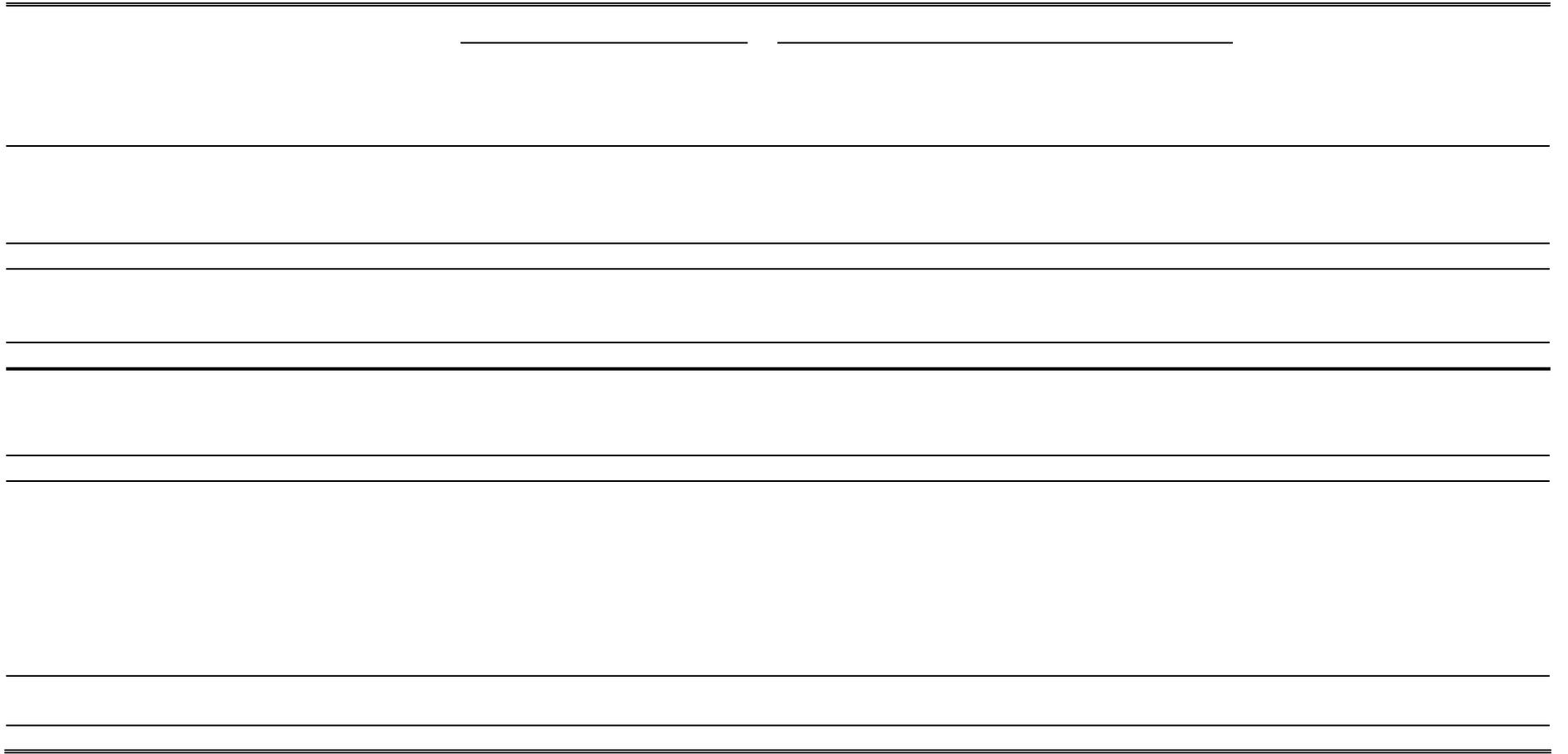




PARTNERSHIP OF:

VANCOUVER Robert J. Burkart, Inc. James F. Carr-Hilton Ltd. Kenneth P. Chong Inc. Alvin F. Dale Ltd. David J. Goertz, Inc. Barry S. Hartley, Inc. Reginald J. LaBonte Ltd. Robert J. Matheson, Inc. Rakesh I. Patel Inc. F.M. Yada FCA Inc. **WHITE ROCK** Michael K. Braun Inc. Peter J. Donaldson, Inc.



Statement of compliance and conversion to International Financial Reporting Standards

Basis of preparation

Consolidation

Significant accounting judgments, estimates and assumptions

Foreign currency translation

Exploration and evaluation expenditures

Exploration and evaluation expenditures (cont'd)

Farms outs

Share-based payments

Loss per share

Financial instruments

Financial instruments (cont'd)

Impairment of assets

Restoration and environmental obligations

Property, plant and equipment

Amendments to IFRS 7 "Financial Instruments: Disclosures"

New standard IFRS 9 "Financial Instruments"

New standard IFRS 10 "Consolidated Financial Statements"

New interpretation IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine"

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Stock options (cont'd)

Stock options (cont'd)

Warrants

Stock option reserve

Warrant reserve

Investment revaluation reserve

Related party balances

Related party transactions

Key management personnel compensation

Credit risk

Liquidity risk

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Interest rate risk

Capital Management

Classification of financial instruments

Exemptions applied

Estimates

Reconciliation of Canadian GAAP to IFRS

MAX RESOURCE CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the year ended December 31, 2011

The following discussion and analysis should be read in conjunction with the condensed Financial Statements and related notes for Max Resource Corp. ("MAX" or the "Company") for the year ended December 31, 2011. All dollar amounts are stated in Canadian funds. This discussion is based on information available as at April 24, 2012.

During the period under review, MAX completed a core drilling program at its Table Top gold project and entered into an Option Agreement with Claremont Nevada Mines LLC. of Nevada whereby it can acquire up to a 75% interest in the historic Majuba Hill copper/silver/gold property in Nevada by spending \$10 Million on exploration and development over an eight year period.

Following completion of its drill program at Table Top in April, 2011 MAX focused its exploration efforts for the balance of the year on the Majuba Hill copper/silver/gold, conducting an extensive soil sampling program and an initial Phase I core drilling on the Copper Stope target area at Majuba Hill, the site of the past producing Majuba Hill mine. The drill program was designed to expand and define the extensive zones of high grade copper/silver mineralization identified during reverse-circulation drilling conducted by Minterra Resource Corp. on patented land in 2007. Phase I drilling was completed at Majuba Hill in early August, with a total of eight holes (1,112 meters) of core drilling having been completed. MAX encountered long intervals of high-grade silver and copper in five of eight holes, as well as significant gold intercepts. Highlights of this drilling included:

- **44.2 metres (m) of 71.0 grams per tonne (g/t) Ag, 0.15 g/t Au and 1.14% Cu** in hole MM-06;
- **50.3 m of 50.8 g/t Ag, 0.31 g/t gold and 0.31% Cu** in hole MM-07;
- **42.7 m of 37.5 g/t Ag and 0.38% Cu** in hole MM-03;
- **45.7 m of 15.4 g/t Ag and 0.56% Cu** in hole MM-02; and
- **89.3 m of 16.5 g/t Ag and 0.28% Cu** in hole MM-05

MAX believes that Majuba Hill is a newly-defined copper/silver/gold porphyry system that is highly prospective for a bulk-tonnage, open pit deposit. A Phase II drill program comprised of four step out drill holes was completed at Majuba Hill in December 2011, with hole MM-18 intercepting **29.2 meters of 30.5 g/t Ag and 0.69% Cu** at the newly discovered Desoto zone 1.4 km northwest of prior drilling.

Majuba Hill copper/gold/silver property, Pershing County, Nevada

On March 4, 2011 MAX entered into an Option Agreement to acquire up to a 75% interest in the historic Majuba Hill Copper/Gold/Silver property in Pershing County, Nevada from Claremont Nevada Mines LLC.. The Majuba Hill Project encompasses 2,568 acres consisting of patented and unpatented lode mining claims and private mineral rights.

The terms of the Option Agreement with Claremont allow MAX to earn an initial 60% interest in the property over six years by spending US\$6.5 Million on exploration of the property. MAX can increase its interest in the property to 75% by spending a further \$3.5 Million on exploration over a subsequent two year period. The Majuba Hill property will be subject to a 3% NSR payable to the vendor, 1.5% of which may be purchased at any time for US\$1.5 Million.

- 184,000 ounces of silver
- 5,800 ounces of gold
- 2.8 million lbs of copper

In September 2011 MAX received and mapped the results of an extensive soil sampling program at Majuba Hill. A total of 834 soil samples were taken across a surface area in excess of 5,000 by 2,500 meters (m) with assay results obtained as high as **1.53% Cu** and **209 g/t Ag**.

On the northwest side of the Majuba Hill property, on unpatented land, assay results in soils ranged from 1.8 ppm Cu to 15,300 ppm (1.53%) Cu and from nil to 209 g/t Ag at the “DeSoto” zone. Sampling undertaken on the newly identified “Ball Park” target area 1 km east of the Copper Stope target area (the site of MAX’s Phase I drill program completed in August 2011) returned values from 61.2 ppm to 132 ppm Cu and from 0.16 ppm to 2.5 g/t silver. Both of these areas are identified on the soil geochemistry maps available on our web site at www.maxresource.com, with the target areas outlined in black. MAX drilled both of these areas during a Phase II drill program that was completed in December 2011.

During the summer of 2011, MAX drilled eight core holes at the site of the past producing Majuba Hill mine on patented land. Five of the eight holes were drilled to test results reported by Minterra Resource Corp. from a reverse-circulation drill program conducted in 2007. This drilling confirms higher results for both copper and silver than previously reported by Minterra due to the improved sample recovery provided by core drilling. In addition, significant gold (Au) values were encountered in all drill holes; no gold assays had previously been reported by Minterra, nor finding native gold in the holes as we have.

The complete assay results from the eight hole Phase I drill program at Majuba Hill are as follows:

Hole	Azimuth	Angle	Total Depth	From (m)	To (m)	Thickness (m)	Cu (%)	Au (g/t)	Ag (g/t)
MM-07	290	-45	146.4 m	76.2	126.5	50.3 m	0.31%	0.31	50.8
includes				106.7	126.5	19.8 m	0.53%	0.56	100.1
MM-06	-	90	119.8 m	1.5	97.5	96.0 m	0.57%	0.10	39.2
includes			119.8 m	1.5	45.7	44.2 m	1.14%	0.15	71.0
MM-02	243	-70	122.8 m	68.6	114.3	45.7 m	0.56%	0.07	15.4
includes				105.2	114.3	9.1 m	0.54%	0.11	39.3
MM-03	263	-70	158.6 m	91.5	134.1	42.7 m	0.38%		37.5
includes				102.1	112.8	10.7 m	0.93%		90.2
MM-05	279	-45	89.3 m	0	89.3	89.3 m	0.28%		16.5
includes				1.5	15.2	13.7 m	0.47%		30.0
MM-13	298	-56	135 m	0	135.0	135 m	0.02%		3.0
MM-15	255	-45	257 m	0	257.0	257 m	0.05%		4.3
includes				137.2	161.6	24.4 m	0.09%		12.3
MM-16	042	-45	111.2 m	0	111.2	111.2 m	0.06%	-	3.08

Analysis was performed by Inspectorate American Corp. Laboratories, an ISO certified facility in Reno, Nevada, using fire assay and multi-element (ICP-ES) techniques producing assays for a 49 element suite of minerals. Standards, duplicates and blanks were used for quality control of the samples. After the core is logged for each drill hole, the location of each site is located using a GPS in UTM coordinates using NAD 27 datum. The core is then split and put into a sample bag which is labelled for each interval and a sample card tag put in each sample bag and taken from the core facility to the Inspectorate Laboratories.

In October 2011 MAX commenced a Phase II core drilling program at Majuba Hill. Four holes were drilled to test new target areas identified during mapping, data compilation and soil sampling conducted over a surface area in excess of 5,500 by 2,500 m during 2011. The first hole of the Phase II program, MM-17 was drilled 730 m southeast of Phase I drilling (see the listing of drill results in the table above) and intercepted **42.7 m of 16.8 g/t Ag, 13.7 m of 15.9 g/t Ag and 6.16 m of 51.0 g/t Ag**, indicating that this target area may be the extension of the high grade supergene oxide mineralization identified during Phase I drill

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, the Sandman gold deposits (Newmont Mining Corporation (NYSE:NEM) 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 King River Rift, a regional geologic feature that appears to control mineralization in the area and which hosts multiple high-grade vein-related gold systems. Table Top is located immediately south of the Sandman gold project, which is one of the three Nevada properties included in the acquisition of Fronteer Gold Inc. by Newmont Mining Corp. in April 2011. A map of the King River Rift can be viewed at 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, can contain 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 tested this theory during drilling conducted in April, 2010.

On May 3 2010, MAX announced initial gold assays from Table Top. Results were received for only those core intervals comprising the silicified breccia intersected during drilling that was reported on April 19th, 2010 and represent approximately 48 meters ("m") of core from four holes which were assayed on a rush basis. Results included drill hole MT 1 which returned **0.823 grams per tonne ("g/t") gold over 4.6 meters**, including **1.5 meters of 1.435 g/t gold**. Other significant results include 24.4 m of 0.473 g/t Au in hole MT 2, which includes 9.1 meters of 0.703 g/t Au.

Drilling was completed at Table Top in May 2010 with a total of 15 holes having been drilled for a total of 660 meters (2,156 feet). Of fifteen holes drilled, ten intersected the mineralized structure and contained significant gold mineralization, including **27.4 meters of 0.467 g/t Au and 3 meters of 1.79 g/t gold**. The zone of mineralization continues for the entire length and is open to the northeast and southwest. Gold mineralization also appears to increase in value as deeper zones are intersected.

All significant gold assays are listed below:

Hole	Angle	From (m)	To (m)	Width (m)	Gold (g/t)
MT 1	-45 degrees	6.09	12.2	6.11	0.749
Including		9.1	10.7	1.6	1.436
MT 2	-60 degrees	12.2	39.6	27.4	0.467
Including		27.4	35.0	7.6	0.760
MT 4	-45 degrees	16.7	22.8	6.1	0.614
Including		18.3	21.3	3.0	0.783
MT 5	-75 degrees	21.3	25.9	4.6	0.396
Including		24.4	25.9	1.5	0.794

MT 6	-60 degrees	16.8	21.3	4.5	0.545
Including		18.3	19.8	1.5	1.27
MT 7	- 75 degrees	22.9	24.4	1.5	0.734
MT 8	-45 degrees	10.7	18.3	7.6	0.664
Including		15.3	16.8	1.5	1.290
MT 9	- 75 degrees	28.9	30.4	1.5	0.451
MT 11	-45 degrees	18.3	19.8	1.5	0.558
MT 12	- 75 degrees	32.0	35.0	3.0	1.79
Including		32.0	33.5	1.5	2.562

The drill results at Table Top indicate that MAX may have found a potential mineralized feeder similar to a Carlin Type gold system. Multi-element geochemical values of arsenic, antimony and mercury are all extremely elevated with respect to background; numerous 1.5 m intercepts exceed 100 ppm arsenic and antimony, with thallium values in excess of 10 ppm. All of these elevated values are directly associated with elevated (in excess of 100 ppb and as high as 2,562 ppb) gold values. Silver, tellurium, selenium and base metal values are all low. Geologic interpretation indicates the zone is a 20 meter to 30 meter wide, northeast striking and southeast dipping structural zone. Gold and associated trace element mineralization is associated in and surrounding a silicified breccia (jasperoid). Low grade gold mineralization associated with high grade trace elements is often found to occur in Carlin style gold feeder systems, as have lamprophyre dikes that have also been identified in this zone. Lamprophyres are often found in Carlin systems and are indicative of deep seated structures where high grade gold deposits have been found in the recent past at Carlin systems (such as Meikle and Deep Star). These deep targets were tested during drilling conducted in September, 2010.

During the September program, two holes were drilled to test the down dip extension of the mineralized structure intersected in its earlier program to a new depth in the 250-1000 foot (76.2 – 304.8 meters) zone. The drilling intersected the previous mineralized structures in both drill holes and confirms that the mineralization extends to depth.

Hole	Angle	Total Depth (m)	From (m)	To (m)	Width (m)	Gold (g/t)
MT 14	-70 degrees	120.4	73.1	79.2	6.1	0.53
			100.6	108.2	7.6	0.13
MT 15	-85 degrees	324.5	227.0	239.2	12.1	0.91
	Including		230.1	239.2	9.1	1.09

Assays received in December 2010 from MT-15 showed ore grade mineralization (**9.1 m of 1.09 g/t Au**) starting at a depth of 230.1 m. The drill core intervals immediately above this intercept were not originally assayed but were visually similar to the ore grade intervals. Assay results from these intervals were subsequently received and two adjacent intervals immediately above the previously reported interval assayed at 0.77 g/t Au and 0.69 g/t Au respectively, extending the overall mineralized zone to **12.1 m of 0.91 g/t Au**.

Hole MT-15 was drilled to a final depth of 1064.5 feet (324.5 m). There is a very anomalous zone, greater than 97 ppb, from 630 feet to 740 feet in rocks that appear to be very permissive for mineralization. This zone has not been seen at the surface and opens an additional area for exploration. Drilling was resumed in March, 2011 and targeted the mineralized system down dip and along strike, exploring for higher grade gold within the sedimentary (stibnite and calcite bearing carbonate rocks) package.

A total of six holes (497 meters) were drilled at Table Top in March and April 2011, with all holes intersecting gold mineralization in excess of 100 ppb Au. Highlights included drill hole MT-18, which intersected **9.6 m of 1.04 g/t Au** starting at a down hole depth of 42.7 m. Holes MT-16, 17 and 18 intersected multiple intervals of gold mineralization exceeding 100 ppb. These latter results indicate that gold mineralization is not confined to a single zone; MT-17 had four mineralized zones. Mineralization has now been identified over a 500 meter strike length and is still open in both

directions. The only drill holes that missed the mineralized zone were found to have been drilled over the top of the system.

MAX drilled 5 holes to the northeast of the mineralized structure intersected during drilling in 2010 to test its extension and confirmed that the mineralized zone extends at least another 89.9 m northeast of previous drilling. Drilling intersected the previously identified mineralized structures in four of five drill holes, with thicknesses comparable to what was earlier recognized. The sixth hole was drilled 155.1 m southwest of last year's drilling to follow-up on 1+ g/t Au surface samples

Summary of gold intercepts in drill holes MT-16 through MT-21 (cutoff at 0.1 g/t).

Hole	Angle	From (m)	To (m)	Thickness (m)	Grade (Au g/t)
MT-16	-44	19.81	21.34	1.53	0.22
MT-17	-45	27.43	28.96	1.53	0.14
MT-17	-45	32.16	33.07	0.91	0.19
MT-17	-45	33.07	35.66	2.59	0.80
MT-17	-45	35.66	38.10	2.44	0.18
MT-17	-45	39.62	41.15	1.53	0.18
MT-17	-45	42.67	43.95	1.28	0.26
MT-18	-70	38.10	39.62	1.52	0.13
MT-18	-70	42.67	52.27	9.60	1.04
MT-19	-58	67.06	68.12	1.06	0.29
MT-19	-58	109.73	111.25	1.52	1.48
MT-20	-45	23.20	24.38	1.18	0.23
MT-20	-45	46.82	49.99	3.17	0.83
MT-20	-45	82.51	83.82	1.31	0.10
MT-21	-45	33.22	38.10	4.88	0.42

This recent drill program confirms that previous interpretations are still valid regarding the occurrence of gold mineralization at Table Top. Gold mineralization continues both northeast and southwest of the previous drilling and remains roughly the same in grade and tenor. It appears that grades, if not the thickness of mineralized zones, increase with depth.

MAX is currently reviewing the 2010 and 2011 exploration data along with data from prior operators with a view to better understanding the mineralized system at Table Top prior to further drilling. A viable target still exists along strike to the northeast and southwest and down dip where the vertically standing outcrops bend, creating a zone of structural preparation.

Analysis was performed by Inspectorate America Corp, an ISO certified facility in Sparks, Nevada, using fire assay and multi-element (ICP-ES) techniques. Standards and blanks were used for quality control of the samples. A map showing the location of the trenches and drill holes completed at Table Top is available on our web site at www.maxresource.com.

During the year ended December 31, 2011 the Company incurred consulting fees of \$27,139, field expenses of \$13,999 and drilling and assay costs of \$109,682 at Table Top.

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 78 claims (1,560 acres) located 40 miles north of the town of Tonopah.

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 ounce 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 East Manhattan Wash, is a conventional open pit operation that has produced more than 12 million ounces of gold to date.

In March 2009, the Company announced the results of the first large (bulk) sample taken from the EMW claims. This 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 g/t gold and 1.2 g/t silver**.

Following up the results of the bulk sample, MAX completed three large volume soil sampling grids in May of 2009 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 labelled 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 was 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. 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.

In early November 2009, MAX received the assays from additional soil sampling completed at EMW. 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 (1.5 g/t) 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 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, the “Southeast Extension”.

In September 2010 MAX completed additional soil sampling that was designed to further delineate the geometry of the native gold mineralization at EMW, which previously encompassed the “Gold Pit”, the “Old Drill Hole Grid” and now includes the “Southeast Extension”. This sampling has filled in the open areas within these grids, where 163 new samples were taken with significant values ranging from **0.05 ppm to 1.27 ppm (1.27 g/t) gold**. While the total mineralized zone now exposed at surface encompasses an area in excess of 5,500 by 1,500 feet in size, the mineralized area is much larger but is covered by either overburden or alluvium.

The Gold Pit, Old Drill Hole Grid and Southeast Extension are located in a volcanic rhyolite lithic tuff hosting coarse gold. The sampling between the three pits has now enabled MAX to identify structural linear features seen in air photo images along with argillic alteration that appears to define where strong gold values may be found. Historic pits dug by earlier prospectors have helped to define the areas of mineralization and to confirm the presence of gold. An updated soil sampling map is now available on our web site at www.maxresource.com.

Clancy Wendt, VP Exploration of MAX, states “With this latest sample result 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. Having now defined a large mineralized area at surface, permit applications have now been filed for a core drilling program to determine the depth of the mineralization, extend the known mineralization below cover, and to see if it increases in grade.”

During the year ended December 31, 2011 MAX spent \$6,327 on geological consulting and field expenses at the EMW claims.

Diamond Peak gold-zinc project, Nevada

The Diamond Peak property is located at the southern end of the prolific Carlin Trend of Nevada, which contains numerous gold deposits. The property comprises 58 claims located 32 miles north of the town of Eureka, Nevada and the Archimedes gold deposit owned by Barrick Gold Corporation. Strong surface mineralization occurs in a 2 mile long band of silicified and intensely clay altered rocks which is 200 to 300 feet wide.

Pursuant to a May 2006 option agreement, Kokanee Minerals Inc. (TSX.V: KOK) had the option to earn a 51% interest in the Diamond Peak project by spending US\$1 Million on exploration and reimbursing all lease payments, of which US\$95,000 was paid to MAX during the current period along with 600,000 shares of Kokanee due under the terms of the agreement. Kokanee began drilling at Diamond Peak in May 2010 and completed only two drill holes before advising MAX that it did not intend to make the annual option payment of \$50,000 (U.S.) then due to MAX and would be abandoning its option on the property.

Max plans to explore the property using the original exploration program recommended to Kokanee. In September 2010 MAX conducted an extensive soil sampling program at Diamond Peak. A total of 375 samples were collected, with assay results as high as **5.8 g/t Ag, 4.3 g/t Ag and 3.2 g/t Ag in soils** confirming the high silver zone in the southern part of the property and its continuation to the east. Gold values to **90 ppb Au** were obtained that confirm many of the gold zones previously examined and have also identified a new zone on the west side of the northern part of the property that has not yet been drilled. Zinc values were returned as high as **648 ppm Zn** that indicate that the mineralized system is far larger than originally thought, extending to the east of both the gold zone in the northern portion of the property and the silver zone in the south.

In November, 2010 MAX received and announced assay results from the holes drilled by Kokanee at Diamond Peak prior to their abandoning their interest in the property. One of these holes, DP-02, contained an intercept of **0.588 g/t gold over 7.62 meters** (25 feet) beginning at 155 feet, inclusive of a higher grade zone of **1.359 g/t gold over 1.52 m**. Hole DP-02 was a vertical hole drilled at the same location as a 60 degree angle hole drilled by MK Gold in 1999 that reported 2.08 g/t Au over 5 feet.

In addition, an outcrop sample recently taken from the silver zone in the southern portion of the property has returned an assay grade of **53.5 g/t silver**. This silver zone was identified during extensive soil sampling conducted in

September 2010, with assay results as high as 5.8 g/t Ag, 4.3 g/t and 1.9 g/t silver in soils confirming the high silver zone and its continuation to the east.

Additional soil sampling recently undertaken at Diamond Peak has also identified a further zinc zone on the west side of the northern part of the property that had not been previously drilled or sampled. This zone contains a sample grading **648 ppm Zinc**. Zinc geochemistry along the northeastern side of the property remains open and contains values greater than 200 ppm Zn along 600 feet of strike length. This zone will be filled in with more geochemistry to the south and east to close off the mineralized system. Maps of the sampling locations for gold, silver and zinc at Diamond Peak are now available on our website at www.maxresource.com.

Drill permits have been received and roads and drill pads have been cleared at Diamond Peak. Drilling was scheduled for the fall of 2011 but has been delayed in favour of conducting a Phase II drill program at Majuba Hill to follow up on encouraging drill results from the Phase I and II drill programs completed during the summer and fall of 2011. The timing of drilling will be dependent on the receipt of additional funding and will follow up on:

- an outcrop sampled by MK Gold that contained **3.4 ounces of silver per ton**, which has potential to host a Contact Replacement Deposit (“CRD”) and was never followed up on;
- the **11.6% zinc** zone intercepted within 60 feet of surface by MK Gold in 1999;
- a zone of mineralization which contains anomalous zinc, lead, and silver; and
- extensive gold targets on the property and new claims acquired to the east that were defined by recent soil sampling programs.

During the year ended December 31, 2011 MAX spent \$2,371 on field expenses and assaying of soil samples from the Diamond Peak property.

Private Placement for \$564,691

On March 7, 2011 MAX announced that it had agreed to a non-brokered private placement of two million units at a price of 28 cents per unit for gross proceeds of \$560,000. Each unit will be comprised of one common share and one warrant, with each warrant entitling the holder to purchase an additional share at an exercise price of \$0.38 per share for a period of two years from the date of issue.

If the closing price of MAX’s shares on the TSX Venture Exchange is at least \$0.60 for 20 consecutive trading days at any time following four months and a day from the date of closing, the Company may reduce the remaining exercise period of the warrants to not less than 30 days from the date of providing notice of such reduced exercise period (the “Acceleration”).

This private placement was completed in April 2011 for 2,016,755 units at a price of \$0.28 per unit for gross proceeds of \$564,691. Finders’ fees of \$35,412 were paid on a portion of this placement.

Paradox Public Relations Inc. retained for Investor Relation Services

In October 2011 MAX retained the services of Paradox Public Relations Inc. as strategic investor relations consultants to the company, effective November 1, 2011. Paradox will focus on developing and expanding MAX’s communication with the investment community through a comprehensive investor relations program. Based in Montreal, Paradox has provided investor relations services to listed public companies in the resource sector over the last ten years.

Under the terms of the agreement, Paradox will receive a monthly fee of \$6,000 and has been granted 480,000 options at \$0.24 per share, subject to vesting provisions. The agreement with Paradox is for a two year term and is subject to acceptance for filing by the TSX Venture Exchange.

Incentive Stock Options Granted

In August 2011 MAX agreed to grant incentive stock options to directors, officers, consultants and employees on up to 1,625,000 common shares at an exercise price of \$0.24 per share for a period of three years. These options were granted to replace 1,150,000 previously granted stock options that expired unexercised on August 1, 2011.

Ian Smith, F.AusIMM, appointed as Director

In February 2012 Mr. Ian Smith, B.E. (Mining) Hons, F.AusIMM, CP Mgmt, was appointed as a director of the Company.

Mr. Smith graduated from the University of Queensland, Australia with a degree in mining engineering and has over 40 years of international experience in corporate development, operations, project management and consulting within the base, precious metals and coal industries. Mr. Smith is the President and Chief Executive Officer of Yellowhead Mining Inc. (TSX.V: YMI) which is in the process of preparing a detailed Feasibility Study on the Harper Creek copper-gold-silver project in south central B.C., potentially one of the largest copper development projects in Canada.

Mr. Smith was recently President and CEO of bcMetals Corp., which had engineered the Red Chris copper/gold porphyry project for development in northwest BC prior to being acquired by Imperial Metals Corp. His involvement with large scale open pit copper operations at a senior management level includes Bougainville Copper in Papua New Guinea, La Caridad in Mexico and the Zambian Copperbelt. He was also President and a founding partner of one of North America's most successful mining industry consulting companies until it was purchased by Canadian interests in 1995.

In conjunction with this appointment MAX agreed to grant incentive stock options to directors and officers on up to 675,000 common shares at an exercise price of \$0.25 per share for a period of three years.

Results of Operations – Year ended December 31, 2011

During the year ended December 31, 2011, the Company incurred operating expenses of \$1,119,974 as compared to operating expenses of \$566,064 for the year ended December 31, 2010. The significant changes during the current period compared to the same period a year prior are as follows:

Consulting fees increased to \$77,587 during the year ended December 31, 2011 from the \$60,920 incurred during the prior year. This was due to an increase in expenditures on property investigation during the current period.

During the year ended December 31, 2011, the Company incurred \$509,357 of stock-based compensation, a non-cash expense, on the granting of 3,405,000 stock options. During the year ended December 31, 2010, the Company incurred \$65,114 of stock-based compensation on the granting of 350,000 stock options.

Transfer agent, filing fees and shareholder relations expenses increased to \$238,008 during the year ended December 31, 2011 from the \$158,252 incurred during the year ended December 31, 2010. This was primarily due to increased expenditures on investor relations activities and advertising during the current fiscal period as compared to the same period a year prior.

Interest income decreased to \$15,828 during the year ended December 31, 2011 from the \$23,856 earned during the prior year due to the lower cash balance maintained during the current year.

As a result of the foregoing, the loss for the year ended December 31, 2011 was \$1,112,646 as compared to a loss of \$502,315 for the year ended December 31, 2010.

Selected Annual Information

Year ended December 31	2011	2010	2009
Other Income	\$7,328	\$63,749	\$95,470
Loss before Other Items	\$1,119,974	\$566,064	\$768,473
Per Share	\$0.05	\$0.03	\$0.04
Net Loss	\$1,112,646	\$502,315	\$4,660,805
Per Share	\$0.05	\$0.02	\$0.22
Total assets	\$5,018,842	\$4,944,117	\$5,325,003
Long-Term Liabilities	Nil	Nil	Nil

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 2009 fiscal year.

The net loss for fiscal 2010 decreased to \$502,315 from \$4,660,805 incurred during fiscal 2009 primarily due to the elimination of write-offs totalling \$3,987,802 that were incurred during fiscal 2009. The Company also reduced its investor relations and advertising during fiscal 2010 by \$178,772. These reductions were partially offset by slight increases in both consulting and travel and promotion.

The net loss for fiscal 2011 increased to \$1,112,646 from \$502,315 incurred during fiscal 2010 primarily due to the increase in stock-based compensation expense, a non-cash expense in the amount of \$509,357 in the current year as compared to \$65,114 in the prior period.

Summary of Quarterly Results

	Q4-11	Q3-11	Q2-11	Q1-11	Q4-10	Q3-10	Q2-10	Q1-10
	IFRS							
Other Items (\$)	(5,664)	4,096	5,146	3,750	19,500	21,000	(19,894)	43,143
Loss (\$)	(172,438)	(288,698)	(136,578)	(514,932)	(117,996)	(88,609)	(153,606)	(115,104)
Loss per Share(\$)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.00)	(0.01)	(0.00)

The loss for the first quarter of 2010 decreased to \$115,104 from the loss of \$3,491,963 incurred during the fourth quarter of fiscal 2009 as there was no write-down of mineral properties or charges for stock-based compensation incurred during the current period. The loss was also reduced as the Company experienced a gain due to additional mineral property option payments received during the quarter.

The loss for the second quarter of 2010 increased to \$153,606 from the loss of \$115,104 incurred during the first quarter of fiscal 2010. The increase in the loss was primarily due to stock-based compensation of \$59,605, a non-cash expense on the granting of 300,000 incentive stock options.

The loss for the third quarter of 2010 decreased to \$88,609 from the loss of \$153,606 incurred during the second quarter of fiscal 2010. The decrease in the loss was primarily due to a reduction in stock-based compensation expense, a non-cash expense. During the second quarter of fiscal 2010, the Company incurred \$59,605 of expense on the granting of 250,000 incentive stock options, while in the third quarter of fiscal 2010, the Company incurred only \$5,509 of expense on the granting of 50,000 incentive stock options.

The loss for the fourth quarter of 2010 increased to \$117,996 from the loss of \$88,609 incurred during the third quarter of fiscal 2010. The increase was due to an increase in professional fees of \$29,344 due to an accrual for fiscal 2010 audit fees along with an increase in stock-based compensation, a non-cash expense, of \$21,141 on the granting of 50,000 incentive stock options.

The loss for the first quarter of 2011 increased to \$514,932 from the loss of \$117,996 incurred during the fourth quarter of fiscal 2010. The increase was primarily due to incurring \$318,745 of stock-based compensation (a non-cash expense incurred on the granting of 1,300,000 incentive stock options) during the first quarter.

The loss for the second quarter of 2011 decreased to \$136,578 from the loss of \$514,932 incurred during the first quarter of fiscal 2011. The decrease was due to the elimination of stock based compensation expense during the second quarter as no stock options were granted; this compares to stock-based compensation expense of \$318,745 incurred during the first quarter of fiscal 2011.

The loss for the third quarter of 2011 increased to \$288,698 from the loss of \$136,578 incurred during the second quarter of fiscal 2011. The increase was primarily due to stock-based compensation expense incurred during the third quarter of \$186,063 on the granting of 1,625,000 stock options.

The loss for the fourth quarter of 2011 decreased to \$172,438 from the loss of \$288,698 incurred during the third quarter of fiscal 2011. The decrease was primarily due to increased stock-based compensation expense incurred in the third quarter compared to the fourth quarter, when fewer options were granted and only a portion vested during the period.

Liquidity and Solvency

At December 31, 2011, the Company had working capital of \$1,100,765 and cash and cash equivalents on hand of \$1,131,358. This compares to working capital of \$2,257,858 at December 31 2010, inclusive of cash and cash equivalents of \$2,087,207.

The decrease in cash of \$955,849 during the year ended December 31, 2011 was due to net cash spent on mineral properties of \$1,135,159 and cash used in operating activities of \$495,369, offset by cash of \$10,000 received from the sale of marketable securities and net cash received on the completion of a private placement and exercise of stock options of \$664,679.

Subsequent to December 31, 2011, the Company received \$655,306 for reimbursement of costs spent on the Crownsnest and Howell gold projects which were halted by the Province of British Columbia on February 9, 2010.

As of the date of this report, MAX has approximately \$1.46 Million in cash and cash equivalents, which will provide sufficient working capital to fund exploration on its properties for the next twelve months as well as its general and administrative expenses through the same period.

During fiscal 2012, MAX intends to focus its efforts and cash resources on exploration for copper, gold and silver at its Majuba Hill project in Nevada.

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.

Changes in Accounting Policies including Initial Adoption of IFRS

These are the first audited financial statements prepared in accordance with IFRS. The Company adopted IFRS in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards (“IFRS 1”). The first date at which IFRS was applied was January 1, 2010 (“Transition Date”). IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS.

IFRS 1 requires that the same policies are applied for all periods presented in the first IFRS financial statements and that those policies comply with IFRSs in effect as at the end of the first IFRS annual reporting period. Accordingly, the opening IFRS statement of financial position, 2010 comparatives and current period financial statements have been prepared using the same policies. The previously presented 2010 GAAP financial information has been reconciled to the IFRS information as part of the transition note in accordance with the requirements of IFRS1. Further, the policies applied have been done so on a full retrospective bases unless alternative treatment is permitted or required by an IFRS 1 election or exception.

Elections upon first time adoption of IFRS

The following IFRS 1 mandatory exceptions and optional exemptions apply to MAX:

Mandatory exceptions:

1. Estimates - An entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with GAAP, unless there is objective evidence that those estimates were in error;

Optional Exemptions Elected:

1. IFRS 2 Share-Based Payments – MAX has elected this exemption from retroactive restatement of equity instruments granted before November 2, 2002 and those which were granted after November 2, 2002 but which vested prior to transition.
2. Business Combinations - IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after January 1, 2010.

The most significant area identified to date by management where changes in accounting policies have the highest potential impact on the Company’s financial statements based on the accounting policy choices approved by the Audit Committee and Board of Directors is with respect to share based payments.

Share Based Payments

Canadian GAAP

- The fair value of share based payments with graded vesting are calculated as one grant and the resulting fair value is recognized on an accelerated or straight line basis over the vesting period.
- Forfeitures of awards are recognized as they occur.

IFRS

- Each tranche of a grant with different vesting dates is considered a separate grant for the calculation of fair value and the resulting fair value is amortized over the vesting period of the respective tranches.
- Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

To transition to IFRS the Company has reviewed the terms of its currently granted stock options and has come to the conclusion that there is no transitional adjustment necessary due to the fact that all options were fully vested prior to transition as all options vested 100% on grant.

Exploration and Evaluation Assets

Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized. Upon adoption of IFRS, the Company has to determine the accounting policy for exploration and evaluation (E&E) assets which are the exploration expenses incurred subsequent to obtaining the right to explore the resource property.

The comments on the Extractive Industries Discussion Paper published April 2010 indicate that the consensus is to capitalize E&E assets. Based on this, management has decided to continue with its current accounting policy of capitalizing all E&E expenditures.

E&E assets will be classified as intangible assets rather than tangible assets. This has been chosen as expenditures reflect an increased knowledge of the property rather than a tangible asset.

There are no IFRS 1 exemptions for this category.

Property, Plant and Equipment

Under IFRS, Property, Plant and Equipment ("PP&E") can be measured at fair value or at cost while under Canadian GAAP, the Company has to carry PP&E on a cost basis and revaluation is prohibited. The Company has elected to use the cost model. Currently, the Company only has a small amount of equipment capitalized as property, plant and equipment and as a result, there will be no impact on the Company's financial statements upon the adoption of IFRS.

Asset Impairment

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows. International Accounting Standard (IAS) 36, "Impairment of Assets" uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in write downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

Currently the Company has no significant assets for which impairment testing is required. Based on the Company's assessment of its resource property costs, there will be no impairment charge on transition to IFRS.

Income Taxes

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. There will be no impact on the financial statements upon implementation of IAS 12, Income Taxes.

Information System, Internal Controls and Reporting Procedures

Based on management's assessment of the information system currently used by the Company, all information required to be reported under IFRS is expected to be available with minimal system changes. In addition, based upon the Company's current operations, it is management's opinion that the adoption of IFRS is not expected to have a significant impact on internal controls and reporting procedures. The Company currently does not have any debt covenants, capital requirements, compensation arrangements, or material contracts that impact its current business activities that would affect the conversion to IFRS.

Financial Statement Presentation and Disclosure

One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosure requirements. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references.

Related Party Transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities:

	December 31, 2011	December 31, 2010	January 1, 2010
Companies controlled by directors of the Company	\$ -	\$ -	\$ 639
Directors of the Company	40,500	-	-
	<u>\$ 40,500</u>	<u>\$ -</u>	<u>\$ 639</u>

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Key management personnel compensation

During the year ended December 31, 2011, the Company paid management fees of \$120,000 (2010 - \$120,000) to a private company controlled by Stuart Rogers, the CEO of the Company.

During the year ended December 31, 2011 the Company paid geologic consulting fees of US\$120,000 (2010 - US\$120,000) to a private company controlled by Clancy Wendt, the VP Exploration and a Director of the Company.

Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by two banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its HST receivable. This risk is considered to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in United States dollar while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates.

The following is an analysis of Canadian dollar equivalent of financial assets and liabilities that are denominated in United States dollars:

	December 31, 2011	December 31, 2010	January 1, 2010
Cash and cash equivalents	\$ 22,197	\$ 20,653	\$ 22,993
Accounts receivable	-	-	-
Accounts payable	101,615	7,889	-
	<u>\$ (79,418)</u>	<u>\$ 12,764</u>	<u>\$ 22,993</u>

Based on the above net exposures as at December 31, 2011, a 10% change in the United States dollar to Canadian dollar exchange rate would impact the Company's net loss by \$7,900.

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 exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. A 1% change in market interest rates would have an impact on the Company's net loss of \$9,000.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, net of cash and cash equivalents.

There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Cash and cash equivalents	\$ 1,131,358	\$ 2,087,207	\$ 3,118,960
Loans and receivables:			
Receivables and prepaids	14,910	11,138	22,203
HST recoverable	10,106	15,287	9,753
Reclamation deposits	68,184	61,983	28,356
Available-for-sale financial instruments:			
Marketable securities	71,500	174,000	-
	\$ 1,296,058	\$ 2,349,615	\$ 3,179,272

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Non-derivative financial liabilities:			
Trade payables	\$ 127,109	\$ 29,774	\$ 57,549

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets measured at fair value as at December 31, 2011 and December 31, 2010:

	As at December 31, 2011		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,131,358	\$ -	\$ -
Marketable securities	71,500	-	-
	\$ 1,202,858	\$ -	\$ -
	As at December 31, 2010		
	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 2,087,207	\$ -	\$ -
Marketable securities	174,000	-	-
	\$ 2,261,207	\$ -	\$ -

Contingencies

The Company is not aware of any contingencies or pending legal proceedings as of April 24, 2012.

Off Balance Sheet Arrangements

The Corporation has no off Balance Sheet arrangements.

Subsequent Events

On February 22, 2012, the Company granted 675,000 incentive stock options at an exercise price of \$0.25 per option expiring on February 22, 2015 to directors and officers of the Company.

On March 19, 2012, the Company received \$655,306 as reimbursement for exploration expenditures on the Howell and Crowsnest properties (See Note 7 of the financial statements).

Equity Securities Issued and Outstanding

The Company has 24,505,985 common shares issued and outstanding as of April 24, 2012. In addition, there are 2,016,755 warrants outstanding that are exercisable at \$0.38 and 3,465,000 incentive stock options outstanding with exercise prices ranging between \$0.24 and \$0.35.

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.