



(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Max Resource Corp.

We have audited the consolidated balance sheets of Max Resource Corp. as at December 31, 2009 and 2008 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years ended December 31, 2009, 2008 and 2007. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years ended December 31, 2009, 2008 and 2007 in accordance with Canadian generally accepted accounting principles.

“DMCL”

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
February 10, 2010

COMMENTS BY AUDITORS FOR U.S. READERS ON CANADA -UNITED STATES REPORTING DIFFERENCES

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the Company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders dated February 10, 2010 is expressed in accordance with Canadian reporting standards which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.

“DMCL”

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED ACCOUNTANTS

Vancouver, Canada
February 10, 2010

MAX RESOURCE CORP.
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS

(Expressed In Canadian Dollars)

	December 31, 2009	December 31, 2008
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 3,118,960	\$ 4,377,361
Receivables and prepaids	22,203	99,545
Taxes recoverable	9,753	13,932
	3,150,916	4,490,838
EQUIPMENT (Note 3)	3,218	-
RECLAMATION BONDS	28,356	28,356
MINERAL PROPERTIES (Note 4)	2,142,513	5,462,920
	\$ 5,325,003	\$ 9,982,114
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 57,459	\$ 146,271
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 6)		
Authorized: Unlimited number of voting common shares without par value		
Unlimited number of preferred shares without par value		
Issued and		
outstanding: 21,699,230 common shares (2008: 21,649,230)	13,003,168	12,996,918
SHARE PURCHASE WARRANTS (Note 6)	288,562	288,562
CONTRIBUTED SURPLUS (Note 6)	1,393,485	1,307,229
DEFICIT	(9,417,671)	(4,756,866)
	5,267,544	9,835,843
	\$ 5,325,003	\$ 9,982,114

NATURE OF OPERATIONS (Note 1)
COMMITMENTS (Note 4)
SUBSEQUENT EVENT (Note 12)

APPROVED BY THE DIRECTORS:

“PAUL JOHN”
Paul John – Director

“STUART ROGERS”
Stuart Rogers – Director

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

MAX RESOURCE CORP.
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

YEAR ENDED DECEMBER 31,
(Expressed In Canadian Dollars)

	2009	2008	2007
EXPENSES			
Amortization	\$ 1,930	\$ -	\$ 470
Consulting	55,394	86,762	52,033
Consulting – stock-based compensation (Note 6)	86,256	66,794	154,591
Investor relations	320,843	366,870	339,034
Investor relations – stock-based compensation (Note 6)	-	142,172	70,388
Management fees (Note 5)	120,000	120,000	90,000
Management and directors fees – stock-based compensation (Note 6)	-	242,999	345,409
Office and general	25,285	24,439	10,778
Part XII.6 tax	23,079	-	-
Professional fees	96,697	82,757	51,093
Transfer agent and filing fees	16,181	18,840	25,581
Travel and promotion	22,808	50,713	28,370
LOSS BEFORE OTHER ITEMS AND INCOME TAXES	(768,473)	(1,202,346)	(1,167,747)
OTHER ITEMS			
Interest income	95,470	273,890	222,290
Impairment of mineral properties (Note 4)	(3,987,802)	(484,306)	(148,097)
LOSS BEFORE INCOME TAXES	(4,660,805)	(1,412,762)	(1,093,554)
Future income tax recovery (Note 7)	-	263,748	-
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(4,660,805)	(1,149,014)	(1,093,554)
DEFICIT, BEGINNING OF YEAR	(4,756,866)	(3,607,852)	(2,514,298)
DEFICIT, ENDING OF YEAR	\$ (9,417,671)	\$ (4,756,866)	\$ (3,607,852)
BASIC AND DILUTED LOSS PER COMMON SHARE	\$ (0.22)	\$ (0.05)	\$ (0.06)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – basic and diluted	21,670,736	21,584,202	17,549,381

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

MAX RESOURCE CORP.
(An Exploration Stage Company)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31,
(Expressed In Canadian Dollars)

	2009	2008	2007
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net loss for the year	\$ (4,660,805)	\$ (1,149,014)	\$ (1,093,554)
Adjustments for items not involving cash:			
Amortization	1,930	-	470
Stock-based compensation - consulting, management and investor relations expense	86,256	451,965	570,388
Impairment of mineral properties	3,987,802	484,306	148,097
Future income tax recovery	-	(263,748)	-
Changes in non-cash working capital items:			
Decrease (increase) in receivables and prepaids	77,342	108,501	(186,151)
Decrease (increase) in taxes recoverable	4,179	3,207	(14,822)
Decrease in accounts payable and accrued liabilities	(117,212)	(4,934)	(24,009)
CASH USED IN OPERATING ACTIVITIES	(620,508)	(369,717)	(599,581)
FINANCING ACTIVITY			
Issuance of common shares	-	-	8,829,677
CASH PROVIDED BY FINANCING ACTIVITY	-	-	8,829,677
INVESTING ACTIVITIES			
Reclamation bonds	-	88	(28,444)
Purchase of equipment	(5,148)	-	-
Mineral property acquisition and exploration costs	(632,745)	(2,914,138)	(1,420,725)
CASH USED IN INVESTING ACTIVITIES	(637,893)	(2,914,050)	(1,449,169)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,258,401)	(3,283,767)	6,780,927
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,377,361	7,661,128	880,201
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	\$ 3,118,960	\$ 4,377,361	\$ 7,661,128
CASH AND CASH EQUIVALENTS CONSISTS OF:			
Cash	\$ 118,960	\$ 207,693	\$ 21,128
Term deposits	3,000,000	4,169,668	7,640,000
	\$ 3,118,960	\$ 4,377,361	\$ 7,661,128

SUPPLEMENTARY CASH FLOW DISCLOSURE (Note 8)

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

MAX RESOURCE CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Expressed In Canadian Dollars)

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. ("Max" or the "Company") 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 its 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's ability to continue as a going concern 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 consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada for financial statements. Except as indicated in Note 13, they also comply, in all material respects, with accounting principles generally accepted in the United States.

Adoption of New Accounting Standards and Accounting Pronouncements

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants ("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 December 31, 2009.

MAX RESOURCE CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Expressed In Canadian Dollars)

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 (“EIC”) 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 December 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 December 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 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 of assets for depreciation and amortization, the recoverability of mineral property interests, the determination of future income taxes, asset retirement obligations, 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 which are readily convertible to contracted amounts of cash without penalty. 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 December 31, 2009, the Company had cash equivalents comprised of term deposits issued by major financial institutions in the aggregate amount of \$3,000,000 (December 31, 2008 - \$4,169,668) and bearing interest at a rate of 1.00% per annum until maturity in 2010.

Equipment

Equipment is recorded at cost with amortization being provided using the declining balance basis at 30% per annum.

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.

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.

MAX RESOURCE CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Expressed In Canadian Dollars)

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mineral properties (Continued)

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.

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 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.

MAX RESOURCE CORP.
(An Exploration Stage Company)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2009
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NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 September 30, 2009 and 2008, the Company had no items that caused other comprehensive loss to be different than net loss.

Financial instruments

The Company's financial instruments consist of cash and cash equivalents, 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.

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.

MAX RESOURCE CORP.
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NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting pronouncements not yet adopted

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 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 is currently evaluating the impact of adopting IFRS on its consolidated financial statements. The Company is in the first phase of its transition program, which includes scoping to identify the significant accounting policy differences and their related areas of impact in terms of systems, procedures and financial statement presentation. The Company also is in the assessment phase of the design and work plan to calculate the differences between IFRS and Canadian GAAP, and the impact on its financial statements, disclosures and operations. The Company will address the design, planning, solution development and implementation of the conversion in 2010.

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.

NOTE 3. EQUIPMENT

	December 31, 2009			December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 5,148	\$ 1,930	\$ 3,218	\$ -	\$ -	\$ -

MAX RESOURCE CORP.
(An Exploration Stage Company)
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NOTE 4. MINERAL PROPERTIES

	Balance December 31, 2007	Additions	Write-down	Balance December 31, 2008	Additions (Recoveries)	Write-off	Balance December 31, 2009
Acquisition costs:							
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	16,339	-	188,902
Diamond Peak, NV	43,187	5,550	-	48,737	1,370	-	50,107
Nustar Claims, AZ	440,453	57,495	-	497,948	-	(497,948)	-
Ravin, NV	65,677	50,366	-	116,043	60,560	-	176,603
East Manhattan, NV	38,073	67,378	-	105,451	45,888	-	151,339
Howell, BC	-	27,500	-	27,500	10,000	-	37,500
Crowsnest, BC	-	-	-	-	8,817	-	8,817
Indata, BC	-	22,500	-	22,500	-	(22,500)	-
Table Top, NV	-	-	-	-	30,318	-	30,318
	<u>1,187,270</u>	<u>346,417</u>	<u>(109,999)</u>	<u>1,423,688</u>	<u>264,792</u>	<u>(1,044,894)</u>	<u>643,586</u>
Exploration costs:							
Gold Hill, Alaska	1,093,852	1,415,727	-	2,509,579	83,893	(2,593,472)	-
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	1,392	(5,488)	-
Ravin, NV	11,698	474,720	-	486,418	17,930	-	504,348
East Manhattan, NV	-	9,658	-	9,658	53,448	-	63,106
Howell, BC	-	455,407	-	455,407	(17,606)	-	437,801
Crowsnest, BC	-	-	-	-	248,429	-	248,429
Indata, BC	-	338,478	-	338,478	5,470	(343,948)	-
Table Top, NV	-	-	-	-	9,647	-	9,647
	<u>1,699,055</u>	<u>2,714,484</u>	<u>(374,307)</u>	<u>4,039,232</u>	<u>402,603</u>	<u>(2,942,908)</u>	<u>1,498,927</u>
	<u>\$ 2,886,325</u>	<u>\$ 3,060,901</u>	<u>\$ (484,306)</u>	<u>\$ 5,462,920</u>	<u>\$667,395</u>	<u>\$(3,987,802)</u>	<u>\$ 2,142,513</u>

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 and during the year ended December 31, 2009, the Company elected to abandon the Target Claims and wrote-off the remaining \$1 of acquisition costs to operations.

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 with a fair value of \$47,000 and 100,000 warrants with a fair value of \$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 with a fair value of \$74,000 and a further 200,000 common shares during the year ended December 31, 2005 at a value of \$120,000.

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NOTE 4. MINERAL PROPERTIES (continued)

Gold Hill Property, Alaska, United States (continued)

The Company assumed all of the optionor's obligations under their lease with GCO Minerals Corp. ("GCO") which included 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 (incurred)	75,000 (paid)
2010	500,000 (incurred)	100,000
2011	500,000	100,000

Upon exercise of the option, the Company could 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 years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the Gold Hill Property:

	<u>2009</u>	<u>2008</u>
Drilling and assays	\$ -	\$ 916,983
Field expenses	11,928	281,726
Geological consulting	51,570	196,384
Licenses, permits and lease payments	16,573	13,756
Travel	3,822	6,878
	<u>\$ 83,893</u>	<u>\$ 1,415,727</u>

During the year ended December 31, 2009, the Company elected to abandon the Gold Hill property and wrote off \$524,444 of acquisition costs and \$2,593,472 of deferred exploration costs to operations during fiscal 2009.

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.

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NOTE 4. MINERAL PROPERTIES (continued)

MacInnis Lake, Northwest Territories, Canada (continued)

During the year ended December 31, 2008, the Company recorded an impairment charge of \$484,306 on the MacInnis Lake property and during the year ended December 31, 2009, the Company elected to abandon the MacInnis Lake property and wrote-off the remaining \$1 of acquisition costs to operations.

C de Baca, New Mexico (“NM”), United States

On September 22, 2005, the Company 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.

During the years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the C de Baca project:

	2009	2008
Drilling and assays	\$ -	\$ -
Geological consulting	-	16,360
Licenses, permits and lease payments	-	2,001
	<u>\$ -</u>	<u>\$ 18,361</u>

As at December 31, 2009, the BLM of New Mexico holds a \$18,888 reclamation bond (2008 - \$18,888) from the Company to guarantee reclamation of the environment on the C de Baca property.

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 require the issuance to the Wendt Family Trust of 100,000 escrowed shares (issued) of the Company with a fair value of \$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.) (paid subsequent to December 31, 2009)
Each anniversary thereafter for 10 years	50,000 (U.S.) (paid subsequent to December 31, 2009)

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.

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NOTE 4. MINERAL PROPERTIES (continued)

Diamond Peak, Nevada, United States (continued)

On May 15, 2006, as amended September 30, 2009 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 (received subsequent to December 31, 2009) of Kokanee to the Company upon completion of Kokanee's public listing (completed in January, 2010). In addition, the following annual payments and share issuances are due from Kokanee to the Company:

- a) By May 15, 2007: pay US\$35,000 to the Company (received) and issue 200,000 common shares (received subsequent to December 31, 2009);
- b) Five days after the listing of Kokanee's common shares on the TSX Venture Exchange ("TSX-V"): issue 300,000 common shares and pay \$95,000 to the Company (received subsequent to December 31, 2009);
- c) On or before May 9, 2010 and on each anniversary thereof up to and including May 9, 2016, pay US\$50,000 to the Company; and
- d) 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:

- a) \$100,000 to be spent by Kokanee in the first year of the agreement (incurred);
- b) \$300,000 in the second year, and
- c) \$600,000 in the third year.

The Company did not incur any exploration expenses on the Diamond Peak project during the year ended December 31, 2009 or 2008.

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 year ended December 31, 2009, the Company incurred \$1,392 of geological consulting expenses on the Nustar project. In September 2009, the Company elected to abandon the Nustar project and wrote off \$497,948 of acquisition costs and \$5,488 of deferred exploration costs to operations during the period.

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), \$38,700 (US\$35,000) by September 10, 2009 (paid) 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 \$106,185, which have been included in acquisition costs.

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NOTE 4. MINERAL PROPERTIES (continued)

Ravin Claims, Nevada, United States (continued)

During the years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the Ravin Claims:

	2009	2008
Drilling and assays	\$ 3,929	\$ 257,384
Geological consulting	12,930	119,206
Field expenses	1,071	94,601
Licenses, permits and lease payments	-	3,529
	<u>\$ 17,930</u>	<u>\$ 474,720</u>

As at December 31, 2009, the BLM of Nevada holds a \$8,046 reclamation bond (2008 - \$8,046) from the Company to guarantee reclamation of the environment on the Ravin property.

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 (paid), 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 years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the East Manhattan Project:

	2009	2008
Drilling and assays	\$ 12,763	\$ 756
Geological consulting	35,133	7,688
Field expenses	5,552	1,214
	<u>\$ 53,448</u>	<u>\$ 9,658</u>

Howell and Crowsnest, 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 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.

On July 23 2009, the Company agreed with Eastfield to amend the Howell property agreement to allow the Company to earn a 60% interest in either the Howell or the Crowsnest projects over a four year period by making cash payments totalling \$60,000 to Eastfield (of which \$10,000 was paid on signing of the amended agreement), issuing 100,000 shares (of which 50,000 shares were issued on signing of the amended agreement at \$0.125 per share for a total of \$6,250, Note 6) and by completing aggregate exploration expenditures on both properties of \$400,000 by the second anniversary date (June 30, 2011). Following that date, the Company can earn its 60% interest in Howell by making further cash payments totalling \$90,000, issuing 400,000 shares and spending a further \$700,000 on exploration prior to June 30, 2013. The Company will also be responsible for its portion of the \$200,000 payment due

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NOTE 4. MINERAL PROPERTIES (continued)

Howell and Crowsnest, British Columbia, Canada (continued)

to Goldcorp Inc. and Teck Cominco Metals Limited by August 31, 2010 pursuant to Eastfield's underlying option agreement with them. To earn its 60% interest in Crowsnest, the Company must make further cash payments to Eastfield of \$90,000, issue 400,000 shares and spend a further \$1,050,000 on exploration at Crowsnest prior to June 30, 2013.

During the years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the Howell property:

	2009	2008
Drilling and assays	\$ -	\$ 238,709
Geological consulting	3,078	59,222
Field expenses	-	157,476
BC mining tax recovery	(20,684)	-
	<u>\$ (17,606)</u>	<u>\$ 455,407</u>

During the years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the Crowsnest property:

	2009	2008
Drilling and assays	\$ 112,088	\$ -
Geological consulting	52,524	-
Field expenses	83,817	-
	<u>\$ 248,429</u>	<u>\$ -</u>

Subsequent to December 31, 2009, the Government of British Columbia announced that it intends to halt all ongoing mineral exploration work and prohibit any future mine development in the Flathead Valley in southeastern British Columbia where the Howell and Crowsnest properties are located. The Company has been contacted by the Ministry of Energy, Mines and Petroleum Resources to initiate discussions with respect to compensation.

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) 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 years ended December 31, 2009 and 2008, the Company incurred the following exploration costs on the Indata property:

	2009	2008
Drilling and assays	\$ -	\$ 172,893
Geological consulting	5,470	28,898
Field expenses	-	136,687
	<u>\$ 5,470</u>	<u>\$ 338,478</u>

In June 2009, the Company elected to abandon the Indata property and wrote off \$22,500 of acquisition costs and \$343,948 of deferred exploration costs to operations.

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NOTE 4. MINERAL PROPERTIES (continued)

Table Top, Nevada, United States

On August 31, 2009, the Company entered into an Option Agreement with Energex to acquire a 100% interest in the Table Top claims in Humboldt County Nevada.

The terms of the Option Agreement with Energex require the payment of \$5,400 (US\$5,000) upon execution of the Agreement (paid), US\$25,000 on the first anniversary of the Agreement, US\$35,000 on the second anniversary of the Agreement and US\$50,000 on each anniversary thereafter. The Table Top property is subject to a 3% NSR royalty. Upon full exercise of the Option Agreement, the Company will own 100% of the project.

During the year ended December 31, 2009, the Company incurred \$9,647 for consulting fees on Table Top.

NOTE 5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2009, management fees of \$120,000 (2008 - \$120,000; 2007 - \$90,000) were paid or accrued to a private company controlled by a director. This transaction was 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 Shares	Share Capital	Share Purchase Warrants	Contributed Surplus
Common Shares Issued:				
Balance at December 31, 2007	21,549,230	\$ 13,230,666	\$ 288,562	\$ 855,264
Renunciation of flow-through shares	-	(263,748)	-	-
Shares issued for mineral properties (Note 4)	100,000	30,000	-	-
Stock-based compensation	-	-	-	451,965
Balance at December 31, 2008	21,649,230	12,996,918	288,562	1,307,229
Shares issued for mineral property (Note 4)	50,000	6,250	-	-
Stock-based compensation	-	-	-	86,256
Balance at December 31, 2009	21,699,230	\$ 13,003,168	\$ 288,562	\$ 1,393,485

Stock Options

The Company has a stock option plan where the directors are authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 20% of the issued and outstanding common stock of the Company to a maximum of 4,309,846. Under the plan, the exercise price of each option shall not be less than the closing price of the Company's shares on the date of grant less any discount permitted by the TSX-V and vesting terms are at the discretion of the board of directors. The options can be granted up to a maximum term of 5 years as long as the Company is classified as a Tier 2 issuer under the policies of the TSX -V.

On April 5, 2007, the Company granted stock options to a consultant entitling him to purchase 50,000 common shares at a price of \$1.09 per share to April 5, 2009. These options vested immediately. The granting of these options resulted in a stock based compensation expense of \$23,645 being recorded, representing the fair value of the options. The total fair value was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 4.10% and an expected volatility of 76%.

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NOTE 6. SHARE CAPITAL (Continued)

Stock Options (Continued)

On July 27, 2007, the Company granted stock options to directors, officers and consultants entitling them to purchase 875,000 common shares at a price of \$1.05 per share to July 27, 2010. These options vested immediately. The granting of these options resulted in a stock based compensation expense of \$447,752 being recorded, representing the fair value of the options. The total fair value was estimated using the Black-Scholes option pricing model assuming an expected life of 3 years, a risk-free interest rate of 4.61% and an expected volatility of 77%. A further 200,000 options exercisable at \$1.05 per share until July 27, 2009 were granted to consultants at this same time, with these options vesting over a one-year period. The total fair value of \$84,240 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 4.64% and an expected volatility of 77%. The granting of these options resulted in a stock based compensation expense of \$42,120 being recorded, representing the fair value of the options vested during the period. The remainder of \$42,120 was expensed on vesting in 2008. These options were cancelled during the third quarter of fiscal 2008.

On August 30, 2007, the Company granted stock options to a consultant entitling him to purchase 225,000 common shares at a price of \$0.81 per share to August 30, 2009. These options vest over a one-year period. The total fair value of \$69,810 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 4.21% and an expected volatility of 79%. The granting of these options resulted in a stock based compensation expense of \$23,268 being recorded, representing the fair value of the options vested during the period. An amount of \$17,451 was expensed on vesting in 2008. These options were cancelled during the second quarter of fiscal 2008. The fair value of the cancelled and unvested options was \$29,091.

On October 5, 2007, the Company granted stock options to consultants entitling them to purchase 75,000 common shares at a price of \$0.85 per share to October 5, 2009. These options vested immediately. The granting of these options resulted in a stock based compensation expense of \$28,603 being recorded, representing the fair value of the options vested during the period. The total fair value was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 4.36% and an expected volatility of 79%.

On December 4, 2007, the Company granted stock options to a consultant entitling him to purchase 200,000 common shares at a price of \$0.80 per share to December 4, 2009. These options vest over a one-year period. The total fair value of \$59,991 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 3.78% and an expected volatility of 82%. The granting of these options resulted in a stock based compensation expense of \$5,000 being recorded in 2007 and \$54,991 being recorded in 2008, representing the fair value of the options vested during the year. These options were cancelled during the fourth quarter of fiscal 2008, after they had fully vested.

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.

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NOTE 6. SHARE CAPITAL (Continued)

Stock Options (Continued)

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.

On July 3, 2009, the Company granted stock options to a consultant entitling them to purchase 250,000 common shares at a price of \$0.17 per share to July 3, 2011. These options vested immediately. The total fair value of \$23,720 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 1.16% and an expected volatility of 140%. The granting of these options resulted in a stock based compensation expense of \$23,720 being recorded in fiscal 2009.

On October 19, 2009, the Company granted stock options to two consultants entitling them to purchase 250,000 common shares at a price of \$0.40 per share to October 19, 2011. Of these options, 200,000 vested immediately, and 50,000 options vest over a 1 year period. The total fair value of \$73,572 was estimated using the Black-Scholes option pricing model assuming an expected life of 2 years, a risk-free interest rate of 1.52% and an expected volatility of 123.5%. The granting of these options resulted in a stock based compensation expense of \$62,536 being recorded in fiscal 2009. Subsequent to December 31, 2009, the 50,000 stock options were cancelled and the remaining \$11,036 will never be recorded as the consultant ceased to provide services as of January 1, 2010.

The following table summarizes information about stock option transactions:

	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Weighted average grant date fair value
Balance, December 31, 2007	2,150,000	\$ 0.86	1.75 years	
Options granted	1,925,000	0.30	2.90 years	\$ 0.17
Options cancelled and expired	(2,225,000)	0.82	-	
Balance, December 31, 2008	1,850,000	0.34	2.33 years	
Options granted	500,000	0.29	2.00 years	\$ 0.19
Options cancelled and expired	(125,000)	0.95	-	
Balance, December 31, 2009	2,225,000	\$ 0.29	1.67 years	
Exercisable at December 31, 2009	2,187,500	\$ 0.29	1.67 years	

As at December 31, 2008, the Company had no unvested stock options. During the year ended December 31, 2009, the Company granted 500,000 stock options of which 50,000 had vesting provisions. As at December 31, 2009, 12,500 of these options had vested and the Company had 37,500 stock options remaining to be vested during fiscal 2010.

The following incentive stock options were outstanding at December 31, 2009:

Number of options outstanding	Exercise Price	Expiry Date
250,000	\$0.17	July 3, 2011
1,150,000	0.35	August 1, 2011
250,000	0.40	October 19, 2011
575,000	0.17	October 31, 2011
2,225,000		

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NOTE 6. SHARE CAPITAL (Continued)

Warrants

The following table summarizes information about warrant transactions:

	Outstanding Warrants	Weighted Average Exercise Price	Weighted Average Remaining 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, December 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 \$23,752 being recorded in the year ended December 31, 2008, 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 December 31, 2009.

NOTE 7. INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2009	2008	2007
Loss before taxes for the year	\$ (4,660,805)	\$ (1,412,762)	\$ (1,093,554)
Expected income tax recovery at blended rate	34%	31%	34%
	(1,582,176)	(437,956)	(371,808)
Non-deductible items	25,877	140,109	244,445
Items deductible for tax purposes	-	-	(66,600)
Other	261,129	280,234	-
Change in valuation allowance	1,295,170	(246,135)	193,963
Future income tax recovery	\$ -	\$ (263,748)	\$ -

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NOTE 7. INCOME TAXES (continued)

The significant components of the Company's tax effected future income tax assets are as follows:

	2009	2008
Non-capital losses	\$ 970,682	\$ 552,237
Equipment	1,503	1,548
Resource properties	1,074,772	149,031
Share issuance costs	95,078	144,049
	2,142,035	846,865
Valuation allowance	(2,142,035)	(846,865)
Net future tax assets	\$ -	\$ -

The Company has non-capital losses of approximately \$2,670,000 (2008: \$2,072,000) which may be available to offset future income for Canadian income tax purposes which expire over the next twenty years. In addition, there are resource-related expenditures of approximately \$1,121,000 (2008: \$866,000) which may be used to offset future taxable Canadian resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act. The Company also has foreign tax losses totalling approximately US\$825,000 (2008: US\$453,000) which may be available to reduce future year's taxable income and which will expire, if not utilized, commencing in 2027. In addition, there are foreign resource-related expenditures of approximately US\$3,745,000 (2008: US\$3,705,000) available to reduce taxable income in future years.

Due to the uncertainty of realization of these loss carryforwards and resource pools, the benefits have not been reflected in the financial statements as the Company has provided a full valuation allowance for the potential future tax assets resulting from these loss carryforwards and resource pools.

NOTE 8. SUPPLEMENTARY CASH FLOW DISCLOSURE

	2009	2008
Cash paid for: Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

During the year ended December 31, 2009, the Company issued 50,000 common shares with a fair value of \$6,250 for the acquisition of the Crowsnest property (Note 4).

During the year ended December 31, 2009, the Company incurred mineral property expenditures of \$28,400 (2008 - \$32,693) included in accounts payable and accrued liabilities.

During the year ended December 31, 2008, the Company issued 100,000 common shares with a fair value of \$30,000 for the acquisition of mineral properties (Note 4).

MAX RESOURCE CORP.
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NOTE 9. SEGMENTED INFORMATION

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

	Canada	United States	Consolidated
December 31, 2009			
Interest income	\$ 95,470	\$ -	\$ 95,470
Amortization	\$ -	\$ 1,930	\$ 1,930
Stock-based compensation	\$ 86,256	\$ -	\$ 86,256
Net loss	\$ (982,129)	\$ (3,678,676)	\$ (4,660,805)
Additions to long-lived assets	\$ 255,110	\$ 417,433	\$ 672,543
Identifiable assets	\$ 3,883,462	\$ 1,441,541	\$ 5,325,003
December 31, 2008			
Interest income	\$ 273,890	\$ -	\$ 273,890
Amortization	\$ -	\$ -	\$ -
Stock-based compensation	\$ 451,965	\$ -	\$ 451,965
Net loss	\$ (1,084,476)	\$ (64,538)	\$ (1,149,014)
Additions to long-lived assets	\$ 843,885	\$ 2,217,016	\$ 3,060,901
Identifiable assets	\$ 5,331,055	\$ 4,651,059	\$ 9,982,114
December 31, 2007			
Interest income	\$ 222,290	\$ -	\$ 222,290
Amortization	\$ -	\$ -	\$ -
Stock-based compensation	\$ 570,388	\$ -	\$ 570,388
Net loss	\$ (1,043,158)	\$ (50,396)	\$ (1,093,554)
Additions to long-lived assets	\$ 130,792	\$ 1,531,933	\$ 1,662,725
Identifiable assets	\$ 8,345,733	\$ 2,455,349	\$ 10,801,082

NOTE 10. CAPITAL MANAGEMENT

The capital structure of the Company consists of common shares and working capital. 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. There were no changes to its capital management approach in the year.

NOTE 11. 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.

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NOTE 11. RISK MANAGEMENT (continued)

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. The Company manages credit risk by placing cash with reputable Canadian financial institutions and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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 this risk 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 12. SUBSEQUENT EVENTS

Subsequent to December 31, 2009, the Government of British Columbia announced that it intends to halt all ongoing mineral exploration work and prohibit any future mine development in the Flathead Valley in southeastern British Columbia where the Company's Howell and Crowsnest properties are located. The Company has been contacted by the Ministry of Energy, Mines and Petroleum Resources to initiate discussions with respect to compensation (Note 4).

Subsequent to December 31, 2009 the Company received option payments of \$95,000 and 600,000 shares from Kokanee, and paid \$95,000 in options payments on the Diamond Peak Property (Note 4).

NOTE 13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") which differ in certain respects with accounting principles generally accepted in the United States and from practices prescribed by the Securities and Exchange Commission (collectively "US GAAP"). Material differences to these financial statements are as follows:

a) Exploration stage enterprise:

Under US accounting standards, the Company is considered to be an enterprise in the exploration stage as substantially all of its efforts have been directed towards the investigation of business opportunities and exploration of resource properties. Accounting principles for exploration stage enterprises require the specific disclosure of this fact and the presentation of certain cumulative information from the inception of the exploration stage. However, it does not require any changes in the measurement of assets, liabilities, revenues or expenses from that set out in the financial statements prepared in accordance with Canadian GAAP.

MAX RESOURCE CORP.
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NOTE 13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

b) Statement of stockholders' equity:

US accounting standards require a separate Statement of Stockholders' Equity disclosing historical transactions from inception. The information required in this statement is otherwise presented in the current and prior years' notes to the financial statements.

c) Mineral property costs:

Under Canadian GAAP, mineral property acquisition, exploration and development costs may be deferred and amortized as disclosed in Note 2. Under US GAAP, pursuant to EITF 04-2, mineral rights are classified as tangible assets and accordingly acquisition costs are capitalized as mineral property costs. Under US GAAP mineral property exploration costs are expensed as incurred. When it has been determined that a mineral property can be economically developed as a result of establishing proven and probable reserves, the costs incurred to develop such property are capitalized. As of the date of these financial statements, the Company has determined that all exploration costs should be expensed under US GAAP as the Company has not established any proven or probable reserves on its mineral properties.

d) Stock-based compensation:

The Company has previously granted stock options to certain directors, employees and consultants. Under Canadian GAAP, prior to 2003, no compensation expense was recorded in connection with the granting of stock options. Under previous US GAAP, the Company accounted for stock-based compensation in respect of stock options granted to directors and employees using the intrinsic value based method in accordance with APB Opinion No. 25. Stock options granted to non-employees were accounted for by applying the fair value method using the Black-Scholes option pricing model in accordance with Statement of Financial Accounting Standards No. 123 ("SFAS 123"). Commencing January 1, 2003, under Canadian GAAP the Company expenses the fair value of all stock options granted and under US GAAP has elected to prospectively change its accounting policy to account for all stock options granted in accordance with SFAS 123. On December 16, 2004, the FASB issued SFAS 123(R), "*Share-Based Payment*", which is a revision of SFAS 123. SFAS 123(R) supersedes APB Opinion 25, and amends SFAS 95, "*Statement of Cash Flows*". SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values at the date of grant. As a result, effective January 1, 2003, there was no material difference between the Company's accounting for stock options under US GAAP versus Canadian GAAP.

e) Summary of financial statement information

The effect of the accounting differences for mineral property costs and stock-based compensation are as follows:

	Year ended December 31,			Cumulative from
	2009	2008	2007	April 25, 1994 (inception) to December 31, 2009
Consolidated Balance Sheets				
Total assets, Canadian GAAP	\$ 5,325,003	\$ 9,982,114		
Mineral property exploration costs	(1,498,927)	(4,039,232)		
Total assets, US GAAP	\$ 3,826,076	\$ 5,942,882		
Deficit, Canadian GAAP	\$ (9,417,671)	\$ (4,756,866)	\$ (3,607,852)	\$ (9,417,671)
Mineral property exploration costs	(1,498,927)	(4,039,232)	(1,699,055)	(1,498,927)
Stock-based compensation	(6,611)	(6,611)	(6,611)	(6,611)
Deficit, US GAAP	\$ (10,923,209)	\$ (8,802,709)	\$ (5,313,518)	\$ (10,923,209)
Consolidated Statements of Operations				
Net loss, Canadian GAAP	\$ (4,660,805)	\$ (1,149,014)	\$ (1,093,554)	\$ (9,417,671)
Mineral property exploration costs	(311,848)	(2,340,177)	(1,092,362)	(4,351,080)
Stock-based compensation	-	-	-	(6,611)
Net loss, US GAAP	\$ (4,972,653)	\$ (3,489,191)	\$ (2,185,916)	\$ (13,775,362)
Basic net loss per share, US GAAP	\$ (0.23)	\$ (0.16)	\$ (0.13)	

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NOTE 13. UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (continued)

Consolidated Statements of Cash Flows

Cash used in operating activities, Canadian GAAP	\$ (620,508)	\$ (369,717)	(599,581)	(3,097,998)
Interest in unproven mineral properties	(402,603)	(2,340,177)	(1,092,3662)	(5,535,202)
Cash used in operating activities, US GAAP	\$ (1,023,111)	\$ (2,709,894)	\$ (1,691,943)	\$ (8, 633,200)
<hr/>				
Cash used in investing activities, Canadian GAAP	\$ (637,892)	\$ (2,914,050)	\$ (1,449,169)	\$ (6,270,180)
Interest in unproven mineral properties	402,603	2,340,177	1,092,362	5,428,319
Cash used in investing activities, US GAAP	\$ (235,290)	\$ (573,873)	\$ (356,807)	\$ (841,861)
<hr/>				
Net cash provided by financing activities, Canadian GAAP and US GAAP	\$ -	\$ -	\$ 8,829,677	\$ 4,931,208

Recent accounting pronouncements adopted:

During 2009, the Company adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2009-01, "Amendments based on Statement of Financial Accounting Standards No. 168 – The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" (the "Codification"). The Codification became the single source of authoritative GAAP in the United States, other than rules and interpretive releases issued by the United States Securities and Exchange Commission ("SEC"). The Codification reorganized GAAP into a topical format that eliminates the previous GAAP hierarchy and instead established two levels of guidance – authoritative and nonauthoritative. All non-grandfathered, non-SEC accounting literature that was not included in the Codification became nonauthoritative. The adoption of the Codification did not change previous GAAP, but rather simplified user access to all authoritative literature related to a particular accounting topic in one place. Accordingly, the adoption had no impact on the Company's consolidated financial position or results of operations. All prior references to previous GAAP in the Company's consolidated financial statements were updated for the new references under the Codification

On July 1, 2009, the Company adopted authoritative guidance issued by the FASB on business combinations. The guidance retains the fundamental requirements that the acquisition method of accounting (previously referred to as the purchase method of accounting) be used for all business combinations, but requires a number of changes, including changes in the way assets and liabilities are recognized and measured as a result of business combinations. It also requires the capitalization of in-process research and development at fair value and requires the expensing of acquisition-related costs as incurred. Adoption of the new guidance had no material impact on the Company's financial statements.

On July 1, 2009, the Company adopted the authoritative guidance issued by the FASB that changes the accounting and reporting for non-controlling interests. Non-controlling interests are to be reported as a component of equity separate from the parent's equity, and purchases or sales of equity interests that do not result in a change in control are to be accounted for as equity transactions. In addition, net income attributable to a non-controlling interest is to be included in net income and, upon a loss of control, the interest sold, as well as any interest retained, is to be recorded at fair value with any gain or loss recognized in net income. Adoption of the new guidance had no material impact on the Company's financial statements.

On July 1, 2009, the Company adopted the authoritative guidance on fair value measurement for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Adoption of the new guidance had no material impact on the Company's financial statements.

Recent Accounting Guidance Not Yet Adopted

In June 2009, the FASB issued authoritative guidance on the consolidation of variable interest entities, which is effective for the Company beginning July 1, 2010. The new guidance requires revised evaluations of whether entities represent variable interest entities, ongoing assessments of control over such entities, and additional disclosures for variable interests. The Company believes adoption of this new guidance will have no impact on the Company's financial statements.

MAX RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS For the year ended December 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" or the "Company") for the year ended December 31, 2009. All dollar amounts are stated in Canadian funds. This discussion is based on information available as at February 23, 2010.

During the period under review, the company conducted further soil sampling at its East Manhattan Wash gold project in Nevada and completed a drill program at its Crowsnest gold property in Southeastern B.C. where, as a result of a site visit in June 2009, MAX amended its option with Eastfield Resources Ltd. (TSX-V: ETF) on the nearby Howell project to acquire that project as well. The Company continued to review potential projects during the period and, in August 2009, announced the acquisition of an interest in the Table Top gold project in Humboldt County, Nevada and began permitting for a drill program to be conducted at Table Top in early 2010.

Howell and Crowsnest Gold Properties, British Columbia

The **Howell Gold project** is comprised of 4,376 hectares in Southeast B.C. located one hour by gravel road south of the town of Sparwood, straddling the drainages of Twenty-Nine Mile Creek and Howell Creek. The **Crowsnest Gold project** consists of fifteen claims totalling 3,142 hectares located approximately 10 km southeast of the Howell property. Both the Howell and Crowsnest projects are under option from Eastfield Resources Ltd. (TSX.V: ETF).

At the **Howell Gold project**, disseminated gold mineralization occurs in limestone and as quartz stockworks in limestone and syenite intrusives. Prior drilling included 1.23 g/t gold over 58 metres, 0.95 g/t gold over 39 metres, 0.65 g/t gold over 82 metres, and 0.57 g/t gold over 149 metres. MAX completed twelve holes totalling 1,312 metres of NQ core at Howell in 2008, with the best intercept being 22 metres of 0.78 g/t gold. In addition, two new soil grids were established in 2008, including a stockwork quartz system in limestone that returned up to 3 grams gold in previous sampling that may be targeted during future drill programs.

Gold mineralization at the nearby **Crowsnest Gold property** occurs in limestone, siltstone or syenite. The property is underlain by a thick sequence of Pennsylvanian and Mississippian carbonate and clastic rocks, of which the Mississippian Rundle Group shows the greatest exposure. Mid-Cretaceous syenite and trachyte intrusions as sills, dykes, plugs and possible diatremes intrude these units. Several grids have already been established, including the "A", "B" and "K" grids, which led to the discovery of significant high grade gold.

Many samples of float and rubble on the "B" Grid have returned extraordinarily high gold analysis. This includes a float sample collected in 1989 by Placer Dome Inc. which is described as an intrusive breccia that returned a gold assay of **524.41 g/t gold** (15.2 oz/ton). Other high grade float samples have returned assays to **620.0 g/t gold** (18 oz/ton).

One bedrock source of mineralization was discovered by Phelps Dodge in 1996 and trenched by Eastfield in 1999, resulting in a trench intercept of **8.57 g/t gold over 16.5 metres**. The 1999 area of focus, referred to as the "Discovery Trench" area, has been the centre of most of the exploration activity completed at Crowsnest during exploration conducted in 1999, 2002, 2003 and 2006.

A sample of gossan mineralization taken near the Discovery Trench by MAX in June 2009 returned an assay of **104 g/t Au**. Several previous operators at Crowsnest, including Placer Dome Inc. and Phelps Dodge, have suggested a number of comparables exist between the Crowsnest Project and the Cripple Creek deposit located in Colorado. These comparables include the tectonic setting, alkalic intrusive association and occurrence of tellurium. Cripple Creek, in production since 1890, has produced in excess of 23.3 million ounces of gold (to 2005) and continues to be mined by Anglo Ashanti Gold Mining.

In September, 2009 MAX commenced a reverse-circulation drill program at Crowsnest. This program was designed to explore the Discovery Trench area with close spaced drill holes to find the extent of the high grade mineralization and to define the direction and extent of the mineralized structure.

When cleaning out and enlarging the original trench prior to drilling, new mineralization was exposed in the bottom of the trench that was not mentioned in previous reports. Although there were trenches dug in the area by prior operators, most did not excavate deep enough below the glacial till to reach bed rock. The two new trenches were dug by track hoe across a new trend and to depths not previously explored, exposing highly altered ferruginous mineralization.

The two new trenches, MT-2 and MT-3, have extended the mineralized zone two hundred meters to the west of the original discovery trench, MT-1. Mineralization was exposed over 20 to 40 meters along the bottom and sides of all three trenches. The central portion of the structural zone contains quartz from which was one sample was taken in each trench prior to channel sampling and the values obtained from these samples are reported below (MT-1, MT-2 and MT-3). In addition, two samples were taken of the contact zones between the highly mineralized host rock and surrounding limestone (MT-1B and MT-3B). The assay results from all five samples are as follows

MT-1: **greater than 100 g/t Au**
 MT-1B: **15.586 g/t Au**
 MT-2: **0.985 g/t Au**
 MT-3: **1.976 g/t Au**
 MT-3B: **5.409 g/t Au**

Prior to drilling, trenches MT-2 and MT-3 were channel sampled in 5 foot intervals for their entire length; assay results are pending. During the channel sampling, panning was done along the bottom of the trenches and visible gold was found, but no values were assigned or estimated as to the amount found other than fair, good, and very good. Drilling from within the trenches followed.

MAX drilled 26 holes totalling 766 meters at Crowsnest before an early snowfall dictated the end of the field program for the year. This program explored the original Discovery Trench and two new trenches to the west of the original. Assay results were reported in November, 2009 that included hole RC 09-7 which returned **19.03 grams per tonne (g/t) gold over 6.1 meters**, including **1.5 meters of 50.26 g/t gold** and extended the known mineralized zone by 100 meters. Significant gold assays (over 2 g/t Au) returned from the drill program are listed below:

Hole	Angle	From (m)	To (m)	Width (m)	Gold g/t
RC 09-2	-60 degrees	0	3.0	3.0	3.52
Including		0	1.5	1.5	6.67
RC 09-5	vertical	0	3.0	3.0	3.55
Including		1.5	3.0	1.5	6.40
RC 09-6	-60 degrees	0	6.5	6.5	6.34
Including		1.5	3.0	1.5	16.52
RC 09-7	vertical	0	6.1	6.1	19.03
Including		0	1.5	1.5	50.26
Including		1.5	3.0	1.5	23.60
RC 09-9	vertical	0	1.5	1.5	2.49
RC 09-14	vertical	0	1.5	1.5	2.07
RC 09-16	vertical	0	3.0	3.0	5.42
Including		0	1.5	1.5	6.65
RC 09-21	-60 degrees	16.8	18.3	1.5	3.42
RC 09-25	vertical	0	3.0	3.0	2.51
Including		1.5	3.0	1.5	3.14

A further six drill holes returned values ranging from 0.5 g/t to 1.86 g/t Au over minimum 1.5 meter intervals. In addition, drill hole RC 09-21 (listed above) intersected a deeper zone grading 3.42 g/t Au further to the south that might indicate a new area for exploration.

Analysis was performed by Acme Analytical Laboratories, an ISO certified facility in Vancouver, B.C., using fire assay and multi-element (ICP-ES) techniques. Standards and duplicates were used for quality control of the samples. In addition, a full Metallic Screen assay has been ordered on all samples to make sure that any coarse gold was not missed during the assay process. These results were received in early December and confirmed the high grade assay results listed above. A map showing the location of the trenches and drill holes completed at Crowsnest is now available on our web site at www.maxresource.com.

Mr. Clancy Wendt, VP Exploration for MAX stated “We are extremely pleased with our initial exploration results at Crowsnest. Not only have we intercepted high grade gold at Crowsnest but we have also extended the known area of high grade mineralization and determined that it is trending to the north, northwest and possibly to the east and is still open. In addition other mineralized areas of the property were identified and sampled during drilling. An area located due south of the Discovery Trench, along the access road, was sampled as the exposure in the side of the hill above the road (limestones overlying carbon rich zones and gossan) looked very similar to the Discovery Trench and Trench 3. Based on these exposures, there appears to be a relationship between the zone of limestone directly above a carbonaceous clay zone and then followed by limonitic/hematite gossan. This makes the zone along the access road extension one of the first exploration priorities for 2010. There are many other areas at Crowsnest where significant gold values were reported by prior operators that have never been followed up; these will be examined during the 2010 exploration program. We have not yet determined the full extent of the gold mineralization at Crowsnest. “

An extensive exploration program was planned for 2010, with a drill permit application having been filed with the Ministry of Energy, Mines and Petroleum in late 2009 for a 56 hole drill program at Crowsnest that was under active discussion with Ministry staff as recently as the first week of February, 2010.

Unfortunately, on February 9, 2010 the Company was surprised to learn that the Province of British Columbia intended to halt all ongoing mineral exploration work and prohibit any future mine development in the Flathead Valley in Southeastern B.C. In his Throne Speech of February 9, 2010, which outlines the B.C. Government’s legislative agenda for the upcoming session, B.C. Lieutenant-Governor Steven L. Point announced that the Province of B.C. intended to enter into a partnership with the State of Montana regarding the Flathead River Basin and, as a result, “Mining, oil and gas development and coalbed gas extraction will not be permitted in British Columbia’s Flathead Valley”. This action will effectively prevent any further exploration or development of the Company’s Crowsnest and Howell gold projects, both of which are located in the Flathead Valley watershed.

On the afternoon of February 9, 2010 MAX was contacted by the Assistant Deputy Minister of Energy, Mines and Petroleum who initiated discussions with respect to compensation. These discussions are at a very preliminary stage and there can be no certainty as to their outcome, but the Company intends to ensure that it is adequately compensated for the loss of these projects.

During the year ended December 31, 2009 MAX spent a total of \$248,429 on exploration at the Crowsnest gold property, which included geological consulting, field expenses and assays.

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 EMW property is comprised of 133 claims (2,660 acres) located 40 miles north of the town of Tonopah. 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 (paid)
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.**

Following up the results of the bulk sample, MAX completed three large volume soil sampling grids in May at EMW. The sampling program was designed to delineate the geometry of the native gold mineralization in three areas of interest. Significant values in the samples that were taken ranged from 0.05 ppm to 0.32 ppm gold with two of the zones being open in at least three directions.

The first two grids are located in a volcanic rhyolite lithic tuff hosting coarse gold. These areas, the “Gold Pit” and the “Old Drill Hole” grids, were sampled first by clearing a 1 meter by 1 meter area of surface debris then removing the organic (A) and root (B) soil horizons in turn. The sample was collected and consisted of a mixture of the soils directly above the bedrock (C horizon) and a portion of the bedrock below the soil. The sample was then sieved to ¼ inch minus then bagged.

These holes ranged from 12 inches to 48 inches in depth. Each hole location was identified with a 16 inch wooden stake labeled with an aluminum tag and backfilled to minimize disturbance. This technique was used to look at a small representative area and obtain any coarse gold trapped in the bedrock fractures.

In the first area, the Old Drill Hole grid, 30 samples were taken. The values ranged from nil to 0.32 ppm gold. The mineralized zone was 1200 feet long and 600 feet wide and is open in all four directions. Further work was undertaken to define the full areal extent of mineralization in this zone.

At the Gold Pit grid, located approximately 500 feet west of the Old Drill Hole grid, the area of significant mineralization was 1000 feet long by 250 feet wide. Again, the values range from nil to 0.32 ppm Au. This zone is open to the north, east and west and further work is planned for this area, which contains the old prospector’s pit from which our recent bulk sample grading the equivalent of 4.9 g/t gold was collected. The geology of the “Gold Pit” area consists of lithic rhyolitic and lapilli tuffs. These tuffs are locally argillically altered with minor local silicification.

A metallurgical sample was also taken and the entire sample contained 0.018 opt Au. This sample was found to contain visible native gold in the concentrate, middling’s, and the reject, with equal values in each of the three sizes. The gold found is from fine to coarse grained in size and did not seem to be in any one size fraction.

The third grid, “The Gold Shaft,” is located in altered inter-bedded phyllite, quartzite and limestone and is approximately 7,000 feet south of the Gold Pit grid. These holes ranged from 4 inches to 12 inches in depth. The values in the soil did not indicate a mineralized structure or an area of concentrated gold. No real anomalous values of other trace elements were observed. Outcrop samples of silicified zones may be sampled during follow-up work at a later date.

In early November, 2009 MAX received the assays from additional soil sampling completed at the East Manhattan Wash gold project in Nevada. The sampling was designed to further delineate the geometry of the native gold mineralization in the two main areas of interest, the “Gold Pit” and the “Old Drill Hole Grid”, which sampling now indicates are joined. A total of 138 samples were taken, with significant values ranging from 0.05 ppm to 1.5 ppm gold. The total mineralized zone now encompasses an area **5,500 by 1,500 feet** in size while still remaining open to the north, east, and west.

MAX staff also sampled historic prospector pits to the southeast of the of the Old Drill Hole Grid and returned high gold values (0.96 g/t) from soils around the pits that indicate that the mineralized zone continues and may be linked to another mineralized zone sampled by MAX further south. MAX intends to fill in this zone through future soil sampling programs.

The Gold Pit and the Old Drill Hole Grid were located in a volcanic rhyolite lithic tuff hosting coarse gold. These areas were sampled in early 2009. This recent work has filled in the areas between the two mineralized systems. Examination of the mineralized samples from the Gold Pit and Old Drill Hole Grid superimposed on air photo images has enabled Max to identify structural features and, coupled with argillic alteration seen in the sample pits, has helped to define where significant gold values may be found.

A large sample data base (1,107 samples) containing values of up to 3.3 ppm Au in rocks and up to 1.0 ppm Au in soils was recently acquired by MAX. These samples, along with MAX's latest results, have been added to our sampling data base and new maps are being created to better define the anomaly for further work, which will include trenching and large bulk samples prior to drilling during 2010. The first of these maps is now available on our web site at www.maxresource.com.

Clancy Wendt, VP Exploration of MAX, states "With these latest sample results, and the additional data we have acquired, we have now defined a significant area of gold mineralization that contains potential for a large mineralized system. More important is the fact that the mineralization appears to be free gold within the volcanic tuff. A large sample is being taken where the highest grade sample was found to define how deep the mineralization extends and to see if it increases in grade."

The soil samples were analyzed by ALS Laboratory Group (Chemex) in Reno, Nevada. Samples from two of the sample grids were taken in the coarse gold area (as seen in the previous bulk sample) and are being run for gold and silver using a one kilogram split with following cyanide leach to minimize the potential to miss the coarse gold. The other grid (different mineralization style) samples are being fire assayed in addition to an ICP (Inductively Coupled Plasma) suite of 41 elements. All sample bags were labeled at the site with a sample specific number, logged on a sample card with sample card tag put in each sample bag and taken directly from the field to ALS Labs. In addition, each site was located using a GPS in UTM with NAD 27.

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.

During the year ended December 31, 2009 MAX spent a total of \$53,448 on exploration of the EMW claims, inclusive of geological consulting fees and field expenses.

Table Top Gold project, Humboldt County, Nevada

On August 31, 2009 the Company entered into an Option Agreement to acquire a 100 % interest in the Table Top claims in Humboldt County, Nevada from Energex LLC, a private Nevada corporation controlled by Clancy Wendt. The property consists of 32 claims (640 acres) located 10 miles west of Winnemucca, Nevada, just off of Interstate 80.

In January 2010 MAX staked an additional 139 claims (2,780 acres) at its Table Top gold project in Humboldt County, Nevada, where a 16 hole core drill program is being permitted for early 2010.

The Table Top area is on trend with AMAX's Sleeper Canyon Mine (2.5 MM oz Au produced), located 25 miles to the north, and the Sandman gold deposits (a joint venture between Newmont Mining Corporation and Fronteer Development Group Inc. (TSX, NYSE Amex: FRG) just 8 miles to the north and the Goldbanks gold occurrence located 37 miles to the south.. All of these properties, including Table Top, are located along the Kings River Rift, a regional geologic feature that appears to control mineralization in the area and which hosts multiple high-grade vein-related gold systems. The additional claims staked by MAX now cover all prospective land available between Table Top and Sandman, where Newmont can earn a 60% interest by spending \$23 Million on exploration and advancing the project to a production decision by June 2011. Maps showing the Kings River Rift and the new claims staked by MAX are now available on our web site at www.maxresource.com.

Table Top is located in the Triassic rocks of the Raspberry formation which can be split into two general types: a northwestern belt of sandstone, siltstone, and slate, locally calcareous but devoid of limestone; and a southeastern belt of calcareous sandstone, siltstone and slate with prominent massive limestone beds 5 to 100 feet thick. Bedding in these units trend northeast with steep dips to the southeast.

The mineralization in the Raspberry formation is generally in the form of silicification in veinlets and small pods in the limestone but in a few areas there is massive replacement of the limestone by silica. The silica, where sampled, usually contains gold with values as high as 15.5 ppm. Stibnite or stibnite casts can be found in the silica.

MAX has been able to obtain a nearly complete set of geophysical, geological and geochemical data from previous companies that worked on Table Top and land to the north. During the 1980's Gold Fields, Meridian Minerals, Homestake, Santa Fe Mining and others conducted exploration on and around the Table Top property. A limited exploration program by Goldfields consisting of only ten reverse circulation drill holes was conducted to test anomalous, up to 1.1 grams per tonne ("g/t"), gold values in what was called jasperoid. Trenches containing gold values up to 4 g/t over 5 feet were tested by the first drill hole, which contained **55 feet of 0.84 g/t Au** (0.027 opt) from the surface down. This hole was drilled vertically in a breccia zone. The remaining nine angle drill holes, which were wide-spaced (75-300 meters apart), contained little of significance. A follow up analysis showed that the holes may have been drilled in the wrong direction and should have been drilled to the south instead of to the north. MAX intends to test this theory during drilling, which will be undertaken as soon as weather permits in 2010, following receipt of the necessary permits.

Clancy Wendt, VP Exploration states "We have acquired additional data on Table Top and the new claims that we have staked to the north will be tested using much of this new information. Also, having reviewed the work reported by Newmont/Fronteer to the north of our project at Sandman, we have a better understanding of the mineralizing systems in the area, especially in the area of rock type and mineralization seen at the surface."

The terms of the Option Agreement with Energex are as follows:

<u>Date</u>	<u>Payment Amount</u>
Upon execution of this Agreement	\$5,000 (U.S.) (paid)
First anniversary of Agreement	\$25,000 (U.S.)
Second anniversary of Agreement	\$35,000 (U.S.)
Each anniversary thereafter	\$50,000 (U.S.)

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

During the year ended December 31, 2009 the Company incurred consulting fees of \$9,647 on Table Top.

Diamond Peak gold-zinc Project, Nevada

Kokanee Minerals Inc. (TSX.V: KOK) has advised MAX that it intends to conduct a seven hole drill program at the Company's Diamond Peak gold/zinc project in Nevada during 2010. Pursuant to a May 2006 option agreement, Kokanee can earn a 51% interest in the Diamond Peak project by spending US\$1 Million on exploration, reimbursing all lease payments and issuing 600,000 shares to MAX.

The Diamond Peak project consists of 38 claims located 32 miles north of Eureka, Nevada in the Carlin Trend. Strong surface mineralization occurs in a 2 mile long band of intensely clay altered rocks, 200 to 300 feet wide, on the hanging wall side of a major north striking normal fault, called the West Fault. Drilling conducted by MK Gold in 1999 intercepted **5 feet of 1.93 g/t Au** in hole DV 99-5, **5 feet of 2.08 g/t Au** in hole DV 99-4 and **11.6 % of Zinc over 5 feet** within 60 feet of surface along the West Fault in the Chainman formation (hole DV 99-15).

Subsequent to the period, Kokanee reimbursed MAX for US\$95,000 in past due annual lease payments and delivered to MAX the 600,000 common shares due on completion of its Initial Public Offering. Kokanee has begun permitting for a drill program to be conducted in early 2010

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 10th 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.

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

<u>Drill Hole Number</u>	<u>From /To</u> (feet)	<u>Interval</u>	<u>Mo%</u>
DDH 08-04	109.6-146.4	36.8 feet	0.0983
	146.4-156.3	9.9 feet	0.0489
	156.3-174.6	18.3 feet	0.2133
	210.0-213.2	3.2 feet	0.1046
	275.4-276.6	1.2 feet	1.397
	292.0-295.0	3 feet	0.7368
	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	565.8-575.8	10 feet	0.0945
Includes	699.0-709.4	10 feet	0.1024

<u>Drill Hole Number</u>	<u>From /To</u> (feet)	<u>Interval</u>	<u>Mo%</u>
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
	167.3-188.6	21.3 feet	0.0549
	226.8-230.8	4 feet	0.1848
	274.4-281.9	7.5 feet	0.0766
	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
	407.7-411.4	4.3 feet	0.1265
	476.3-479.0	3 feet	0.2059
	494.7-498.0	3.3 feet	0.1875

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:

Drill Hole Number	From /To (feet)	Interval	Mo%	Cu%
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
	400-450	50 feet	0.066	0.04
	0-100	100 feet	0.031	0.097
	350-500	150 feet	0.034	0.07
	375-385	10 feet	0.14	
RC 08-03	0-200	200 feet	0.055	
Includes	50-100	50 feet	0.061	
	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.

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 year ended December 31, 2009 the Company spent a total of \$17,930 on exploration at Ravin.

Indata Gold project, B.C.

In January, 2009 MAX announced the assays from five diamond drill holes (1,035 metres) completed in October 2008 on the Indata Property in northern B.C., located 120 kilometres north of the town of Fort St. James.

There are two exploration targets on the Indata property, a porphyry copper target and a structurally controlled precious metal vein target. The 2008 exploration program consisted of one drill hole (08-I-01) in the porphyry copper target and four holes (08-I-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 ppm 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

Due to the disappointing drill results, MAX elected not to make the option payment to Eastfield when due in June, 2009. As a result, the Company wrote off \$22,500 in acquisition costs and \$343,948 in deferred exploration costs during the year ended December 31, 2009.

NUSTAR Uranium Project, Colorado Plateau, Arizona

On April 4 2007 MAX 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 the Arizona Strip of the Colorado Plateau in northwest Arizona.

The NUSTAR uranium claim block was comprised of 427 mineral claims totalling 8,540 acres and is located in the highly prospective Arizona Strip in Mohave County, Arizona. The targets are uranium-bearing solution-collapse “breccia pipes” that were explored during the early 1980’s.

On July 20, 2009 the United States Department of the Interior (“DOI”) announced that no new mineral claims are to be granted on 1 million acres of federal lands on the Arizona Strip for a two year period while the DOI considers whether these lands should be made unavailable for mineral exploration for a 20 year period. While the news release indicates that this decision would not affect future extractive operations on pre-existing mineral claims, there is sufficient uncertainty involved that discourages us from making a further significant investment in this area. As such, the Company elected not to make the annual Bureau of Land Management payments (approximately US\$60,000) when due in August in order to conserve cash and focus on exploration of its gold properties in Nevada and British Columbia. As a result, the Company wrote off \$497,948 of acquisition costs and \$5,488 of deferred exploration costs to operations during the year ended December 31, 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 Gold Hill property comprised 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 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.

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.

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 had 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:

<u>Year</u>	<u>Annual Work Commitment</u>	<u>Cumulative Work Commitment</u>	<u>Advance Royalty</u>
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 could 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 would fluctuate from 1.5% to 4.0% depending on the price of gold. In addition, MAX would pay to Zazu an additional NSR of 1%. MAX was ahead of schedule with respect to this work obligation, having spent in excess of US\$2.1 Million on exploration at Gold Hill.

During the year ended December 31, 2009 the Company spent \$83,893 on exploration of the Gold Hill property. Due to continued low prices for molybdenum, as well as the isolated location and limited infrastructure which resulted in continuing high exploration costs, the Company elected not to make the US\$100,000 advance royalty due to GCO in January, 2010 and abandoned the property. This resulted in a write-off of \$524,444 of acquisition costs and \$2,593,472 of deferred exploration costs during the period.

Current Economic Conditions

During 2008, particularly in the fourth quarter, the ongoing global credit crisis and economic weakness 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. This trend continued through the first half of 2009. MAX has taken precautions and implemented initiatives to preserve its cash reserves and currently has sufficient cash to meet all obligations during fiscal 2010. 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. To conserve cash, MAX rationalized its property portfolio during 2009 by dropping exploration projects where the continued costs of maintaining and advancing these projects can not currently be justified due to low commodity price, lack of infrastructure and the resultant high exploration costs, or ongoing permitting difficulties. These properties included the NUSTAR uranium project in Arizona, the MacInnis Lake uranium project in the Northwest Territories of Canada and the Gold Hill molybdenum project in Alaska. In addition, the Company elected not to make the annual payment on the Indata gold project in northern B.C. when due in June 2009 due to the poor drill results received from the 2008 exploration program.

The Company will continue to review its mineral property commitments as well as its capital position on an ongoing basis during fiscal 2010 and may abandon additional properties when obligations become due if exploration results are not encouraging or if management deems it necessary in order to maintain the long-term viability of the Company.

Results of Operations – Year ended December 31, 2009

During the year ended December 31, 2009, the Company incurred operating expenses of \$768,473 as compared to operating expenses of \$1,202,346 for the year ended December 31, 2008. The significant changes during the current period compared to the same period a year prior are as follows:

Consulting fees were reduced to \$55,394 during the year ended December 31, 2009 from the \$86,762 incurred during the same period a year prior. This was due to reduced expenditures on mineral project review during the current period as the Company focused on developing its current mineral properties instead.

Stock-based compensation expense incurred during the year ended December 31, 2009 was \$86,256 (a non-cash expense) as there were 500,000 incentive stock options granted during the period. This compares to stock-based compensation expenses of \$451,965 (a non-cash expense) incurred during the prior year on the granting of 1,925,000 stock options and the vesting of previously granted stock options.

Transfer agent and filing fees and investor relations expenses decreased to \$337,024 during the year ended December 31, 2009 from the \$385,710 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 year as the Company scaled back these expenditures in early 2009 in response to market conditions at the time.

Professional fees increased to \$96,697 during the year ended December 31, 2009 from the \$82,757 incurred during the prior year due to an increase in legal costs associated with various mineral properties.

During the year ended December 31, 2009, the Company incurred travel costs of \$22,808 for attendance at trade shows, broker presentations and project review. This represents a decrease from the \$50,713 incurred for travel expenses during the prior year.

Interest income decreased to \$95,470 during the year ended December 31, 2009 from the \$273,890 earned during the prior year primarily due to a dramatic decrease in interest rates paid on deposits during the current fiscal period.

During the year ended December 31, 2009, the Company recognized a write-off of mineral properties totaling \$3,987,802 due to the abandonment of the NUSTAR project, Gold Hill property and Indata property as discussed above. In the comparative year, the Company wrote-off \$484,306 on the write down of the MacInnis Lake property.

As a result of the foregoing, the loss for the year ended December 31, 2009 was \$4,660,805 as compared to \$1,412,762 for the year ended December 31, 2008.

Selected Annual Information

Year ended December 31	2009	2008	2007
Other Income	\$95,470	\$273,890	\$222,290
Loss before Other Items	\$768,473	\$1,202,346	\$1,167,747
Per Share	\$0.04	\$0.05	\$0.06
Net Loss	\$4,660,805	\$1,149,014	\$1,093,554
Per Share	\$0.22	\$0.05	\$0.06
Total assets	\$5,325,003	\$9,982,114	\$10,801,802
Long-Term Liabilities	Nil	Nil	Nil

Net loss increased to \$1,093,554 during fiscal 2007 from the \$722,158 incurred during fiscal 2006 primarily due to an increase in the charge for stock-based compensation, a non-cash expense, to \$570,388 from the \$129,165 incurred during fiscal 2006, an increase of \$441,223. This increase was partially offset by an increase in interest income during fiscal 2007 to \$222,290 from the \$19,465 earned during the prior fiscal year.

The net loss for fiscal 2008 increased to \$1,149,014 from the \$1,093,554 incurred during fiscal 2007 primarily due to the write-down of the interest in the MacInnis Lake property by \$484,306 as compared to a write down of \$148,097 for the Target Claims in fiscal 2007. This increase was partially offset by an increase in interest income during fiscal 2008 of \$51,600 and a future income tax recovery of \$263,748 on the renunciation of flow-through shares during the period as a result of the issuance of 709,000 flow-through shares during the prior fiscal year.

The net loss for fiscal 2009 increased to \$4,660,805 from \$1,149,014 incurred during fiscal 2008 primarily due to the write-off of \$3,987,802 on the Nustar, Gold Hill and Indata properties as compared to a write-down of \$484,306 on the MacInnis Lake property in fiscal 2008. The increase in loss was also due to a decrease in interest income to \$95,470 from \$273,890 a year prior. These items were partially offset by a decrease in stock-based compensation, a non-cash expense which was \$451,965 in fiscal 2008 as compared to \$86,256 in the current year.

Summary of Quarterly Results

	Q4-09	Q3-09	Q2-09	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08
Other Items (\$)	(3,109,475)	(492,269)	(329,562)	38,974	47,545	63,841	83,491	79,013
Net income (loss) (\$)	(3,491,963)	(632,129)	(435,676)	(101,037)	(641,924)	(434,709)	(176,262)	103,881
Net income (loss) Per Share(\$)	(0.17)	(0.03)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	0.01

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 quarter 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.

The loss for the second quarter of 2009 increased to \$435,676 from the loss of \$101,037 incurred during the first quarter of 2009. The increase in loss was primarily due to the write off of acquisition and deferred exploration costs for the Indata project.

The loss for the third quarter of 2009 increased to \$632,129 from the loss of \$435,676 incurred during the second quarter of 2009. The increase in loss was primarily due to the \$503,437 write-off of acquisition and deferred exploration costs for the Nustar project, as discussed above.

The loss for the fourth quarter of 2009 increased to \$3,491,963 from the loss of \$632,129 incurred during the third quarter of 2009 primarily due to the \$3,117,916 write-off of acquisition and deferred exploration costs for the Gold Hill property during the fourth quarter, as discussed above.

Liquidity and Solvency

At December 31, 2009, the Company had working capital of \$3,093,457 and cash and cash equivalents on hand of \$3,118,960. 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 \$1,258,401 during the year ended December 31, 2009 was due to cash spent on mineral properties of \$632,745, the purchase of equipment of \$5,148 and cash used in operating activities of \$620,508.

As of the date of this report, MAX has approximately \$2.9 Million in cash and cash equivalents, which will provide sufficient working capital to fund exploration on its properties through fiscal 2010 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 most evident during first three quarters of fiscal 2009 and will continue in subsequent periods. Management also plans to be selective in incurring exploration expenditures during fiscal 2010.

During 2010, MAX intends to focus its efforts and cash resources on exploration for gold at its three gold projects in Nevada, Table Top, East Manhattan Wash and Diamond Peak.

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 December 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 December 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 December 31, 2009.

Section 1400, General Standards of Financial Statement Presentation

In June 2007, the CICA amended this Section to include additional requirements to assess an entity's ability to continue as a going concern and disclose any material uncertainties that cast doubt on its ability to continue as a going concern. The mandatory effective date is for annual and interim financial statements for years beginning on or after January 1, 2008. The Company has provided the additional disclosure required in Note 1.

New Accounting Pronouncements Not Yet Adopted

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 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 is currently evaluating the impact of adopting IFRS on its consolidated financial statements. The Company is in the first phase of its transition program, which includes scoping to identify the significant accounting policy differences and their related areas of impact in terms of systems, procedures and financial statement presentation. The Company also is in the assessment phase of the design and work plan to measure the differences between IFRS and Canadian GAAP, and the impact on its financial statements, disclosures and operations. The Company will address the design, planning, solution development and implementation of the conversion in 2010.

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.

Related Party Transactions

During the year ended December 31, 2009, the Company paid management fees of \$120,000 (2008 - \$120,000) to a private company controlled by Stuart Rogers, the CEO of the Company. These transactions were measured at the exchange amount as agreed to by the related parties.

Capital Management

The capital structure of the Company consists of common shares and working capital. 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. There were no changes to its capital management approach in the year.

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.

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. The Company manages credit risk by placing cash with reputable Canadian financial institutions and management believes the risk of loss to be remote. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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 this risk 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.

Financial Instruments

The Company's financial instruments consist of cash, cash equivalents, short term investments, receivables, and accounts payable. 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 February 23 2010.

Off Balance Sheet Arrangements

The Corporation has no off Balance Sheet arrangements.

Subsequent Events

Subsequent to December 31, 2009;

a) On February 9, 2010 the Government of British Columbia announced that it intends to halt all ongoing mineral exploration work and prohibit any future mine development in the Flathead Valley in southeastern British Columbia where the Howell and Crowsnest properties are located. The Company has been contacted by the Ministry of Energy, Mines and Petroleum Resources to initiate discussions with respect to compensation.

b) Kokanee Minerals Inc. (TSX.V:KOK) completed its Initial Public Offering in January 2010 and reimbursed MAX for US\$95,000 in past due annual lease payments and delivered to MAX 600,000 common shares.

Equity Securities Issued and Outstanding

The Company has 21,699,230 common shares issued and outstanding as of February 23, 2010. In addition, there are 2,175,000 incentive stock options outstanding with exercise prices ranging between \$0.17 and \$0.40. 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.