

MAXIM RESOURCES INC.

**FINANCIAL STATEMENTS
(Unaudited)**

SEPTEMBER 30, 2007

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 financial statements for the period ended September 30, 2007.

MAXIM RESOURCES INC.
BALANCE SHEETS
(Unaudited)

	September 30, 2007	December 31, 2006
ASSETS		
Current		
Cash	\$ 1,665,193	\$ 1,771,830
Receivables	31,046	51,108
Investment (Note 3)	1	1
Prepaid expenses	-	10,000
Due from related parties (Note 8)	<u>9,576</u>	<u>4,107</u>
	1,705,816	1,837,046
Furniture and equipment (Note 4)	9,968	11,757
Resource properties (Note 5)	4,938,913	2,601,801
Loan receivable (Note 6)	<u>1,086,035</u>	<u>-</u>
	<u>\$ 7,740,732</u>	<u>\$ 4,450,604</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities \$ 221,726 \$ 163,900

Loan payable (Note 7)

1,100,000 -

1,321,726 163,900

Shareholders' equity

Capital stock (Note 9) 18,505,533 16,122,544

Contributed surplus (Note 9) 1,538,616 1,174,331

Subscriptions receivable (Note 9) (50,000) -

Subscriptions received (Note 14) 92,000 -

Deficit (13,667,143) (13,010,171)

6,419,006 4,286,704

\$ 7,740,732 \$ 4,450,604

Nature and continuance of operations (Note 2)

Commitment (Note 12)

Subsequent event (Note 14)

On behalf of the Board:

"Glen MacDonald"

Glen MacDonald

Director

"Arthur Brown"

Arthur Brown

Director

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

MAXIM RESOURCES INC.
STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
OIL AND GAS REVENUE	\$ 23,588	\$ 52,523	\$ 77,644	\$ 168,552
DIRECT COST - DEPLETION	<u>-</u>	<u>(36,663)</u>	<u>-</u>	<u>(109,467)</u>
	<u>23,588</u>	<u>15,860</u>	<u>77,644</u>	<u>59,085</u>
EXPENSES				
Amortization	596	988	1,789	1,062
Bank charges and interest	238	946	607	1,808
Consulting	23,700	15,321	69,757	59,442
Management fees	27,000	24,000	81,000	72,000
Office, rent and administration	33,061	22,114	73,716	65,955
Professional fees	66,920	46,632	111,592	130,258
Shareholder relations and promotion	27,882	25,481	57,608	133,248
Stock-based compensation (Note 9)	232,796	77,772	303,486	77,772
Transfer agent and shareholder costs	6,653	5,073	19,315	23,674
Travel	<u>(16,676)</u>	<u>11,805</u>	<u>34,337</u>	<u>45,719</u>
	<u>(402,170)</u>	<u>(230,132)</u>	<u>(753,207)</u>	<u>(610,938)</u>
Loss before other items	<u>(378,582)</u>	<u>(214,272)</u>	<u>(675,563)</u>	<u>(551,853)</u>
OTHER ITEMS				
Foreign exchange loss	(7,433)	(766)	(13,704)	(2,582)
Interest income	7,941	71,262	32,295	107,756
Settlement of lawsuit	-	-	-	(226,421)
Recovery of advances receivable	-	220,000	-	220,000
Mineral property written off	<u>-</u>	<u>(55,358)</u>	<u>-</u>	<u>(55,358)</u>
	<u>508</u>	<u>235,138</u>	<u>18,591</u>	<u>43,395</u>
Income (loss) for the period	(378,074)	20,866	(656,972)	(508,458)
Deficit, beginning of period	<u>(13,289,069)</u>	<u>(11,318,242)</u>	<u>(13,010,171)</u>	<u>(10,788,918)</u>
Deficit, end of period	<u>\$ (13,667,143)</u>	<u>\$ (11,297,376)</u>	<u>\$ (13,667,143)</u>	<u>\$ (11,297,376)</u>
Basic and diluted loss per common share	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding	48,806,638	37,551,503	44,865,125	34,848,126

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

MAXIM RESOURCES INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the period	\$ (378,074)	\$ 20,866	\$ (656,972)	\$ (508,458)
Items not affecting cash:				
Amortization	596	988	1,789	1,062
Depletion	-	36,663	-	109,467
Settlement of lawsuit	-	-	-	226,421
Stock-based compensation	232,796	77,772	303,486	77,772
Recovery of advances receivable	-	(220,000)	-	(220,000)
Accrued interest on advances receivable	-	(50,000)	-	(50,000)
Mineral property written off	-	55,358	-	55,358
Changes in non-cash working capital items:				
(Increase) decrease in receivables	(8,491)	(10,396)	20,662	(31,183)
Decrease in prepaid expenses	10,000	-	10,000	-
Increase (decrease) in accounts payable and accrued liabilities	<u>25,444</u>	<u>(18,295)</u>	<u>54,766</u>	<u>(49,101)</u>
Net cash used in operating activities	<u>(117,729)</u>	<u>(107,044)</u>	<u>(266,869)</u>	<u>(388,662)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Resource property expenditures	(86,687)	(873,204)	(2,337,112)	(1,672,876)
Acquisition of equipment	-	(12,682)	-	(12,682)
Deposit refunded	-	-	-	250,000
Loan receivable	-	-	(1,086,035)	-
Loan payable	<u>-</u>	<u>-</u>	<u>1,100,000</u>	<u>-</u>
Net cash used in investing activities	<u>(86,687)</u>	<u>(885,886)</u>	<u>(2,323,147)</u>	<u>(1,435,558)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from (to) related parties	(6,503)	(1,079)	(5,469)	16,518
Issuance of common shares	1,377,500	1,167,875	2,573,000	1,856,275
Subscriptions received	87,000	-	92,000	-
Share issuance costs	<u>(165,652)</u>	<u>(9,532)</u>	<u>(176,152)</u>	<u>(41,134)</u>
Net cash provided by financing activities	<u>1,292,345</u>	<u>1,157,264</u>	<u>2,483,379</u>	<u>1,831,659</u>
Change in cash for the period	1,087,929	164,334	(106,637)	7,439
Cash, beginning of period	<u>577,264</u>	<u>2,138,392</u>	<u>1,771,830</u>	<u>2,295,287</u>
Cash, end of period	<u>\$ 1,665,193</u>	<u>\$ 2,302,726</u>	<u>\$ 1,665,193</u>	<u>\$ 2,302,726</u>
Cash paid for interest	\$ -	\$ -	\$ -	\$ -
Cash paid for income taxes	-	-	-	-

Supplemental disclosure with respect to cash flows (Note 10)

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

1. BASIS OF PRESENTATION

The interim period financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements, except as noted below. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These interim period statements should be read together with the audited financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

2. NATURE AND CONTINUANCE OF OPERATIONS

Maxim Resources Inc. (the "Company") is incorporated under the laws of the Province of Alberta and its principal business activities are the acquisition, exploration and development of resources properties.

The Company is in the process of exploring and developing most of its resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared on a 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

	September 30, 2007	December 31, 2006
Working capital	\$ 1,534,090	\$ 1,673,146
Deficit	(13,667,143)	(13,010,171)

New Accounting Policy - Financial instruments

Effective January 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") under CICA Handbook Section 1530 "Comprehensive Income" ("Section 1530"), Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement" ("Section 3855"), Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new sections, which apply to fiscal years beginning on or after October 1, 2006, provide requirements for the recognition and measurement of financial instruments and on the use of hedge accounting. Section 1530 establishes standards for reporting and presenting comprehensive income which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income but that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

2. NATURE AND CONTINUANCE OF OPERATIONS (cont'd...)

New Accounting Policy - Financial instruments (cont'd...)

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: (1) held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income; (2) available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired; and (3) all derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sale normal purchase exemption and changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading. Receivables, due from related parties and loans receivable are classified as loans and receivables. Investments are classified as available for sale, all of which are measured at the quoted market price. Accounts payable and accrued liabilities as well as due to directors and loans payable are classified as other financial liabilities, all of which are measured at amortized cost.

Section 3855 also provides guidance on accounting for transaction costs incurred upon the issuance of debt instruments or modification of a financial liability. Transaction costs are now deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

3. INVESTMENT

	September 30, 2007	December 31, 2006
U.S. dollar secured convertible debentures	\$ 1	\$ 1

During the year ended December 31, 2006, the Company purchased 5,280,000 units of Shannon International Inc. ("Shannon"), a public company trading on the OTC, at a cost of \$0.028 per unit (US\$0.025). Each unit consists of one 10% convertible debenture and one half warrant exercisable for each whole warrant at a price of approximately US\$0.03 per common share of Shannon. Each debenture is convertible to common stock of Shannon or repayable by June 7, 2007.

Subsequent to December 31, 2006, Shannon became insolvent. The Shannon investment was written down to \$1 for impairment during the year ended December 31, 2006.

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4. FURNITURE AND EQUIPMENT

	September 30, 2007			December 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 1,081	\$ 814	\$ 267	\$ 1,081	\$ 736	\$ 345
Furniture	6,855	1,611	5,244	6,855	686	6,169
Telephone	5,826	1,369	4,457	5,826	583	5,243
	<u>\$ 13,762</u>	<u>\$ 3,794</u>	<u>\$ 9,968</u>	<u>\$ 13,762</u>	<u>\$ 2,005</u>	<u>\$ 11,757</u>

5. RESOURCE PROPERTIES

All resource properties consist of proven, probable and unproven oil and gas properties.

Period Ended	PEI Property, Prince Edward Island	South Erin, Trinidad	El Maton, Texas	Cooke Ranch, Texas	Motley County, Texas	High Island, Mexico	Total September 30, 2007
Balance, December 31, 2006	\$ 320,000	\$ 1,373,730	\$ 329,427	\$ 376,244	\$ 202,400	\$ -	\$ 2,601,801
Acquisition costs							
Cash	42,000	-	-	-	-	2,236,251	2,278,251
Exploration costs							
Operating	-	47,583	-	11,278	-	-	58,861
Balance, September 30, 2007	<u>\$ 362,000</u>	<u>\$ 1,421,313</u>	<u>\$ 329,427</u>	<u>\$ 387,522</u>	<u>\$ 202,400</u>	<u>\$ 2,236,251</u>	<u>\$ 4,938,913</u>

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5. RESOURCE PROPERTIES (cont'd...)

Year Ended December 31, 2006	PEI Property, Prince Edward Island	South Erin, Trinidad	El Maton, Texas	Cooke Ranch, Texas	Motley County, Texas	Total December 31, 2006
Balance, December 31, 2005	\$ -	\$ -	\$ -	\$ 1,462,109	\$ 191,365	\$ 1,653,474
Acquisition costs						
Additions:						
Cash	50,000	1,373,730	329,427	250,221	11,035	2,014,413
Other	270,000	-	-	-	-	270,000
Exploration costs						
Operating	-	-	-	55,146	-	55,146
Drilling	-	-	-	126,563	-	126,563
Written-off during year	-	-	-	(1,517,795)	-	(1,517,795)
Balance, December 31, 2006	\$ 320,000	\$ 1,373,730	\$ 329,427	\$ 376,244	\$ 202,400	\$ 2,601,801

Cooke Ranch, Texas

During the year ended December 31, 2005, the Company entered into participation agreements with Bayshore Exploration LLC of Katy, Texas, an arms-length private oil and gas company, to acquire a 9.50% working interest in the Cooke Ranch Deep Prospect. As consideration, the Company has paid \$1,894,039, representing the Company's portion of the completed cost of the initial test well (the Cooke No.3 well), a second well (the Cartwright No.1 well), a third well (the Cooke No. 4 well), a fourth well (the Cooke No. 5 well), and a fifth well (the Cartwright No.2 well).

During the year ended December 31, 2006, the Company abandoned its interest in the Cooke No. 4 Well and wrote off resource property costs of \$55,358 to operations. An engineering report was unavailable for Cooke #3, and as a result, the Company wrote off resource property costs of \$1,462,437 to operations.

	Cooke No. 5 Well	Cooke No.3 Well	Cartwright No.1 Well	Cartwright No. 2 Well	Total Cooke Ranch
Balance, December 31, 2006	\$ 117,700	\$ 1	\$ 130,581	\$ 127,892	\$ 376,244
Exploration costs, operating	-	11,278	-	-	11,278
Balance, September 30, 2007	\$ 117,700	\$ 11,279	\$ 130,581	\$ 127,892	\$ 387,522

Motley County, Texas

During the year ended December 31, 2005, the Company entered into an arms-length letter of intent with Kendrick Oil & Gas Company ("Kendrick") to acquire a 75% net revenue interest in the Palo Duro Basin in Motley County, Texas. As consideration, the Company paid \$202,400 in acquisition costs including a finder's fee of \$17,100.

5. RESOURCE PROPERTIES (cont'd...)

El Maton Field, Texas

During the year ended December 31, 2006, the Company entered into a participation agreement with an arms-length private oil and gas company to acquire a 15% working interest in the El Maton Field Prospect located in Matagorda County, Texas. As consideration, the Company paid \$329,427 including a finder's fee of \$23,000.

South Erin Block, Trinidad

During the year ended December 31, 2006, the Company acquired a 69% working interest in the South Erin Block located in South West Trinidad. As consideration, the Company paid \$1,373,730 (\$152,125 deposit paid during the December 31, 2005 year end).

The Company intends to drill four development wells. The drilling will commence upon receipt of the Certificate of Environmental Clearance from the local Environmental Management Authority.

High Island Block, Mexico

During the nine month period ended September 30, 2007, the Company entered into an arms-length agreement to acquire a 20% working interest and a 10% net revenue interest in the 115 B-1 well and the High Island Block oil and gas leases in the Western Gulf of Mexico. As consideration the Company paid \$2,236,251 (US\$2,004,000) during the period ended September 30, 2007.

PEI Permits, Prince Edward Island

During the year ended December 31, 2006, the Company acquired a 50% working interest in Prince Edward Island Oil & Gas Permits numbered 02-01, 04-01 and 04-04. As consideration, the Company paid \$320,000 which included \$220,000 paid during the year ended December 31, 2005. The advance receivable was written off during the year ended December 31, 2005 and was recovered during fiscal 2006 as part of the acquisition.

Subsequent to December 31, 2006, the corporation holding the permits became insolvent. The resource property has not been written down as it is the Company's understanding that its working interest remains secure.

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6. LOAN RECEIVABLE

The loan receivable is unsecured, non-interest bearing and has no fixed terms of repayment.

7. LOAN PAYABLE

The loan payable consists of a promissory note which is non-interest bearing and has no fixed terms of repayment.

8. RELATED PARTY TRANSACTIONS

The amounts due from related parties are as follows:

	September 30, 2007	December 31, 2006
Due from director and officer	\$ 9,576	\$ 4,107

The fair value of the amounts due to or from related parties is not determinable as they have no fixed terms of repayment, do not bear interest and are unsecured.

During the nine month period ended September 30, 2007, the Company paid or accrued:

- i) \$81,000 (2006 - \$72,000) in management fees to a director and officer of the Company.
- ii) \$82,934 (2006 - \$86,060) in professional fees to a firm in which an officer of the Company is a partner.
- iii) \$14,000 (2006 - \$Nil) in administration fees to a daughter of a director and officer of the Company.

Included in accounts payable is \$88,052 (December 31, 2006 - \$28,246) due to a firm in which an officer of the Company is a partner.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

MAXIM RESOURCES INC.
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9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Share Amount	Contributed Surplus
Authorized			
Unlimited number of voting common shares without par value			
Unlimited number of preferred shares with no par value			
Balance as at December 31, 2005	31,496,888	\$ 13,842,455	\$ 1,165,724
Private placements	8,163,500	1,878,775	-
Share issue costs	-	(148,066)	-
Shares issued for settlement of lawsuit	870,848	226,420	-
Exercise of options	315,000	134,395	(71,995)
Exercise of warrants	652,750	164,463	-
Stock-based compensation	-	-	77,772
Agent shares and warrants	<u>86,080</u>	<u>24,102</u>	<u>2,830</u>
Balance as at December 31, 2006	41,585,066	16,122,544	1,174,331
Private placements	6,801,667	2,040,500	-
Share issue costs	-	(240,011)	-
Exercise of warrants	2,330,000	582,500	-
Stock-based compensation	-	-	303,486
Fair value of agents warrants	<u>-</u>	<u>-</u>	<u>60,799</u>
Balance as at September 30, 2007	<u>50,716,733</u>	<u>\$ 18,505,533</u>	<u>\$ 1,538,616</u>

During the nine month period ended September 30, 2007 the Company:

- a) completed a private placement for \$906,900 by issuing 3,023,000 units at a price of \$0.30 per unit. Each unit consisted of one common share and one common share purchase warrant enabling the holder to purchase an additional common share at \$0.40 per share until June 20, 2008. Share issue costs of \$43,650 were incurred in connection with the private placement.
- b) completed a private placement for \$1,133,600 by issuing 3,778,667 units at a price of \$0.30 per unit. Each unit consisted of one common share and one common share purchase warrant enabling the holder to purchase an additional common share at \$0.40 per share until July 31, 2008. Share issue costs of \$135,562 were incurred in connection with the private placement, including 361,667 agent warrants to acquire 361,667 common shares, exercisable at \$0.40 per share until July 30, 2008, valued at \$60,799.
- c) issued 2,330,000 common shares for total proceeds of \$582,500 pursuant to the exercise of warrants previously granted. Subsequent to September 30, 2007, the Company received communication that \$50,000 worth of shares, that were already issued, are being returned for cancellation.

MAXIM RESOURCES INC.
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9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

During the year ended December 31, 2006, the Company:

- a) completed a private placement for \$648,400 by issuing 3,242,000 units at a price of \$0.20 per unit. Each unit consisted of one common share and one common share purchase warrant enabling the holder to purchase an additional common share at \$0.25 per share until March 20, 2007. Share issue costs of \$30,243 were incurred in connection with the private placement.
- b) completed a private placement for \$1,230,375 by issuing 4,921,500 units at a price of \$0.25 per unit. Each unit consisted of one common share and one half of a share purchase warrant with each whole warrant enabling the holder to purchase an additional common share at \$0.35 until August 29, 2007. Share issue costs of \$116,191 were incurred in connection with the private placement, including 86,080 agent shares valued at \$24,102 and 43,040 agent warrants to acquire 43,040 common shares, exercisable at \$0.35 per share until August 29, 2007, valued at \$2,830.
- c) issued 315,000 common shares for total proceeds of \$62,400 pursuant to the exercise of options previously granted.
- d) issued 870,848 shares for settlement of a lawsuit totaling \$226,420. Four companies filed a counterclaim against the Company's original claim that security agreements entered into and debt booked to the Company were invalid. As at December 31, 2004, \$322,581 of these debts were written-off. The Company's issuance of 870,848 shares to the four companies resulted in a Discontinuance of Action and Discontinuance of Counterclaim. Share issue costs of \$1,632 were paid pursuant to the issuance.
- e) issued 652,750 common shares for total proceeds of \$164,463 pursuant to the exercise of warrants previously granted.

Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

The Company granted 1,550,000 (September 30, 2006 – 600,000) stock options during the period resulting in stock-based compensation expense, using the Black-Scholes option-pricing model, of \$303,486 (September 30, 2006 - \$77,772). This amount was also recorded as contributed surplus on the balance sheet. The weighted average fair value of the stock options granted during the period was \$0.25 (September 30, 2006 - \$0.13).

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9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options (cont'd...)

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the period:

	September 30, 2007	September 30, 2006
Risk-free interest rate	4.53%	4.03%
Expected life of options	4.21 years	4.78 years
Annualized volatility	181.06%	79.72%
Dividend rate	-	-

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance, December 31, 2005	2,780,000	\$ 0.34
Granted	600,000	0.20
Expired	(60,000)	4.80
Exercised	(315,000)	0.20
Cancelled	<u>(100,000)</u>	<u>0.20</u>
Balance, December 31, 2006	2,905,000	0.24
Granted	<u>1,550,000</u>	<u>0.25</u>
Balance, September 30, 2007	4,455,000	\$ 0.24
Number of options currently exercisable	4,455,000	\$ 0.24

As at September 30, 2007, the following incentive stock options are outstanding:

Number of Shares	Exercise Price	Expiry Date
660,000	\$ 0.38	February 2, 2010
1,660,000	0.20	June 30, 2010
385,000	0.16	January 23, 2011
200,000	0.20	July 19, 2011
350,000	0.20	July 21, 2011
1,200,000	0.26	August 20, 2012

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9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance as at December 31, 2005	22,155,805	\$	0.49
Issued	5,745,790		0.29
Exercised	(652,750)		0.25
Expired	<u>(19,245,474)</u>		0.49
Balance as at December 31, 2006	8,003,371		0.35
Issued	7,163,334		0.40
Expired	(3,065,040)		0.35
Exercised	<u>(2,330,000)</u>		0.25
Balance as at September 30, 2007	9,771,665	\$	0.41

As at September 30, 2007, the following warrants are outstanding:

Number of Shares	Exercise Price	Expiry Date
2,608,331	\$ 0.45	October 14, 2007 (expired subsequently)
3,023,000	0.40	June 20, 2008
4,140,334	0.40	July 30, 2008

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine month period ended September 30, 2007, significant non-cash investing and financing activities included:

- a) issuing common shares for subscriptions receivable of \$50,000.
- b) accruing \$3,060 of share issue costs.

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10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

During the period ended September 30, 2006, the Company had the following significant non-cash transactions:

- a) Allocated \$9,316 to capital stock from contributed surplus for stock options exercised during the period.
- b) Accrued \$5,000 of share issue costs.
- c) Issued 870,848 shares to settle a lawsuit totaling \$226,421.
- d) Applied a deposit of \$152,125 (paid December 31, 2005) towards the acquisition of resource properties.

11. SEGMENTED INFORMATION

The Company operates in one industry segment, being the acquisition, exploration and development of resource properties. Geographic information is as follows:

	Nine month period ended September 30, 2007	Nine month period ended September 30, 2006
Income (loss) for the period		
Canada	\$ (734,616)	\$ (468,960)
United States	<u>77,644</u>	<u>(39,498)</u>
Total	<u>\$ (656,972)</u>	<u>\$ (508,458)</u>
Revenues:		
United States	<u>\$ 77,644</u>	<u>\$ 168,552</u>
	September 30, 2007	December 31, 2006
Capital assets:		
United States	\$ 919,349	\$ 908,071
Trinidad	1,421,313	1,373,730
Canada	362,000	331,757
Mexico	<u>2,236,251</u>	<u>-</u>
	<u>\$ 4,938,913</u>	<u>\$ 2,613,558</u>

12. COMMITMENT

The Company has committed to rent office space until December 31, 2007 for an amount of approximately \$4,000 per month.

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13. FINANCIAL INSTRUMENTS

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

14. SUBSEQUENT EVENT

Subsequent to September 30, 2007, the Company received subscriptions of \$92,000 for 306,667 units at \$0.30 per unit. Each unit consists of one common share and one warrant to purchase one additional share at an exercise price of \$0.40 for a period of two years.