

**MAX POWER MINING CORP.**

Condensed Interim Consolidated Financial Statements

(unaudited)

March 31, 2023

(Expressed in Canadian dollars)

## **UNAUDITED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023.

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

	March 31, 2023 \$	December 31, 2022 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,728,580	4,351,927
GST receivable	49,473	43,133
Deposits and prepaid expenses (Notes 6 & 7)	305,941	318,441
	4,083,994	4,713,501
<u>Exploration and evaluation asset (Notes 5 &amp; 6)</u>	5,341,188	1,979,339
<b>Total assets</b>	<b>9,425,182</b>	<b>6,692,840</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
<u>Accounts payable and accrued liabilities</u>	30,904	7,634
<b>Total liabilities</b>	<b>30,904</b>	<b>7,634</b>
<b>Shareholders' equity</b>		
Share capital (Note 9)	10,159,970	7,285,980
Contributes surplus (Notes 10 & 11)	2,503,950	1,836,472
Deficit	(3,269,642)	(2,437,246)
<b>Total shareholders' equity</b>	<b>9,394,278</b>	<b>6,685,206</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,425,182</b>	<b>6,692,840</b>

Nature of operations and continuance of business (Note 1)  
Subsequent events (Note 15)

Approved and authorized for issuance by the Board of Directors on May 25, 2023:

/s/ "Rav Mlait"

Rav Mlait, Director

/s/ "Bryan Loree"

Bryan Loree, Director

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

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

	March 31, 2023 \$	March 31, 2022 \$
Revenue	–	–
Exploration expenses	224,101	236,168
Advertising and promotion	82,373	–
Professional fees	8,203	1,176
Consulting fees	167,265	52,500
Transfer agent & filing fees	27,447	25,152
Office & miscellaneous	31,956	7,922
Research & development expenses (Note 7)	76,627	–
Stock-based compensation	170,735	86,002
Travel	43,689	4,476
Total operating expenses	832,396	413,396
Net loss before other income	(832,396)	(413,396)
Net loss and comprehensive loss for the period	(832,396)	(413,396)
Loss per share, basic and diluted	(0.02)	(0.02)
Weighted average shares outstanding	40,113,877	21,214,583

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

**MAX POWER MINING CORP.**

## Statement of changes in equity

(Unaudited - Expressed in Canadian dollars)

	Share capital		Contributed Surplus \$	Deficit \$	Total shareholders' equity \$
	Number of shares	Amount \$			
Balance, December 31, 2021	14,781,250	485,000	83,570	(163,450)	405,120
Issuance of common shares (Note 9)	6,000,000	1,500,000	–	–	1,500,000
Share issuance costs	–	(391,292)	105,321	–	(285,971)
Common shares issued for property option	7,000,000	1,750,000	–	–	1,750,000
Warrants issued for to property option	–	–	229,339	–	229,339
Stock options granted	–	–	86,002	–	86,002
Net loss	–	–	–	(413,396)	(413,396)
Balance, March 31, 2022	27,781,250	3,343,708	504,232	(576,846)	3,271,094
Balance, December 31, 2022	37,507,766	7,285,980	1,836,472	(2,437,246)	6,685,206
Issuance of common shares (Note 9)	249,444	181,665	(37,719)	–	143,946
Share issuance costs	–	(2,675)	–	–	(2,675)
Common shares issued for property option	3,500,000	2,695,000	–	–	2,695,000
Warrants issued for to property option	–	–	534,462	–	534,462
Stock options granted	–	–	170,735	–	170,735
Net loss	–	–	–	(832,396)	(832,396)
Balance, March 31, 2023	41,257,210	10,159,970	2,503,950	(3,269,642)	9,934,278

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

**MAX POWER MINING CORP.**

## Statements of cash flows

(Unaudited - Expressed in Canadian dollars)

	March 31, 2023 \$	March 31, 2022 \$
Operating activities		
Net loss for the period	(832,396)	(413,396)
Items not involving cash:		
Stock-based compensation	170,735	86,002
Changes in non-cash operating working capital:		
Accounts payable and accrued liabilities	23,270	195,153
Accounts receivable	(6,340)	(38,614)
Deposits and prepaid expenses	12,500	2,000
Deferred transaction cost	—	49,031
Net cash used in operating activities	(632,231)	(119,824)
Investing activities		
Acquisition of exploration and evaluation assets	(132,387)	—
Net cash used by investing activities	(132,387)	(119,824)
Financing activities		
Proceeds from issuance of shares	143,946	1,500,000
Share issuance costs	(2,675)	(285,971)
Net cash provided by financing activities	141,271	1,214,029
Increase (decrease) in cash	(623,347)	1,094,205
Cash, beginning of the period	4,351,927	413,109
Cash, end of period	3,728,580	1,507,314

## Supplemental Cash Flow Information

During the period ended March 31, 2023 and period ended March 31, 2022, the Company had the following non-cash transactions affecting cash flows from investing activities:

- The Company issued 3,500,000 common shares with a fair value of \$2,695,000 for the acquisition of exploration and evaluation assets for the period ended March 31, 2023.
- The Company issued 1,000,000 share purchase warrants with a fair value of \$534,462 for the acquisition of exploration and evaluation assets for the period ended March 31, 2023.
- The Company issued 7,000,000 common shares with a fair value of \$1,750,000 for the acquisition of exploration and evaluation assets for the period ended March 31, 2022.
- The Company issued 1,000,000 share purchase warrants with a fair value of \$229,339 for the acquisition of exploration and evaluation assets for the period ended March 31, 2022.

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

# **MAX POWER MINING CORP.**

Notes to the consolidated financial statements (unaudited)

March 31, 2023

(Expressed in Canadian dollars)

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## **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 is an exploration stage company currently focused on the exploration of mineral properties in Ontario, Canada, Quebec, Canada, and Arizona, USA. It has not yet been determined whether the properties contain 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 to 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 condensed interim consolidated financial statements for the period ended March 31, 2023, include the financial results of the Company and the financial results of the Company’s wholly-owned subsidiary for the three months ended March 31, 2022.

These condensed interim consolidated 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 March 31, 2023, the Company has no source of revenue and does not generate cash flows from operating activities. These factors raise substantial 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. 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 condensed interim consolidated financial statements are prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting under International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company’s most recent annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

## **MAX POWER MINING CORP.**

Notes to the consolidated financial statements (unaudited)

March 31, 2023

(Expressed in Canadian dollars)

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### **2. Basis of Preparation (continued)**

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 condensed interim consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial 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.



## **MAX POWER MINING CORP.**

Notes to the consolidated financial statements (unaudited)

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(Expressed in Canadian dollars)

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### **4. Significant Accounting Policies (continued)**

#### **(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.

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

## **MAX POWER MINING CORP.**

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(Expressed in Canadian dollars)

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### **4. Significant Accounting Policies (continued)**

#### **(e) Reclamation and Remediation Provisions**

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.

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 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,

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(Expressed in Canadian dollars)

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### **4. Significant Accounting Policies (continued)**

#### **(f) Financial Instruments (continued)**

communicative gains and losses of financial assets in other comprehensive income or loss are reclassified to period in which profit or loss occurs.

#### **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

## MAX POWER MINING CORP.

Notes to the consolidated financial statements (unaudited)

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(Expressed in Canadian dollars)

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### 4. Significant Accounting Policies (continued)

#### (h) Income Taxes (continued)

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 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 March 31, 2023, the Company had 11,003,415 (2022 - 1,540,000) 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

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Notes to the consolidated financial statements (unaudited)

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(Expressed in Canadian dollars)

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### 4. Significant Accounting Policies (continued)

#### (I) Share-based Payments (continued)

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 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 (completed);
- 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 issued:

- 5,000,000 common shares and 1,000,000 warrants issued within two business days of the listing date.
- 2,000,000 common shares issued as a finder's fee.

Total exploration costs incurred by the Company on the Nicobat property from March 8, 2021 to March 31, 2023, \$274,296, which relates to updating the technical report, a drill program, and claim maintenance.

Acquisition and carrying costs of the exploration and evaluation asset is as follows:

	Nicobat \$
Cost:	
Balance, December 31, 2021	—
Additions: 7,000,000 common shares	1,750,000
Fair value of 1,000,000 warrants	229,339
Balance, March 31, 2022, December 31, 2022 & March 31, 2023	1,979,339

## MAX POWER MINING CORP.

Notes to the consolidated financial statements (unaudited)

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### 5. Mineral Property (continued)

#### Quebec properties

##### Corvette Property

On January 26, 2023, the company entered into a purchase and sale agreement with Canadian Li Inc., to acquire 189 mineral claims in Quebec, Canada. The purchase price consists of 3,500,000 common shares of the Company and 1,000,000 share purchase warrants exercisable at \$0.85 for a period of 36 months.

##### Nunavik claims

During the period ended March 31, 2023, the Company staked 300 mineral claims in the Nunavik area of Northern Quebec, Canada.

A summary of the combined mineral property acquisition costs of the Quebec properties are as follows:

	Nunavik \$	Corvette \$	Total \$
Cost:			
Balance, December 31, 2022	–	–	–
Additions: Fair value of 3,500,000 common shares	–	2,695,000	2,695,000
Fair value of 1,000,000 warrants	–	534,462	534,462
Claim staking and maintenance	40,500	1,693	42,193
Balance, March 31, 2023	40,500	3,231,155	3,271,655

### 6. Max Power Resources LLC

Max Power Resources LLC is a 100% wholly-owned subsidiary of the Company and is located in Arizona, USA. The purpose of the subsidiary is to hold mineral exploration permits and mineral claims within the State of Arizona.

#### Willcox Property

On December 16, 2022, the Company entered into a purchase and sale agreement to acquire 100% of 3 mineral exploration permits in the State of Arizona, USA. The purchase price consists of \$40,000 and 500,000 common shares. Closing of the transaction is contingent on the Company receiving mineral exploration permits. As at March 31, 2023, the transaction had not closed and the shares had not been issued. The \$40,000 cash payment has been advanced and has been recorded as a deposit. In connection with the purchase, the Company intends to pay a finder's fees of 500,000 common shares.

During the period ended March 31, 2023, the Company acquired an additional 3 mineral exploration permits and 82 mineral claims Arizona as part of the Willcox property. The Company paid \$90,194 and will pay a finder's fee of 1,500,000 common shares in connection with the acquisition.

### 7. Research and Development Agreements

#### University of California Lawrence Berkeley National Laboratory

On December 12, 2022, the Company entered into a cooperative research and development agreement ("CRADA") with *The Regents of the University of California Ernest Orlando Lawrence Berkeley National Laboratory* ("the University") and the U. S. Department Of Energy ("DOE"). The Company is collaborating with the University in order to research and develop direct lithium extraction technologies. Under the Agreement, the Company's estimated funding contribution will be \$915,111 USD.

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### **7. Research and Development Agreements (continued)**

The DOE has granted the Company and the University the right to retain title to any Subject Inventions that may result from the CRADA. The Company has been granted the option to choose an exclusive license, for reasonable compensation, for a pre-negotiated field of use to the Subject Inventions. The U.S. Government will retain a nonexclusive, nontransferable, irrevocable, paid-up license to practice every Subject Invention under the CRADA throughout the world. The DOE will have certain march-in rights to any Subject Inventions in accordance with 48 CFR 27.304-1(g) and 15 U.S.C. 3710a(b)(1)(B) and (C).

As at March 31, 2023, the Company has advanced the University \$155,290 USD towards the project, which is included in prepaid expenses and deposits, and has paid \$37,256 USD towards the project, which has been included as research and development expenses.

#### **Alpha Cleantech Labs**

On June 10, 2022, the Company entered into a research and development agreement with Alpha Cleantech Labs Inc. (the "Alpha Agreement"), whereby the Company will provide funding for the purpose of research and development. During the period ended March 31, 2023, the Company incurred research and development expenses in the amount of \$25,629 in relation to the agreement with Alpha Cleantech.

### **8. Related Party Transactions**

- (a) As at March 31, 2023, the Company owed \$nil (2022 - \$21,000) to officers and directors of the Company which was included in accounts payable and accrued liabilities.
- (b) During the period ended March 31, 2023, the Company incurred consulting fees of \$90,000 (2022 \$30,000) to officers of the Company.
- (c) During the period ended March 31, 2023, the Company incurred exploration consulting costs of \$19,300 (2022 - \$1,100) to a director of the Company.
- (d) During the period ended March 31, 2023, nil (2022 - 250,000) stock options were granted to the directors and officers of the Company.

### **9. Share Capital**

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

Share issuances for the period ended March 31, 2023:

During the period ended March 31, 2023, the Company issued 137,166 common shares pursuant to the exercise of warrants for proceeds of \$82,299.

During the period ended March 31, 2023, the Company issued 112,278 common shares pursuant to the exercise of agent's warrants for proceeds of \$61,646.

On January 26, 2023, the Company issued 3,500,000 common shares and 1,000,000 share purchase warrants exercisable at \$0.85 for a period of 36 months, pursuant to the Corvette Property purchase agreement.

Share issuances for the year ended December 31, 2022:

During the year ended December 31, 2022, the Company issued 257,500 common shares pursuant to the exercise of warrants for proceeds of \$154,500.

During the year ended December 31, 2022, the Company issued 223,516 common shares pursuant to the exercise of agent's warrants for proceeds of \$71,926.

## MAX POWER MINING CORP.

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(Expressed in Canadian dollars)

### 9. Share Capital (continued)

On December 9, 2022, the Company completed a non-brokered private placement by issuing 3,708,000 units at \$0.50 per unit for gross proceeds of \$1,854,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant is exercisable at \$0.85 for a period of 12 months. In connection with the offering, the Company paid cash finder's fees of \$56,700 and issued 113,400 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 18 months at a price of CAD \$0.85.

On April 8, 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.

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.

On February 14, 2022, the Company issued 5,000,000 common shares pursuant to the Nicobat property option agreement. The Company issued 2,000,000 common shares as a finder's fee for the property option.

### 10. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2021	–	–
Issued	1,000,000	0.25
Balance, March 31, 2022	1,000,000	0.25
Issued	4,622,750	0.70
Exercised	(257,500)	0.60
Balance, December 31, 2022	5,365,250	0.62
Issued	1,000,000	0.85
Exercised	(137,166)	0.60
Balance, March 31, 2023	6,228,084	0.66

As at March 31, 2023 the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
1,000,000	0.25	February 14, 2025
2,374,084	0.60	April 8, 2023
1,854,000	0.85	June 9, 2024
1,000,000	0.85	January 26, 2026



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### 10. Share Purchase Warrants (continued)

The fair value of the warrants issued have been estimated using the Black-Scholes option pricing model assuming no expected dividends and forfeitures, and the following weighted average assumptions:

	2022	2022
Risk-free interest rate	3.79%	0.50%
Expected life (in years)	3.0	3.0
Expected volatility	118%	200%

The fair value of the warrants issued was \$534,462 (2022 - \$229,339) and was capitalized under exploration & evaluation assets. The weighted average fair value of the warrants granted during the period ended March 31, 2023 was \$0.53 (2022 - \$0.23) per warrant.

#### Agent's Warrants

The following table summarizes the continuity of agent's warrants:

	Number of warrants	Weighted average exercise price \$
Balance, December 31, 2021	–	–
Issued	540,000	0.25
Balance, March 31, 2022	540,000	0.25
Issued	496,125	0.66
Exercised	(223,516)	0.32
Balance, December 31, 2022	812,609	0.48
Exercised	(112,278)	0.55
Balance, March 31, 2023	700,331	0.47

The fair value for agents' warrants issued have been estimated using the Black-Scholes option pricing model assuming no expected dividends and forfeitures, and the following weighted average assumptions:

	2023	2022
Risk-free interest rate	–	0.50%
Expected life (in years)	–	1.5
Expected volatility	–	200%

The weighted average fair value of the agents' warrants granted during the period ended March 31, 2023 was \$nil (2022 - \$0.20) per warrant.

### 11. 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 15% 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.

## MAX POWER MINING CORP.

Notes to the consolidated financial statements (unaudited)

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### 11. Stock Options (continued)

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

	Number of stock options	Weighted average exercise price \$
Outstanding, December 31, 2021	1,675,000	0.10
Granted	375,000	0.25
Outstanding, March 31, 2022	2,050,000	0.13
Granted	1,650,000	0.81
Outstanding, December 31, 2022	3,700,000	0.43
Granted	375,000	0.85
Outstanding, March 31, 2023	4,075,000	0.47

Additional information regarding stock options outstanding as at March 31, 2023, is as follows:

Exercise price \$	Number of stock options	Outstanding and exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.10	1,675,000	8.1	0.10
0.25	375,000	2.5	0.25
0.81	1,650,000	4.3	0.81
0.85	375,000	2.8	0.85

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:

	2023	2022
Risk-free interest rate	4.19%	3.19
Expected life (in years)	3.0	4.21
Expected volatility	122%	200%

The total fair value of stock options granted and vested during the period ended March 31, 2023 was \$170,735 (2022 - \$86,002), 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 March 31, 2023 was \$0.46 (2022 - \$0.22) per option.

## MAX POWER MINING CORP.

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(Expressed in Canadian dollars)

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### 12. 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 March 31, 2023 as follows:

	Fair Value Measurements Using			Balance, March 31, 2023 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash and cash equivalents	3,728,580	–	–	3,728,580

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.

### 13. 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

## MAX POWER MINING CORP.

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(Expressed in Canadian dollars)

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### 13. Capital Management (continued)

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.

### 14. Segmented Information

The Company has two operating segments, consisting of mineral exploration properties, and research and development. Each segment operates in Canada and the USA. The Company has assets held in Canada and the USA. The Company's President and Chief Executive Officer and Chief Financial Officer are the operating decision-makers and direct the allocation of resources to its segments. The following is the segmented information by operating segments:

March 31, 2023	Canadian Exploration Properties \$	Canadian R&D Project \$	US Mineral Exploration Property \$	US R&D Project \$	Corporate \$	Total \$
<b>Total assets</b>	5,250,994	—	90,194	212,152	3,871,842	9,425,182
<b>Total liabilities</b>	—	—	—	—	30,904	30,904
<b>Net loss (income)</b>	8,600	25,629	194,426	50,998	552,743	832,396

At March 31, 2022, the Company operated in one industry and geographic segment, the mineral resource industry with exploration activities conducted in Canada.

### 15. Subsequent Events

- Subsequent to March 31, 2022, the Company issued 50,000 common shares pursuant to the exercise of warrants for gross proceeds of \$30,000.
- Subsequent to March 31, 2023, 2,374,087 warrants and 240,941 agent's warrants exercisable at \$0.60, expired unexercised.
- Subsequent to March 31, 2023, the Company closed the purchase and sale agreement to acquire 100% of 3 mineral exploration permits in the State of Arizona, USA. The Company also issued shares related to the additional 3 mineral exploration permits and 82 mineral claims in Arizona, which were acquired during the period. In connection with these acquisitions, the Company issued an aggregate of 2,500,000 common shares.
- On April 20, 2023, the Company entered into a purchase and sale agreement for 100% interest in the Spark Lithium Property, located in the Nunavik area of Quebec, Canada. Consideration for the property is 1,500,000 common shares and \$121,600 in cash. The seller retains a 1% Net Smelter Royalty on the property.
- On April 20, 2023, the Company granted 2,000,000 stock options exercisable at \$0.65 for a period of 5 years.
- On April 20, 2023, the Company entered into a marketing agreement with Phenom Ventures LLC for marketing and investor awareness services. The Company will pay a fee of \$200,000 USD for an initial term of 6 months.