MAX POWER MINING CORP.

Financial Statements

For the period from March 8, 2021 (date of Incorporation) to

December 31, 2021

(Expressed in Canadian dollars)

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Independent Auditor's Report

To the Shareholders of Max Power Mining Corp.

Opinion
We have audited the financial statements of Max Power Mining Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2021, and the statement of operations and comprehensive income (loss), statement of changes in equity, and statement of cash flows for the period from incorporation on March 8, 2021 to December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the period from in corporation on March 8, 2021 to December 31, 2021 in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Trevor Nakanishi.

D&H Group LLP

Vancouver, B.C.
April 19, 2022

Chartered Professional Accountants

MAX POWER MINING CORP.
Statement of financial position
(Expressed in Canadian dollars)

	December 31, 2021 $
Assets	
Current assets	
Cash and cash equivalents	413,109
GST receivable	7,243
Deferred transaction cost	79,031
Total assets	499,383
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	94,263
Total liabilities	94,263
Shareholders’ equity	
Share capital (Note 7)	485,000
Contributed surplus (Note 8)	83,570
Deficit	(163,450)
Total shareholders’ equity	405,120
Total liabilities and shareholders’ equity	499,383

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 13)

Approved and authorized for issuance by the Board of Directors on April 19, 2022:

/s/ “Rav Mlait” *Rav Mlait, Director*

Rav Mlait, Director

/s/ “Bryan Loree”

Bryan Loree, Director

(The accompanying notes are an integral part of these financial statements)

MAX POWER MINING CORP.
Statement of operations and comprehensive income (loss)
(Expressed in Canadian dollars)

	For the period from March 8, 2021 (date of incorporation) to December 31, 2021 $
Revenue	–
Professional fees	40,058
Exchange & filing fees	17,896
Office & miscellaneous	3,578
Exploration expenses	18,348
Stock-based compensation	83,570
Total operating expenses	163,450
Net loss before other income	(163,450)
Net loss and comprehensive loss for the period	(163,450)
Loss per share, basic and diluted	(0.01)
Weighted average shares outstanding	15,023,280

(The accompanying notes are an integral part of these financial statements)

MAX POWER MINING CORP.
Statement of changes in equity
(Expressed in Canadian dollars)

	Share capital				Total shareholders'
	Number of shares	Amount $	Contributed Surplus $	Deficit $	equity $
Balance, March 8, 2021 (date of incorporation)	–	–	–	–	–
Issuance of common shares (Note 7)	16,750,000	485,000	–	–	485,000
Cancellation and reissue of common shares	(1,968,750)	–	–	–	–
Stock options granted	–	–	83,570	–	83,570
Net loss	–	–	–	(163,450)	(163,450)
Balance, December 31, 2021	14,781,250	485,000	83,570	(163,450)	405,120

(The accompanying notes are an integral part of these financial statements)

MAX POWER MINING CORP.
Statement of cash flows
(Expressed in Canadian dollars)

	For the period from March 8, 2021 (date of incorporation) to December 31, 2021 $
Operating activities	
Net loss for the period	(163,450)
Items not involving cash:	
Stock-based compensation	83,570
Changes in non-cash operating working capital:	
Accounts payable and accrued liabilities	94,263
Accounts receivable	(7,243)
Deferred transaction cost	(79,031)
Net cash used in operating activities	(71,891)
Financing activities	
Proceeds from issuance of shares	485,000
Net cash provided by financing activities	485,000
Increase (decrease) in cash	413,109
Cash, beginning of the period	–
Cash, end of period	413,109

(The accompanying notes are an integral part of these financial statements)

1. Nature of Operations and Continuance of Business

Max Power Mining Corp. (the "Company") was incorporated on March 8, 2021 under the Business Corporations Act (BC). The Company's registered office is at Suite 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3. The Company's fiscal year end is December 31.

The Company is an exploration stage company currently focused on the exploration of a mineral property in Ontario, Canada. It has not yet been determined whether the property contains mineral reserves that are economically recoverable. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at the project. Failure to comply with these conditions may render the licences liable to forfeiture.

These financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at December 31, 2021, the Company has no source of revenue and does not generate cash flows from operating activities. These factors raise doubt about the Company's ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. Subsequent to December 31, 2021, the Company raised gross proceeds of $3,715,000 through its Initial Public Offering ("IPO") and a private placement. Management estimates the Company has sufficient funds to further operations for the upcoming twelve months.

On March 11, 2020, the World Health Organization declared CoVID-19 a pandemic. Federal, regional, and local authorities in Canada, the United States, and other nations continue to restrict the ability of people to leave their homes and carry out normal day-to-day activities. These measures will have a significant, negative effect on the economy of all nations for an uncertain period of time. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

2. Basis of Preparation

Basis of compliance

These financial statements for the period from March 8, 2021 (date of incorporation) to December 31, 2021, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB") and they are consistent with interpretations of the IFRS Interpretations Committee ("IFRIC"). The accounting policies adopted in these financial statements are based on IFRS's in effect at December 31, 2021.

Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant accounting estimates and judgements

The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial

3. Significant accounting estimates and judgements (continued)

statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates and judgments, which, by their nature, are uncertain.

The impact of estimates and judgments is pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates, or changes to judgments, are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements is as follows:

- Recovery of receivables

  The Company estimates the collectability and timing of collection of its receivables, classifying them as current assets or long-term assets, and applies provisions for collectability when necessary.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- Going concern

  The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its operating expenditures, meet its liabilities for the ensuing year, and to fund planned project-acquisitions, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

- Exploration and evaluation expenditures

  The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have reached a stage which permits a reasonable assessment of the existence of mineral reserves or resources. The determination of mineral reserves and resources is itself an estimation process that requires varying degrees of uncertainty depending on how the resources are classified.

4. Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash includes deposits held in a trust account and which are available on demand.

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

(b) Exploration and Evaluation Assets

The Company records its interests in mineral properties and areas of geological interest at cost. All direct and indirect costs related to the acquisition of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment in value. These costs will be depleted using the unit-of-production method based on the estimated proven and probable reserves available on the related property following commencement of production.

4. Significant Accounting Policies (continued)

(b) Exploration and Evaluation Assets (continued)

The amounts shown for mineral properties represent costs, net of write-offs, option proceeds and recoveries, and do not necessarily reflect present or future value. Recoverability of these amounts will depend upon the existence of economically recoverable reserves, the ability of the

Company to obtain financing necessary to complete development, and future profitable production. The Company reviews the carrying values of mineral properties when there are any events or change in circumstances that may indicate impairment. Where estimates of future cash flows are available, an impairment charge is recorded if the estimated undiscounted future net cash flows expected to be generated by the property is less than the carrying amount. An impairment charge is recognized by the amount by which the carrying amount of the property exceeds the fair value of the property.

(c) Mineral Exploration and Development Costs

Exploration costs are charged to operations as incurred. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop the mine on the property prior to the start of the mining operations are capitalized.

(d) Impairment of Non-Current Assets

At each reporting date, the Company reviews the carrying amounts of its tangible assets to determine whether there are any indications of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Estimated future cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. The pre-tax discount rate applied to the estimated future cash flows reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the carrying amount of an asset or CGU exceeds its recoverable amount, the carrying amount of the asset or CGU is reduced to its recoverable amount through an impairment charge to the statement of income.

Assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. When an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of depreciation, depletion and amortization) had no impairment loss been recognized for the asset or CGU in prior periods. A reversal of impairment is recognized as a gain in the statement of operations.

(e) Reclamation and Remediation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral

4. Significant Accounting Policies (continued)

(e) Reclamation and Remediation Provisions (continued)

properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located.

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated using either the unit of production or straight line method depending on the asset to which the obligation relates.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(f) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

Measurement

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in profit or loss in the period in which they arise.

Financial assets and liabilities carried at FVOCI are initially recorded at fair value. Unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVOCI are included in comprehensive income or loss in the period they arise. On recognition, communicative gains and losses of financial assets in other comprehensive income or loss are reclassified to period in which profit or loss occurs.

4. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. Regardless of whether credit risk has increased significantly, the loss allowance for trade receivables without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. The Company shall recognize in the statements of net (loss) income, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net (loss) income.

Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(g) Foreign Currency Translation

The functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Foreign exchange gains and losses are included in the statement of operations.

(h) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable

4. Significant Accounting Policies (continued)

(h) Income Taxes (continued)

temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(i) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As flow-through shares are renounced, the deferred income tax liability associated with the renounced tax deductions is recognized in the statement of operations with a pro-rata portion of the deferred premium.

(j) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at December 31, 2021, the Company had 1,675,000 potential dilutive shares outstanding.

(k) Comprehensive Loss

Comprehensive income (loss) is the change in the Company’s net assets that results from transactions, events and circumstances from sources other than the Company’s shareholders and includes items that are not included in the statement of operations.

(l) Share-based Payments

The fair value of options granted is recognized as a share-based payment expense or capitalized to exploration and evaluation assets with a corresponding increase in equity reserves.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of granted options is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest. In situations where equity instruments are issued to settle amounts due or for goods or services

4. Significant Accounting Policies (continued)

(l) Share-based Payments (continued)

received by the Company as consideration which cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the amount settled or goods or services received.

5. Mineral Property

Mineral property acquisition:

Nicobat Property

On March 8, 2021, the Company entered into an LOI option agreement to acquire a 100% interest in the Nicobat Property located in Ontario, Canada. On April 23, 2021, the Company signed a definitive option agreement.

To earn 100% interest, the Company must issue a total of 5,000,000 common shares, issue 1,000,000 share purchase warrants exercisable at $0.25 per share for a period of three years, and incur exploration expenditures on the property totalling $1,000,000 as follows:

- $100,000 on or before the 12-month anniversary;
- an additional $200,000 on or before the 24-month anniversary;
- an additional $300,000 on or before the 36-month anniversary; and
- an additional $400,000 on or before the 48-month anniversary.

The optionor retains a 1% Net Smelter Royalty which the Company has first right to purchase for $1,000,000 after the Company exercises the option to acquire the 100% interest in the property.

Shares and warrants to be issued:

- 5,000,000 common shares and 1,000,000 warrants are to be issued within two business days of the listing date.

Total exploration costs on the Nicobat property from March 8, 2021 to December 31, 2021 optionor were $18,348, which relates to updating the technical report, including a site visit, and claim renewals.

6. Related Party Transactions

During the period from March 8, 2021 (date of incorporation) to December 31, 2021, Directors and Officers subscribed for 3,556,250 common shares for proceeds of $35,500.

During the period from March 8, 2021 (date of incorporation) to December 31, 2021, 1,675,000 stock options were granted to the Directors and Officers of the Company.

7. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Share issuances for the period ended December 31, 2021:

On March 8, 2021, the Company issued 6,500,000 common shares with a fair value of $32,500.

On April 9, 2021, the Company issued 2,000,000 common shares with a fair value of $40,000.

On April 13, 2021, the Company issued 8,250,000 common shares with a fair value of $412,500.

(Expressed in Canadian dollars)

7. Share Capital (continued)

On October 14, 2021, the Company cancelled 2,625,000 common shares in exchange for the issuance of 656,250 common shares. Of the shares cancelled, 2,125,000 were related party shares and of the shares issued, 531,250 were related party shares.

As at December 31, 2021, there were no share purchase warrants outstanding.

8. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. The aggregate number of options granted to any one optionee in a one year period is limited to 5% of the issued shares of the corporation. The exercise price of each option is set by the Board of Directors at the time of the grant. Options vest immediately when granted and can have a maximum term of ten years.

The following table summarizes the continuity of the Company's stock options:

	Number of stock options	Weighted average exercise price $
Outstanding, March 8, 2021	–	–
Granted	1,675,000	0.10
Outstanding, December 31, 2021	1,675,000	0.10

Additional information regarding stock options outstanding as at December 31, 2021, is as follows:

	Outstanding and exercisable		
Exercise price $	Number of stock options	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.10	1,675,000	9.3	0.10

The fair value of stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends or forfeitures and the following weighted average assumptions:

	2021
Risk-free interest rate	0.50%
Expected life (in years)	10.0
Expected volatility	200%

The total fair value of stock options granted and vested during the period ended December 31, 2021 was $83,570, which was recorded as share-based payment reserve and charged to operations. The weighted average fair value of the stock options granted during the period ended December 31, 2021 was $0.05 per option.

9. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at December 31, 2021 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, December 31, 2021 $
Cash and cash equivalents	413,109	–	–	413,109

The fair values of other financial instruments, which include subscriptions receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash and cash equivalents with high credit quality financial institutions.

(c) Foreign Exchange Rate and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

(f) Interest Rate Risk

Interest rate risk is the risk that the fair value of 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.

(Expressed in Canadian dollars)

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

11. Segmented Information

The Company operates in one industry and geographic segment, the mineral resource industry with all current exploration activities conducted in Canada.

12. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

		2021
Loss for the period	$	(163,450)
Statutory rate		27%
Expected income tax recovery at statutory rate		(44,132)
Share issuance costs		–
Change in unrecognized benefit of non-capital loss		44,132
Income tax recovery	$	–

Tax pools and losses available to the Corporation expire as follows:

Year of expiry		Canadian loss carry-forwards		Share issue costs
2025	$	-	$	–
2041		163,450		–
Income tax recovery	$	163,450	$	–

13. Subsequent Events

a) On February 14, 2022, upon receiving Exchange listing approval, the Company issued 5,000,000 common shares and 1,000,000 share purchase warrants to Sassy Resources Corporation pursuant to the Nicobat Property option agreement. Each warrant is exercisable at $0.25 for a period of 3 years.

b) On February 15, 2022, the Company completed its IPO by issuing 6,000,000 common shares at a price of $0.25 per share for gross proceeds of $1,500,000. In connection with the IPO, the Company paid $150,000 in cash commissions and issued 540,000 broker warrants, exercisable at $0.25 for a period of 18 months. Corporate finance fees paid to Leede Jones Gable Inc. were $30,000.

13. Subsequent Events (continued)

c) On February 15, 2022, the Company granted 375,000 stock options to a director of the Company and a consultant to the Company. The stock options have an exercise price of $0.25 and expire on February 15, 2025.

d) On February 16, 2022, the Company's common shares were listed on the Canadian Securities Exchange under the symbol MAXX.

e) On April 12, 2022, the Company completed a non-brokered private placement by issuing 5,537,500 units at $0.40 per unit for gross proceeds of $2,215,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at $0.60 for a period of 12 months. In connection with the offering the Company paid cash finder's fees of $133,980 and issued 382,725 finder's warrants to arm's-length parties, with each finder's warrant entitling the holder to purchase one common share for a period of 12 months at a price of CAD $0.60