity risk, and market risk.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to fulfil an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash holdings and GST recoverable. The Company manages credit risk by placing cash with major Canadian financial institutions. GST recoverable is due from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar. There is moderate currency risk to the Company as some mineral property interests are located in the United States.

The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical. The Company does not engage in any form of derivative or hedging instruments to reduce its foreign currency risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

**NOTE 10. CAPITAL MANAGEMENT**

The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued capital, contributed surplus, retained earnings and accumulated other comprehensive income. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic condition and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank-sponsored instruments. This strategy is unchanged from 2008.

The Company is not subject to externally imposed capital restrictions.

## MAX RESOURCE CORP.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the three month period ended March 31, 2009

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements and related notes for Max Resource Corp. ("MAX") for the three month period ended March 31, 2009. All dollar amounts are stated in Canadian funds. This discussion is based on information available as at May 21, 2009.

During the period under review, the company received and announced results from drilling completed in 2008 at its Gold Hill molybdenum project in Alaska, at the Indata Gold project in B.C. and at its Ravin molybdenum/tungsten project in Nevada. In addition, the Company completed and announced the results of a bulk sample taken at its East Manhattan Wash gold project in Nevada. The Company continues to review potential projects while it develops its exploration plans for 2009.

#### Gold Hill Molybdenum project, Alaska

During 2008, MAX completed a ten hole diamond drill program (7,664 feet) at the Gold Hill molybdenum/copper/gold project in Alaska.

The 2008 drill program at Gold Hill followed up on a five hole drill program MAX conducted in 2007 that intersected significant molybdenum mineralization over long intervals starting at surface and ending in mineralization at depth in four of the holes.

Complete results from MAX's 2008 drill program are as follows:

| <u>Drill Hole</u> | <u>From</u>         | <u>Interval</u> | <u>Mo%</u>     | <u>Cu%</u> |
|-------------------|---------------------|-----------------|----------------|------------|
| DDH-08-1          | 0-605 feet          | 605 feet        | 0.026%         |            |
| including         | 190-350 feet        | 160 feet        | 0.043%         |            |
|                   | 0-1020 feet         | 1020 feet       |                | 0.04%      |
| including         | 500-815 feet        | 315 feet        |                | 0.064%     |
| DDH-08-2          | 0-500 feet          | 500 feet        | 0.013%         |            |
|                   | 0-650 feet          | 650 feet        |                | 0.039%     |
| including         | 0-300 feet          | 300 feet        |                | 0.059%     |
| DDH-08-3          | 0-575 feet          | 575 feet        | 0.013%         |            |
| including         | 300-450 feet        | 150 feet        | 0.021%         |            |
|                   | 0-550 feet          | 550 feet        |                | 0.042%     |
| DH-08-4           | 0-500 feet          | 500 feet        | 0.0027%        |            |
|                   | 0-485 feet          | 485 feet        |                | 0.037%     |
| DDH-08-5          | 0-670 feet          | 670 feet        | 0.03219%       |            |
| including         | 385-560 feet        | 185 feet        | 0.0533%        |            |
|                   | 0-670 feet          | 670 feet        |                | 0.0425%    |
| DDH-08-6          | 0-1000 feet         | 1000 feet       | 0.0429%        |            |
| including         | <b>150-250 feet</b> | <b>100 feet</b> | <b>0.0712%</b> |            |
| including         | 750-850 feet        | 100 feet        | 0.058%         |            |
|                   | 0-850 feet          | 850 feet        |                | 0.0266%    |

| Drill Hole            | From  | Interval                               | Mo%                       | Cu%     |
|-----------------------|---|--|---------------------------|---------|
| DDH-08-7              | 15-525 feet<br>0-675 feet                         | 510 feet<br>675 feet                   | 0.0506%                   | 0.0124% |
| DDH-08-8<br>including | 0-900 feet<br><b>850-900 feet</b><br>600-925 feet | 900 feet<br><b>50 feet</b><br>325 feet | 0.0316%<br><b>0.1212%</b> | 0.0365% |
| DDH-08-09             | 0-100 feet<br>0-100 feet                          | 100 feet<br>100 feet                   | 0.0233%                   | 0.009%  |
| DDH-08-10             | 0-240 feet<br>0-200 feet                          | 240 feet<br>200 feet                   | 0.0306%                   | 0.0199% |

The 2008 drill program conducted at Gold Hill has expanded the area of known mineralization and lead to a better understanding of the mineralized system. It has also drilled through overburden, showing that molybdenum mineralization previously not observed at the surface exists under Gold Hill. The system appears to continue to depth and to the north and northeast. Drill holes 08-05,06,07,08 and 10 show the vector of mineralization. Targets still exist in large areas between drill holes and at depth beneath current drilling. A map showing the 2007 and 2008 drill site locations is available on our web site at [www.maxresource.com](http://www.maxresource.com).

Complete molybdenum results from MAX's 2007 drill program are as follows:

| Drill Hole   | From (feet)                           | Interval  | Mo%  |
|--|---------------------------------------|---|--|
| <b>DH 07-1</b><br>including                            | 0-965<br>260-510                      | 965 feet<br>250 feet                                      | 0.029% Mo<br>0.048% Mo   |
| <b>DH 07-02</b>  | 0-1000                                | 1000 feet   | 0.0167% Mo   |
| <b>DH 07-03</b><br>including<br>including<br>including | 0-1000<br>0-750<br>135-180<br>445-485 | 1000 feet<br>750 feet<br><b>45 feet</b><br><b>40 feet</b> | 0.035% Mo<br>0.044% Mo<br><b>0.107% Mo</b><br><b>0.081% Mo</b> |
| <b>DH 07-04</b><br>including                           | 0-1000<br>450-700                     | 1000 feet<br>250 feet                                     | 0.0244% Mo<br>0.0362% Mo                                       |
| <b>DH-07-05</b><br>including                           | 15-837<br>485-837                     | 822 feet<br>352 feet                                      | 0.0279% Mo<br>0.0423% Mo                                       |

MAX's 2007 drill program was testing a broad Molybdenum/Copper/Gold geochemistry and geophysical magnetic anomaly covering an exposed outcrop area of at least 700 by 800 meters. Drilling in 2008 showed that mineralization continued under covered areas that did not contain a molybdenum geochemistry signature. Prior drilling by the New Alaska Syndicate (Cities Services Minerals and Dome Mines Ltd.) at Gold Hill in the 1970's never tested the significant magnetic anomaly that coincides with the mineralization or the surrounding sedimentary rocks.

Gold targets outlined by previous exploration (including drilling conducted by MAX in 2004) were not tested during the 2007 or 2008 exploration seasons. These include four additional zones and structures identified by MAX in 2004, including a major structure with approximately one meter of mineralization grading **14.4 g/t gold** and **0.18% copper**, and a sheeted zone where values of **7.9 g/t gold** and **1.1% copper** were found in the fractures. These areas are now being considered for further exploration.

**QA / QC (Quality Control and Quality Assurance):** Core material was collected at the drill site and placed in core boxes under the supervision of an experienced geologist. It was logged for rock type, alteration, structure, and recorded with detailed descriptions. Core was split using a hydraulic core splitter and one-half was sent to the Alaska Assay Laboratories. The other half is kept at MAX's core storage facility in Anchorage. Drill holes were sampled at five foot sample intervals. Samples were delivered in sealed bags to the Alaska Assay Labs facility in Fairbanks, Alaska for sample preparation. Alaska Labs is using a 2 acid digestion and a 30 Element AES ICP Scan. The assays contained both blanks and standards for quality checking.

Sample Preparation quality control at Alaska Assay Labs includes strict chain of custody documentation, careful logging of samples documentation, careful cleaning of all equipment documentation, and careful monitoring of crush and grind particle size documentation, and careful protocol documentation following ISO9002/17025 guidelines. Check samples of selected drill holes were sent to both Skyline assays labs in Tucson, Arizona and at American Assay labs in Reno, Nevada to check for continuity.

**Qualified Person:** Max's exploration program was supervised by Clancy J. Wendt, P.Geo., who is a qualified person as defined in National Instrument 43-101 ("NI 43-101") for this disclosure.

The Gold Hill property comprises 8,520 acres located approximately 212 miles north northeast of Anchorage and is accessible to within five air miles of the property by the all-weather unpaved Denali Highway (State Highway 8). The property is then easily accessed using hunting roads and trails.

The Gold Hill project was the subject of an Option Agreement with Zazu Exploration, Inc. ("Zazu"), a privately-held Texas corporation, which holds a Lease on the Gold Hill Claims from GCO Minerals Company. MAX has assumed all of Zazu's obligations under the lease which include the following minimum work commitments and Advance Royalty Payments (in U.S. funds), as amended effective November 23, 2006:

| Year | Annual Work Commitment | Cumulative Work Commitment | Advance Royalty |
|------|------------------------|----------------------------|-----------------|
| 2004 | \$100,000 (incurred)   | \$ 100,000                 | \$ 5,000 (paid) |
| 2005 | 150,000 (incurred)     | 150,000                    | 15,000 (paid)   |
| 2006 | deferred to 2007       | 250,000                    | 25,000 (paid)   |
| 2007 | 250,000 (incurred)     | 500,000                    | 25,000 (paid)   |
| 2008 | 250,000 (incurred)     | 750,000                    | 50,000 (paid)   |
| 2009 | 500,000 (incurred)     | 1,250,000                  | 75,000 (paid)   |
| 2010 | 500,000 (incurred)     | 1,750,000                  | 100,000         |
| 2011 | 500,000                | 2,250,000                  | 100,000         |

MAX can earn up to a 90% interest in the Gold Hill claims by completing US\$2.25 Million in exploration work by December 31, 2011 as outlined above, subject to a net smelter return ("NSR") and back-in rights to GCO Minerals. The NSR will fluctuate from 1.5% to 4.0% depending on the price of gold. In addition, MAX will pay to Zazu an additional NSR of 1%. MAX is ahead of schedule with respect to this work obligation, having now spent in excess of US\$2.1 Million on exploration at Gold Hill, with no further exploration now required until 2011.

During the three months ended March 31, 2009 the Company spent \$13,655 on exploration of the Gold Hill property. This amount was comprised of \$11,348 for geological consulting services and \$2,307 for field expenses.

#### **Ravin Molybdenum/ Tungsten Property, Nevada**

The Ravin Property is comprised of 162 claims (13,240 acres) located 20 miles north of the town of Austin, Lander County, Nevada and approximately 50 miles west of General Moly, Inc.'s (AMEX & TSX: GMO) proposed Mount Hope molybdenum mine.

Drilling commenced at Ravin on July 10<sup>th</sup> but was severely hampered by lack of water in the area and loss of circulation during drilling due to silicified and broken quartz breccia. This resulted in poor core recovery, drilling delays and additional costs. After completion of three diamond drill holes ("DDH") a further five holes were completed

at Ravin using a reverse-circulation (“RC”) drill. The results of these drill holes were announced in May 2009; a map of these drill holes is available on our web site at [www.maxresource.com](http://www.maxresource.com).

The assay results from the diamond drill holes are as follows:

| Drill Hole Number | From /To<br>(feet) | Interval         | Mo%           |
|-------------------|--------------------|------------------|---------------|
| DDH 08-04         | 109.6-146.4        | 36.8 feet        | 0.0983        |
|                   | 146.4-156.3        | 9.9 feet         | 0.0489        |
|                   | <b>156.3-174.6</b> | <b>18.3 feet</b> | <b>0.2133</b> |
|                   | 210.0-213.2        | 3.2 feet         | 0.1046        |
|                   | <b>275.4-276.6</b> | <b>1.2 feet</b>  | <b>1.397</b>  |
|                   | <b>292.0-295.0</b> | <b>3 feet</b>    | <b>0.7368</b> |
|                   | 320.0-341.5        | 21.5 feet        | 0.0884        |
|                   | 405.0-421.4        | 16.4 feet        | 0.0832        |
|                   | 441.6-451.2        | 9.6 feet         | 0.0713        |
|                   | 471.0-477.0        | 6 feet           | 0.0616        |
|                   | 484.1-502.1        | 18 feet          | 0.0466        |
| DDH 08-8          | <b>565.8-575.8</b> | <b>10 feet</b>   | <b>0.0945</b> |
| Includes          | <b>699.0-709.4</b> | <b>10 feet</b>   | <b>0.1024</b> |

| Drill Hole Number | From /To<br>(feet) | Interval         | Mo%           |
|-------------------|--------------------|------------------|---------------|
| DDH 08-11         | 36.8-47.0          | 10.2 feet        | 0.0476        |
|                   | 51.8-57.0          | 5.2 feet         | 0.0571        |
|                   | 90.0-93.5          | 3.5 feet         | 0.0653        |
|                   | <b>167.3-188.6</b> | <b>21.3 feet</b> | <b>0.0549</b> |
|                   | <b>226.8-230.8</b> | <b>4 feet</b>    | <b>0.1848</b> |
|                   | <b>274.4-281.9</b> | <b>7.5 feet</b>  | <b>0.0766</b> |
|                   | 317.4-331.1        | 13.7 feet        | 0.0336        |
|                   | 344.8-350.6        | 5.8 feet         | 0.0622        |
|                   | 387.5-392.7        | 5.2 feet         | 0.0850        |
|                   | <b>407.7-411.4</b> | <b>4.3 feet</b>  | <b>0.1265</b> |
|                   | <b>476.3-479.0</b> | <b>3 feet</b>    | <b>0.2059</b> |
|                   | <b>494.7-498.0</b> | <b>3.3 feet</b>  | <b>0.1875</b> |

Due to poor core recovery during diamond drilling, assay results from the diamond drill holes have been reported only for those intervals for which coherent core samples are available and these have all been listed in the table above. High grade mineralization (greater than 0.6% Mo) reported at a depth of 790 feet by Houston Oil and Minerals was not tested due to the water problems, lost circulation and poor recoveries encountered, resulting in early termination of our hole DDH-08-04.

The assay results from the reverse-circulation drilling completed at Ravin are as follows:

| <u>Drill Hole Number</u> | <u>From /To</u><br>(feet) | <u>Interval</u> | <u>Mo%</u>   | <u>Cu%</u>  |
|--------------------------|---------------------------|-----------------|--------------|-------------|
| RC 08-02                 | 0-500                     | 500 feet        | 0.022        | 0.039       |
| Includes                 | 10-20                     | 10 feet         | 0.09         |             |
|                          | 0-50                      | 50 feet         | 0.045        | 0.06        |
|                          | <b>400-450</b>            | <b>50 feet</b>  | <b>0.066</b> | <b>0.04</b> |
|                          | 0-100                     | 100 feet        | 0.031        | 0.097       |
|                          | 350-500                   | 150 feet        | 0.034        | 0.07        |
|                          | <b>375-385</b>            | <b>10 feet</b>  | <b>0.14</b>  |             |
| RC 08-03                 | <b>0-200</b>              | <b>200 feet</b> | <b>0.055</b> |             |
| Includes                 | <b>50-100</b>             | <b>50 feet</b>  | <b>0.061</b> |             |
|                          | 250-300                   | 50 feet         | 0.026        | 0.062       |
| RC 08-05                 | 0-540                     |                 | 0.02         | 0.03        |
| RC 08-07                 | 0-300                     | 300 feet        | 0.016        |             |
| Includes:                | 50-100                    |                 | 0.023        |             |
|                          | 250-300                   |                 | 0.03         |             |
| RC 08-09                 | 0-350                     |                 | 0.025        | 0.019       |
| Includes                 | 0-50                      | 50 feet         | 0.032        | 0.029       |
|                          | 50-150                    | 100 feet        | 0.042        |             |

The drilling completed at Ravin was designed to confirm historic drill results reported by prior operators, such as Houston Oil and Minerals and Freeport Exploration, and has done so. Assays have also indicated improved molybdenum values over the historic values reported in holes RC 08-02, 08-03, 08-05 and 08-09, with copper values higher than expected. Although expected, no tungsten values were encountered in the drill holes.

Mr. Clancy Wendt reports “We are pleased with the high-grade intercepts achieved at Ravin in spite of the difficulties encountered during drilling in 2008, which served to restrict the scope of the drill campaign. While core recovery was difficult and expensive, our first hole DDH-08-04 confirmed extensive near surface high-grade molybdenum mineralization is present at Ravin, with 36.8 feet of 0.0983% Mo encountered within 110 feet of surface and molybdenum intercepts as high as 1.397%. Additional high grade intercepts were also encountered in holes DDH08-08 and DDH 08-11 as well as RC 08-02 and RC 08-03. We have now resolved the water problems at Ravin and devised a program of loss circulation to increase recoveries. Further exploration work is being planned in and around the intrusives.”

Historically, the Ravin property has been explored by Union Carbide, Houston Oil and Minerals and Freeport Exploration. Union Carbide drilled three core holes with the deepest hole drilled to a depth of 500 feet. Houston Oil and Minerals subsequently acquired the property in 1978 and drilled six core holes in the Reward tungsten pit. As part of a regional rock and soil geochemistry program, Houston Oil identified a coherent molybdenum soil anomaly. They drilled two diamond drill holes and reported an intercept of **30 feet of 0.66% Mo** at a depth of 790 feet in their hole RW 7-A. Our drill hole RC 08-07 was not able to reach the high grade mineralization reported in RW 7-A due to lost circulation and broken ground problems.

Freeport optioned the property in 1981 and drilled 17 rotary and core drill holes to test a molybdenum-copper-fluorine anomaly found within the Cambrian sedimentary units. The anomalous zone showed strong structural control and is thought to be associated with the contact zone of the Cadro Pluton. All but 4 drill holes encountered molybdenum mineralization and many contained significant mineralization. Some of the historic drill holes exist in the form of

reports and summaries of the drilling, exploration, drill logs and assays but none of the original assay sheets are available. Highlights included hole RW 80-7 (our drill hole DDH 08-11), where Freeport reported an interval of **250 feet of 0.063% Mo** beginning at a depth of 100 feet. The values returned from our hole DDH-08-11, where core was recovered, are listed in the table above and are higher than the 0.063% Mo reported by Freeport.

Max Resource has put in place a rigorous QA/QC program consistent with National Instrument 43-101 and using best industry practice. The QA/QC program consists of a careful chain of custody of samples from the field to the laboratories, inclusion of standard and blank samples which were submitted to American Assay & Environmental Laboratories, Reno, with each batch of samples and a check assay program on a proportion of sample pulps with a second laboratory is in progress. Results from the QA/QC program have to date been satisfactory.

The reports by Freeport and Houston Oil and Minerals are not NI 43-101 compliant (and predated NI 43-101). There has been no NI 43-101 Geological Report completed on the claims or on the Ravin project. **The historic information provided is for reference only and the reader should not infer or assert that the information is correct, reliable, relevant or accurate and should not be relied upon.**

The Ravin Property is the subject of an Option Agreement dated September 10, 2007 between MAX and Energex, LLC, a Nevada corporation wholly-owned by Clancy J. Wendt, the Vice President of Exploration for MAX, whereby MAX can acquire a 100 % interest in the Ravin property under the following terms:

| <u>Date</u>                          | <u>Payment Amount</u> |
|--------------------------------------|-----------------------|
| Upon execution of the Agreement      | US\$5,000 (paid)      |
| First anniversary of Effective Date  | US\$25,000 (paid)     |
| Second anniversary of Effective Date | US\$35,000            |
| Each anniversary thereafter          | US\$50,000            |

The Ravin Property is also subject to a 3% NSR royalty. Upon full exercise of the Option, the Company will own 100% of the project.

During the three months ended March 31, 2009 the Company spent a total of \$13,243 on exploration at Ravin. This amount was comprised of \$10,502 for geological consulting services and \$2,741 for assays.

### **Indata Gold Property, British Columbia**

In June 2008 MAX entered into an Option Agreement with Eastfield Resources Ltd. (TSX.V:ETF) whereby it can earn up to a 60% interest in the Indata Gold/Copper property in British Columbia, Canada.

The Indata Gold/Copper Property encompasses 3,060 hectares located 1 ½ hr by truck north of the Town of Fort St. James in North Central B.C. There are two exploration targets on the property. The first is structurally controlled precious metal veins and the second is Porphyry Copper. Analogues for the precious metal veins include the Motherlode System in California, in which the Pinchi fault system represents a crustal suture comparable to the Melones fault. Serpentinized ultramafic intrusions and a comparable suite of pathfinder elements lend themselves to this comparison. A review of 24 diamond drill intercepts in the precious metal target indicates that the average vein intercept is 1.54 metres wide with an average grade of 8.41 g/tonne gold and 52.43 g/tonne silver including one very high grade intercept of 46.26 g/t gold and 2.00 g/t silver over 4 metres. Eastfield and its partners have expended approximately \$2.1 million to date on the Indata property.

MAX can earn a 60% interest in the Indata property over a three year period by making cash payments totalling \$120,000 (\$10,000 on signing), issuing up to 300,000 shares (50,000 shares in the first year) and by completing exploration expenditures of \$1.15 million over a three year period.

MAX commenced drilling at Indata in September, 2008 with five holes being completed by October totalling 1,035 metres (3,400 feet) of NQ core. The 2008 exploration program consisted of one drill hole (08-I-01) in the porphyry copper target and four holes (08-1-02 to 08-I-05) in the precious metal vein target.

The precious metal target was tested over a distance of 1,500 metres following the uphill trace of a soil arsenic anomaly believed to define a structural feature which has previously returned a number of gold-silver intercepts, including a 4.0 metre intercept grading 46.20 g/t gold (arsenic, antimony and bismuth have historically accompanied gold mineralization) from a 1988 drill program by Imperial Metals Corp. A number of core samples from the recent drilling returned values exceeding 10,000 parts per million arsenic with correspondingly high values in antimony and bismuth along with a number of narrow gold and/or silver intercepts. Significant results are summarized as follows:

| Hole      | From  | To    | Metres | Copper % | Gold g/t | Silver g/t |
|-----------|-------|-------|--------|----------|----------|------------|
| 08-I-01   | 18.3  | 181.7 | 163.4  | 0.14     | -        | -          |
| including | 123.0 | 150.0 | 27.0   | 0.27     | -        | -          |
| 08-I-02   | 76.5  | 76.8  | 0.3    | 0.18     | 8.20     | 4.4        |
| 08-I-03   | 36.7  | 38.3  | 1.6    | 0.14     | 0.42     | 79.9       |
| including | 37.2  | 37.7  | 0.5    | 0.13     | 0.40     | 209.0      |

Mineralization being targeted at Indata is modeled after the prolific Motherlode deposits in California, where cumulative production has exceeded in excess of 100 million ounces of gold. A key assumption to the model is the similarity of the Pinchi Fault in the Indata region of central B.C. to the Melones Fault in the Motherlode region of California. New exposures of precious metal mineralization, located 800 to 2000 metres further to the north, were made in 2007 when excavator trenches exposed narrow veins which returned samples including 17.16 g/t gold and 9.84 g/t gold respectively. The 2007 vein material was again found to be highly anomalous in arsenic, bismuth, antimony, mercury, selenium and tellurium, providing a signature for gold mineralization of this type. This area was not tested in the current program and a robust soil anomaly also discovered in 2007 remains to be tested as well.

Analysis was performed by Acme Analytical Laboratories, a certified facility in Vancouver, B.C., using multi-element (ICP-ES) techniques. Bruce Laird, P.Geo. of Mincord Exploration Consultants Ltd. supervised the 2008 drilling program and sampling protocol. A map indicating the location of the current drill holes is available on our web site at [www.maxresource.com](http://www.maxresource.com).

During the three months ended March 31, 2009 the Company spent \$5,470 for geological consulting fees on the Indata project.

#### East Manhattan Wash gold project, Nye County, Nevada

In December, 2007 MAX entered into an Option Agreement to acquire a 100 % interest in the East Manhattan Wash ("EMW") claims in the Manhattan Mining District, Nye County, Nevada from MSM LLC, a Nevada corporation. The property is located 40 miles north of the town of Tonopah, Nevada.

The terms of the Option Agreement with EMW L.L.C. (in U.S. funds) are as follows:

| <u>Date</u>                          | <u>Payment Amount</u> |
|--------------------------------------|-----------------------|
| Upon execution of the Agreement      | \$28,000 (paid)       |
| First anniversary of Effective Date  | \$20,000 (paid)       |
| Second anniversary of Effective Date | \$25,000              |
| Third anniversary of Effective Date  | \$40,000              |
| Fourth anniversary of Effective Date | \$50,000              |
| Fifth anniversary of Effective Date  | \$100,000             |

The EMW Property is subject to a 3% NSR royalty. Upon full exercise of the Option, the Company will own 100% of the project.

In March, 2009 the Company announced the results of the first large (bulk) sample taken from the EMW claims. The sample was taken from a previously sampled outcrop that contained approximately 1 gram of gold per ton. At that time, it was also noticed that if the sample was crushed and “panned”, free gold was found. The recent bulk sample weighed 793 pounds and was crushed to particles of less than 1 millimeter in size. The sample was then processed on a Wilfley Table to concentrate the heavy minerals. From this concentrate, a fired bead was made to produce a gold/silver “button”. This button, which weighed 2.67 grams, was then analyzed using a NITON x-ray analyzer and was found to contain approximately 80% gold and 20% silver. On a per ton basis, this is equivalent to 6.1 grams of gold/silver per ton, or 4.9 grams of gold per ton and 1.2 grams per ton of silver.

An extensive soil/outcrop sampling program was undertaken at EMW in early May 2009, which will be followed up by an auger drill program to outline the native gold bearing outcrop. Additional land has been staked along the north and south sides of the original EMW claims.

More than 1,000,000 ounces of gold have been mined in the Manhattan Mining District. Production has included the nearby Manhattan mine (1974-1990), an open-pit operation that produced 236,000 ounces of gold at an average grade of 0.08 ounces per ton (“opt”). The Echo Bay East and West Pit deposits operated in the early 1990s, producing 260,000 ounces at an average grade of 0.06 opt. The Round Mountain Mine (Kinross/Barrick), situated eight miles north of EMW, is a conventional open pit operation that has produced more than 12 million ounces of gold to date. Recorded placer gold production from the district totals approximately 150,000 ounces from a major dredge operation and small-scale lode mines produced another 100,000 ounces.

The current exploration model suggests that deposits will be found in the Manhattan District are related to the contact of the Manhattan Caldera Margin and structural intersections. Gold is also related to the Cambrian-Ordovician Age Sedimentary rocks along the five mile long by one mile wide zone of the Caldera. What is unique to this occurrence is that it is related to a lithic welded volcanic tuff. More work is planned to determine how this mineralization is related to the overall normal mineralized gold system in the Manhattan District. So far, it appears to be quite different and may be quite extensive.

During the three months ended March 31, 2009 MAX spent a total of \$9,970 on exploration of the EMW claims, inclusive of geological consulting fees, assays and field expenses.

### **Current Economic Conditions**

During 2008, particularly in the fourth quarter, the ongoing global credit crisis and economic weakness have made for extremely volatile capital markets characterized by plunging equity and commodity prices and an environment in which few opportunities exist to raise additional capital. MAX has taken precautions and implemented initiatives to preserve its cash reserves and currently has sufficient cash to meet all obligations during fiscal 2009. MAX has several commitments in the future (this coming year and beyond) on its mineral properties and the Company may be forced to abandon and write-off these properties if the Company does not have the means to meet these commitments, or does not feel it is fiscally prudent to do so. The Company will be reviewing its mineral property commitments as well as its capital position on an ongoing basis during fiscal 2009 and may abandon additional properties when obligations become due if management deems it necessary in order to maintain the long-term viability of the Company.

### **Results of Operations – Three months ended March 31, 2009**

During the three months ended March 31, 2009, the Company incurred operating expenses of \$140,011 as compared to operating expenses of \$238,880 for the three months ended March 31, 2008. The significant changes during the current period compared to the same period a year prior are as follows:

Consulting expense increased to \$20,739 during the three months ended March 31, 2009 from the \$17,060 incurred during the same period a year prior due to additional expenditures on geological consulting for project review.

There was no stock-based compensation expense incurred during the three months ended March 31, 2009 as there were incentive stock options vested or granted during the period. This compares to stock-based compensation expenses of

\$53,508 (a non-cash expense) incurred during the same period a year prior on the vesting of previously granted stock options.

Shareholder relations expenses decreased to \$28,294 during the three months ended March 31, 2009 from the \$107,050 incurred during the same period a year prior. This was primarily due to decreased expenditures on investor relations consultants and advertising during the current fiscal period as the Company has dramatically scaled back these expenditures in response to current market conditions.

During the three months ended March 31, 2009, office and general expenses decreased to \$3,263 from the \$6,017 incurred during the same period a year prior due to a decrease in support staff levels during the current period.

Professional fees increased to \$18,532 during the three months ended March 31, 2009 from the \$9,153 incurred during the same period a year prior due to an increase in accounting costs associated with the audit for the year ended December 31, 2008.

During the three months ended March 31, 2009, the Company incurred travel costs of \$6,842 for attendance at trade shows, broker presentations and project review. This represents a decrease from the \$8,655 incurred for travel expenses during the same period a year prior.

During the three months ended March 31, 2009, the Company incurred \$23,079 of Part XII.6 tax on the filing of certain tax documents related to a flow-through financing completed in 2007. There was no comparable expense during the same period a year prior.

Interest income decreased to \$38,974 during the three months ended March 31, 2009 from the \$79,013 earned during the same period a year prior due to the Company maintaining a lower average daily cash balance during the current fiscal period.

During the three months ended March 31, 2008, the Company recognized a future income tax recovery of \$263,748 on the renunciation of flow-through shares. The Company did not renounce any flow-through shares during the current fiscal period.

As a result of the foregoing, the loss for the three months ended March 31, 2009 was \$101,037 as compared to net income of \$103,881 for the three months ended March 31, 2008.

### **Summary of Quarterly Results**

|  | <b>Q1-09</b> | <b>Q4-08</b> | <b>Q3-08</b> | <b>Q2-08</b> | <b>Q1-08</b> | <b>Q4-07</b> | <b>Q3-07</b> | <b>Q2-07</b> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Other Income (\$)</b>               | 38,974       | 47,545       | 63,841       | 83,491       | 79,013       | 86,237       | 87,967       | 41,348       |
| <b>Net income (loss) (\$)</b>          | (101,037)    | (641,924)    | (434,709)    | (176,262)    | 103,881      | (341,525)    | (568,340)    | (82,840)     |
| <b>Net income (loss) Per Share(\$)</b> | (0.01)       | (0.02)       | (0.02)       | (0.01)       | 0.01         | (0.016)      | (0.027)      | (0.005)      |

During the second quarter of fiscal 2007 the net loss was reduced to \$82,840 primarily due to an increase in interest income to \$41,348 as a result of the higher cash balances (inclusive of short-term investments) then maintained by the Company following the private placements completed in May 2007.

The loss for the third quarter of fiscal 2007 increased to \$568,340 due primarily to an increase in stock-based compensation expense, a non-cash item, to \$474,629 for options granted to consultants, directors and investor relations consultants, as compared to a charge of \$23,645 incurred for stock-based compensation expense during the second fiscal quarter.

The loss for the fourth quarter of fiscal 2007 was reduced to \$341,525 due to a reduction in stock-based compensation expense, a non-cash item, to \$72,114 for options vested during the period, with no new options being granted. This compares to a charge of \$474,629 during the third quarter of fiscal 2007 for options granted to consultants, directors and investor relations consultants during that period.

The net income for the first quarter of 2008 of \$103,881 was due to the recovery of future income taxes on the renunciation of flow through shares in the amount of \$263,748. The Company also recorded interest income of \$79,013 for the quarter. The income was offset by stock-based compensation in the amount of \$53,508 and transfer agent, filing fees and shareholder relation expenses of \$114,487.

As there was no recovery of future income taxes during the second quarter of 2008, the Company incurred a loss of \$176,262. This loss was due to ongoing operating expenses including management fees of \$30,000, stock-based compensation of \$49,804 and transfer agent, filing fees and shareholder relations expenses of \$123,098, offset by interest income earned on investments of \$83,491.

The loss for the third quarter of fiscal 2008 increased to \$434,709 due primarily to an increase in stock-based compensation expense, (a non-cash item), to \$312,357 for options granted to consultants, directors and investor relations consultants, as compared to a charge of \$49,808 incurred for stock-based compensation expense during the second fiscal quarter.

The loss for the fourth quarter of fiscal 2008 increased to \$641,924 from the loss of \$434,709 incurred during the third primarily due to the write-down of the MacInnis Lake property by \$484,306 during the most recent period, offset by reductions in stock-based compensation expense (a non-cash item) as well as reductions in expenditures for advertising and investor relations consultants.

The loss for the first quarter of 2009 decreased to \$101,037 from the loss of \$641,924 incurred during the fourth quarter of fiscal 2008 as there was no write down of mineral properties or charges for stock-based compensation incurred during the current period, as well as reduced expenditures on investor relations activities.

### **Liquidity and Solvency**

At March 31, 2009, the Company had working capital of \$4,103,757 and cash and cash equivalents on hand of \$3,999,425. This compares to working capital of \$4,344,567 at December 31 2008, inclusive of cash and cash equivalents of \$4,377,361.

The decrease in cash of \$377,936 during the three months ended March 31, 2009 was due to cash spent on mineral properties of \$135,011, the purchase of equipment of \$5,148 and cash used in operating activities of \$237,777.

As of the date of this report, MAX has approximately \$3.88 Million in cash and cash equivalents, which will provide sufficient working capital to fund exploration on its properties through at least fiscal 2009 as well as its general and administrative expenses through the same period. However, due to the current volatility in capital markets and depressed commodity prices, the management of MAX has taken steps to reduce its general and administrative costs, primarily through reductions in advertising and promotional expenses. The resultant cost savings were evident during the first quarter of fiscal 2009 and will continue in subsequent periods. Management also plans to be selective in incurring exploration expenditures during fiscal 2009, having now satisfied its major work obligations on its key exploration properties through to June of 2010.

MAX has no exposure to any asset-backed commercial paper (“ABCP”) investments.

Cash flow to date has not satisfied the Company’s operational requirements. The development of the Company may in the future depend on the Company’s ability to obtain additional financings. In the past, the Company has relied on the sale of equity securities to meet its cash requirements. Future developments will depend on the Company’s ability to obtain financing through joint venturing of its projects, debt financing, equity financing or other means. There can be no assurance that the Company will be successful in obtaining any such financing.

## **Adoption of New Accounting Standards and Accounting Pronouncements**

### **Goodwill and Intangible Assets**

Effective January 1, 2009, the Company adopted CICA Section 3064 “Goodwill and Intangible Assets”, which replaced CICA Handbook sections 3062, “Goodwill and Other Intangible Assets” and 3450, “Research and Development Costs”, as well as EIC-27, “Revenues and Expenditures During the Pre-operating Period”, and part of Accounting Guideline 11, “Enterprises in the development stage”. Under previous Canadian standards, a greater number of items were recognized as assets than are recognized under International Financial Reporting Standards (“IFRS”). The provisions relating to the definition and initial recognition of intangible assets reduce the differences with IFRS in the accounting for intangible assets. The objectives of CICA 3064 are: 1) to reinforce the principle-based approach to the recognition of assets; 2) to establish the criteria for asset recognition, and; 3) to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing asset items that do not meet the recognition criteria is eliminated. The new standard also provides guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets. The portions in the new standard relating to goodwill remain unchanged.

The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at March 31, 2009.

### **Credit Risk and the Fair Value of Financial Assets and Financial Liabilities**

In January 2009, the Emerging Issues Committee of the CICA issued EIC-173, “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” which applies to interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this standard had no impact on the Company’s presentation of its financial position or results of operations as at March 31, 2009.

### **Mining Exploration Costs**

On March 27, 2009, the Emerging Issues Committee of the CICA approved an abstract EIC-174, “Mining Exploration Costs”, which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. The adoption of this abstract had no impact on the Company’s presentation of its financial position or results of operations as at March 31, 2009.

## **Recent Accounting Pronouncements**

### **International Financial Reporting Standards**

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with International Financial Reporting Standards (“IFRS”) over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company continues to monitor and assess the impact of Canadian GAAP and IFRS.

### **Business Combinations – Section 1582, Consolidated Financial Statements – Section 1601 and Non-Controlling Interests – Section 1602**

The CICA issued three new accounting standards in January 2009: Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements” and Section 1602, “Non-Controlling Interests”. These new standards will be effective for fiscal years beginning on or after January 1, 2011. Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to IFRS 3, “Business Combinations”. Section 1601 and 1602 together replace section 1600, “Consolidated Financial Statements”. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS-27, “Consolidated and Separate Financial Statements”. The Company is in the process of evaluating the requirements of the new standards.

### Risk, Uncertainties and Outlook

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. Other risks facing the Company include competition for mineral properties, environmental and insurance risks, fluctuations in metal prices, fluctuations in exchange rates, share price volatility and uncertainty of additional financing.

### Related Party Transactions

During the three months ended March 31, 2009, the Company paid management fees of \$30,000 (2008 - \$30,000) to a private company controlled by Stuart Rogers, the President of the Company. These transactions were measured at the exchange amount as agreed to by the related parties.

### Financial Instruments

The Company's financial instruments consist of cash, cash equivalents, receivables, accounts payable and accrued liabilities, notes payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

### Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of May 21, 2009.

### Off Balance Sheet Arrangements

The Corporation has no off Balance Sheet arrangements.

### Equity Securities Issued and Outstanding

The Company had 21,649,230 common shares issued and outstanding as of May 21, 2009. In addition, there are 1,800,000 incentive stock options outstanding with exercise prices ranging between \$0.17 and \$0.85. There are no share purchase warrants outstanding.

### **Disclaimer**

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. It should be read in conjunction with all other disclosure documents provided by the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mineral exploration and development costs and results, fluctuation in the prices of commodities for which the Company is exploring, foreign operations and foreign government regulations, competition, uninsured risks, recoverability of resources discovered, capitalization requirements, commercial viability, environmental risks and obligations, and the requirement for obtaining permits and licenses for the Company's operations in the jurisdictions in which it operates.