No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States.

PROSPECTUS

Initial Public Offering **December 13, 2012**

CMX GOLD & SILVER CORP.

MINIMUM $3,000,000
20,000,000 UNITS
MAXIMUM $4,200,000
28,000,000 UNITS

PRICE: $0.15 PER UNIT

This Prospectus (as defined herein) is being filed by CMX Gold & Silver Corp. (the "**Corporation**" or "**CMX**") to qualify the initial public offering (the "**Offering**") of a minimum of 20,000,000 units in the capital of the Corporation (the "**Units**") for total gross proceeds to the Corporation of $3,000,000 (the "**Minimum Offering**") and a maximum of 28,000,000 Units for total gross proceeds to the Corporation of $4,200,000 (the "**Maximum Offering**") at a price of $0.15 per Unit (the "**Offering Price**") pursuant to an agency agreement (the "**Agency Agreement**") dated December 13, 2012 (as defined herein) between the Corporation and Wolverton Securities Ltd. (the "**Agent**"). Each Unit will consist of one common share in the capital of the Corporation ("**Common Share**") and one Common Share purchase warrant (a "**Warrant**"), which are qualified for distribution by this Prospectus. Each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of $0.25 per Common Share (a "**Warrant Share**"), expiring 24 months (the "**Expiry Date**") following the Closing Date (as defined herein).

	Price to the Public(1)	**Agent's Fee**(2)	**Net Proceeds to the Corporation**(3)
Per Unit	$0.15	$0.015	$0.135
Minimum Offering(4) (20,000,000 Units)	$3,000,000	$300,000	$2,700,000
Maximum Offering (28,000,000 Units)	$4,200,000	$420,000	$3,780,000

Notes:

(1) The Offering Price has been determined by negotiation between the Corporation and the Agent.

(2) The Agent will be paid a fee in cash (the "**Agent's Fee**") of 10% of all gross proceeds raised pursuant to the Offering. The Agent's Fee will be reduced to 2% of all gross proceeds raised from certain President's List orders (as defined herein) secured by the Corporation. The Corporation will also grant non-transferable agent's options to the Agent ("**Agent's Options**"), entitling the Agent to purchase that number of Units (the "**Agent's Units**") equal to 10% of the number of Units sold pursuant to the Offering. The Agent's Option will be reduced to 2% of the number of Units sold to certain President's List orders secured by the Corporation. The Agent's Options will be exercisable at an exercise price equal to the Offering Price for 24 months from the Closing Date. The Agent will also receive a corporate finance fee of $5,000 plus applicable taxes (the "**Corporate Finance Fee**"), which is a non-refundable fee that has been paid. See "*Plan of Distribution*". This Prospectus will qualify the Agent's

Options issued to the Agent. The Corporation will also pay the Agent's expenses, including reasonable legal fees and disbursements. See "*Plan of Distribution*".

(3) Before deducting expenses of the Offering, which are estimated to be approximately $325,000, which will be paid by the Corporation from the proceeds of the Offering. See "*Use of Proceeds*".

(4) There will be no Closing unless a minimum of 20,000,000 Units are sold. If subscriptions for a minimum of 20,000,000 Units have not been received within 90 days following the date of issuance of a receipt for the final prospectus to which this Prospectus relates, or such other date as the regulatory authorities may permit, this Offering may not continue and subscription proceeds will be returned to Subscribers, without interest or deduction, unless an amendment to the final prospectus is filed. The proceeds from subscriptions will be received by the Agent or such other registered dealers or brokers as are authorized by the Agent pending the Closing.

There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors".

The TSXV (as defined herein) has conditionally approved the listing of the Common Shares and Warrants. Listing of such Common Shares and Warrants will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on (i) the Toronto Stock Exchange; (ii) a U.S. Marketplace; or (iii) a marketplace outside of Canada and the U.S.

An investment in the Units is subject to a number of risks that should be considered by a prospective Subscriber. See "*Risk Factors*".

The Agent offers the Units on a commercially reasonable efforts basis, if, as and when issued by the Corporation in accordance with the conditions contained in the Agency Agreement referred to under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of the Corporation by Norton Rose Canada LLP, and on behalf of the Agent by Burstall Winger LLP. See "*Plan of Distribution*".

This Offering is not underwritten and is subject to the receipt by the Agent of subscriptions for the minimum Offering in the amount of $3,000,000. In the event that subscriptions totalling $3,000,000 are not received within 90 days following the date of issuance of a receipt for the final prospectus to which this Prospectus relates, or such other date as the regulatory authorities may permit, this Offering may not continue and subscription proceeds will be returned to Subscribers, without interest or deduction, unless an amendment to the final prospectus is filed.

Agent's Position	Maximum Size or Number of Securities Available	Exercise Period or Acquisition Date	Exercise Price or Average Acquisition Price
Agent's Option	2,800,000 Agent's Units	24 months from the Closing Date	$0.15/Unit

Note:

(1) In addition to the Units, this Prospectus also qualifies for distribution the Agent's Option issued to the Agent. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing Date (as defined herein) is expected to occur not later than 90 days after a receipt for the final prospectus, unless an amendment to the final prospectus is filed and the regulator has issued a receipt for the amendment, in which case Closing may occur within a maximum of 180 days after the receipt for the final prospectus, to which this prospectus relates, is issued.

Certificates representing the Common Shares and Warrants offered under this Prospectus will be issued in registered form to CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee and will be deposited with CDS on the Closing Date of the Offering. Registrations and transfers of the Common Shares and Warrants deposited with CDS will be effected only through the book-based electronic system administered by CDS. A purchaser under the Offering will receive only a customer confirmation from a registered dealer which is a CDS participant and from or through which the Units are purchased. At the discretion of the Corporation, in certain limited circumstances, physical certificates may be issued by the Corporation's registrar and transfer agent to owners evidencing their ownership of Common Shares or Warrants.

The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Corporation has not determined whether the Marietta Property or the Clayton Property contain economically recoverable reserves of ore and currently has not earned any revenue from either property and, therefore, does not generate cash flow from its operations. There is no assurance that new capital will be available and if it is not, the Corporation may be forced to substantially curtail or cease operations. As a result of the recurring losses over the Corporation's history, the Corporation has a deficit of $3,565,410 as at September 30, 2012 (December 31, 2011 - $3,277,412). As at November 30, 2012, the Corporation had an estimated working capital deficiency of $408,540. The Corporation currently does not have the necessary financing in place to support continuing losses and these matters raise significant doubt about its ability to continue as a going concern. Investors should not invest any funds in the Offering unless they can afford to lose their entire investment.

Mr. Randal Squires, an officer that is providing a certificate under Part 5 of National Instrument 41-101 - *General Prospectus Requirements* resides outside of Canada. Although Mr. Squires has appointed Norton Rose Canada LLP as his agent for service of process in Canada it may not be possible for investors to enforce judgements obtained in Canada against such director.

The head office of CMX is located at 31 Stranraer Place S.W., Calgary, Alberta, T3H 1H5 and the mailing address is P.O. Box 60019, 677 Cougar Ridge Drive S.W., Calgary, Alberta, T3H 5J0. The registered office of CMX is located at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2. CMX is currently a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

The Agent:

Wolverton Securities Ltd.
2100, 335 - 8th Ave SW
Calgary, Alberta, Canada T2P 1C9
Telephone: 403.263.8800 Facsimile: 403.269.8881

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FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Prospectus, such statements use such words as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate" and other similar terminology. These statements reflect the Corporation's current expectations regarding future events and operating performance and speak only as of the date of this Prospectus. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed below and under "Risk Factors". Although the forward-looking statements contained in this Prospectus are based upon what management of the Corporation believes are reasonable assumptions, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this Prospectus and are expressly qualified in their entirety by this cautionary statement. Subject to applicable securities laws, neither the Corporation, nor the Agent assume any obligation to update or revise them to reflect new events or circumstances.

In particular, this Prospectus contains forward-looking statements pertaining to the following:

- investment objectives and strategy;
- the development plans of the Corporation;
- the Corporation's intentions, results of operations, levels of activity, future capital and other requirements and expenditures (including the amount, nature and sources of funding thereof);
- competitive advantages;
- business prospects and opportunities;
- exploration plans and budgets;
- the future price of silver or other metals;
- the estimation of mineral resources;
- government regulation of mining operations;
- dependence on personnel; and
- expectations regarding market prices and costs.

With respect to forward-looking statements contained in this Prospectus, the Corporation has made assumptions regarding, among other things:

- the Corporation's ability to find commercial quantities of minerals;
- the impact of increasing competition; and
- the Corporation's ability to obtain additional financing on satisfactory terms.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Prospectus:

- the Corporation's limited history;

- the Corporation's negative operating cash flow;
- the risks associated with exploration and mining operations;
- the financial capacity of the counter-party to the Option Agreement (as defined herein);
- fluctuations of metal prices;
- key-man and liability insurance, uninsurable risks;
- future financing requirements;
- environmental regulations;
- dependence on limited properties;
- title to properties;
- governmental and regulatory requirements;
- adequate infrastructure;
- costs of land reclamation;
- absence of public trading market;
- currency exposure;
- competition;
- dividends;
- conflicts of interest; and
- the market for the Common Shares.

ELIGIBILITY FOR INVESTMENT

In the opinion of Norton Rose Canada LLP, counsel to the Corporation and Burstall Winger LLP, counsel to the Agent, the Common Shares and Warrants offered hereunder and the Common Shares issuable upon exercise of the Warrants will be, at the time of their issuance, "qualified investments" under the Tax Act for trusts governed by a registered retirement savings plan (a "**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account ("**TFSA**") (each an "**Exempt Plan**"), provided that:

(i) in the case of the Common Shares, the Common Shares are listed on a designated stock exchange (which includes the TSXV) at the time of their issuance;

(ii) in the case of the Warrants, the Common Shares are listed on a designated stock exchange (which includes the TSXV) at the time of issuance of the Warrants, and the Corporation and any person who does not deal at arm's length (within the meaning of the Tax Act) with the Corporation is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the Exempt Plan at such time; and

(iii) in the case of the Common Shares issuable on the exercise of the Warrants, the Common Shares are listed on a designated stock exchange (which includes the TSXV) at the time of their issuance.

Notwithstanding that Common Shares and Warrants may be qualified investments as described above, the holder of a trust governed by a TFSA or the annuitant under a RRSP or RRIF that holds Common Shares or Warrants will be subject to a penalty tax if such Common Shares or Warrants are a "prohibited investment" for the purposes of the Tax Act. Under the current provisions of the Tax Act, the Common

Shares and Warrants will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, does not deal at arm's length with the Corporation for the purposes of the Tax Act or the holder or the annuitant, as the case may be, has a "significant interest" (within the meaning of the Tax Act) in the Corporation or a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act. The Department of Finance (Canada) has announced that it intends to recommend changes to the prohibited investment rules; however, draft legislation to implement these changes has not been released. Prospective holders should consult their own tax advisors regarding their particular circumstances.

CURRENCY

Dollar references in this Prospectus are in Canadian dollars unless otherwise indicated. In instances where amounts originally presented in U.S. dollars have been converted to Canadian dollars in this Prospectus, the rate of exchange for the U.S. dollar, expressed in Canadian dollars, is Canadian $1.00 = US$1.00.

The following table sets forth the average exchange rates for the nine month periods ended September 30, 2012 and 2011 and the years ended December 31, 2011 and December 31, 2010 based on the Bank of Canada noon rate for United States dollars. The rates are set forth as U.S. dollars per one Canadian dollar. The exchange rates disclosed have been rounded.

	Nine Months ended September 30,		**Year Ended December 31,**	
	2012	**2011**	**2011**	**2010**
High for the period	US1.0299	US$1.0582	US$1.0630	US$1.0069
Low for the period	0.9599	0.9626	0.9383	0.9218
End of the period	1.0166	0.9626	0.9833	1.0054
Average rate during the period	0.9977	1.0224	1.0111	0.9671

GLOSSARY

When used in this Prospectus, the following terms have the following meanings ascribed thereto:

"**1933 Act**" means the *U.S. Securities Act of 1933*, as amended;

"**ABCA**" means the *Business Corporations Act* (Alberta), as amended;

"**Agency Agreement**" means the Agency Agreement between the Corporation and the Agent dated December 13, 2012 with respect to the Offering as more particularly described under the heading "*Plan of Distribution*";

"**Agent**" means Wolverton Securities Ltd.;

"**Agent's Fee**" means a fee of 10% of the gross proceeds from the sale of the Units pursuant to the Offering, but will be reduced to 2% of all gross proceeds raised from certain President's List orders secured by the Corporation;

"**Agent's Options**" means the options granted to the Agent pursuant to the Agency Agreement, entitling the Agent to purchase that number of Agent's Units equal to 10% of the number of Units sold pursuant to the Offering, but will be reduced to 2% of the number of Units sold to certain President's List orders secured by the Corporation. The Agent's Options will be exercisable at an exercise price equal to the Offering Price for 24 months from the Closing Date;

"**Agent's Units**" means the Units, if any, to be issued to the Agent on exercise of the Agent's Options;

"**associate**" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"**Azteca**" means Azteca Gold Corp., a corporation incorporated under the ABCA;

"**Board**" or "**Board of Directors**" means the board of directors of the Corporation;

"**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the City of Calgary, Alberta are not generally open for business;

"**Clayton Exploration Project**" means the exploration project on the Clayton Property as described in the Clayton Report;

"**Clayton Property**" means the property located approximately 1.5 miles from the town of Clayton in Custer County, in central Idaho;

"**Clayton Report**" means the March 12, 2012 technical report of the Clayton Property compliant with NI 43-101 prepared by J.A. Thomson Consulting, Ph.D., LG, LLC.;

"**Closing**" means closing of the offering of Units which is expected to occur not later than 90 days after a receipt for the final prospectus, unless an amendment to the final prospectus is filed and the regulator has issued a receipt for the amendment, in which case Closing may occur within a maximum of 180 days after the receipt for the final prospectus is issued;

"**Closing Date**" means the date on which the Closing occurs;

"**CMX**" or the "**Corporation**" means CMX Gold & Silver Corp. (formerly known as Liard Resources Ltd.), a corporation incorporated under the ABCA;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**control**" and related terms including "**controlling**" and "**controlled**", shall mean the possession, directly or indirectly, by or on behalf of a person or group of persons acting jointly or in concert, of the following in respect of another person: (i) in the case where the other person is a corporation, the power to vote more than 50% of the securities having ordinary voting power for the election of directors of such corporation; (ii) in the case where the other person is a limited partnership, the power to control the general partner of the limited partnership; and (iii) in the case where the other person is other than a corporation or limited partnership, any of: (1) the power to exercise more than 50% of the voting rights in such person; or (2) the right to receive more than 50% of the distributions made by that person;

"**Corporate Finance Fee**" means the corporate finance fee payable to the Agent pursuant to the Agency Agreement in the total amount of $5,000 plus applicable taxes, which is a non-refundable fee that has been paid;

"**CRA**" means the Canada Revenue Agency and any successor thereto;

"**Escrow Agreement**" means the escrow agreement dated December 12, 2012 entered into pursuant to NP 46-201 among the Escrowed Shareholders, the Corporation and Olympia Trust Company;

"**Escrowed Shareholders**" means the Shareholders who are directors or officers or who purchased Common Shares for less than $0.05 per Common Shares (and who are not otherwise excluded pursuant to NP 46-201);

"**Escrowed Securities**" means those Common Shares and Common Share purchase warrants required to be escrowed pursuant to NP 46-201 and TSXV Policy 5.4 *Escrow, Vendor Consideration and Resale Restrictions*;

"**Expiry Date**" means 24 months from the Closing Date;

"**GAAP**" means generally accepted accounting principles;

"**IFRS**" means International Financial Reporting Standards;

"**IPO**" means the initial public offering of the Units of the Corporation;

"**Listing Date**" means the date on which the Common Shares are listed on the TSXV;

"**Marietta Exploration Project**" means the exploration project on the Marietta Property as described in the Marietta Report;

"**Marietta Property**" means the property situated within the Marietta Mining District, Mineral County, Nevada;

"**Marietta Report**" means the March 14, 2012 technical report of the Marietta Property compliant with NI 43 101 prepared by J.A. Thomson Consulting, Ph.D., LG, LLC.;

"**Material Shareholder**" means a Shareholder holding a sufficient number of Common Shares to materially affect the control of CMX;

"**NI 41-101**" means National Instrument 41-101 - *General Prospectus Requirements*;

"**NI 43-101**" means National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*;

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*;

"**NP 46-201**" means National Policy 46-201 - *Escrow for Initial Public Offerings*;

"**Offering Price**" means $0.15 per Unit;

"**Offering**" means the initial public offering of a minimum of 20,000,000 Units and up to a maximum of 28,000,000 Units of the Corporation as described in this Prospectus;

"**Option**" means an option to acquire Common Shares granted pursuant to the Option Plan;

"**Option Agreement**" means the option agreement dated effective March 17, 2011, as amended on November 15, 2011, as further amended on March 7, 2012 and as further amended on June 12, 2012, between Azteca and the Corporation, pursuant to which the Corporation has been granted the option to earn up to a 50% right, title and interest in and to the Marietta Property by incurring up to US$2,000,000 in exploration expenditures and the issuance of 2,500,000 Common Shares at a deemed price of US$0.10 per Common Share;

"**Option Plan**" means the stock option plan of the Corporation approved on January 28, 2011;

"**person**" includes any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association and pronouns have a similarly extended meaning;

"**President's List**" means subscriptions for Units sourced and secured by the Corporation, as agreed to between the Corporation and the Agent;

"**Prospectus**" means this final prospectus of the Corporation dated December 13, 2012;

"**SEC**" means the U.S. Securities and Exchange Commission;

"**Securities Act**" means the *Securities Act* (Alberta), as amended;

"**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the Provinces and Territories of Canada and the SEC in the U.S.;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

"**Shareholder**" means a holder of Common Shares;

"**Subscriber**" means a subscriber for Units hereunder;

"**subsidiary**" has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned by CMX);

"**Tax Act**" means the *Income Tax Act* (Canada) as amended;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the TSX Venture Exchange Inc.;

"**U.S.**" means the United States of America;

"**Units**" means the units of the Corporation offered for sale under this Prospectus whereby each unit is comprised of one Common Share and one Warrant;

"**Warrant**" means the Common Share purchase warrants of the Corporation comprising part of the Units; each Warrant will entitle the holder thereof to acquire one Common Share in the capital of the Corporation at an exercise price of $0.25 until the Expiry Date;

"**Warrant Indenture**" means the warrant indenture to be entered into between the Corporation and Olympia Trust Company; and

"**Warrant Trustee**" means Olympia Trust Company, the warrant trustee pursuant to the Warrant Indenture.

Dollar references in this Prospectus are in Canadian dollars unless otherwise indicated. The rate of exchange used for the Canadian dollar, expressed in U.S. dollars, is Canadian $1.00 = US$1.00.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Offering and should be read together with the more detailed information and financial data and statements appearing elsewhere in this Prospectus. Certain capitalized terms used but not defined in this summary are defined elsewhere in this Prospectus.

The Offering

The Corporation: CMX is an exploration stage company engaged in the acquisition, exploration and development of silver and gold/copper properties in the U.S. The Corporation was incorporated under the ABCA on July 30, 1986. See "*The Corporation - General*".

The Offering: The Corporation is offering to the public, through the Agent, a minimum of 20,000,000 Units and up to a maximum of 28,000,000 Units at a price of $0.15 per Unit for aggregate gross proceeds of a minimum of $3,000,000 and up to a maximum of $4,200,000. Each Unit is comprised of one Common Share and one Warrant (which are qualified for distribution by this Prospectus), and each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of $0.25 per Common Share until the Expiry Date. See "*Plan of Distribution*" and "*Capital Structure of the Corporation - Warrants*".

Agent's Compensation: The Agent will be paid the Agent's Fee of 10% of all gross proceeds raised pursuant to the Offering. The Agent's Fee will be reduced to 2% of all gross proceeds raised from certain President's List orders secured by the Corporation.

The Corporation will also grant Agent's Options, entitling the Agent to purchase that number of Agent's Units equal to 10% of the number of Units sold pursuant to the Offering. The Agent's Option will be reduced to 2% of the number of Units sold to certain President's List orders secured by the Corporation. The Agent's Options will be exercisable at an exercise price equal to the Offering Price for 24 months from the Closing Date.

The Agent has received the Corporate Finance Fee of $5,000 plus applicable taxes, which is a non-refundable fee.

The Corporation will also pay the Agent's expenses, including reasonable legal fees.

See "*Plan of Distribution*".

Qualification for Distribution: In addition to the Units, this Prospectus also qualifies the Agent's Options issued to the Agent. See "*Plan of Distribution*".

Use of Proceeds: Assuming the issuance of the minimum of 20,000,000 Units, the estimated net proceeds to be received by the Corporation will be $1,966,460 after the deduction of the Agent's Fee of $300,000 and the estimated expenses of the Offering of $325,000, including the Corporate Finance Fee and after reducing the proceeds by an amount equal to the estimated working capital deficiency as at November 30, 2012 of $408,540. Assuming the issuance of the maximum of 28,000,000 Units, the estimated net proceeds to be received by the Corporation will be $3,046,460 after the deduction of the Agent's Fee of $420,000 and the estimated expenses of the Offering of $325,000, including the Corporate Finance Fee and after reducing the proceeds by an amount equal to the estimated working capital deficiency as at November 30, 2012 of $408,540.

The net proceeds payable to the Corporation will be used to pay for exploration and development programs on the Corporation's mineral properties and for general working capital purposes. See "*Use of Proceeds*". The exploration and development programs will be on the Clayton Property and the Marietta Property, which are located in the U.S. In the event that only the Minimum Offering is raised, the Corporation will need to raise further capital in order to complete Phase 1b of the exploration program for the Marietta Property. Proceeds from the Minimum Offering will only be sufficient to fund Phase 1a of the exploration program. See "*Use of Proceeds*" and "*Marietta Property- Budget*".

Eligibility for Investment: See "*Eligibility for Investment*".

Risk Factors: The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Corporation has not determined whether the Marietta Property or the Clayton Property contain economically recoverable reserves of ore and currently has not earned any revenue from either property and, therefore, does not generate cash flow from its operations. There is no assurance that new capital will be available and if it is not, the Corporation may be forced to substantially curtail or cease operations. As a result of the recurring losses over the Corporation's history, the Corporation has a deficit of $3,565,410 as at September 30, 2012 (December 31, 2011 - $3,277,412). As at November 30, 2012, the Corporation had an estimated working capital deficiency of $408,540. The Corporation currently does not have the necessary financing in place to support continuing losses and these matters raise significant doubt about its ability to continue as a going concern. Investors should not invest any funds in the Offering unless they can afford to lose their entire investment.

There is currently no market through which the Common Shares and Warrants may be sold and Subscribers may not be able to resell securities purchased under this Prospectus. An investment in the Units involves a high degree of risk and should be considered highly speculative due to the nature of the Corporation's business and its relatively early stage of development and should only be considered by persons who can afford to lose all or some of their investment. Other risk factors associated with an investment in the Units are listed under the heading "*Risk Factors*".

Selected Financial Information: The following table sets out selected financial information for the Corporation summarized from its unaudited financial statements for the 9 month period ended September 30, 2012 and the audited financial statements for the years ended December 31, 2011 and December 31, 2010, which are included as Appendix A attached to this Prospectus. See also "*Management's Discussion and Analysis*". This summary financial information should be read in conjunction with the financial statements and notes thereto.

The following table sets out selected financial information concerning CMX.

Statement of Operations and Comprehensive Loss

	Nine Month Period Ended September 30, 2012 (unaudited)	**Year Ended December 31, 2011 (audited)**	**Year Ended December 31, 2010 (audited)**
Revenue	$nil	$nil	$nil
Net and comprehensive loss	$287,998	$592,967	$308,825
Basic and diluted loss per share	$0.012	$0.028	$0.042

Statement of Financial Position

	Nine Month Period Ended September 30, 2012 (unaudited)	Year Ended December 31, 2011 (audited)	Year Ended December 31, 2010 (audited)
Total assets	$800,717	$724,469	$546,586
Total liabilities	$943,302	$579,056	$457,734
Shareholders' equity (deficiency)	$(142,585)	$145,413	$88,852

Following the completion of the Offering, CMX will have approximately $1,966,460 in available funds if the minimum Offering is completed and $3,046,460 in available funds if the maximum Offering is completed, such funds to be used as follows:

	Minimum Offering	Maximum Offering
Phase 1 Clayton exploration plans[(1)]	$ 990,250	$ 990,250
Phase 1a and 1b Marietta exploration plans[(2)]	298,750	1,063,250
Miscellaneous site work[(3)]	20,000	20,000
General and Administrative Expenses:		
Administrative and office	90,000	90,000
Professional fees	60,000	60,000
Management fees[(5)]	190,000	190,000
Corporate and shareholder communications	25,000	25,000
Unallocated Working capital	292,460	607,960
TOTAL	**$ 1,966,460**	**$ 3,046,460**

Notes:

(1) The current Phase 1 Clayton budget is US$990,250.

(2) The current Phase 1a Marietta budget is US$298,750; the current Phase 1b Marietta budget is US$764,500. In the event that only the Minimum Offering is raised, the Corporation will need to raise further capital in order to complete Phase 1b of the exploration program for the Marietta Property. Proceeds from the Minimum Offering will only be sufficient to fund Phase 1a of the exploration program.

(3) Pursuant to the Option Agreement, CMX is responsible for completing and paying for remedial work to be taken with respect to the condition of old mine workings on the Marietta Property, as identified by the Nevada Division of Minerals, which is mainly related to the installation of warning signs and fencing around old mine workings.

(4) The rate of exchange used for the Canadian dollar, expressed in U.S. dollars, is Canadian $1.00 = US$1.00.

(5) Subsequent to the Closing Date, the Corporation anticipates compensating the CEO at a rate of $150 per hour, for time spent on CMX business, to an annual maximum of $150,000. It is anticipated that the CFO will be compensated $40,000 per year for his services as CFO following the closing of the Offering.

THE CORPORATION

General

CMX Gold & Silver Corp. is an exploration stage company engaged in the acquisition, exploration and development of silver and gold/copper properties in the U.S. The Corporation was incorporated under the ABCA on July 30, 1986 as 352060 Alberta Inc. It changed its name to Northcor Enterprises Ltd. on October 31, 1986, to Encee Group Ltd. on May 11, 1987, to Liard Resources Ltd. on August 6, 1996 and finally to CMX Gold & Silver Corp. on February 11, 2011.

The head office of CMX is located at 31 Stranraer Place S.W., Calgary, Alberta, T3H 1H5. The registered office of CMX is located at 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, T2P 4H2. CMX is a reporting issuer in each of the provinces of British Columbia, Alberta, Saskatchewan and Ontario.

The Corporation's only subsidiary, CMX Gold & Silver Corp., is wholly-owned and was incorporated on October 11, 2011 pursuant to the laws of the State of Idaho.

BUSINESS OF THE CORPORATION

General

The Corporation's business is the identification, acquisition, exploration and development of mineral properties, primarily in the U.S.

History

CMX started as an investment holding company with shareholdings in public junior oil and gas exploration and production companies. In 1987, CMX was one of a group of companies that issued shares under a Securities Exchange Take-Over Bid Circular and subsequently became a reporting issuer. Three other companies of the group have previously been listed on a recognized exchange: Canadian Northcor Energy Ltd. (subsequently Purcell Energy Ltd.) in 1987 on the Vancouver Stock Exchange (as it then was), Kemano Gold Corp. in 1988 (Kemano Gold Corp. was subsequently merged with Canadian Northcor Energy Ltd. in 1993 to form Purcell Energy Ltd.), and Target Carbons Ltd. on the Alberta Stock Exchange (as it then was). In 2003, the Corporation began winding down its operations with the view to selling off its assets and distributing the proceeds amongst the Shareholders. In 2004, the Securities Authorities in Alberta, Ontario and British Columbia issued cease trade orders (the "**Orders**") against CMX for failing to meet certain continuous disclosure obligations. Specifically, the Orders were issued as a result of the Corporation's failure to file its annual audited financial statements for the year ended December 31, 2003 and the first quarter interim unaudited financial statements for the period ended March 31, 2004 (collectively, the "**Financial Statements**"), and for failing to send the Financial Statements to each Shareholder. In 2006, substantially all of the Corporation's investments were sold with the net proceeds being distributed to the Shareholders as dividends. In 2007 and 2008 the Corporation was inactive, other than to assess new business opportunities in the later months of 2008.

In March 2009, the Corporation, after a period of inactivity, completed the filing of the Financial Statements and the Orders were revoked on April 27, April 28 and May 4, 2009 by the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission, respectively.

On April 23, 2009, the Shareholders of the Corporation approved the plan of arrangement with respect to the acquisition of a 50% interest in a mineral property located in the State of Idaho. The other 50% interest was held by Azteca, the operator of the property. As one of the conditions to the transaction, on May 28, 2009 the Corporation completed a private placement with the issuance of 5,000,000 units at a price of $0.05 per unit, each unit comprised of one Common Share and one Common Share purchase warrant with each Common Share purchase warrant entitling the holder to purchase one Common Share for $0.25 per Common Share for a period of two years, for total proceeds of $250,000. Effective June 30, 2010 the acquisition was cancelled upon the mutual agreement of both parties when a number of conditions could not be satisfied. One-half of the 5,000,000 units sold pursuant to the private placement were returned to treasury and cancelled. On October 9, 2012, the Corporation extended the expiry date of the remaining 2,500,000 Common Share purchase warrants to May 28, 2014.

On December 16, 2010, the Corporation completed private placements of 4,800,000 units at a price of US$0.05 for aggregate gross proceeds of $241,925. The units were comprised of one Common Share and one Common Share purchase warrant with each Common Share purchase warrant entitling the holder to purchase one Common Share for $0.15 per Common Share for a period of two years. On October 9, 2012, the Corporation extended the expiry date of these warrants from December 16, 2012 to June 30, 2013.

Pursuant to an agreement with Versalles Real Estate Corporation ("**Versalles**") made effective December 17, 2010, the Corporation acquired an exploration project, the Clayton Property located in the state of Idaho, for a cost of US$500,000. The Corporation paid US$250,000 in cash and issued 2,500,000 Common Shares at a deemed price of US$0.10 per Common Share as payment for the Clayton Property on December 13, 2010. The 2,500,000 Common Shares issued to Versalles will be held in escrow until the Listing Date. It was a material representation of the agreement to purchase the Clayton Property that the Common Shares be listed within six months of December 17, 2010. In addition, the Corporation granted to Versalles a production royalty of one percent of any amount received by CMX for any ore or ore concentrates. Pursuant to an agreement dated Jan 25, 2011, in exchange for certain data on the Clayton Property in the possession of Azteca (a corporation of which Mr. Jan Alston is a director and Mr. Randal Squires is the Chief Financial Officer), and the relinquishment by Azteca of any rights it may have had with respect to the Clayton Property, CMX issued Azteca 897,280 Common Shares at a deemed price of US$0.05 per Common Share and agreed to grant Azteca an option to purchase 3,000,000 Common Shares at a price of US$0.10 per Common Share exercisable for a period of two years from the Listing Date. At the time of execution of the agreement between CMX and Azteca, the President and Chief Executive Officer of Azteca was a relative of Mr. Robert Russell, a current director of CMX.

On January 13, 2011, the Corporation issued 1,100,000 units at $0.05 per unit for settlement of $55,000 in debt. An aggregate of $40,000 was payable to a corporation controlled indirectly by Mr. Jan Alston, a director of the Corporation, and $15,000 was owed to a consultant of the Corporation. Each unit consisted of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share originally expiring on January 13, 2013. On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

On March 8, 2011, the Corporation issued 540,000 units at $0.05 per unit for gross proceeds of $27,000. Each unit consisted of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share originally expiring on March 8, 2013. On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

On March 8, 2011, the Corporation issued 470,000 units at US$0.05 per unit for settlement of $22,816 in debt. Each unit consisted of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share originally expiring on March 8, 2013. On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

Effective March 17, 2011, the Corporation entered into the Option Agreement with Azteca to earn up to a 50 percent interest in the Marietta Property in west-central Nevada. CMX issued Azteca 2,500,000 Common Shares at a deemed price of US$0.10 per Common Share as an option payment. The Option Agreement could be terminated by written notice of either party if the Common Shares were not listed on the TSXV within nine months of the effective date of the agreement (if such termination occurs, the 2,500,000 Common Shares must be returned by Azteca to CMX for cancellation). Pursuant to the Option

Agreement, CMX agreed to incur an aggregate of US$2,000,000 in exploration expenses on the Marietta Property over a period of two years from the Listing Date (the "**Earn-in Period**"). The first US$1,000,000 in exploration expenses on the Marietta Property earns CMX a 30 percent interest in the property and the second US$1,000,000 in exploration expenses earns CMX an additional 20 percent interest. During the Earn-in Period, CMX is the operator of the property and is solely responsible for all expenses incurred by it. Once CMX has earned a 50 percent interest, it may at its sole option, commit to a further US$500,000 in expenditures to the Marietta Property and carry on as operator under a joint venture agreement, otherwise operatorship is turned over to Azteca. The parties have agreed that the joint venture agreement will contain standard dilution provisions such that any party that cannot fund capital expenditures in proportion to its interest will have its interest diluted.

On November 15, 2011 the Corporation and Azteca agreed to amend the Option Agreement to provide CMX with additional time to list the Common Shares until March 17, 2012. On March 7, 2012 the Option Agreement was amended again to extend this time period until June 17, 2012. On June 12, 2012, the Corporation and Azteca agreed to amend the Option Agreement to provide that if the listing does not occur by June 17, 2012 a party to the Option Agreement must provide thirty days' written notice of any intention to terminate the Option Agreement. As of the date of this Prospectus, to the knowledge of CMX, no such notice has been given be either party to the Option Agreement. In addition to the other consideration granted to Azteca under the Option Agreement, CMX agreed to pay annual rental payments and taxes of any nature whatsoever due in August 31 each year respecting the Marietta Property, of approximately $22,000 and CMX further agreed to be responsible for completing and paying for remedial action to be taken with respect to the condition of old mine workings on the Marietta Property, as identified by the Nevada Division of Minerals, which was mainly related to the installation of warning signs and fencing around old mine workings. At the time of execution of the Option Agreement, the President and Chief Executive Officer of Azteca was a relative of Mr. Robert Russell, who is a current director of CMX; in addition, Mr. Jan Alston was a director and Mr. Randal Squires was the Chief Financial Officer.

Pursuant to the Option Agreement, CMX will earn a 30 percent interest in the Marietta Property by spending at least US$1,000,000 in exploration expenses on the Marietta Exploration Project. Further exploration expenditures of at least US$1,000,000 will earn CMX an additional 20 percent interest in the property. If CMX fails to incur at least US$1,000,000 in exploration expenditures within two years from the Listing Date, Azteca has the right to terminate the Option Agreement, and the 2,500,000 Common Shares issued to Azteca pursuant to the Option Agreement can be retained by Azteca as liquidated damages. After earning a 50 percent interest, the Corporation will have the option of obtaining operatorship under a joint venture by spending another US$500,000 within six months of exercising such option. CMX and Azteca have agreed to an area of interest consisting of all mineral claims, mining leases or other mineral interests lying within a distance of two kilometres from the external perimeter of the Marietta Property.

On March 25, 2011, the Corporation issued 451,740 units at US$0.05 per unit for settlement of $22,403 in debt. Each unit consisted of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share originally expiring on March 25, 2013. On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

On May 6, 2011, the Corporation issued 2,800,000 units at $0.05 per unit for gross proceeds of $138,248. Each unit consisted of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share originally expiring on May 6, 2013. On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

On May 6, 2011, the Corporation issued 70,000 units at $0.05 per unit for settlement of $3,500 in debt. Each unit consisted of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share originally expiring on May 6, 2013. On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

On October 9, 2012, the Corporation completed a private placement of 750,000 units to an unrelated party at a price of $0.10 per unit for aggregate gross proceeds of $75,000. The units were comprised of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share for $0.20 per Common Share until October 9, 2014. The subscription price was established by negotiations between the Corporation and the purchaser taking into consideration the risks assumed by the arm's length purchaser with there being no assurance that the Corporation would be able to raise sufficient funds to carry out its capital programs on the Clayton Property or the Marietta Property.

On October 9, 2012, the Corporation completed private placements of 1,185,000 units at a price of $0.15 per unit for aggregate gross proceeds of $177,750. The units were comprised of one Common Share and one Common Share purchase warrant, with each Common Share purchase warrant entitling the holder to purchase one Common Share for $0.25 per Common Share until October 9, 2014. An aggregate of $162,250 of the units were purchased by officers and directors of the Corporation and their associates, and $15,000 by a consultant to the Corporation. Of the aggregate gross proceeds, $162,250 was used to pay fees and advances owed to officers, directors and the consultant.

As of the date hereof, the Corporation has 25,287,274 Common Shares issued and outstanding.

Production

The Corporation is at the development stage and cannot yet predict, based on the current status of the Marietta Exploration Project and the Clayton Exploration Project, as more fully described in the Marietta Report and the Clayton Report, when or if either property will reach a productive state.

Competitive Conditions

The Corporation operates in a highly competitive industry. In an environment of generally rising precious metals prices and favorable equity market conditions the Corporation expects to encounter significantly increased competitive conditions. The Corporation may encounter challenges accessing qualified exploration personnel, drilling contractors and drill rigs or accessing capital during the currently planned phases, or completing additional phases, of both the Clayton Exploration Project and the Marietta Exploration Project.

Specialized Skills and Knowledge

The Corporation's business requires specialized skills and knowledge in the areas of geology, exploration planning, drilling and regulatory compliance. The Corporation has been able to engage and retain qualified professionals capable of providing the requisite knowledge base for current and future planning.

Cycles

Worldwide cycles of economic growth, interest rates, inflation rates and other economic factors can have a profound impact on the demand and realizable sale prices for precious metals and base metals over time. Relatively high metals prices improve the probability that the Marietta Property and the Clayton Property can be developed into economic producing properties. In contrast, relatively low metals prices can reduce the probability that a mineral deposit could be developed into a producing property. The relative attractiveness of the Marietta Property and Clayton Property is therefore highly dependent on metals prices and overall macroeconomic activity. Consequently, mineral exploration activity is closely tied to the worldwide markets for precious metals and base metals.

The Corporation's ability to bring the two properties into a productive state is largely dependent on access to external equity and debt financing and therefore the Corporation's business is highly sensitive to macroeconomic changes over time. During times of economic growth and favorable equity market conditions the Corporation's access to capital is better than during times of poor economic growth and weak equity market conditions. Therefore, the Corporation's ability to explore for precious metals and base metals is highly sensitive to changing equity market conditions.

Employees

CMX has no employees.

Clayton Property

The Clayton Report dated March 12, 2012, was prepared at the request of CMX so as to conform to NI 43-101. The information below has been extracted from the Clayton Report and provides a summary of the physical setting, geology, mining history, and mineral exploration potential of the Clayton Exploration Project and provides recommendations for exploration. Certain figures and tables from the Clayton Report are included in this Prospectus. The remaining figures and tables are contained in the full Clayton Report, which has been filed on SEDAR at www.sedar.com.

Most of the information about the Clayton Exploration Project and surrounding areas are given in U.S. terms and units, although metric units are also used at times. References to currency are in U.S. dollars. For more information on the references used to identify the below tables, please see the Clayton Report.

Clayton Property Description and Location

The Clayton Exploration Project is located approximately 1.5 miles from the town of Clayton in Custer County, in central Idaho in parts of Sections 11, 12, 13, 14, 23, 24, and 25, T. 11 N., R. 17 E. The mine is located in Section 13, T. 11 N., R. 17 E, within the U.S.G.S. 7.5 minute Clayton topographic quadrangle map (the "**Clayton Silver Mine**"). The 565 acre Clayton Property is located along Kinnikinic Creek, a tributary to the Salmon River. The Clayton Property encompasses private land as well as patented lode claims within lands under the jurisdiction of the U.S. Bureau of Land Management ("**BLM**"). The Clayton Exploration Project consists of 29 patented mining claims and 2 patented mill sites. Lode mining claims include the following: Ella Group – Mineral Survey No. 3144A, Camp Bird Group – Mineral Survey No. 3196, Rose Group – Mineral Survey No. 3327 and the Rose No. 4 Lode Claim – Mineral Survey No. 3336.

Main rock types in the immediate vicinity of the Clayton Silver Mine consist of Paleozoic age (Cambrian-Ordovician) sedimentary rocks including the Kinnikinic Quartzite, Ella Dolomite and the Clayton Mine Quartzite. The Ella Dolomite is the host rock for the mineralization at the Clayton Silver Mine and the adjacent Rob Roy property to the north of the Clayton Silver Mine. Rocks of the Cretaceous Idaho batholith are exposed to the west and the youngest rocks that cover the Paleozoic sedimentary rocks and the Idaho batholith are Eocene Challis volcanic rocks which are poorly exposed in the ridges to the west of the mine. The Paleozoic rocks are deformed into a northwest trending asymmetric anticline (the "**Clayton Anticline**"). Ore deposits appear to be restricted to the east flank of this fold and are associated with shear zones that parallel bedding in the Ella Dolomite. Regional thrust faults, high angle normal and reverse longitudinal faults, and transverse strike slip faults have been identified in the region. The latter faults cut the former structures and the anticline.

A topographic map illustrating the mine site is shown in Figure 1. An outline of the claim block and the patented and unpatented claims are shown in Figure 2. Claims are available for surface and drilling exploration to CMX Gold & Silver Corp.

Figure 1: Topographic map of the mine site.

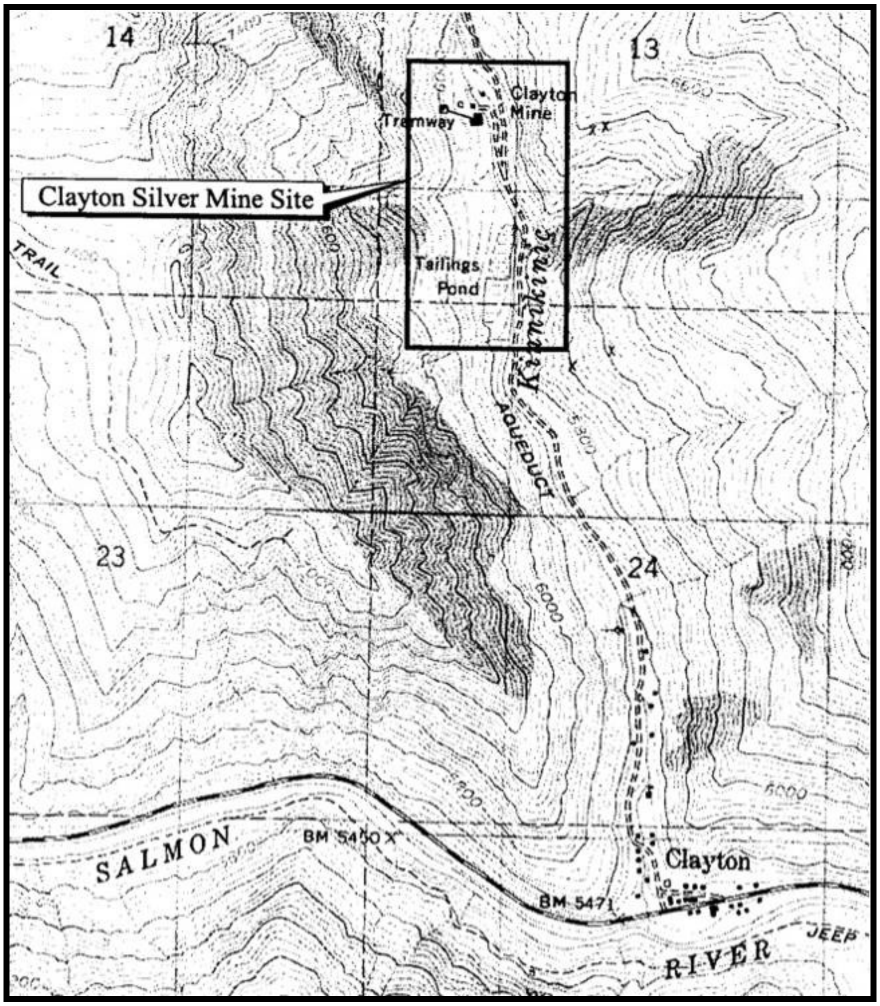
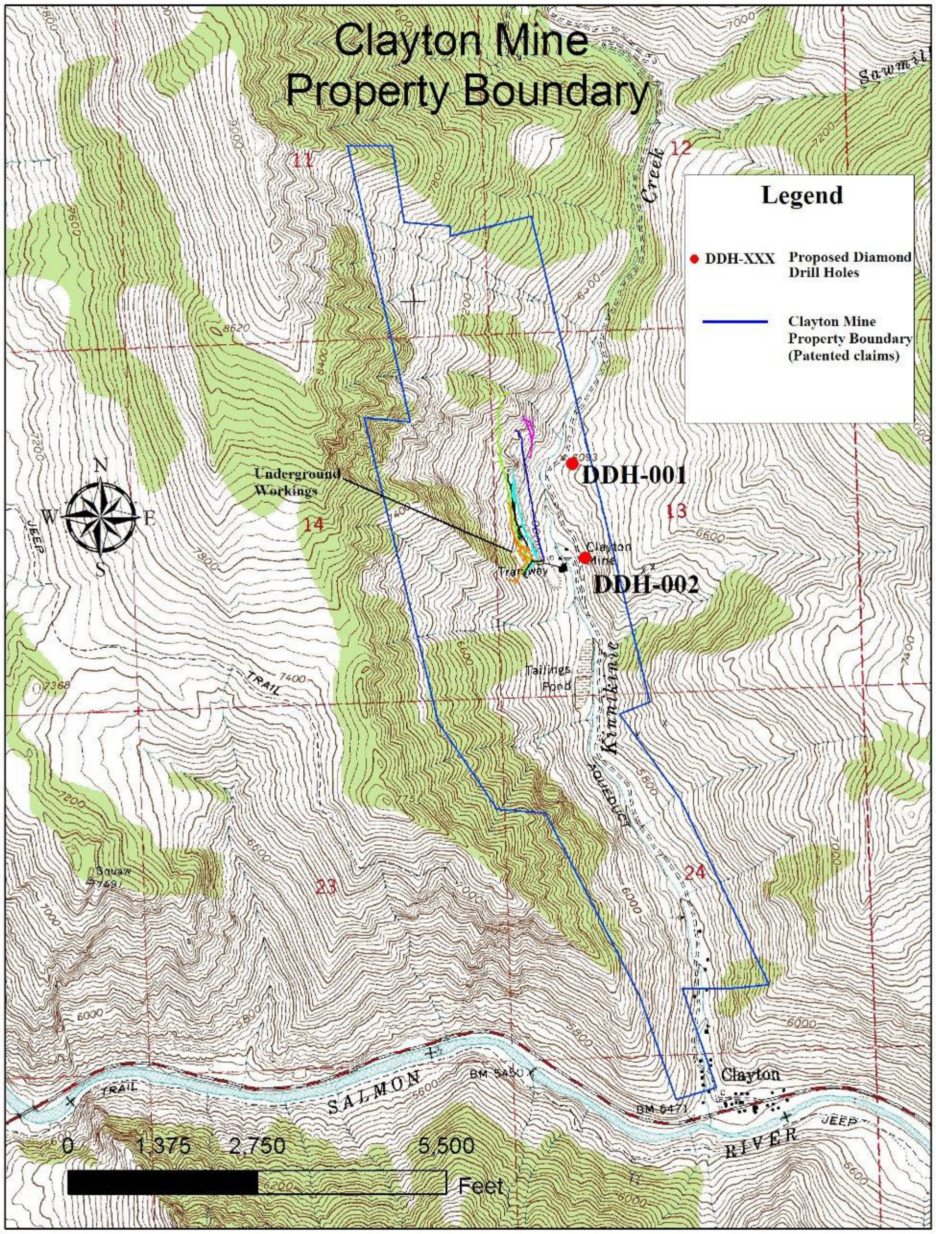


Figure 2: Clayton Exploration Project location map with boundary of patented claims and proposed diamond drill holes.



Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Clayton Exploration Project is located in south-central Idaho near Clayton within the Bayhorse Mining District, Custer County, Idaho. The area is readily accessible from U.S. Highway 75, approximately two miles north of the town of Clayton along Kinnikinic Creek. The closest major airports to the Clayton Exploration Project area are in Boise, Idaho (101 miles from the site) and Challis, Idaho (24 miles from the site). The current population of the town of Clayton is 20 according to the sign seen as the town is approached. The nearby town of Challis, Idaho has a population of 909. Custer County has a population of 4,185.

The Clayton Exploration Project area is located in the upper drainage basin of the Salmon River along Kinnikinic Creek, a tributary to the Salmon River in an arid desert and mountainous region. The valley of Kinnikinic Creek near the site is narrow with walls rising more than 1,000 ft. above the creek. The town of Clayton is at 5,471 ft. elevation. The hoist at the mine sits at approximately 6,000 ft. elevation. Climate summaries for Challis, Idaho (from 1895 to 1996) show average annual temperatures ranging from 30.1 to 58.1 (F), average total precipitation of 7.38 in., and average total snowfall of 17.1 in. Strong winds are a frequent occurrence at the mine site – primary wind directions are from the south and the east. Winters are characterized by light snowfall and some subzero conditions whereas the summers are hot and dry. The Clayton Exploration Project is accessible year-round for surface and exploratory drilling.

At the present time, the underground workings of the mine are flooded with water and the adit is plugged. Little practical infrastructure remains on the surface of the mine with the exception of several old wood frame buildings, the hoist, and a large metal storage shed. Equipment still on site includes the hoist, milling equipment (ball mill, floatation tanks), a generator, and water powered electrical generator. Some of the milling equipment may be operational after refurbishment. Supplies, equipment, and services to carry out exploration and mine development projects are available in Challis and Boise, Idaho.

History

The Clayton Silver Mine, discovered in 1877, and historically one of the most active mines in the Bayhorse Mining District in central Idaho, was an underground Pb-Zn-Cu-Ag mine. The town of Bayhorse, located a few miles southwest of Challis, Idaho, is currently a State Park. The Bayhorse Mining District was most active between 1882 and the 1890s. A smelter for the district operated in Clayton from 1880 to 1902 and reopened again in 1912. Renewed activity and productivity in the Bayhorse Mining District occurred between 1920 and 1925. Prospect mining at the Clayton Silver Mine site began in 1927 by the Clark Mining Company, at which time the property consisted of 25 patented and seven unpatented claims and was known as the Camp Bird Group. Mining was sporadic until 1935. The Clayton Silver Mine, one of nearly 50 in the district, was largely operational from 1935 through 1986. From 1935 to 1985, the mine produced approximately 6.7 million ounces of silver, 83.5 million pounds of lead, an estimated 28.9 million pounds of zinc, 1.4 million pounds of copper and nearly 1,454 ounces of gold.

Table 1: Production figures for the Clayton Silver Mine (from Office of Mineral Exploration ("**OME**") docket no. 6324 and table 5 of Mitchell, 2010).

Year	Tons of ore	Silver (oz)	Lead (lbs)	Zinc (lbs)	Copper (lbs)	Gold (oz)	Comments
1935 - 1962	821,853	3,365,396	54,974,720	17,265,808	650,830	1,116	
1963	21,600	119,105	1,360,000	178,000	28,000	23	Cu, Pb, and Zn calculated
1964	23,531	144,275	1,378,000	206,000	36,000	27	Cu, Pb, and Zn calculated
1965	26,658	130,877	858,000	126,000	37,000	31	Cu, Pb, and Zn calculated
1966	57,442	246,591	1,514,000	164,000	68,000	54	Cu, Pb, and Zn calculated

Year	Tons of ore	Silver (oz)	Lead (lbs)	Zinc (lbs)	Copper (lbs)	Gold (oz)	Comments
1967	68,500	226,000	1,624,000	800,000	56,000		Cu, Pb, and Zn calculated
1968	83,049	290,472	2,724,000	1,104,000	76,000		Cu, Pb, and Zn calculated
1969	81,455	228,824					
1974		113,000	1,290,000				Pb calculated
1975		190,000					
1980		71,900	510,888		19,790		
1981	55,258	103,600	666,660		34,620		
1982		55,900	431,830		18,250		
1983	52,800	177,500					
1984	76,110	226,417	1,397,531	73,576	148,295		
1985	102,258	261,931	1,800,000				

The Clark Mining Company leased and mined the Clayton Property in 1927. The Clayton Silver Mine was operated by the Clayton Mines, Inc. of Wallace, Idaho, under the ownership of the Clayton Mining Company from 1935 to 1986. By the end of 1952, the Clayton Silver Mine had produced 1,944,807 ounces of silver, 33,622,737 pounds of lead, 8,518,631 pounds of zinc, 317,641 pounds of copper, and 704 ounces of gold and reserves were estimated at 108,500 tons.

A new production record for the first quarter of 1983 was reached (16,676 tons of ore). The 6.9 magnitude 1983 Borah Peak earthquake, with an epicenter 25 miles from Clayton, caused water to accumulate in the underground workings (1,100 ft. level) and suspended mining operations. According to a 1983 Annual Report produced by Clayton Silver Mines, Inc., the earthquake did not cause physical damage to the mine or surface facilities. A large-capacity pumping system allowed for continued operations in 1984, however, the mine closed on May 24, 1986, primarily due to low metal prices. In 1984, the mine employed 40 people.

According to the 1983 Clayton Silver Mines, Inc. Annual Report, the proven mineral reserves, including broken mineralization, as of December 31, 1983, were estimated at approximately 353,000 tons. This year-end mineral reserve estimate included only mineralization developed above the 1,100 ft. level of the Clayton Silver Mine. The company had intended to do further exploration of the main shoot from the 1,100 ft. level. According to company records, the average grade was 3.8 ounces of Ag per ton. Cut-off grade was 1 ounce per ton. It is noted that this 1983 estimate has not been verified by CMX Gold & Silver Corp. as a current mineral resource or reserve.

In 1991 a major shareholder of the Clayton Silver Mines, Inc. exchanged his shares for shares in El Salvadorian mines controlled by Southern Star Consolidated Corp. (Palm Beach Gardens, Florida). The name of the company owning the mine site was changed to the Clayton International Resources/Southern Star Consolidated Corp. After 1991, the Versalles Real Estate Corporation (Panama City, Republic of Panama) assumed ownership of the site. CMX Gold & Silver Corp. acquired 100% ownership of the Clayton Silver Mine property effective December 17, 2010 from Versalles Real Estate Corporation.

Few mines in the district remain operational today. However, the open pit Thompson Creek Mine and concentrator (porphyry molybdenum deposit) is located approximately five miles from the Clayton Silver Mine and employed over 300 people as of 2007. The Thompson Creek Mine has been in production since 1983 and is the largest employer of Custer County, Idaho. Most employees live in the local Challis community.

In 1985, the Idaho Department of Environmental Quality ("**IDEQ**") collected samples from the site for analysis and noted that water samples of treated and untreated adit discharge showed elevated concentrations of arsenic, cadmium, copper, iron, lead and zinc. In 1985, the U.S. Environmental Protection Agency ("**EPA**") also noted that water samples had elevated lead, zinc, copper and cadmium that exceeded national water quality criteria. These, and subsequent studies prompted the Idaho Bureau of Environmental Health and Safety to test blood, urine, and hair samples from 20 Clayton residents to be analyzed for lead and arsenic in 1995 – with the exception of one sample (with slightly elevated blood lead level), all showed normal concentrations. The EPA removed potentially hazardous materials from the site in 1999. In 1999, the Idaho Department of Lands sealed the top 20 feet of the mine shaft with a polyurethane foam plug, then covered the plug with soil. A bat gate was also installed over the horizontal mine opening adjacent to the mine shaft.

In 2001, the EPA and the Idaho office of the BLM (with assistance from the IDEQ and the U.S. Fish and Wildlife Service), completed a time-critical removal action (remediation) to stabilize mine tailings to prevent erosion into Kinnikinic Creek, control infiltration of water into tailings and seepage of water from tailings, and to minimize wind erosion. The purpose of the remediation was to prevent erosion of the 13-acre pile of fine-grained flotation mill tailings and other mine waste by wind and water to protect aquatic life in Kinnikinic Creek and the Salmon River (including bull trout, Chinook salmon, steelhead and cutthroat trout) and to reduce the risk of airborne particulate exposure to humans. The site was and is not a National Priorities List site and the BLM addressed the site as part of their Abandoned Mine Lands Project.

A recent environmental study of the Clayton Silver Mine site reported that carbonate-hosted deposits like the Clayton Silver Mine are associated with near-neutral waters that contain relatively low concentrations of base metals. Stabilization of the solid mine waste and mill tailings and additional remediation at the site has reduced production of sediment into Kinnkinic Creek and airborne particles that could potentially impact aquatic and terrestrial ecosystems and pose potential human health threats.

To the extent known, there are no environmental liabilities to which the Clayton Property is subject. Additional work would be required to determine if there are any historical liabilities that would be assumed by a new owner of the Clayton Property. A water discharge permit, including mitigation strategies for the endangered fish in the Salmon River would be a normal part of the permitting process.

Starting an exploratory drilling program on private land would require no permitting in the State of Idaho. There are no restrictions on a new owner that would prevent the owner or his contractors to start drilling on the property immediately.

To the extent known, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property. The title has been registered to CMX and under U.S. law, the titles to mineral claims do not expire as long as the annual assessment fees are kept up to date. CMX's fees are up to date.

Geological Setting And Mineralization

The Clayton Exploration Project is situated in the Bayhorse Mining District, to the west and southwest of the town of Challis in central Custer County, ID. Some of the mines in this area, including the Clayton Silver Mine, contain mineralized shear zones or as mineralized replacement lenses in Paleozoic calcareous rocks. For the regional geology of Custer County, ID please see Figure 4 of the Clayton Report which has been filed on SEDAR at www.sedar.com. For the geology of the Clayton area, please see Figure 5 of the Clayton Report, which has been filed on SEDAR at www.sedar.com, which shows Cambrian and Ordovician sedimentary rocks, Silurian sedimentary rocks, and Mississippian sedimentary rocks. These Paleozoic units (quartzites, dolomites and slates) were deposited in a shallow sea in a transitional environment. The rocks are overlain by Eocene Challis Volcanics. Young alluvial deposits are also shown.

The Clayton Silver Mine is located within the Ordovician Ella Dolomite. Underground workings show an irregular mineralized zone within shaley dolomite sandwiched between two quartzites. The middle Ordovician Kinnikinic quartzite overlies the Ella Dolomite and a Lower Ordovician or older feldspathic quartzite (Clayton Mine Quartzite). There is a disconformity between the Ella Dolomite and the Clayton Mine Quartzite.

In the vicinity of the Clayton Silver Mine, the Paleozoic rocks have been folded into the Clayton Anticline and mineralization is best developed on the eastern flank of the fold. Faults include regional thrust faults, high angle reverse and normal faults, which are parallel to the structural trend of the rocks, and high angle strike-slip faults. The rocks in the Clayton Silver Mine lie below the regional thrust faults, which may have served as a trap for hydrothermal fluids. Longitudinal faults are mineralized. Strike-slip faults cut the existing structures as well as the anticline.

For a terrane map in the vicinity of the Clayton Silver Mine and an illustration of the location of the Clayton Anticline, please see Figure 6 of the Clayton Report, which has been filed on SEDAR at www.sedar.com.

The mineralization in the Clayton deposit, in order of decreasing abundance, includes galena, pyrite, sphalerite, tetrahedrite, chalcopyrite, pyrargyrite, and arsenopyrite. Gangue minerals include siderite, quartz, and calcite. The deposits in the Paleozoic sedimentary terrane are within or closely related to high-angle faults and are mainly replacements along fractures and bedding planes of the calcareous rocks. The minerals occur as disseminations, clots and lenses. The individual mineralized deposits are generally tabular and vary in size but none are larger than a few thousand tons. They also state that the assessment criteria for such deposits are the presence of carbonates, presence of high-angle faults or fractures, an indication of base- or precious-metal mineralization, and the presence of hypabyssal igneous bodies There is only one small gabbroic intrusion in the vicinity of the Clayton Silver Mine; all other criteria are met. There may be a close relationship between Cretaceous and Tertiary intrusions and many of the precious- and base-metal deposits in the Paleozoic rocks in the area. Metals, likely transported by hydrothermal fluids in meteoric convection cells, precipitated from solution in suitable sites. In the Clayton area, these hydrothermal fluids were precipitated in highly fractured zones of the Ella Dolomite and replacement of the host rock by siderite. The source of metals in base and precious metal deposits of central Idaho using lead isotopic data has been investigated. The results of the studies and prior fluid inclusion and stable isotope studies support a genetic model that involves shallow crustal sources for metals and sulfur, mobilized by meteoric water-dominated hydrothermal systems. They further subdivide the deposits in which the metals were derived from an igneous source into Carrietown and non-Carrietown types. The Clayton Silver Mine is characterized as a Carrietown type derived from middle crustal sources.

Deposit Types

Economic minerals mined in the Bayhorse Mining District occur in mineralized shear zones or as replacement lenses in calcareous rocks. The host rocks from most of the mines in the district are the Ramshorn Slate and the Bayhorse Dolomite. Some of the deposits are associated with granitic intrusive rocks. Sulfides, such as galena, sphalerite, pyrite, tetrahedrite and chalcopyrite are found in the deposits. Both the galena and tetrahedrite are argentiferous. Fluorspar deposits have also been exploited in some of the mines.

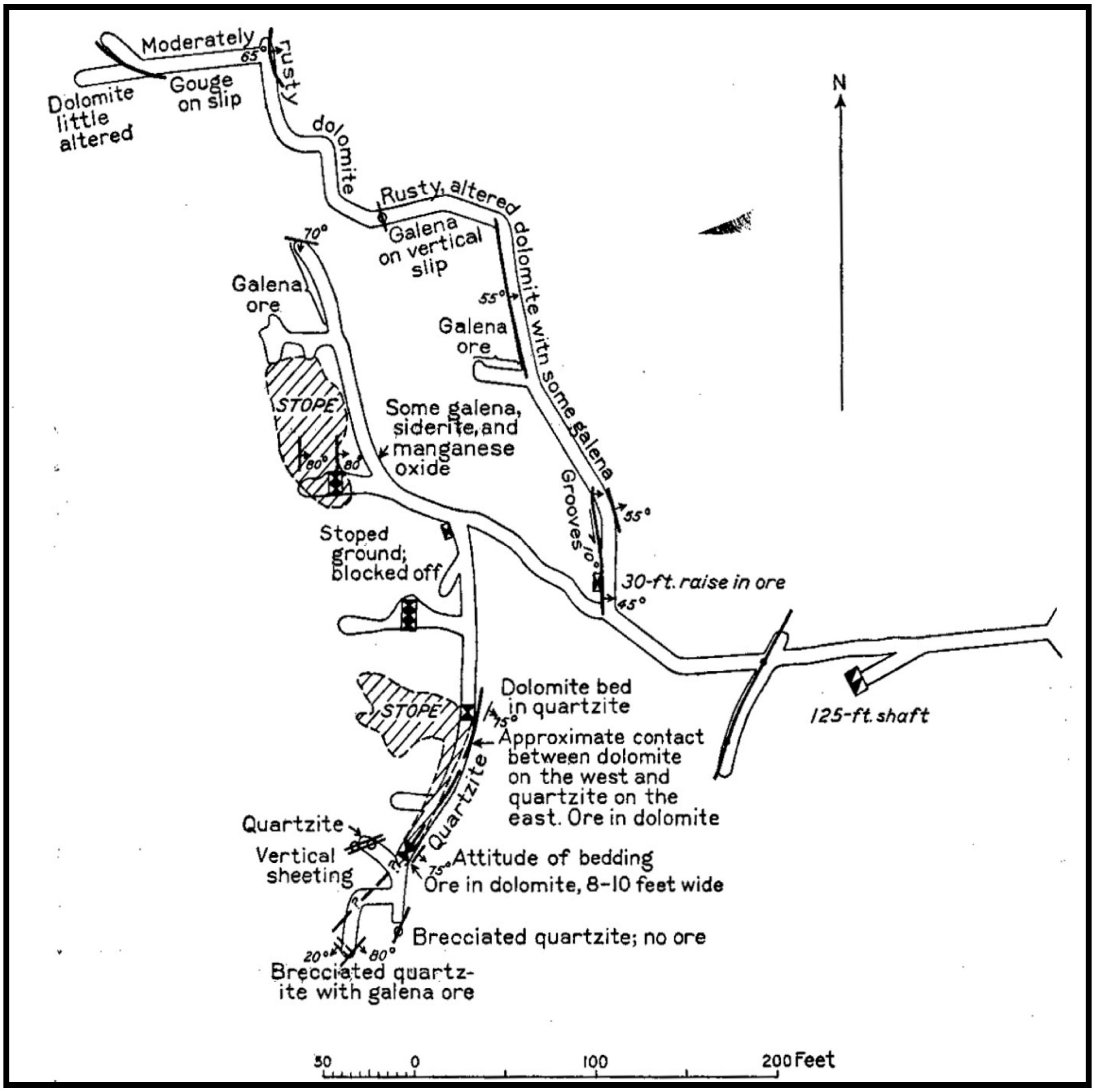
At the Clayton Silver Mine, Pb-Zn-Cu-Ag mineralization occurs in replacement and open space filling deposits, which show both structural and stratigraphic controls. The tabular mineralized zones are associated with shear zones that are parallel to the bedding of a quartz-rich horizon within the Ella Dolomite. Folding and faulting have altered the original nature of the mineralization. The mineralized shoots are characterized by galena, pyrite, sphalerite, tetrahedrite, chalcopyrite, pyrargyrite, and arsenopyrite, which are developed in a siderite gangue.

During the 50 or so years of operations, several mineralized areas have been developed within the Clayton Silver Mine.

Exploration

The Clayton Silver Mine, in 1935, was a branching tunnel over 1,200 ft. in length. A shaft was sunk to 124 ft. depth (Figure 3). The deposit was worked for an additional 50 or so years and several mineralized areas were developed.

Figure 3: Geologic sketch map of the Clayton Silver Mine, September 1935.



A Defense Minerals Exploration Administration ("**DMEA**") contract in the amount of $130,840 was awarded to the Clayton Silver Mine on July 19, 1957. This funding allowed continued work on the sinking of the main shaft. For a visual representation of the workings as of 1957, please see Figure 8 of the Clayton Report which has been filed on SEDAR at www.sedar.com. For a longitudinal section of the workings at this time, please see Figure 9 of the Clayton Report which has been filed on SEDAR at www.sedar.com.

A winze (No. 2 winze) was completed in 1977 to access two lower levels of the mine (950 ft. and 1,100 ft. levels). By the time of the mine's closure on May 24, 1986, the mine had been developed on eight levels connected by numerous raises and sublevels. Access to the underground workings at the time, were via the 918 ft. vertical shaft which intersects six levels to the deepest at the 800 ft. level and the No. 2 shaft noted above to access deeper levels.

A geologic map of approximately 4,760 ft. (1,450 m.) of underground drift on the north 800 ft., 950 ft. and 1,100 ft. levels. The maps were produced at a scale of 1:240 and included data from nearly 6,150 ft. (1,875 m.) of core from 37 diamond drill holes. The plan view and longitudinal section of the mine are presented in Figures 4 and 5. Figure 5 also illustrates the locations of proposed Phase 1 drill holes and the trace of the topography.

Figure 4: Clayton Silver Mine, plan view of underground workings showing the area.

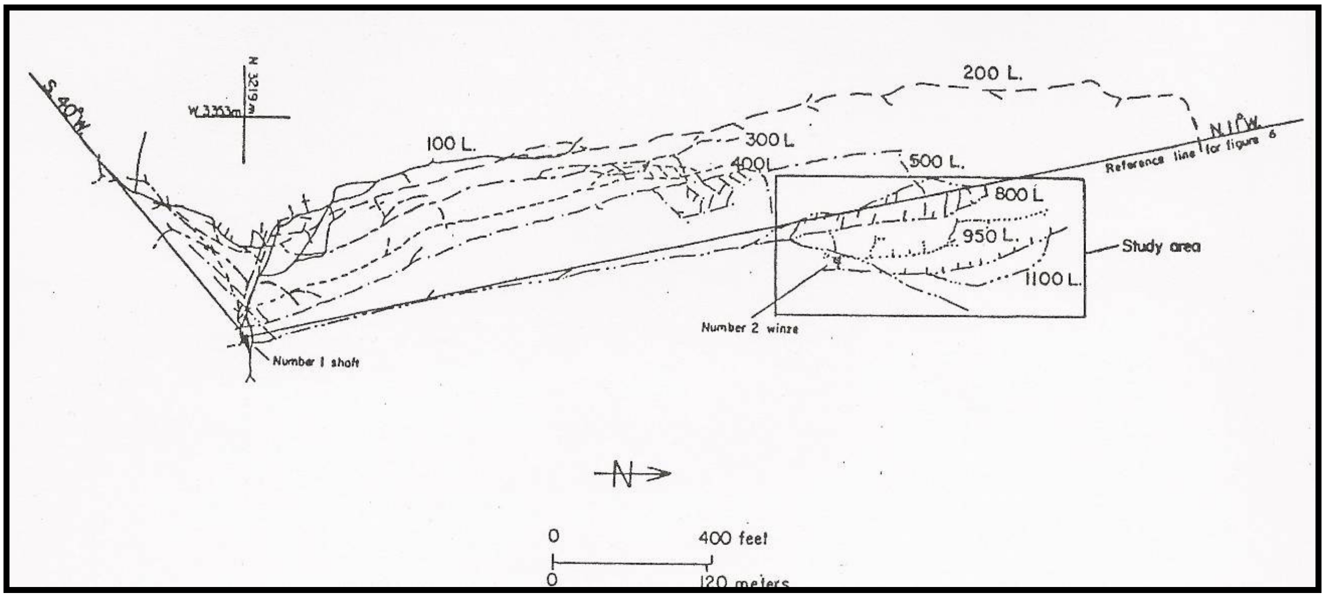
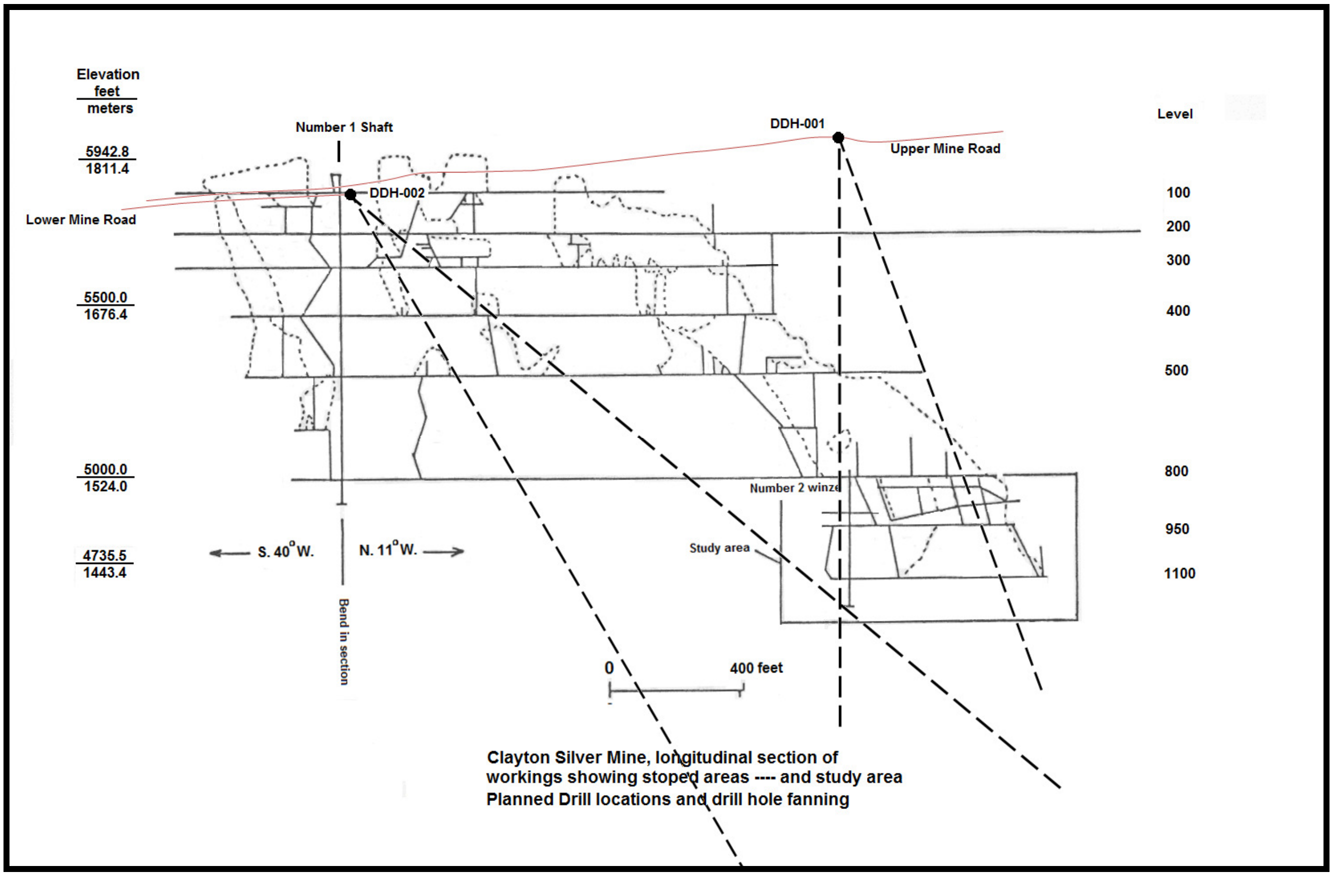
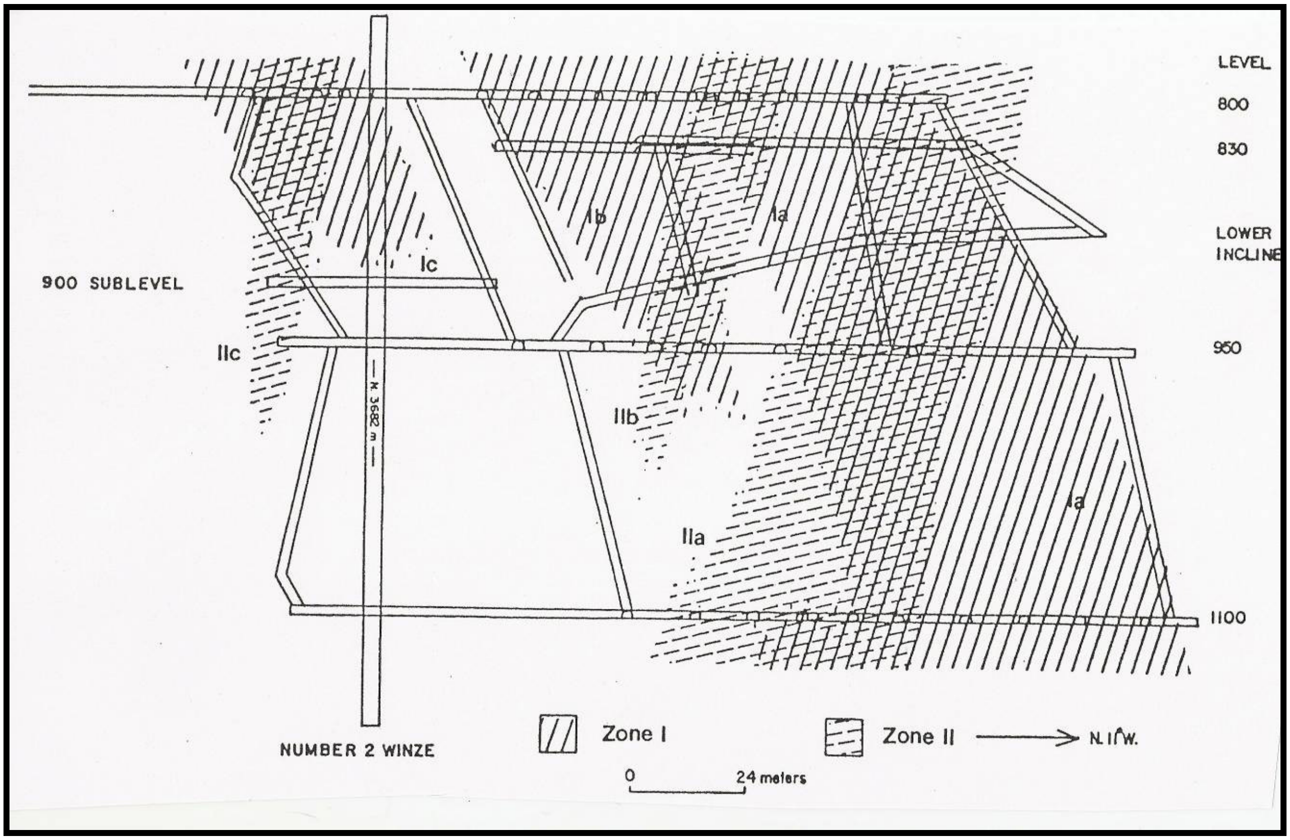


Figure 5: Clayton Silver Mine, longitudinal section of the underground workings showing stoped areas (dashed lines). The locations of proposed drill locations are also shown.



The Clayton shear zone, at depth, separates the mineralization into two zones, called Zones I and II, with seven identified mineralized shoots (Ia, Ib, Ic in Zone I and IIa, IIb, IIc, IId in Zone II). The Clayton shear zone developed post mineralization. For an illustration of the mineralization in plan view, please see Figure 12 of the Clayton Report which has been filed on SEDAR at www.sedar.com. Figure 6 below shows a longitudinal section.

Figure 6: Clayton Silver Mine longitudinal showing mineralized shoots projected to the hanging wall fault.



The two zones have similar mineralogy, but differ in terms of their structural orientation. The mineralization in Zone I had been mined continuously to the 1,100 ft. level. Based on drill intersections, it is known to extend at least 427 ft. (130 m.) below the 1,100 ft. level. The strike length of the mined zone averages 410 ft. (125 m.) for all levels and the width is variable due to the nature of replacement. Massive sulfide lenses associated with areas of massive siderite replacement in Zone II (similar to those in Zone I) yielded the highest silver grade.

Drilling

To date, CMX Gold & Silver Corp. has not done any drilling on the Clayton Exploration Project. Recommendations are to procure complete drilling records from previous ownership (if they exist) and to initiate an exploratory drilling program to elucidate the extent of mineralization beyond the 1,100 ft. level, both to the north and to depth. Historical drilling records from the 1960s are discussed below. Later records of drilling have not been located.

Historical Drilling Records

Some historical drill records have been located in published dockets, specifically OME docket no. 6324; information collected about mining properties including applications, reports, results, correspondence, maps, etc. Dockets for mining properties in Idaho (for companies that applied for exploration assistance from the Federal Government) are available through the U.S.G.S.

A 1970 report provided to the OME (Spokane), includes a table of drilling operations that took place in 1964 and 1965 to explore a shear zone in the dolomite for silver-bearing mineralization on the 800 ft.

level of the Clayton Silver Mine. Drilling began in April of 1964 to the projected 1,500 ft. level. Figure 7 shows the drill hole data extracted from this report. Eleven holes penetrated the mineralized zone below the 800 ft. level at the 1,050 ft., 1,175 ft., 1,300 ft. and 1,400 ft. levels. The mineralized zones penetrated exhibited various widths and silver values. Drilling showed a zone containing approximately 600,000 tons between the 800 ft. and 1,300 ft. levels.

Figure 7: Data extracted from a 1970 report showing diamond drill hole data from a drilling operation done in 1964 and 1965 (OME docket no. 6324). For drill hole locations, please see Figure 15 of the Clayton Report which has been filed on SEDAR at www.sedar.com.

Table 1 - Diamond Drill Hole Data

Hole No.	Start Date	Finish Date	Length Feet	Bearing Angle	Inclination Angle	Ore Zone Intercept 1/ Hanging Wall Feet	Ore Zone Intercept 1/ Footwall Feet	Normal Thickness 2/ of Ore Zone Feet
1101	4/10/-	5/5/64	445	N. 85° W.	-73°	281	390	79
1052	5/6/-	5/21/64	360	N. 70° W.	-53°	318	345	22
1051	5/25/-	6/23/64	355	S. 65° W.	-55°	261	314	46
1053	6/25/-	7/22/64	440	N. 84° W.	-45°	391	403	12
1102	7/23/-	8/20/64	460	S. 81° W.	-63°	431.5	463	23
1301			553	S. 73-1/2° W.	-75°	498	538	24
1302	9/23/-	10/26/64	583	S. 79° W.	-67°	524	567.5	32
1103			494	S. 79° W.	-55°	454	485	31
1104			580	N. 80° W.	-53°	465	510	45
1303	12/11/64	1/12/65	643	S. 81° W.	-61°	598	613	13
1401	1/14/65	2/8/65	Inc.	Due W.	-70°	Hole abandoned at 512 -- too high water pressure		
15[illegible]-A	Drilled in March, 1965		675	S. 70° W.	-80°	611	642	18

1/ Ore zone characterized by siderite and quartz gangue. In some holes sulfides were found in rock on hanging wall of indicated ore zone.

2/ Measured at right angles to the assumed dip of the ore zone (data from Operator's monthly reports).

- 9 -

Drill core logs, assays and averages are available in the OME docket no. 6324. Additional drilling was done in the 1980s, although these drill records and assays have not been located.

Sample Preparation, Analyses and Security

To date, no samples have been collected on the Clayton Silver Mine site by CMX Gold & Silver Corp., or its contractors. Future sampling, analyses, and quality control activities will be in compliance with standard industry best practice methods.

Data Verification

To date, there has been no sampling by CMX Gold & Silver Corp., or its contractors and thus no data verification has been conducted on the Clayton Silver Mine site. The author of the Clayton Report visited the Clayton Exploration Project on December 20, 2010. No samples were collected from the underground workings as they are currently flooded. Future quality control measures and data verification will be in compliance with standard industry best practice methods.

Mineral Processing and Metallurgical Testing

At the time of the Clayton Report, no mineral processing or metallurgical testing has been done by CMX Gold & Silver Corp. or its contractors. This is an early phase of exploration to initiate a drilling program.

Grades calculated from production and smelter records (1934 – 1935) show approximate average grades of 112.13 g/mt Ag, 1.9% Pb, 0.6% Zn, 0.3% Cu and 0.03 ppm Au. Grades calculated for 1982 – 1985 are 98.06 g/mt Ag, 0.90% Pb, 0.18% Zn, 0.04% Cu, and 0.03 ppm Au. Mining of specific mineralized shoots in the Clayton shear zone increased grades for silver and lead to 137.00 g/mt Ag and 1.0% Pb.

Mineral Resource Estimates

To date, no mineral resource has been estimated for the Clayton Silver Mine Exploration Project by CMX Gold & Silver Corp. or its contractors. This is an early phase of exploration to initiate a drilling program.

Adjacent Properties

The Clayton Exploration Project is surrounded by BLM administered lands. There are three other abandoned mines in the vicinity of the Clayton Silver Mine including: the Powderbox Mine (in the Ella dolomite), the Rob Roy Mine (in the Clayton Mine quartzite and Ella dolomite), and the Red Bird Mine (in the Saturday Mountain Formation, on private property). The Rob Roy mine is located directly north of the Clayton Silver Mine site on private land. The operational Thompson Creek Mine (molybdenum) is located to the northwest of the Clayton Silver Mine. East of the Clayton Property, two other abandoned mines include the Compressor Mine and the Williams, Rohlds and Ernst Mine (in the Ramshorn slate). The following information is not necessarily indicative of the mineralization on the Clayton Exploration Project, which is the subject of the Clayton Report.

1) Rob Roy Mine

The Rob Roy Mine consists of several underground workings. A previous report by F.W. Christiansen (consulting geologist; date of report unknown) indicates that the veins and replacements along beds exposed in the adit and an inclined shaft range from a few inches to 3 ft. in thickness. Economic minerals include argentiferous galena, sphalerite, tetrahedrite, chalcopyrite and polybasite with siderite and other gangue minerals replaced by pyrite. Some barite and secondary supergene enrichments of cerrusite, anglesite, malachite, azurite, covellite and limonite are also present. The veins are apparently in thin-bedded slates and quartzites (Rob Roy Slate) in the upper plate of the structure known as the Clayton Thrust. The existence of the more favorable Ella Dolomite in the lower plate was confirmed by subsequent drilling at the Rob Roy Mine. This drill hole (to a depth of 2,263 ft.) encountered widespread mineralization (similar to the mineralization on the Clayton Property) in the Kinnikinic Quartzite, Ella Dolomite and Clayton Mine Quartzite.

2) The Redbird Mine

The Redbird Mine is located approximately 28 miles northeast of Stanley, Idaho, 7 miles northwest of Clayton, Idaho and 4 miles north of State Highway 75 and the Salmon River. The property is composed of fifteen patented lode mining claims and three patented mill site claims and encompasses approximately

300 acres. The site and remaining structures are located at an elevation of 5,900 ft. The uppermost workings are located at 7,000 ft.

The Redbird deposit was discovered in 1878 and was extensively worked beginning in 1884. The mine was opened in 1912 by the Idaho Mining & Smelting Company, but they ultimately failed. In 1916 and 1917, the Success Mining Company operated the property. Property lessees worked the mine periodically through 1924 but, again with little success. The Ford Motor Company purchased the Redbird and several nearby properties in 1926 and initiated extensive exploration (diamond drilling, drifting, cross-cutting on the 3rd and 9th levels. American Smelting & Refining operated the mine through World War II and the Monangahela-Mount Washington Company of Helena, Montana leased the property until 1946. The latter recovered 1,500 tons of oxidized mineralization. The Red Bird Mining and Milling Company of Spokane, Washington acquired the property in 1947. By 1948, production had been estimated at approximately 33,000,000 pounds of lead and 1,800,000 ounces of silver. The Bunker Hill Company purchased Redbird in 1957 and operated the mine via lessees until 1995. In the 1980s a shaft was sunk to the 10th level. Silver assays showed 50 ounces or more per ton from mineralization retrieved from the 9th and 10th levels. Redbird Mining Company LLC acquired the property in 1995.

The Redbird is comprised of lead-silver replacement deposits, which are found within shear zones along the contacts between the Ella Dolomite and the overlying South Butte quartzite. Five mineralized zones have been identified. One called the Potato Patch shoot, measuring 60 to 80 ft. long and 20 to 30 ft. wide.

3) Thompson Creek Mine

The location of the Thompson Creek Mine is noted in Figure 16 of the Clayton Report which has been filed on SEDAR at www.sedar.com. The Thompson Creek deposit was discovered in 1968 by Cyprus Mineral Corporation who began construction on the site in 1981. Open pit mining commenced here in 1983, which lasted until 1992 when operations were suspended. Cyprus merged with Amax, Inc. and the property was sold in 1993 to Thompson Creek Metals Company, LLC. Operations resumed in 1994. Blue Pearl Mining Ltd. acquired Thompson Creek Metals Company, LLC in 2006 and Blue Pearl Mining Ltd. changed its name to Thompson Creek Metals Company, Inc. in 2007.

Thompson Creek is a primary molybdenum mine (porphyry molybdenum deposit – Endako-type) with an open pit, mill and tailings facility and is the fourth largest primary molybdenum mine in the world. Conventional open-pit mining methods are used to move up to 100,000 tons of waste rock and ore a day. Drilling beside and below the ore body was done in 2008. Thompson Creek produces 15 to 20 million pounds of molybdenum a year, representing 6% of the world supply.

Other Relevant Data And Information

The EPA time-critical operation was completed in 2001 to stabilize mine tailings to prevent erosion into Kinnikinic Creek, control infiltration of water into tailings and seepage of water from tailings and to minimize wind erosion. This remediation was successful. The final report (EPA, 2002) indicates that actions taken resulted in the mitigation of wind erosion of the tailings pile after covering with an 8-inch layer of angular rock. As a result, the risk of human exposure to elevated concentrations of heavy metals via inhalation was greatly reduced. Furthermore, the action reduced the amount of fine tailings entering Kinnikinic Creek. The threats to human health and the environment have been greatly reduced.

Interpretation And Conclusions

The Clayton Exploration Project represents an early stage exploration target considered prospective for the discovery of lead and silver mineralization. The area is well constrained with geologic mapping and underground workings are developed. The Clayton Silver Mine was exploited for over 50 years and could be brought back on-line. The Clayton Exploration Project will be focused on exploring the Clayton structures in the currently unexplored region below the 1,100 ft level of the mine. Based on drill intersections, the most recently mined area is known to extend at least 427 ft. (130 m.) below the 1,100 ft. level. The exploration plan is divided into two phases, Phase 1 and Phase 2, which are discussed below.

Recommendations

The Clayton Report recommends that future mine owners should procure all drill records and records pertaining to mineralization already discovered and exploited in the Clayton Silver Mine that are available from previous ownership. Further, the report recommends the initiation of the Phase 1 drilling program to examine rocks not yet explored below the 1,100 ft. level of the Clayton Silver Mine in order to estimate the extent of the mineralization beyond the 1,100 ft. level. Figures 2 and 5 illustrate the proposed drill locations. The Idaho Department of Water Resources must be notified prior to commencement of any mining or milling operations or prior to deposition of any tailings on the reclaimed impoundment. Drilling on private ground can likely begin immediately.

Budget

The Clayton Exploration Project is a 100% venture by CMX. The Clayton Exploration Project plan will focus on the Clayton Anticline below the 1,100 ft level of the Clayton Silver Mine that has been relatively unexplored and not part of the Clayton Production. The exploration plan is divided into two phases, Phase 1 and Phase 2.

Phase 1 will consist of geological analysis and data recovery of existing geological/geophysical data and recovery of old records left at the site or in the hands of former employees. Some data is available in the Defense Minerals Exploration Administration and OME dockets, but retrieval of drill records from the 1980's would be beneficial. It will also include exploration, geologic data analysis and drill hole targeting on the patented property. Drilling will include approximately three drill holes (1,500 – 2,500 ft. each maximum) on the Clayton patented property representing 5,400 ft of initial drilling. The drilling and assaying and initial geological work will be approximately a six month effort.

Phase 2 (following successful completion of Phase 1) proposes to drill eight additional holes to delineate probable ore reserves for the mine, representing 20,000 ft of additional in-field exploration drilling.

Tables 2 and 3 illustrate the proposed program budgets for the project designed to reach the objectives outlined above.

Table 2 - Proposed Clayton Exploration Project budget – Phase 1. All amounts in U.S. dollars.

Phase 1: 5 Months			
Exploration Office	**$/mo**	**Months**	**Total $**
Project Manager	**12,500**	**5**	**62,500**
Geologist	**8,000**	**5**	**40,000**
Geologist - Assistant	**4,000**	**5**	**20,000**
Expense Item	**Unit Cost**	**QTY**	**Amount**
Field/travel	$10,000	1	$10,000
Field vehicles	$5,000	1	$5,000
Geochemical samples ($/sample)	$50	100	$5,000
Metallurgy/QA	$15,000	1	$15,000
Geologist ($/mo) – Consulting	$2,000	2.5	$5,000
Field assistants ($/mo)	$1,500	2.5	$3,750
Environmental audit/permits	$5,000	1	$5,000
Drill road/site preparation (Hours)	$90	100	$9,000
Road Maintenance	$8,000	1	$8,000
Gyro, drill hole survey	$10,000	1	$10,000
Drilling Mobilization/ Demobilization	$5,000	2	$10,000

Drilling (target footage, $/ft),	$130	5400	$702,000
Geochem Assays (ICP & Fire Assay)	$75	1000	$75,000
Aerial photography	$0	0	$0
Surface access agreement	$5,000	1	$5,000
			$990,250

Table 3 - Proposed Clayton Exploration Project budget – Phase 2. All amounts in U.S. dollars.

Phase 2: 12 Months			
Exploration Office	**$/mo**	**Months**	**Total $**
Manager	**12,500**	**12**	**150,000**
Geologist ($/mo)	**8,000**	**12**	**96,000**
Geologist - Assistant	**5,000**	**12**	**60,000**
Expense Item	**Unit Cost**	**QTY**	**Amount**
Field/travel	$10,000	3	$30,000
Field vehicles	$5,000	1	$5,000
Geochemical samples ($/sample)	$50	100	$5,000
Metallurgy/QA	$15,000	1	$15,000
Geologist ($/mo) – Consulting	$2,000	6	$12,000
Field assistants ($/mo)	$1,500	6	$9,000
Environmental audit/permits	$5,000	1	$5,000
Drill road/site preparation (Hours)	$90	100	$9,000
Road Maintenance	$8,000	1	$8,000
Gyro, drill hole survey	$10,000	1	$10,000
Drilling Mobilization/ Demobilization	$5,000	4	$20,000
Drilling (target footage, $/ft),	$150	20000	$3,000,000
Geochem Assays (ICP & Fire Assay)	$75	4000	$300,000
Aerial photography	$5,000	0	$0
Surface access agreement	$15,000	1	$15,000
TOTAL			**$3,749,000**

Marietta Property

The Marietta Report dated March 14, 2012, was prepared at the request of CMX so as to conform to NI 43-101. The information below has been extracted from the full Marietta Report and provides a summary of the physical setting, geology, mining history, and mineral exploration potential of the Marietta Exploration Project and provides recommendations for exploration. Certain figures and tables from the Marietta Report are included in this Prospectus. The remaining figures and tables are contained in the full Marietta Report, which has been filed on SEDAR at www.sedar.com.

Most of the information about the property and surrounding areas are given in U.S. terms and units, although metric units are also used at times. References to currency are in U.S. dollars.

Marietta Property Description and Location

The mineral rights currently held within the Marietta Exploration Project by Azteca are through a buyout agreement with MSM Resources LLC of Seattle, Washington. An underlying 1% net smelter royalty was retained by the prior owners of the 13 patented claims. There are 13 federal patented claims and 143 unpatented federal lode mining claims comprising the Marietta Exploration Project. CMX has reached an agreement with Azteca which provides CMX Gold & Silver Corp. an option to earn up to a 50% ownership and ultimately operatorship of the Marietta Exploration property currently 100% owned by Azteca.

To the extent known, there are no environmental liabilities to which the Marietta Property is subject. Additional work would be required to determine if there are any historical liabilities that would be assumed by a new owner of the mine property.

Starting an exploratory drilling program on private land would require no permitting in the State of Nevada. Special use permits for mineral exploration drilling are not required in Mineral County, Nevada. There are no restrictions on a new owner that would prevent the owner or his contractors to start drilling on the property immediately.

To the extent known, there are no other significant factors and risks that may affect access, title, or the right or ability to perform work on the property. The title is registered to Azteca and under U.S. law, the titles to mineral claims do not expire as long as the annual assessment fees are kept up to date. Pursuant to the agreement, CMX paid the annual fees due in August 2011 and all fees are up to date.

The claims are located in un-surveyed sections 17, 18, 19, 20, 29, 30, 31 and 32, T 5 N, R 33 and un-surveyed sections 24 and 25, T5N, R32E, Mineral County, Nevada. For a claims map for the Marietta Exploration Project, please see Figure 2 of the Marietta Report which has been filed on SEDAR at www.sedar.com.

Accessibility, Climate, Local Resources, Infrastructure, And Physiography

The Marietta Exploration Project is located in the Marietta Mining District, Mineral County, Nevada on the south flanks of the east-central Excelsior Mountains, north and west of Teels Marsh. The historic mineral properties are located in a canyon north of the Marietta town site, although other mines in the vicinity are considered part of the Marietta Mining District.

The area is accessible from Reno, Nevada, via Interstate 80, to U.S. Highway 50 east, to U.S. Highway 95 south, to Nevada State Route 360 west, to the Marietta turn off, then approximately nine miles (14.5 km.) west on an improved dirt road to the town site of Marietta. From the town site of Marietta, unimproved dirt roads lead north into the project area. Figure 3 of the Clayton Report which has been filed on SEDAR at www.sedar.com, illustrates the location of the Marietta mines, as well as other mines in the vicinity, some of which are discussed below.

The elevation at the Marietta Exploration Project property ranges from 5,040 feet at the town site to 7,400 feet at the Endowment Mine locality. The Marietta Exploration Project property is in a high desert to sub-alpine area with annual rainfall of less than 15 inches. Temperatures are moderate and range from cool to cold during the winter with occasional snowfalls while summer temperatures are warm. Vegetation is limited to sage, juniper, and pinion pine with sparse native grasses.

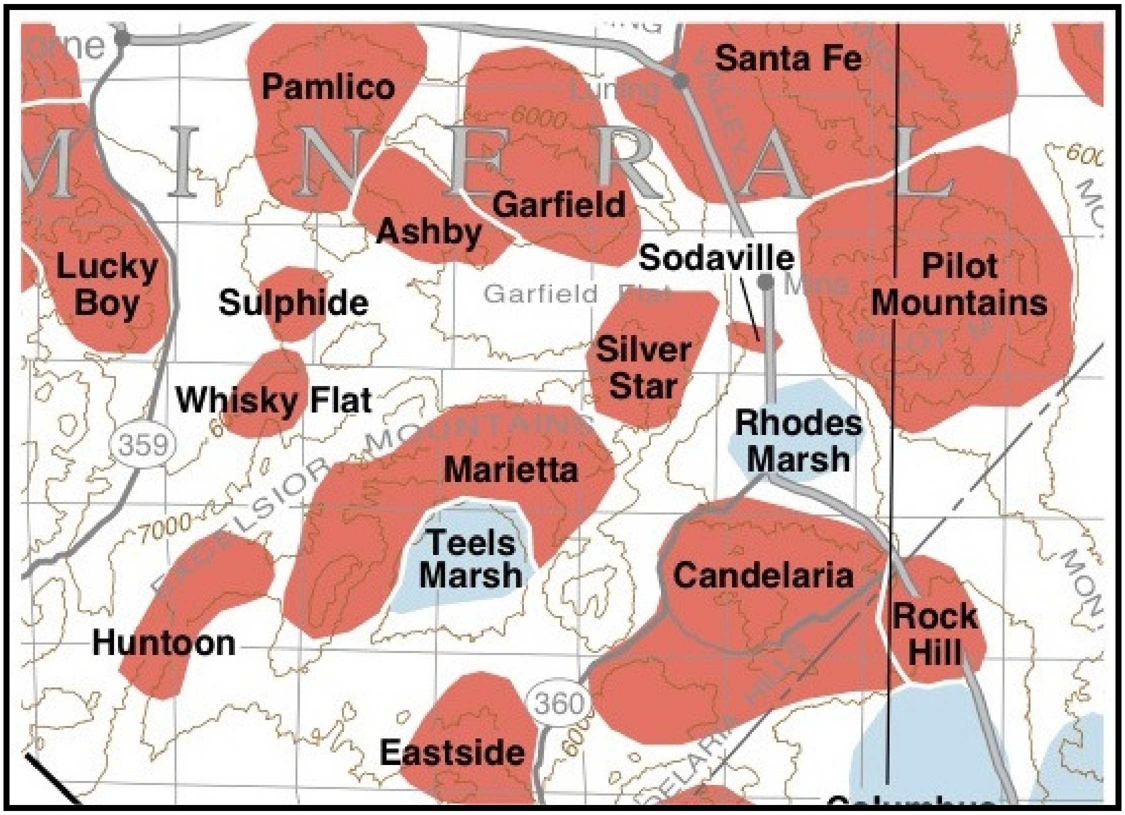
The town of Marietta is virtually uninhabited. Food, lodging and fuel are available in Hawthorne and Tonopah, 57 and 62 miles away, respectively. Necessary supplies, equipment and services for exploration and mine development are available in Reno, Winnemucca, and Elko, Nevada. A trained mining workforce is available in the aforementioned communities. The Marietta Property is accessible year-round for surface and exploratory drilling.

History

Mining in Mineral County, Nevada began with the discovery of silver and gold deposits in the Aurora District in 1860. This was followed by the discovery of similar deposits in Candelaria and Silver Star (currently referred to as the "**Marietta Mining District**"). The property lies within the southern part of the Moho Mountain Quadrangle.

The first mining in what is now referred to as the Marietta Mining District began as early as 1867 (borax and salt were mined from Teels Marsh) to the south of the Moho Mountain quadrangle. For a map illustrating the location of the mining districts in the Walker Lane area of Nevada, please see Figure 4 of the Marietta Report which has been filed on SEDAR at www.sedar.com.

Figure 8: Location of the Marietta Mining District relative to other districts in a portion of Mineral County, Nevada.



The greatest mining activity occurred between 1865 and 1875. By 1956, the total production of silver, gold and tungsten was about $75 million (in 1960 dollars), primarily from the Aurora and Candelaria Districts. Mining continued intermittently through the 1980s but largely ceased by 1956. In addition to silver, gold, and tungsten, the district produced lead and copper with nearly half of the value in tungsten. The area is dotted with numerous shafts, adits and declines driven into altered rock in the Marietta area, but no production records remain. Old workings exploiting NW-trending silver and lead veins that date from the 1870s to the 1950s are found approximately two miles NNW of the Marietta mines. These veins cut sedimentary and volcaniclastic rocks of the Jurassic Dunlap Formation.

Historic Mining and Prospects in the Area

There are several old mine workings on the Marietta Exploration Project property including the Endowment Mine, Sultana Mine, Yellowstone Prospect, and the Black Hawk Mine. Refer to Figure 19 for the locations of these mines and prospects relative to the property boundary. Figure 16 shows the locations of the Endowment and the Black Hawk Mines. The mining history of each is presented below. The London Silver Lead Mines Company location is also discussed.

1) Endowment Mine

The earliest metallic mining discovery in the Marietta Mining District was the Endowment Mine prior to 1877. Between 1877 and 1885 the Endowment Mine produced rich silver and lead ore. During this time, estimates of production range from $78,000 to $1.5 million; actual figures are not obtainable. The property sat idle until 1923. In 1924 contract miners operated on the site. The Endowment mine has been developed by several thousand feet of workings including three winzes and numerous stopes and raises on five different levels. No modern exploration has been carried out on the property at this location.

2) Sultana Mine

The Sultana Mine is located about 2,400 ft. east of the Endowment Mine. The Sultana Mine is a narrow NW-trending vein that dips 80° to the NE. It had some past production on narrow high angle structures, but no records of production are available.

American Gold Resources Corp. ("**American Gold**") drilled 11 reverse circulation ("**RC**") holes in the area in the mid-1980s. Along with drilling, underground mapping and sampling was completed in the mid-1980s. In the late 1980s Phelps Dodge Corporation drilled 5 holes in the Sultana area. The drill hole locations are known but the results are not available. In 1989, Battle Mountain Gold optioned the ground and drilled 6 holes in the area and 4 elsewhere at unknown locations. Drill roads were reclaimed.

3) Yellowstone Prospects

Very little data is available for this area prior to the work by American Gold in the mid-1980s. American Gold conducted geologic mapping and rock chip sampling, soil sampling, induced polarization surveys and drilling. American Gold drilled the area of the Yellowstone Prospect workings with 12 RC holes prior to 1989. Six of these drill hole locations are known and were designed to test the down dip extension of a mineralized structure. It is reported they drilled induced polarization conductivity highs on the hill to the NE of the Yellowstone Mine with little success.

High-grade gold mineralization can be found on the surface just west of the main adit at the Yellowstone mine. Visible gold in outcrop can also be found on claim D-108. No drilling has been done on the D claims.

4) Black Hawk Mine

Very little information is available on the Black Hawk Mine. It is described as a NW-trending, vertical argentiferous galena vein hosted in clastic sedimentary rocks. The mineralogy of the vein includes galena, pyrite, sphalerite, tetrahedrite, chalcopyrite, cerussite, anglesite and covellite in a quartz gangue.

5) London Silver-Lead Mines Company Location

The London Silver Lead Mines Company consists of a collection of several mines namely the Badger, Birdsong, Rip Van Winkle and the Silver Gulch mines, the latter not a part of the Marietta Report. These mines are located in the NE quarter of un-surveyed section 24, T5N, R32E in Mineral County, Nevada.

The London Silver-Lead Mines Company produced a small amount of silver and lead prior to 1915 from the Badger Mine. No production is reported from the two other mines in the Marietta Report. A new company, Gold Gulch Mining and Milling Company in 1928, had a new mill built at the Marietta town site. Only several tons of ore were processed at the mill.

In the mid-1980s the area was explored by American Gold with mapping and sampling of the underground workings of the Birdsong Mine.

6) Rutty Prospect

The Rutty prospect property was owned by Joe Rutty beginning in 1910; he had completed 4,000 ft. of workings by hand along with mining and milling of ore. Mr. Rutty made a simple living from this small mine. The mine was developed for gold between 1910 and 1930. The veins supposedly contained native gold and pyrite in a quartz±siderite gangue. The veins (generally less than a foot wide) trend N35°E to N35°W and have steep dips.

7) Roy Ladd Prospect

ASARCO LLC's interest in the area began in 1985 and came to fruition in 1988 with the completion of 2,515 ft. in 10 RC holes in the Roy Ladd area at the NE area of the claim block (labeled ASARCO, Figure 19). Prior to drilling, an extensive rock chip-sampling program was completed with in the existing claim block. ASARCO staked 15 lode claims over and surrounding the 5 Roy Ladd claims.

Geological Setting And Mineralization

Regional Geology

The Marietta Exploration Project property is situated in the Marietta Mining District, Mineral County, Nevada in the western part of the state near the margin of the Basin and Range province. The Marietta Mining District is located in the east-central Excelsior Mountains. The project site is situated within the NW-trending Walker Lane Mineral Belt of the western Basin and Range province, which hosts numerous gold and silver deposits. Mining districts and mineral deposits located within the Walker Lane Mineral Belt include the Comstock Lode, Tonopah District, Goldfield District, and the Rawhide, Paradise Peak, and Bullfrog Mines (some of which are shown in Figure 17). These districts have produced significant quantities of precious and base metals over the past 125 years.

The Walker Lane Mineral Belt and the Eastern California Shear Zone is a zone of transtension between the central Basin and Range and the Sierra Nevada microplate. The zone is characterized by complex deformation and localized bimodal volcanism.

Regionally, Triassic to Jurassic age argillites, calcareous sandstones and limestones have been intruded by stocks and sills of Cretaceous age. Hornfels and skarns have developed as large aureoles around intrusive bodies. The region is characterized by low angle thrusts and high angle normal and strike slip faults.

The oldest units exposed in the Marietta Mining District consist of the Permian metavolcanic and metasedimentary rocks of the Mina Formation and the Black Dyke Formation. The Mina and Black Dyke Formations are interpreted to be in thrust contact with the Jurassic Dunlap Formation. The Permian formations are interpreted to be the upper plate of the thrust sheet whereas the Jurassic Dunlap Formation is interpreted to be the lower plate. Both the upper and lower plates have been intruded by dikes and masses of granodiorite, quartz monzonite, and granite porphyry between Moho Mountain and the Marietta mines area. The Excelsior Mountains are underlain by Cretaceous granitic rocks to the west of the Marietta Exploration Project area. West of Moho Mountain a small area of the district is covered by Tertiary andesite.

The Marietta mines District is underlain by the Jurassic Dunlap Formation within the Excelsior-Coaldale block, which is bound to the north and south by EW trending left lateral faults (Rattlesnake and Marietta faults, respectively).

Property Geology

The mines and prospects of the Marietta mines (located 1 km north of the Marietta town site) are within clastic rocks of the Dunlap Formation and along a thrust fault that separates the Dunlap (above) from metavolcaniclastic and metavolcanic rocks (below). The base of the footwall andesite is not exposed in the Marietta area.

The stratigraphy at the Marietta Exploration Project property is comprised essentially of two rock types; metamorphosed volcanic rocks below and weakly metamorphosed sedimentary rocks above.

The upper plate consists of bedded to massive sequences of chert pebble conglomerate. The unit is variously purple, violet or light green to light gray, with local interbeds of laminated to thick bedded, light brown to gray sandstone. Epidote crystals are present on some fractures. These siliciclastic rocks form the majority of the low ridges in the mapped area. The unit is very broken and locally crushed, particularly near low angle structures.

A unit identified as calc-silicate was found on the western edge of the project area that occurs between conglomerate and sandstone units. The contact is variously sheared and/or brecciated. The calc-silicate rocks are fine grained, dark green and locally calcareous. This unit contains bedding defined by concentrations of various minerals and forms bold outcrops.

Colluvium covers most slopes with up to 3 m of material. Alluvium is generally thin in many of the small draws but can be in excess of 10 m thick in the larger valleys. Alluvial fans of unknown thickness have formed at the front of the range.

The lower plate metavolcanic sequence consists of two rock types; a trachytic unit composed of plagioclase crystals (to 2 cm) in a fine-grained matrix and a fine-grained massive flow unit. The trachytic unit is dark green, except where it is hydrothermally altered. Local concentrations of epidote are found on fractures and veins.

All rocks in the project area have been subjected to regional greenschist facies metamorphism prior to hydrothermal alteration. Hydrothermal alteration has produced differing mineralogy in the two principal lithologies. Alteration within the sedimentary rocks is characterized by limonitic staining along structures. In areas where alteration is intense, local and rarely larger areas of silicification are observed. Silicification is well developed in areas of open-spaced brecciation. In silicified rocks, goethite veins up to 1 cm thick are present along with hematite staining. Occasionally, druzy quartz is present along bedding.

There are two alteration types present. The primary type is quartz-sericite-pyrite alteration. This alteration is recognizable by the outcrops of dark brown to black bouldery material. The primary mineral make up of this material is sericite and/ or kaolinite, goethite, and quartz with common concentrations of black manganese oxides, red hematite and rarely copper carbonates (azurite and malachite).

Underlying this zone is a thick zone of white kaolinite. Low angle shears are frequently present in this material. Iron oxide stains are common and in many areas cause the white clays to turn pink. Goethite has replaced pyrite cubes and striated modified pyrite cubes to 5 mm are common in the white clays. This style of alteration is found everywhere at the contact between the sedimentary rocks and the volcanic rocks and in most areas is 1 m or less in thickness. Where it underlies the quartz-sericite-pyrite alteration, the kaolinite alteration is in excess of 10 m thick.

Copper carbonates are most readily developed in unaltered or only weakly altered metavolcanic rocks, often below areas of argillic alteration. Local concentrations yield malachite and azurite crystals to 2 mm. The highest concentration of malachite was found in unaltered dark green metavolcanic rocks NE of the main mining areas.

Quartz veins are found throughout the area concentrated in areas of intense hydrothermal alteration. The veins are primarily massive white quartz and may be layered with pyrite and chalcopyrite. Pyrite and chalcopyrite are often found dispersed in unaltered metavolcanic rocks, usually in pods of subhedral and euhedral crystals. These sulfides are often altered to goethite and/ or malachite with malachite forming green stains haloing the sulfide pods.

Structure

The project area is cut by numerous small- and large-scale structures. The structure of the area can be divided simplistically into low angle structures (with dips less than 50 degrees) and high angle structures (dips greater than 50 degrees). The low angle structures likely formed earliest. They are common in both the sedimentary and volcanic units. These structures are seldom planar. Often they are discontinuous and exhibit complex curved surfaces. Low angle structures in the sedimentary unit are characterized by crushed rock and are frequently accompanied by a limonitic clay core. In the volcanic unit, the low angle structures often exhibit plastic deformation and hydrothermal alteration. Kaolinite or sericite clays are frequently developed.

The high angle structures are characterized by three strike directions: NNW, WNW, and ENE. The most important strike direction is the NNW set, which acts as the primary feeders and veins. The dips vary in direction and degree. Many sulfide-bearing quartz veins have this orientation as well. The main mineralized zone also trends NNW out of the central alteration area. The WNW trending set of high angle structures cut and offset the low angle structures. These faults are recognized in underground exposures by crush zones and minor clay development.

Mineralization

At least three types of mineralization have been identified at the Marietta Exploration Project site by CGF Geological Consultants in 2005. They recognized two gold systems and a third copper-rare earth system. Mesothermal quartz veins have been identified with up to 49.2 g/t (1.435 opt) gold up to 66 g/t (1.925 opt) from surface samples. These are crosscut by a later, high angle shear hosted, epithermal gold system with values to 17.3 g/t (0.504 opt) gold. The strike length of the epithermal gold system is greater than 1,000 meters. The extent of the high-grade quartz vein system has not yet been determined. Gold mineralization is almost entirely hosted within the metamorphosed sandstones and conglomerates located in the central and western portion of the region.

Deposit Types

The Marietta Exploration Project site is situated in the Walker Lane Mineral Belt, a geographical district in southwest Nevada measuring 600 km long by 130 km wide (see Figure 17). The region is defined as a NW-trending structural corridor controlling numerous epithermal precious metal deposits such as the Comstock Lode, Round Mountain, Aurora, Rawhide and Goldfield as well as porphyry copper deposits such as Yerington.

More recent work in the Marietta mines area suggest that a possible source for the hydrothermal fluids that produced the veins may be a hidden porphyry system with an associated intrusive at depth. This is discussed further below.

Exploration

Since the establishment of the Marietta Mining District in the early 1860s (which mined oxidized lead and silver ores north of the town of Marietta), and subsequent underground mining over the next 20 or 30 years (mostly at the Endowment Mine and the London Lead Silver Mines), mining operations were essentially reduced to a small scale into the 1960s. In the 1960s, some drilling was done to test for a possible porphyry deposit at depth (exploration company unknown; only three core holes from this program have been located).

Modern precious metal exploration began in mid-1985 with the exploration of precious metals by American Gold, Phelps Dodge Corporation, Battle Mountain Gold Company and in the early 1990s by ASARCO LLC. Numerous drill roads were constructed and drilling occurred during this period along with surface and underground mapping and sampling and induced polarization surveys. In 2005, MSM

Resources had a ground magnetic and gravity survey made along with detailed underground mapping and sampling of seven of the larger, historical workings in the Marietta area.

In mid-2005, the seven underground workings in the Marietta area were mapped and sampled by CGF Geological Consultants, Inc. at the request of MSM Resources LLC. A total of 2,864 feet of underground mapping was completed along with the collection and analysis of 139 rock chip samples. Most samples were along the ribs and 20 ft. long.

A regional gravity survey and a magnetic survey on four grids were completed by Big Sky Geophysics for MSM Resources LLC in 2005. According to Big Sky Geophysics, the regional magnetic data appear to show a regional structure trending NW-SE. Additionally, the gravity data suggests a strong gravity high approximately where the Marietta ground magnetic survey is located. In February 2008, additional soil samples were collected over the west area of the Marietta Property on a 25 x 50 meter grid.

Recent exploration by contractors to Azteca has consisted of geologic mapping, soil sampling, an induced polarization and resistively survey, ground magnetic, and pre-collar drilling.

In November 2007 Larry McMaster, a consulting geologist, started mapping in the Marietta area for Azteca and ended in late December 2007 due to weather conditions. Aerial photos were flown by SBG Photogrammetric Mapping and Aerial Photography of Reno, Nevada. Ortho-photos were prepared for Azteca in September 2007.

A total of 113 rock chip samples from within the Marietta Property as well as from the southern part of the Yellowstone Prospect were collected from a variety of mineralized horizons and structures and were sent to ALS Chemex in Reno, Nevada, for gold analyses and for 31 element analyses.

A number of geophysical surveys have been completed over portions of the Marietta Exploration Project property. In 2008, Azteca contracted J.L. Wright of Wright Geophysics (Spring Creek, Nevada) to review, interpret and summarize five different geophysical surveys, including airborne magnetic, ground magnetic, gravity and induced polarization.

The ground magnetic and IP surveys indicate hydrothermal movement along structures with deposition in porous units, an interpretation consistent with a postulated third stage of mineralization. A possible source for the hydrothermal fluids may be a hidden porphyry system.

The gravity, ground magnetic and IP surveys all indicate deep basin fill material south of the range front in Teels Marsh. However, this is not completely definitive and requires verification. To the north in the range, an interpretation is presented which includes hydrothermal fluids channelized along structures with deposition of magnetite/pyrite in both the structures and receptive units proximal to the structures. Such a hypothesis is consistent with a third stage mineralizing event, possibly related to a hidden porphyry system. The regional magnetic data reveal two possible intrusions north of the existing survey coverage.

Drilling

Previous drilling in the Marietta area includes drill holes in the 1960s by an unknown company with unknown results. In late 1984 – early 1985, Vector Resources Inc. of Vancouver, Canada, drilled several holes in the Gold Hill area south of the Yellowstone Prospect. Along with the several holes drilled, dozer work and sampling was conducted. In the mid-1980s, American Gold drilled approximately 17 RC holes in the Sultana Mine area and the Yellowstone Prospect area. Phelps Dodge Corporation drilled 5 RC holes in the Sultana area. Battle Mountain Gold Company drilled 6 RC holes in the Sultana Mine area in 1989. In 1989, Fleet Koutz with ASARCO, drilled 10 RC holes on the Roy Ladd prospect east of the Sultana Mine.

In 2007, Azteca contracted WDC Exploration & Wells of Montclair, California, to drill 4 RC pre-collar holes (MAR07-RC-001 to MAR07-RC-0004 in the Marietta area. The four RC holes have been cased to their total depth for future core drilling. Table 4 provides the collar coordinates, elevations and depths.

The author of the Marietta Report examined the core logs (prepared by M2 Technical Services, Inc., Spokane, Washington) and notes that they lack significant geological data. No mineralization was encountered; sparse oxidation was noted. The logs report primarily poor recovery of sedimentary units of the Dunlap Formation (sandstones and conglomerates). Andesitic and trachytic rocks were encountered in MAR07-RC002 (at 225 ft.) and in MAR07-RC003 (at 125 ft.).

Table 4: Drill hole collar coordinates, elevations and depths.

Hole	Northing	Easting	Elevation, ft.	Depth
MAR07-RC-001	4234883	382573	5359	70
MAR07-RC-002	4234526	382428	5155	330
MAR07-RC-003	4234772	382578	5312	135
MAR07-RC-004	4235014	382434	5452	40

Sampling Preparation, Analyses and Security

The sampling procedures and security for the sample collected by CGF Geological Consultants were for the underground workings. A very competent geologist (Gregory C. Ferdock) collected the samples and there is no reason to question the reliability of the work and security of the samples. The samples were sent to ALS Chemex in Reno, Nevada.

The samples collected by Larry McMaster were collected using accepted industry standards and were secure at all times. These samples were shipped to ALS Chemex Labs, Ltd. in Reno, Nevada for results. The 2008 rock and soil samples were shipped to American Analytical Services, Inc. in Osburn, Idaho for analysis. These samples were secured at all times.

M2 Technical Services, Inc. collected soil samples over the immediate Marietta area in 2007. The purpose of the sampling was to define the trace element geochemistry over the three different mineralized zones. The "C" horizon was sampled from the thin soil cover. Approximately 0.7 liters of material was collected, labeled and a Universal Transverse Mercator ("**UTM**") coordinate assigned to the sample, secured and then shipped. The rock chip samples were collected over a measured horizontal or vertical distance or labeled as a grab sample. The samples were collected on structures and mineralized horizons to identify the content for commodities of economic interest, associated trace elements, and zoning of various elements.

The soil samples in the Marietta West area were collected over andesite with a thin soil horizon. Approximately 0.7 liters of material were collected for analysis with an aluminum tag affixed to a nearby bush. All samples were assigned a number and an associated UTM coordinate in North American Datum 83 units. The samples were then shipped to ALS Chemex Labs, Ltd. or American Analytical Services, Inc.

Data Verification

The Marietta Exploration Project is in the early stages of exploration. The underground sampling and mapping and some of the geophysical work was conducted prior to involvement of Azteca in the Marietta Exploration Project. These services were conducted by persons competent in the mineral industry with no reason to question the reliability of the work conducted by CGF Geological Consultants and Big Sky Geophysics.

The data collected after Azteca's involvement was conducted by Larry McMaster or overseen by Larry McMaster, a registered professional geologist.

Mineral Processing And Metallurgical Testing

At the time of the Marietta Report, no mineral processing or metallurgical testing has been done by CMX or its contractors. This is an early phase of exploration to initiate a drilling program.

Mineral Resource Estimates

The Marietta Exploration Project is an exploration stage project. There is insufficient work completed to make a meaningful estimate of mineral resources on the property. No economic analyses have been applied to determine a mineral reserve.

Adjacent Properties

The Marietta Exploration Project is an exploration stage project. There is insufficient work completed to make a meaningful estimate of mineral resources on the property. No economic analyses have been applied to determine a mineral reserve.

The following information is taken from various public and industrial news sources. The following information is not necessarily indicative of the mineralization on the Marietta Property, which is the subject of the Marietta Report. The Borealis Project and Candelaria and Aurora districts are included here as adjacent properties because they belong to the Walker Lane Mineral Belt.

1) Silver Gulch (Silver Glance)

The Silver Gulch property is located in the east half of un-surveyed section 24, T5N, R32E and west half of un-surveyed section 19, T5N, R33E in Mineral County, Nevada. In the mid-1980s American Gold drilled 48 RC holes. This resource is on six unpatented claims completely surrounded by the CMX mineral holdings. Historical estimates determined by ASARCO could not be verified by the author of the Marietta Report and therefore, are not reported.

2) Borealis

The Borealis Gold Project is located in western Nevada, southwest of the town of Hawthorne in the Walker Lane Mineral Belt and north-east of the California border. According to reported sources, the Borealis gold deposit was discovered in 1978 by S. W. Ivosevic, a geologist working for Houston International Minerals Company. Production began in October 1981 as an open pit mining and heap-leaching operation. Tenneco Minerals Company acquired the assets of Houston International Minerals Corporation in late 1981 and continued production from the Borealis open-pit mine.

3) Candelaria

The Candelaria mining district was formed in 1864 after high-grade silver mineralization was discovered in 1863. The Candelaria mine is located in southeastern Mineral County, Nevada. The mine is composed of 47 patented and 256 unpatented mining claims located in the Candelaria Hills. Exploration for reserves of silver ores began in the 1960s and operation began in 1980 at the Candelaria mine. The deposit has been mined by open pit methods and processed by heap leaching.

4) Aurora

The Aurora district is located approximately 20 miles southwest of Hawthorne, Nevada. The district was productive from 1861 to 1869 then intermittently productive into the early 1900s. Production from 1861 to 1997 yielded 1.9 million ounces of gold. Metallic Ventures Inc. acquired the property from a bankruptcy trust in 2000. The deposit is a series of up to 100 veins with 30 having production. The tertiary aged veins are quartz-adularia veins of epithermal origin in the Walker Lane. This property is part of the Bodie, Esmeralda and Borealis Trend that has produced approximately 6 million ounces of gold.

Interpretation and Conclusions

The Marietta Property represents an early stage exploration target considered prospective for the discovery of high-grade gold-copper mineralization. The Marietta Exploration Project is a collection of silver-gold prospects and mines in a Jurassic bimodal volcanic pile. Although no intrusive rocks are exposed in the Marietta Project area, part of the property may be underlain by porphyry intrusive(s) based on mineralogy, alteration and geophysical data.

The Marietta area has had the greatest focus of Azteca exploration to date. From the mapping and sampling done to date, it is evident that the mineralized areas at the surface are not sufficient to be a stand-alone operation. The data presented in the Marietta Report suggests the possible presence of a source for the hydrothermal veins in the area. This source may be a porphyry intrusion at depth and further work is needed to verify this interpretation.

Recommendations

The two magnetic highs north of the present survey coverage are compelling and require verification. Several magnetic survey profiles should be undertaken to cross both highs to provide verification and confirm locations. The profiles should be planned so as to mitigate problems related to the rugged terrain in the area. Finally, existing drill data and geologic information, if available, should be compiled and reviewed in light of the geophysical results. The sulfides interpreted along the major northwest structure may be of interest. Certainly, drill holes could be readily located to test the various chargeability anomalies

At the Marietta mines area, the lack of an intrusive target within the depth search of the present induced polarization survey requires a review of the drilling program presently in place. A deeper search with induced polarization with a 300 meter dipole spacing would search to depths that could target 1,500 ft. drill holes toward a possible intrusive.

Additional work could focus on the Endowment, Sultana and ASARCO mines and prospects, which would need a consolidation of existing data. Mapping, rock chip, soil sampling and possibly modeling this data may enhance the understanding of the existing data and create new targets. The Endowment Mine has never been drilled. The potential for disseminated mineralization in the East Winze area would be a primary target.

The London Silver-Lead Company recommendation for future work on the Marietta Exploration Project is to follow up on the exploration of the veins extending onto the CMX holdings. The preliminary work of incorporating the existing data with new mapping and sampling can generate drill targets with bulk tonnage potential.

Budget

The Marietta Exploration Project is a 100%-funded venture by CMX. The Marietta Exploration Project plan will focus on new diamond drilling from existing drill pads (aforementioned pre-collar locations.) with those sites being targeted by existing and new geophysical testing (magnetic and induced polarization), surface sampling and geologic modeling of the Marietta area. The exploration plan is divided into three phases, *Phase 1a, Phase 1b* and *Phase 2*.

<u>*Phase 1a*</u> will consist of geological analysis and data recovery of existing geological/geophysical data, development of an integrated 3-D geologic model from existing data and through execution on new magnetic and induced polarization geophysical testing. Work will also include exploration, geologic data

analysis and drill hole targeting on the patented property. Phase 1a is approximately a 2 - 3 month program with a budget of approximately US$298,750.

Phase 1b is the initial drilling program based on the Phase 1a targeting recommendations. Drilling will include approximately 3 drill holes (1,500 – 2,500 ft. each maximum estimated) on the Marietta patented property representing 5,000 ft. of initial drilling targeting potential deeper porphyry and upper vein targets. The drilling and assaying and initial geological work will be approximately a 3 - 4 month effort with an estimated cost of US$764,500. Phase 1a and Phase 1b will be completed in series, with the minor Phase 1a funding coming in early and informing the more expensive Phase 1b exploration diamond drilling program.

Phase 2 (following successful completion of Phase 1a and Phase 1b) proposes to drill 8 - 10 additional holes, representing 20,000 ft. of additional in-field exploration drilling.

Table 5: Proposed Marietta Exploration Project budget – Phase 1a. All amounts in U.S. dollars.

Phase 1a: 2 - 3 Months			
Exploration Office	**$/mo**	**Months**	**Total $**
Project Manager	**12,500**	**2.5**	**31,250**
Geologist	**8,000**	**2.5**	**20,000**
Geologist - Assistant	**4,000**	**2.5**	**10,000**
Expense Item	**Unit Cost**	**QTY**	**Amount**
Field/travel	$10,000	1	$10,000
Field vehicles	$5,000	1	$5,000
Geochemical samples ($/sample)	$50	100	$5,000
Geophysics - IP (Induced polarization)	$80,000	1	$80,000
Geophysics - IP Magnetics	$70,000	1	$70,000
3-D Geological modeling	$25,000	1	$25,000
Geologist ($/mo) - Consulting	$10,000	2	$20,000
Field assistants ($/mo)	$3,000	2.5	$7,500
Environmental audit/permits	$5,000	1	$5,000
Aerial photography & survey	$5,000	1	$5,000
Surface access agreement	$5,000	1	$5,000
TOTAL			**$298,750**

Table 6: Proposed Marietta Exploration Project budget – Phase 1b. All amounts in U.S. dollars.

Phase 1b: 3 - 4 Months			
Exploration Office	**$/mo**	**Months**	**Total $**
Project Manager	**12,500**	**3**	**$37,500**
Geologist	**8,000**	**3**	**$24,000**
Geologist - Assistant	**4,000**	**3**	**$12,000**
Expense Item	**Unit Cost**	**QTY**	**Amount**
Field/travel	$10,000	1	$10,000
Field vehicles	$5,000	1	$5,000
Geochemical samples ($/sample)	$50	100	$5,000
Geologist ($/mo) - Consulting	$10,000	2	$20,000
Field assistants ($/mo)	$3,000	2.5	$7,500
Environmental audit/permits	$5,000	1	$5,000
Drill road/site preparation (Hours)	$90	100	$9,000
Road Maintenance	$4,500	1	$4,500
Gyro, drill hole survey	$10,000	1	$10,000

Drilling Mobilization/ Demobilization	$5,000	2	$10,000
Drilling (target footage, $/ft),	$100	5000	$500,000
Core Prep, logging, split & sampling	$5	5000	$25,000
Geochem Assays (ICP & Fire Assay)	$75	1000	$75,000
Surface access agreement	$5,000	1	$5,000
TOTAL			**$764,500**

Table 7 - Proposed Marietta Exploration Project budget draft – Phase 2. All amounts in U.S. dollars.

Phase 2: 12 Months			
Exploration Office	**$/mo**	**# Months**	**Total $**
Geo Project Manager	**12,500**	**12**	**150,000**
Geologist ($/mo)	**8,000**	**12**	**96,000**
Geologist - Assistant	**5,000**	**12**	**60,000**
Expense Item	**Unit Cost**	**QTY**	**Amount**
Field/travel	$10,000	3	$30,000
Field vehicles	$5,000	1	$5,000
Geochemical samples ($/sample)	$50	100	$5,000
Metallurgy/QA	$15,000	1	$15,000
Geologist ($/mo) - Consulting	$5,000	6	$30,000
Field assistants ($/mo)	$5,000	6	$30,000
Environmental audit/permits	$5,000	1	$5,000
Drill road/site preparation (Hours)	$90	100	$9,000
Road Maintenance	$15,000	1	$15,000
Gyro, drill hole survey	$25,000	1	$25,000
Drilling Mobilization/ Demobilization	$5,000	4	$20,000
Drilling (target footage, $/ft),	$100	20000	$2,000,000
Core Prep, logging, split & sampling	$5	20000	$100,000
Geochem Assays (ICP & Fire Assay)	$75	4000	$300,000
Surface access agreement	$5,000	1	$5,000
TOTAL			**$2,900,000**

DIRECTORS AND OFFICERS

The Board of Directors of CMX consists of Jan M. Alston, Bruce J. Murray, Robert L. Russell and John A. Niedermaier. Additionally, the following persons have been appointed officers of CMX: Jan M. Alston as President, Chief Executive Officer and Corporate Secretary, Randal Squires as Chief Financial Officer.

The following are the names, municipalities of residence, shareholdings and principal occupations within the previous five years of the directors and officers of CMX, and their principal position with CMX.

Name and Municipality of Residence	**Position Presently Held**	**Director Since**	**Number of Common Shares Beneficially Owned or Controlled Directly or Indirectly as at the Date Hereof**	**Number of Common Shares Beneficially Owned or Controlled Directly or Indirectly after the Minimum Offering** [(3)(4)(5)]	**Principal Occupation for past 5 years**
Jan M. Alston,[(1)] Calgary, Alberta, Canada	Director, CEO, President and Corporate	March 31, 1989	1,008,125[(7)] (4.0%)	1,008,125[(7)] (2.2%)	Independent businessman; From 2005 to 2006 - CEO and Director of Tenergy Ltd., a TSX-listed oil and gas exploration company.

Name and Municipality of Residence	Position Presently Held	Director Since	Number of Common Shares Beneficially Owned or Controlled Directly or Indirectly as at the Date Hereof	Number of Common Shares Beneficially Owned or Controlled Directly or Indirectly after the Minimum Offering (3)(4)(5)	Principal Occupation for past 5 years
	Secretary				
Bruce J. Murray(1) Calgary, Alberta, Canada	Director	Oct 30, 1989	481,625(8) (1.9%)	481,625(8) (1.1%)	Independent businessman; President of Zorzal Incorporated since 2007. Director of Passport Energy Ltd. since February 2010, Chairman . since October 2010 and Chief Executive Officer since April 2011.
Robert L. Russell(1) Spokane, Washington, USA	Director	January 28, 2011	1,500,000(9) (5.9%)	1,500,000(9) (3.3%)	President and CEO of Idaho General Mines Inc. from 2000 to 2006; President and CEO of General Moly Inc. until January 2007 and a director until October 2007; Chairman of Russell Mining and Minerals, Inc. and President and Managing Director of Russell Associates E&T LLC. Chairman, President and CEO of Josephine Mining Corp.
John A. Niedermaier Calgary, Alberta, Canada	Director	March 6, 2012	726,143(10) (2.9%)	726,143(10) (1.6%)	CEO of Mi Casa Rentals Inc., an oilfield supply company since May 1993. Director of Marksmen Energy Inc. since 2007.
Randal Squires, Novato, California, USA	CFO	January 28, 2011	1,635,000(11) (6.5%)	1,635,000(11) (3.6%)	President of Psi3g, Inc. since January 2010. The Chief Financial Officer of Azteca since December 2006 and the Controller and President of PSI Management Team, Inc. from 1990 until December 2009.
Total			**5,350,893 (21.2%)**	**5,350,893 (11.8%)**	

Notes:

(1) Members of the audit committee.

(2) The Corporation has no other standing committees at this time.

(3) Assuming the minimum 20,000,000 Units are purchased pursuant to the Offering.

(4) Before giving effect to the exercise of the Agent's Option and the Options to be granted to directors and officers of the Corporation after Closing of the Offering.

(5) Assuming no Units are purchased by the above Shareholders under this Prospectus.

(6) The number of Common Share purchase warrants beneficially owned or controlled, directly or indirectly, as at the date hereof for each of the above noted directors and officers:

Name	Number	Exercise Price	Expiry Date
Jan Alston	400,000	$0.25	October 9, 2014
	300,000	$0.15	June 30, 2013
Randal Squires	1,500,000	$0.15	June 30, 2013
	135,000	$0.25	October 9, 2014
Robert L. Russell(9)	1,500,000	$0.15	June 30, 2013
Bruce J. Murray	150,000	$0.25	May 28, 2014
John A. Niedermaier	100,000	$0.25	October 9, 2014
TOTAL	**4,085,000**		

(7) Associates of Mr. Alston beneficially own an additional 817,000 Common Shares and 1,550,000 Common Share purchase warrants, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of $0.15 per share until June 30, 2013 as to 1,250,000 Common Share purchase warrants and at a price of $0.25 per share until October 9, 2014 as to 300,000 Common Share purchase warrants.

(8) An associate of Mr. Murray beneficially owns an additional 101,500 Common Shares and 100,000 Common Share purchase warrants, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of $0.25 per share until May 28, 2014.

(9) The Common Shares and Common Share purchase warrants beneficially owned by Mr. Russell are registered in the name of Russell Associates E&T LLC.

(10) An associate of Mr. Niedermaier beneficially own an additional 482,500 Common Shares and 150,000 Common Share purchase warrants, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of $0.25 per share until October 9, 2014. An aggregate of 62,084 Common Shares beneficially owned by Mr. Niedermaier are registered in the name of LL&S Holdings Ltd.

(11) An aggregate of 1,500,000 Common Shares and 1,500,000 Common Share purchase warrants beneficially owned by Mr. Squires are registered in the name of the Squires Family 1998 Trust.

The following is a brief description of the background of the proposed directors and key management of CMX:

Jan Alston, age 57, President, CEO, Corporate Secretary and Director

Born in Calgary, Alberta, Mr. Alston attended the University of Alberta where he obtained a BA in 1978 and an LL.B. in 1981. Mr. Alston has been involved in public junior natural resource companies for over 25 years. He practiced law in the 1980's in the areas of business law, oil and gas, securities regulation and corporate finance. Mr. Alston has been a member of the Law Society of Alberta from 1982 to present. He led the management team as President, Chief Executive Officer, director and co-founder of Purcell Energy Ltd. ("**Purcell**"), an oil and gas exploration and production company listed on the TSX. After 16 years, Purcell in 2005 sold two-thirds of its oil and gas assets for more than $150 million and spun out Tenergy Ltd. From November 2005, Mr. Alston was Chief Executive Officer and director of Tenergy Ltd., a TSX listed natural gas exploration and production company, until its sale in March 2006 for approximately $92 million. Mr. Alston has been a director of Azteca, a TSXV listed mining exploration company, since December 2008.

Bruce J. Murray, age 55, Director

Born in Calgary, Alberta, Mr. Murray attended the University of Calgary where he obtained a B.Comm in 1979. Mr. Murray has over 30 years of extensive experience in the oil and gas industry in the areas of exploration and production negotiations, acquisitions, gas marketing, general oil and gas operations and management. From 1980 to 1987, Mr. Murray was employed by BP Resources Canada (now Talisman Energy Inc.) where in 1985 he was appointed District Landman, Negotiations, for the Canadian frontier and western Canadian Basin producing properties. Mr. Murray was a co-founder, director and Chief Operating Officer of Purcell and was responsible for managing the exploration and production operations of the company. From November 2005 Mr. Murray was President and director of Tenergy Ltd. until its sale in March 2006 for $92 million. He is President of Zorzal Incorporated, a Canadian-owned winery in Mendoza, Argentina. Mr. Murray is Chairman, Chief Executive Officer and a director of Passport Energy Ltd.

Robert L. Russell, age 78, Director

Robert L. Russell has been a professional engineer in the U.S. since 1983. Mr. Russell graduated from the University of Idaho in 1956 with a B.Sc. in Mining and Geological. He has more than four decades of experience in senior management, operating management, mine engineering/industrial engineering, corporate planning, mine development, exploration, and environmental. In the last two decades, he managed all aspects of two of the world's largest gold/copper mining and processing operations in Indonesia and Zambia. Recently, he has had a principal role in advancing the development of the 800 million tonne King-king Copper/Gold deposit in the Philippines and is now Director and Chairman of the Board of St. Augustine Gold & Copper Ltd., the parent company for that project. Mr. Russell's numerous engagements include Freeport McMoRan Copper & Gold Inc., Fluor Corporation and Metals, Zambia Consolidated Copper Mines Ltd., Exxon Minerals Company, Sunshine Mining & Refining, Inc., and Bunker Hill Mining Company. Mr. Russell has been a director of Mines Management, Inc. since 1999. Mr. Russell co-founded Idaho General Mines Inc., now called General Moly Inc. He was a director of General Moly Inc. from 1967 to 2007, President and Chief Executive Officer from 1984 to 2007 and Chairman during 2007. General Moly Inc. is traded on the AMEX market. Mr. Russell is Chairman of Russell Mining and Minerals, Inc. He is also President and Managing Director of Russell Associates E&T LLC and Chairman, President and Chief Executive Officer of Josephine Mining Corp.

John A. Niedermaier, age 73, Director

Mr. Niedermaier attended the University of Saskatchewan where he obtained a B.Sc. in Engineering in 1963. He is a professional engineer and member of APEGGA. Mr. Niedermaier has 49 years of experience in the oil and gas drilling and service industry during which time he founded and was President of Badger Drilling Ltd., Derrick Drilling Ltd. and Petro Well Services Ltd. In the early 1980s he was one of the founders of the Canadian Association of Drilling Engineers (CADE). Mr. Niedermaier also served on the board of the Canadian Association of Oilwell Drilling Contractors and was President in 1986. He co-founded Storm Well Servicing Inc. in 2002, which was sold in 2007. He is presently founder and President of Mi Casa Rentals Inc., an oilfield supply company. Mr. Niedermaier was a director of Purcell Energy Ltd. from 1989 until 2005 and has been on numerous public and private company boards of directors, including RXO Energy Inc. and Technicoil Corp. He is currently a director of Marksmen Energy Inc., a TSXV listed oil and gas company, and three private oil and gas companies.

Randal Squires, age 45, Chief Financial Officer

Randy Squires is President of a commercial construction company in California. During his 21 year tenure he has held positions including Controller and Vice President of Business Development and Strategy. As Controller his responsibilities included budgeting, cash management, financial statement preparation and analysis, audit preparation, and bank, bonding and insurance relationship management. Mr. Squires has also held the position of Chief Financial Officer for Azteca for the past five years. He received his M.B.A., Finance from Golden Gate University in 1995 and B.Sc. in Business Administration from Oregon State University in 1989.

It is expected that, initially, Mr. Alston will devote up to 100% his time and Mr. Squires will devote up to 20% of his time, to the affairs of the Corporation. The remaining directors will devote such time and expertise as is required by the Corporation.

CORPORATE CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

Except as described below, no director or executive officer of CMX has, within the ten years prior to the date of this Prospectus been a director, chief executive officer or chief financial officer of any company that, while such person was acting in that capacity: (a) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days or (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade order or similar order or an order that denied the company access to an exemption under securities legislation for a period of more than 30 consecutive days.

Jan Alston

Mr. Alston was a director of CMX when it became subject to cease trade orders issued in June 2004 by the Securities Authorities for failing to file certain continuous disclosure documents after the Corporation had taken steps to cease operations. The Orders were revoked in April 2009. See "Business of the Corporation - History".

Mr. Alston was a director of Visionwall Inc., a TSXV listed company, when it became subject to a cease trade order and trading halt and suspension in June 2004 for failing to file financial statements, as yet unrevoked. Visionwall Inc. was delisted from the TSXV on February 23, 2010.

Mr. Alston was a director of Azteca when it became subject to a temporary trading halt by the TSXV on August 10, 2009 pending release of a clarification news release. The trading halt was lifted and trading resumed on September 15, 2009. Mr. Alston was a director of Azteca when it became subject to cease trade orders and a trading halt on May 3, 2012 for failing to file audited financial statements, as yet unrevoked.

Randal Squires

Mr. Squires was the Chief Financial Officer of Azteca when it became subject to a temporary trading halt by the TSXV on August 10, 2009 pending release of a clarification news release. The trading halt was lifted and trading resumed on September 15, 2009. Mr. Squires was the Chief Financial Officer of Azteca when it became subject to cease trade orders and a trading halt on May 3, 2012 for failing to file audited financial statements, as yet unrevoked.

Bruce J. Murray

Mr. Murray was a director of CMX when it became subject to cease trade orders issued in June 2004 by the Securities Authorities for failing to file certain continuous disclosure documents after the Corporation had taken steps to cease operations. The Orders were revoked in April 2009. See "Business of the Corporation - History".

Mr. Murray is a director of Footsource Inc., a TSXV listed company subject to a cease trade order and trading halt and suspension in 2002 for failing to file financial statements, as yet unrevoked. Footsource Inc. was delisted from the TSXV on December 13, 2006.

Mr. Niedermaier

Mr. Niedermaier was a director of CMX when it became subject to cease trade orders issued in June 2004 by the Securities Authorities for failing to file certain continuous disclosure documents after the Corporation had taken steps to cease operations. The Orders were revoked in April 2009. See "Business of the Corporation - History".

Bankruptcies

Except as described below, no director or executive officer of CMX, within the ten years prior to the date of this Prospectus been a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Jan Alston

Mr. Alston was a director of Point North Energy Ltd. ("**Point North**") until March 2007. Point North was granted protection under the *Companies' Creditors Arrangement Act* (Canada) on September 27, 2006, and its Plan of Arrangement was approved by creditors on August 27, 2007 allowing the company to emerge from protection on October 5, 2007.

Mr. Alston was a director of Visionwall Inc., which, in conjunction with its wholly-owned operating subsidiary, Visionwall Corporation, was granted protection under the *Companies' Creditors Arrangement Act* (Canada) on August 12, 2009, and Visionwall Corporation's Plan of Arrangement was approved by creditors on November 25, 2009 allowing the company to emerge from protection on December 21, 2009.

Mr. Alston was a director of Visionwall Solutions Inc., a private company, which was voluntarily assigned into bankruptcy on January 14, 2011 and its assets were subsequently sold.

Bruce J. Murray

Mr. Murray was Chief Operating Officer and Director of the predecessor of Point North, Purcell Energy Ltd., until October 2005. Point North was granted protection under the *Companies Creditors Arrangement Act* (Canada) on September 27, 2006, and its Plan of Arrangement was approved by creditors on August 27, 2007 allowing the company to emerge from protection on October 5, 2007.

John A. Niedermaier

Mr. Niedermaier was a Director of Point North, until October 2007. Point North was granted protection under the *Companies Creditors Arrangement Act* (Canada) on September 27, 2006, and its Plan of Arrangement was approved by creditors on August 27, 2007 allowing the company to emerge from protection on October 5, 2007.

Personal Bankruptcies

No director or executive officer of CMX within the past ten years, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Penalties and Sanction

During the ten years preceding the date of this Prospectus, no proposed director, officer or promoter of CMX, nor any securityholder anticipated to hold sufficient number of securities of CMX to affect materially the control of CMX has, to the knowledge of CMX, been subject to any (i) penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would likely be considered important to a reasonable securityholder making a decision about the Offering.

CONFLICTS OF INTEREST

The directors and officers of the Corporation are engaged in, and will continue to be engaged in, other activities in the industries in which the Corporation operates and, as a result of these and other activities, the directors and officers of the Corporation may become subject to conflicts of interest. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA. As at the date hereof and other than as described herein, the Corporation is not aware of any existing or potential material conflicts of interest between the Corporation and a current or proposed director or officer of the Corporation.

Mr. Jan M. Alston is a director of Azteca and Mr. Randal Squires is the Chief Financial Officer of Azteca. CMX and Azteca are parties to the Option Agreement and Azteca is a shareholder of CMX. At the time of execution of the Option Agreement, the President and Chief Executive Officer of Azteca was a relative of Mr. Robert Russell, a current director of CMX.

Other Reporting Issuer and Public Corporation Experience

The following table sets out details in respect of the directors and executive officers of CMX that are, or have been within the five years prior to the date hereof, directors, executive officers or promoters of other reporting issuers:

Name	Corporation	Trading Market	Position	Term
Jan Alston	Azteca Gold Corp.	TSXV	Director	Dec. 2008 to present
	Visionwall Inc. (1)	TSXV/NEX	Director	Jan. 1999 to Nov. 2010
Bruce J. Murray	Footsource Inc.(2)	TSXV/NEX	Director	Oct. 2000 to present
	Passport Energy Ltd.	CNSX	Director, CEO	Feb. 2010 to present
Robert L. Russell	General Moly Inc. (formerly Idaho General Mines, Inc.)	AMEX	Chairman	Oct. 2006 to Nov. 2007
	St. Augustine Gold & Copper Ltd.	TSX	Chairman	Dec. 2010 to present
	Josephine Mining Corp.	TSXV	Director and CEO	Mar. 2011 to present
	Mines Management Inc.	TSX/AMEX	Director	Dec. 1999 to present
John A. Niedermaier	Marksmen Energy Inc.	TSXV	Director	Jun. 2006 to present
	Technicoil Corp.	TSXV	Director	May 1997 to May 2009
Randal Squires	Azteca Gold Corp.	TSXV	CFO	Dec. 2006 to present

Notes:

(1) Delisted from the NEX on February 23, 2010 for failing to pay listing maintenance fees.

(2) Delisted from the NEX on December 13, 2006 for failing to maintain NEX requirements.

SHAREHOLDINGS OF DIRECTORS AND OFFICERS

The number and percentage of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers as a group is: 5,350,893 (21.2%). Following the Offering, the number and percentage of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers as a group for the Minimum Offering and Maximum Offering is 5,350,893 (11.8%) and 5,350,893 (10.0%), respectively, on a non-diluted basis.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's philosophy, objectives and processes regarding compensation for the Named Executive Officers of the Corporation ("**NEOs**"). It explains how decisions regarding executive compensation are made by the independent directors of the Board of Directors and the reasoning behind these decisions.

All members of the Board of Directors have expertise and experience in compensation, and other human resource areas through their tenure in executive roles in the junior natural resource sector.

As at the date hereof, the Corporation has the following two NEOs:

Jan Alston	Chief Executive Officer ("**CEO**")
Randal Squires	Chief Financial Officer ("**CFO**")

Objectives of Any Compensation Program or Strategy

Compensation Philosophy and Objectives of Compensation Programs

The Board determines the compensation to be paid or awarded to the NEOs of the Corporation. The Board seeks to encourage advancement of exploration projects and growth in reserves, in order to enhance Shareholder value. To achieve these objectives, the Corporation believes it is critical to create and maintain compensation programs that attract and retain committed, highly qualified personnel by providing appropriate rewards and incentives and that align the interest of the officers of the Corporation with those of the Shareholders to provide incentive to the officers to enhance shareholder value. However, as a junior exploration company the Corporation is constrained by the amount of capital it has available to it. In 2009 and 2010, the Corporation sought new business opportunities, including a business combination in 2009 that ultimately did not proceed. As a result, compensation for the CEO was based on time spent pursuing and negotiating potential new business transactions, and for maintaining the Corporation's regulatory filings. Similarly, compensation for the CFO was based on time spent preparing financial statements and the requisite regulatory filings. At the time the Corporation is fully activated and becomes an operating exploration company, compensation for the NEOs will consist of four elements: contract rate or base salary, bonus, long-term equity incentives and benefits. The following provides an overview of the first three elements of compensation.

Compensation Element	Type of Compensation	Name of Plan	Performance Period	Form of Payment
Contract Rate/Base Salary(1)	Hourly rate/Annual - Fixed Pay	Salary Program	1 year	Cash
Bonus	Annual - Variable Pay	Employee Bonus Plan	1 year	Cash or shares
Long-Term Equity Incentives	Long Term - Variable Pay	Option Plan	up to 5 years	shares

Note:

(1) In the early stage of the development of the Corporation the CEO will be paid a contract rate of $150 per hour for time spent on CMX business to a maximum of $150,000 per annum.

(2) It is expected that the CFO will receive a salary of approximately $40,000 per annum following closing of the Offering. Prior hereto the CFO has received nominal consideration in exchange for his services.

How the Corporation Determines the Amount for Each Element

As indicated above, executive compensation is the responsibility of the Board.

During the fiscal year ended December 31, 2011, the Board had no formal meetings dedicated to compensation because of the relatively inactive state of operations of the Corporation.

The Board uses all the data which, at its reasonable discretion, it believes to be relevant, to ensure that the Corporation is maintaining a level of compensation that is both commensurate with the size of the Corporation and sufficient to retain personnel it considers essential to the success of the Corporation. In reviewing comparative data, the Board does not engage in benchmarking for the purpose of establishing compensation levels relative to any predetermined point. In the Board's view, external and third-party survey data provides an insight into external competitiveness, but it is not an appropriate single basis for establishing compensation levels. This is primarily due to the differences in the size of comparable companies and the lack of sufficient appropriate matches to provide statistical relevance. Additionally, compensation payable to the NEOs for similarly placed junior exploration entities is frequently nil or nominal, thus such comparatives are typically of little value.

In the process used by the Board to establish and adjust executive compensation levels, third-party survey data may be considered, along with an assessment of individual performance, experience and potential to contribute to operations and growth of the Corporation. The Board can exercise both positive and negative discretion in relation to the compensation awards and its allocation between cash and non-cash awards.

The CEO of the Corporation makes recommendations to the Board regarding total compensation to the officers of the Corporation (excluding the CEO), including contract rate or base salaries, bonuses, and long-term equity incentive grants. These recommendations are considered by the Board against information derived from publicly available information and adjusted, as applicable, for inflation and anticipated increases in the current year.

Contract Rate/Salary. The contract rate or base salary represents the fixed element of the NEOs cash compensation. The contract rate or base salary reflects economic considerations for each individual's level of responsibility, expertise, skills, knowledge and performance. The contract rate or base salary for the NEOs of the Corporation are reviewed annually by the Board. No base salary amounts were paid to the NEOs during the 2011 reporting year. The CFO was paid $8,000 as a base salary amount in 2011.

Annual Cash Bonus Awards. The Board has the authority, based upon management recommendations, to award discretionary annual bonuses to the executive officers. The annual discretionary bonuses are intended to compensate officers for achieving superior financial and operational goals of the Corporation. The discretionary annual bonus may be paid in cash or shares in an amount reviewed with management and recommended by the Board and approved by the Board. The actual amount of bonus is determined following a review of each executive's individual performance.

Bonuses awarded by the Board are intended to be competitive with the market while rewarding senior executives for meeting qualitative goals, including delivering near-term financial and operating results, developing long-term growth prospects, improving the efficiency and effectiveness of business operations and building a culture of teamwork focused on creating long-term shareholder value. Consistent with a flexible nature of the annual bonus program, the Board does not assign any specific weight to any particular performance goal nor is any specific weight assigned to the performance goals in the aggregate. The Board considers not only the Corporation's performance during the year with respect to the qualitative goals, but also with respect to market and economic trends and forces, extraordinary internal and market-driven events, unanticipated developments and other extenuating circumstances. In sum, the Board analyzes the total mix of available information on a qualitative, rather than quantitative, basis in making bonus determinations. No bonuses were awarded to the NEOs during the 2011 reporting period.

Long-Term Incentive Programs. The allocation of Options and the terms assigned to those Options are an integral component of the compensation package of the senior officers of the Corporation. The Corporation's Option Plan is in place for the purpose of providing Options to the officers. The Board believes that the grant of Options to the executive officers and share ownership by such officers serves to motivate achievement of the Corporation's long-term strategic objectives and the result will benefit all Shareholders. Options may be awarded to employees of the Corporation by the Board based upon the recommendation of the CEO, who bases his decision upon the level of responsibility and contribution of the individuals toward the Corporation's goals and objectives. Also, the Board considers the overall number of Options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of Options and the size of such grants. The granting of these specific Options is reviewed by the Board for final recommendation to the Board for approval.

Risk Assessment and Oversight. The Board is keenly aware of the fact that compensation practices can have unintended risk consequences. The Board will continually review the Corporation's compensation policies to identify any practice that might encourage an employee to expose the Corporation to unacceptable risks. At the present time, the Corporation does not believe that its compensation programs encourage excessive or inappropriate risk taking as: (i) the Corporation's employees receive both fixed and variable compensation, and the fixed (salary) portion provides a steady income regardless of the stock value which allows employees to focus on the Corporation's business; and (ii) the employee stock option plan encourages a long-term perspective due to the vesting provisions of the Options.

Although the Corporation does not have a policy which prohibits any NEO or director from purchasing financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held by the NEO or director, no NEO or director has entered into any such agreement.

The following table discloses, for the period indicated, total compensation received by the following executive officers: (i) those who acted as the Corporation's Chief Executive Officer and Chief Financial Officer.

Summary Compensation Table

					Non-Equity Incentive Plan Compensation			
Name and Principal Position	**Fiscal Year Ended Dec 31**	**Salary ($)**	**Share-Based Awards ($)**	**Option-Based Awards ($)**	**Annual Incentive Plans ($)**	**Long-Term Incentive Plans ($)**	**All Other Compensation ($)**	**Total Compensation ($)**
Jan Alston CEO[(3)]	2009 2010 2011	Nil 46,000[(1)] 132,000[(1)]	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil 46,000 132,000
Glen Alston CFO[(2)]	2009 2010 2011	2,520 21,690 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	2,520 21,690 Nil
Randal Squires CFO[(2)(3)]	2011	8,000	Nil	Nil	Nil	Nil	Nil	8,000

Notes:

(1) $40,000 of the amount accrued in 2010 and $132,000 of the amount accrued in 2011 as management fees were payable to a private company indirectly controlled by Mr. Alston. As of the date of this Prospectus, $27,000 of the 2011 accrued management fees remained payable.

(2) Glen Alston resigned as CFO on January 28, 2011 and Randal Squires was appointed CFO on January 28, 2011.

(3) The Corporation anticipates compensating the CEO at a rate of $150 per hour, for time spent on CMX business, to an annual maximum of $150,000, subsequent to the closing of the Offering. It is anticipated that the CFO will be compensated $40,000 per year for his services as CFO following the closing of the Offering.

Director Compensation

The Corporation does not currently provide any compensation to directors of the Corporation.

STOCK OPTION PLAN

Pursuant to the Option Plan, the Corporation may grant Options to directors, officers, employees and consultants of the Corporation or any subsidiary thereof. The total number of Common Shares issuable pursuant to the Option Plan is up to a maximum of 10% of the issued and outstanding Common Shares of the Corporation at any given time. The exercise price of each Option is to be determined in the discretion of the Board of Directors at the time of the granting of the Option, as is the term and vesting policies, provided that the exercise price shall not be lower than the market price or such discount from the market price as may be permitted by the stock exchange on which the Common Shares are listed and provided that no Option shall have a term exceeding five years (or such longer period as is permitted by the stock exchange on which the Common Shares are listed). There may not be issued to insiders within a one year period, a number of Common Shares exceeding 10% of the outstanding issue and no one eligible optionee can receive Options entitling the eligible optionee to purchase more than 5% of the total Common Shares. Finally, there may not be issued to any one insider and such insider's associates, within a one year period, a number of Common Shares of the Corporation exceeding 5% of the issued and outstanding Common Shares.

As of the date hereof, there were no Options outstanding under the Option Plan.

The Corporation intends to issue the following Options at Closing and such Options will expire five years thereafter:

Name	Number of Options	Exercise Price	Expiry Date
Jan Alston	1,400,000	$0.15	5 years from Closing Date
Randal Squires	700,000	$0.15	5 years from Closing Date
Robert L. Russell	500,000	$0.15	5 years from Closing Date
Bruce J. Murray	500,000	$0.15	5 years from Closing Date
John A. Niedermaier	500,000	$0.15	5 years from Closing Date
TOTAL	**3,600,000**		

A third of these options will vest immediately, a third will vest on the first anniversary of the grant date, and the remaining options shall vest on the second anniversary of the grant date.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

As at the date of this Prospectus, there is not and has not been since the beginning of the Corporation's last financial year, any indebtedness owing to the Corporation by the directors, executive officers of the Corporation, or any of their associates or affiliates.

AUDIT COMMITTEE

Audit Committee Disclosure

The Corporation's audit committee is composed of three directors, two of whom may be considered to be independent, and all of whom are financially literate (as determined under Multilateral Instrument 52-110 *Audit Committees*).

Financial Literacy

Jan Alston

Mr. Alston has been involved in public junior natural resource companies for over 25 years. He has been a member of numerous audit committees of public companies for at least 20 years and has extensive experience working closely with internal accountants and independent auditors on financial and audit related matters. As Chief Executive Officer of public resource companies since 1989, Mr. Alston has directly participated in the financial statements review process with accounting staff and independent auditors, including practical experience dealing with accounting and audit issues relevant to the resource industry. Also, Mr. Alston was involved in the establishment and review of internal controls appropriate for such companies. Mr. Alston is currently a director and member of the Audit Committee of Azteca, a TSXV listed mining exploration company.

Bruce Murray

Mr. Murray has over 30 years of extensive experience in the oil and gas industry in the areas of exploration and production negotiations, acquisitions, gas marketing, general oil and gas operations and management. For the past 20 years he was directly involved in financial and audit related matters of public companies. As Chief Operating Officer of public resource companies since 1993, Mr. Murray has directly participated in the financial statements review process with accounting staff and independent auditors, including practical experience dealing with accounting and audit issues relevant to the resource industry. Also, Mr. Murray was involved in the establishment and review of internal controls appropriate for such companies. He is President of Zorzal Incorporated, a Canadian-owned winery in Mendoza, Argentina. Mr. Murray is Chairman, Chief Executive Officer and a director of Passport Energy Ltd., a publicly traded company. He is a member of Passport Energy Ltd.'s audit committee.

Robert L. Russell

Mr. Russell has extensive experience with financial and audit related matters of public companies. He has more than four decades of experience in senior management, operating management, mine engineering/industrial engineering, corporate planning, mine development, exploration, and environmental services. In the last two decades, he managed all aspects of two of the world's largest gold/copper mining and processing operations in Indonesia and Zambia. Mr. Russell co-founded Idaho General Mines Inc., now called General Moly Inc. Recently, he has had a principal role in advancing the development of the 800 million tonne King-king Copper/Gold deposit in the Philippines through the acquisition of Russell Mining and Metals, Inc. by Ratel Gold Ltd., a TSX listed mining company. Since the acquisition, Mr. Russell has been appointed a director and chairman of Ratel Gold Ltd. (now known as St. Augustine Gold & Copper Ltd.). He is also President and Managing Director of Russell Associates E&T LLC and Chief Executive Officer of Josephine Mining Corp., a TSXV-listed company. Also, Mr. Russell was involved in the establishment and review of internal controls appropriate for several of the aforesaid companies.

The charter of the Corporation's audit committee is set out in Appendix B to this Prospectus.

As a company applying for listing on the TSXV, the Corporation is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of Multilateral Instrument 52-110 *Audit Committees*, and is relying on the exception contained in section 6.1 of that instrument.

Pre-Authorization of Non-Audit Services

The audit committee has not pre-authorized any amount for non-audit services from the Corporation's auditors.

Fees Charged by External Auditors

The following table sets out the aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for the category of fees described:

	2011	2010
Audit Fees	$34,335	$36,367
Audit-Related Fees	38,275	nil
Tax Fees	nil	nil
All Other Fees	47,040	nil
Total	$119,650	$36,367

CORPORATE GOVERNANCE

The statement of the Corporation's corporate governance practices is set out in Appendix C to the Prospectus.

CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at September 30, 2012 before giving effect to the Offering, as at the date of this Prospectus before giving effect to the Offering, and as of the date of the Prospectus after giving effect to the Minimum Offering and to the Maximum Offering.

Authorized Capital	As at September 30, 2012 before giving effect to the Offering (unaudited)	As at the date of this Prospectus before giving effect to the Offering (unaudited)	As at the date of this Prospectus after giving effect to the Minimum Offering (unaudited)	As at the date of this Prospectus after giving effect to the Maximum Offering (unaudited)
Long-term debt[(2)]	45,392	$45,392	$45,392	$45,392
Common Shares (unlimited)	$3,152,319 (23,352,274 Common Shares)	$3,405,069 (25,287,274 Common Shares)	$5,780,069 (45,287,274 Common Shares)[(1)]	$6,860,069 (53,287,274 Common Shares)[(1)]

Note:

(1) Assumes that none of the Warrants, Agent's Options or warrants issued prior to the Offering have been exercised.

(2) Certain creditors agreed to defer repayment of advances made by them to the Corporation for a period of one year. The advances are due January 1, 2014 and bear interest at 6% per annum until paid. There are no covenants associated with this long-term debt.

USE OF PROCEEDS

The Corporation currently has no revenues from its operations and may use the proceeds of the Offering to fund any negative operating cash flow.

Following the completion of the Offering, the Corporation will have funds available to it as follows:

	Minimum Offering	Maximum Offering
Working Capital Deficiency as at November 30, 2012 (estimated, unaudited)	($408,540)	($408,540)
Gross Proceeds of Offering	$3,000,000	$4,200,000
LESS Agent's Fee	$300,000	$420,000
LESS Offering Expenses	$325,000	$325,000
Net proceeds to the Corporation	**$1,966,460**	**$3,046,460**

The Corporation intends to use the net proceeds of the Offering over the next 12 months as described in the table below. However, there may be circumstances where, for sound business reasons, a reallocation of the net proceeds may be necessary. The actual amount that the Corporation spends in connection with each of the intended uses of proceeds may vary significantly from the amounts specified below, and will depend on a number of factors, including those referred to under "Risk Factors". At this time the Corporation does not intend to use the proceeds of the distribution to fund anticipated negative cash flow from operating activities, except to the extent described below.

	Minimum Offering	Maximum Offering
Phase 1 Clayton exploration plans(1)	$ 990,250	$ 990,250
Phase 1a and 1b Marietta exploration plans(2)	298,750	1,063,250
Miscellaneous site work(3)	20,000	20,000
General and Administrative Expenses:		
Administrative and office	90,000	90,000
Professional fees	60,000	60,000
Management fees(5)	190,000	190,000
Corporate and shareholder communications	25,000	25,000
Unallocated Working capital	292,460	607,960
TOTAL	**$ 1,966,460**	**$ 3,046,460**

Notes:

(1) The current Phase 1 Clayton budget is US$990,250.

(2) The current Phase 1a Marietta budget is US$298,750; the current Phase 1b Marietta budget is US$764,500. In the event that only the Minimum Offering is raised, the Corporation will need to raise further capital in order to complete Phase 1b of the exploration program for the Marietta Property. Proceeds from the Minimum Offering will only be sufficient to fund Phase 1a of the exploration program.

(3) Pursuant to the Option Agreement, CMX is responsible for completing and paying for remedial work to be taken with respect to the condition of old mine workings on the Marietta Property, as identified by the Nevada Division of Minerals, which is mainly related to the installation of warning signs and fencing around old mine workings.

(4) The rate of exchange used for the Canadian dollar, expressed in U.S. dollars, is Canadian $1.00 = US$1.00.

(5) Subsequent to the Closing Date, the Corporation anticipates compensating the CEO at a rate of $150 per hour, for time spent on CMX business, to an annual maximum of $150,000. It is anticipated that the CFO will be compensated $40,000 per year for his services as CFO following the closing of the Offering.

Business Objectives and Milestones

The Corporation's primary objective following completion of the Offering is to advance exploration on its two properties, the Clayton Property and the Marietta Property. This will include the Phase 1 exploration program on the Clayton Property and the Phase 1a exploration program on the Marietta Property involving geological compilation, mapping and all previous work to common scale, establishing cap facilities, ATV and limited helicopter support, re-establishing a grid and continued environmental baseline studies, as well as, in the case of the Clayton Property, drilling and related activities.

Provided that the Offering is successfully closed, and equipment and manpower are available, the Corporation anticipates that the two programs will be completed by June 2013 and, assuming the results from the exploration programs warrant it, the Phase 2 program on the Clayton Property and the Phase 1b and Phase 2 programs on the Marietta Property will be complete by June 2014, subject to receiving additional financing. In the event that only the Minimum Offering is raised, the Corporation will need to raise further capital in order to complete Phase 1b of the exploration program for the Marietta Property. Proceeds from the Minimum Offering will only be sufficient to fund Phase 1a of the exploration program.

As at November 30, 2012 the estimated working capital deficiency was $408,540 (December 31, 2011 - $371,102).

DIVIDEND POLICY

Other than as stated below, the Corporation has neither declared nor paid any dividends on the Common Shares since its incorporation. The payment of dividends in the future will depend on the earnings and financial condition of the Corporation and such other factors as the Board of Directors may consider appropriate. The Corporation does not foresee paying dividends in the near future.

In 2006, the Corporation sold certain investments and declared a cash dividend payable to Shareholders of record on September 30, 2006. Some Shareholders failed to keep their addresses up to date on the shareholders' record and consequently, the Corporation was unable to determine the whereabouts of these Shareholders. The aggregate amount of dividends payable to these Shareholders is $143,560. The last time missing Shareholders were located by the Corporation was in 2007. It is management's intention to pay the cash dividend to missing Shareholders who come forward and establish their share ownership.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis - Nine Month Periods Ended September 30, 2012 and 2011

The following discussion is management's analysis of CMX operating and financial data for the nine months ended September 30, 2012 and 2011 as well as management's estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the unaudited interim financial statements and notes for the periods ended September 30, 2012 and 2011 and the audited financial statements and notes for the years ended December 31, 2011 and 2010 as attached hereto as Appendix A to this Prospectus.

This Management's Discussion and Analysis ("**MD&A**") and the unaudited interim financial statements and comparative information have been prepared in accordance with IFRS. The MD&A for the nine-month periods ended September 30, 2012 and 2011 was prepared as of November 29, 2012 and originally filed on SEDAR on November 29, 2012. The MD&A that appears in this Prospectus for the nine-month periods ended September 30, 2012 and 2011 has been updated as of the date of this Prospectus to ensure that information contained below is consistent with the information provided elsewhere in this Prospectus.

All financial information in this MD&A is stated in Canadian dollars, the Corporation's reporting currency, unless otherwise noted.

Material Forward-Looking statements

This MD&A contains forward-looking information as contemplated by Canadian securities regulators' Form 51-102F1, also known as forward-looking statements. All estimates and statements that describe the Corporation's objectives, goals or future plans are forward-looking statements. Readers are cautioned that the forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Corporation and described in the forward-looking statements. The Corporation will issue updates where actual results differ materially from any forward looking statement previously disclosed.

Responsibility of Management

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. Management has the responsibility of selecting the accounting policies used in preparing the financial statements. In addition, management's judgment is required in preparing estimates contained in the financial statements.

About CMX

The Corporation is an exploration stage Corporation engaged in the acquisition and exploration of mineral properties. The Corporation's main focus is on exploration for silver, gold and copper in the United States. The Corporation has filed a preliminary prospectus with Wolverton Securities Ltd. acting as agent and applied for and received conditional listing approval to list its common shares on the TSXV upon the closing of the initial public offering ("**IPO**"). The Corporation anticipates closing the IPO in the first quarter of 2013.

Nine Month Overview

The Corporation's main activities during the period were working to obtain a conditional listing approval from the TSXV, and moving forward with its prospectus filing with the regulatory authorities.

On March 6, 2012, the Corporation appointed John Niedermaier as a director of the Corporation.

Results of Operations

During the nine month period ended September 30, 2012, net loss from operations was $279,311 compared to $556,175 in 2011, resulting in a decrease of $276,864. During the three months ended September 30, 2012, net loss from operations was $145,044 compared to $73,278 in 2011, resulting in an increase of $71,766. For the nine month period ended September 30, 2012 the Corporation incurred $20,020 exploration and evaluation costs with respect to the renewal of the Marietta claims and $7,542 associated with the completion of the National Instrument 43-101 compliant technical reports on both the Clayton and Marietta properties. This compares with the previous period's exploration and evaluation costs of $293,113 largely related to the costs associated with the Marietta option agreement. Management fees increased as the Corporation moved forward with its strategy to complete a prospectus for an IPO to raise funds for exploration programs on both the Clayton and Marietta properties and to obtain a listing on the TSXV. Professional fees and other expenses related to the prospectus offering are reflected in prepaid expenses. These costs will be applied against the gross proceeds raised on the closing of the IPO. Upon completion of the IPO, the Corporation anticipates a general increase in operating expenditures as it commences with its exploration programs.

The following table itemizes the net loss from operations for the three and nine month periods ended September 30, 2012 and 2011.

Schedule of Net Loss From Operations

	For the 3 months ended September 30,		For the 9 months ended September 30,	
	2012	2011	**2012**	2011
Management fees	$ 39,176	$ 27,863	$ 136,388	$ 104,363
Professional fee	45,223	4,489	60,469	60,422
Listing and agent fees	30,576	13,075	35,792	40,552
Exploration and evaluation expenditures	22,709	21,097	27,562	293,113
General and administrative	7,843	6,673	19,583	43,755
Shareholder reporting	67	143	67	15,384
Gain on foreign exchange	(550)	(62)	(550)	(1,414)
Total expenses[(1)]	$ 145,044	$ 73,278	$ 279,311	$ 556,175

Note:

(1) Before financing charges.

Exploration and Evaluation

In December 2010, the Corporation completed the purchase of the Clayton Property and commenced negotiations on the option to acquire an interest in the Marietta Property, which was signed in 2011.

Clayton Property

Pursuant to an agreement with Versalles dated effective December 17, 2010, the Corporation acquired an exploration project, the Clayton Property located in the state of Idaho, for a cost of US$500,000. The Corporation paid US$250,000 in cash and issued 2,500,000 Common Shares at a deemed price of US$0.10 per Common Share as payment for the Clayton Property on December 13, 2010. The 2,500,000 Common Shares will be held in escrow until the Listing Date. It was a material representation of the agreement to purchase the Clayton Property that the Common Shares be listed within six months of December 17, 2010. In addition, the Corporation granted to Versalles a production royalty of one percent of any amount received by CMX for any ore or ore concentrates. Pursuant to an agreement dated January 25, 2011, in exchange for certain data on the Clayton Property in the possession of Azteca and the relinquishment by Azteca of any rights it may have had with respect to the Clayton Property, CMX issued Azteca 897,280 Common Shares at a deemed price of US$0.05 per Common Share and agreed to grant Azteca an option to purchase 3,000,000 Common Shares at a price of US$0.10 per Common Share exercisable for a period of two years from the Listing Date.

The Clayton Silver Mine was discovered in the late 1800's and historically was one of the most active underground mines in the Bayhorse Mining District in central Idaho for lead, zinc, copper and silver. Clayton is comprised of 29 patented mining claims and covers 565 acres. Small scale mining operations were carried out on a regular basis from 1935 to 1986. Historical production records for about 50 years of operation indicate recovery of 6.7 million Troy ounces of silver, 83.5 million pounds of lead, 28.9 million pounds of zinc, 1.4 million pounds of copper and minor gold. The old mine workings extended to a depth of 1,100 feet, but earlier drilling indicated that the mineralization likely extends 427 feet deeper than the 1,100 feet level. The strike length of the mined zone averages 410 feet with variable width due to the nature of the replacement. Historical production information, which is found in a Master's Thesis prepared by B. Hillman written in 1986, is not NI 43-101 compliant, but the Corporation and the Corporation's Qualified Person, Dr. Jennifer Thomson, consider this information to be reliable.

On April 11, 2012, the Corporation filed a National Instrument 43-101 compliant technical report for Clayton on SEDAR. Subject to successful closing of its IPO, the Corporation is developing an exploration program to be carried out during 2013 that will include geologic data analysis and a drilling program on the property.

Marietta Property

Pursuant to the Option Agreement, the Corporation issued to Azteca 2,500,000 Common Shares of the Corporation at a price of $0.10 per share as an option payment on the Marietta Property. Pursuant to the Option Agreement, the Corporation has agreed to incur an aggregate of US$2,000,000 in exploration expenses on the Marietta Property over a period of two years from the date the Corporation's Common Shares commence trading on a Canadian stock exchange. If the listing did not occur prior to June 17, 2012, then each party had the right to terminate the Option Agreement and, in such event, Azteca was to return the 2,500,000 common shares of the Corporation for cancellation. On June 12, 2012, the Corporation and Azteca agreed to amend the Option Agreement to provide that if the listing does not occur by June 17, 2012 a party must provide thirty days' written notice of any intention to terminate the Option Agreement. As of the date of this MD&A, to the knowledge of CMX, no such notice has been given by either party to the Option Agreement.

The Corporation will earn a 30 percent interest in the Marietta Property by spending at least US$1,000,000 in exploration expenses on the Marietta Property. Further exploration expenditures of a least US$1,000,000 will earn the Corporation an additional 20 percent interest in the Marietta Property. After earning a 50 percent interest, the Corporation will have the option of obtaining operatorship under the joint venture by spending another US$500,000 within six months of exercising such option. The Corporation and Azteca have agreed to an area of interest consisting of all mineral claims, mining leases or other mineral interests within a distance of two (2) kilometers from the external perimeter of the property.

The Marietta Property has a large land package that encompasses an entire historical silver district centrally located in the Walker Lane Mineral Belt, and consists of 13 patented claims and 143 unpatented claims. The Marietta Property contains at least four minor historical silver mines dating back to the 1870s as outlined in a National Instrument 43-101 technical report that was filed on SEDAR on April 11, 2012.

The Marietta Property contains multiple drill targets of both deposit types associated with the Walker Lane Mineral Belt, which includes the potential for discovery of one or more porphyries on the Marietta Property. Exploration activities conducted by Azteca in 2007 and 2008 included geological mapping, rock chip and soil sampling, a ground magnetic survey, and induced polarization ("IP") and resistivity surveys. The National Instrument 43-101 technical report states that the data suggests a possible source for the hydrothermal fluids that produced the veins (in the area of interest on the Marietta Property) may be a hidden porphyry system with an associated intrusive at depth. The Corporation will conduct further work regarding this interpretation. Subject to successful closing of its IPO, the Corporation is developing an exploration program to be carried out in 2013, to test a number of interpreted magnetic and IP anomalies, which will include further data analysis, additional magnetic surveys, and a drilling program.

Summary of Quarterly Results (unaudited)

	2012			2011				2010
	Q3	Q2	Q1	Q4	Q3[(1)] (restated)	Q2[(1)] (restated)	Q1[(1)] (restated)	Q4
Net loss from operations	$145,044	$80,589	$53,678	$33,177	$73,648	$378,170	$106,365	$263,549
Net loss from operations on a per share basis	0.006	0.004	0.002	0.002	0.003	0.018	0.006	0.036
Net loss	$146,905	$86,348	$54,745	$36,087	$73,586	$378,474	$104,820	$262,319
Net loss on a per share basis	0.006	0.004	0.002	0.002	0.003	0.018	0.006	0.036

Note:

(1) The Corporation has outstanding warrants with an exercise price denominated in U.S. dollars. With the adoption of IFRS, management originally classified these warrants as a derivative financing liability with any change in fair value recorded to the statement of operations and comprehensive loss. It was subsequently determined that this was not the appropriate treatment and the previously recognized change in fair values were reversed resulting in the restatements.

Liquidity and Capital Resources

The net loss for the period ended September 30, 2012 was funded with cash reserves and trade receivables. Unpaid expenses were accrued to trade and other payables and due to related parties. As of September 30, 2012, the Corporation had a net working capital deficiency of $613,708 (December 31, 2011 - $371,102). Future operations will be funded by the issuance of capital stock. The Corporation is currently working to complete its IPO for an equity raise of a minimum $3,000,000 and maximum $4,200,000. Subject to closing the IPO, the anticipated proceeds from the offering will be a minimum of $2,700,000 and a maximum of $3,780,000, which will be allocated to the Corporation's working capital deficiency, exploration programs over the next twelve month period and used for general working capital. Subsequent to closing the IPO, the Corporation's listing on the TSXV will be completed.

The total exploration program expenditures are contingent on the final amount raised in the IPO and will be determined once the IPO has closed. The remaining funds realized from the IPO will be applied to working capital.

Going Concern Risk

The Corporation has no source of operating cash flow and operations to date have been funded primarily from the issuance of share capital. The Corporation's ability to continue as a going concern is contingent on obtaining additional financing. Whether the Corporation will be successful with any future financing ventures is uncertain, and this uncertainty casts significant doubt upon the Corporation's ability to continue as a going concern. While the Corporation intends to advance its plans through additional equity financing, there is no assurance that any funds will ultimately be available for operations.

Commitments

The Corporation anticipates that it will enter into management contracts during the next fiscal year. These contracts will be negotiated in the normal course of operations and will be measured at the exchange amount which is the amount of consideration established and agreed by the parties and will reflect the values that the Corporation would transact with arm's length parties.

The Corporation has the following commitments for the next 12-month period:

Clayton property - $650, related to property taxes

Marietta Property - $41,650, related to claim payments and remedial work.

Subsequent Events

On November 2, 2012, the Corporation filed a preliminary prospectus with a new agent for an IPO. Each unit is priced at $0.15 and is comprised of one Common Share and one Common Share purchase warrant exercisable at $0.25 per share for two years from the date of closing of the IPO. The IPO is for a minimum of $3 million and a maximum of $4.2 million with the sale of a minimum of 20,000,000 and a maximum of 28,000,000 Units. The Corporation anticipates closing the IPO in the first quarter of 2013.

On October 9, 2012, the Corporation completed a private placement of 750,000 units for gross proceeds of $75,000. Each unit consisted of one Common Share and one Common Share purchase warrant exercisable at $0.20 per share expiring on October 9, 2014. The subscription price was established by negotiations between the Corporation and the purchaser taking into consideration the risks assumed by the arm's length party with there being no assurance that the Corporation would be able to raise sufficient funds to carry out its capital programs on the Clayton Property or the Marietta Property.

On October 9, 2012, the Corporation completed private placements of 1,185,000 units for gross proceeds of $177,750. Each unit consisted of one Common Share and one Common Share purchase warrant exercisable at $0.25 per share expiring on October 9, 2014. An aggregate of $162,250 of the units were purchased by officers and directors of the Corporation and their associates, and $15,000 by a consultant to the Corporation. Of the aggregate gross proceeds, $162,250 was used to pay fees and advances owed to officers, directors and the consultant.

On October 9, 2012, the Corporation extended the expiry date of 2,500,000 warrants exercisable into Common Shares at a price of $0.25 to May 28, 2014 and the expiry date of 10,231,740 warrants exercisable into Common Shares at a price of $0.15 to June 30, 2013.

Subsequent to the period end the Corporation made payments to related parties in the amount of $146,615.

Arrangements

The Corporation does not have any off-balance sheet arrangements and it is not likely that the Corporation will enter into off-balance sheet arrangements in the foreseeable future.

Critical Accounting Estimates

The Corporation has continuously refined its management and internal reporting systems to ensure that accurate, timely, internal and external information is gathered and disseminated.

The Corporation's financial and operating results incorporate certain estimates including:

(i) estimated capital expenditures on projects that are in progress;

(ii) estimated future recoverable value of property associated with exploration and evaluation and any associated impairment charges or recoveries.

(iii) estimated deferred income tax assets and liabilities based on current tax interpretations, regulations and legislation that is subject to change.

The Corporation's management and consultants have the skills required to make such estimates and ensures that individuals with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

The Corporation's management team's mandate includes ongoing development of procedures, standards and systems to allow the Corporation to make the best decisions possible.

Internal Controls Over Financial Reporting

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements in compliance with IFRS. The Corporation's internal controls over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Corporation;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Corporation's receipts and expenditures are made only in accordance with authorization of management and the Corporation's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

There were no changes in the Corporation's business activities during the period-ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations Of Controls And Procedures

The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures ("**DC&P**") or internal controls over financial reporting ("**ICFR**"), no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

As a venture issuer (as defined in applicable securities laws) the Corporation is not required to certify the design and evaluation of its DC&P and ICFR, and inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for CMX may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Outstanding Share Data

	November 30, 2012
Common Shares Issued and Outstanding	25,287,274
Warrants Outstanding	17,666,740

	Warrants Outstanding	Weighted Average Exercise Price
Balance, December 31, 2010	7,300,000	$0.18
Issued with shares for debt	2,091,740	$0.15
Issued with private placements	3,340,000	$0.15
Issued for finder's fee	3,000,000	US$0.10
Balance, September 30, 2012 and December 31, 2011	15,731,740	$0.16
Issued with private placements	1,935,000	$0.23
Balance, November 30, 2012	17,666,740	$0.16

Warrants Outstanding and Exercisable	Exercise Price	Expiry Date
2,500,000	$0.25	May 28, 2014
4,800,000	$0.15	June 30, 2013
1,100,000	$0.15	June 30, 2013
1,010,000	$0.15	June 30, 2013
451,740	$0.15	June 30, 2013
3,000,000	US$0.10	2 years from commencement of TSXV trading
2,870,000	$0.15	June 30, 2013
750,000	$0.20	October 9, 2014
1,185,000	$0.25	October 9, 2014
17,666,740	$0.16	

There are no options issued or outstanding.

Transactions With Related Parties

During the period ended September 30, 2012, the Corporation incurred management fees of $117,638 (2011 - $104,363) to a corporation controlled indirectly by a director of the Corporation.

During the period ended September 30, 2012, the Corporation incurred management fees of $18,750 (2011 - $nil) to the CFO of the Corporation.

At September 30, 2012, the Corporation owed $45,392 (2011 - $nil) to directors and officers of the Corporation with respect to cash loans and advances. These loans and advances are due and payable on January 1, 2014 and bear an interest rate of 6% per annum.

At September 30, 2012, the Corporation owed $22,000 (2011 - $10,170) to a director of the Corporation with respect to a cash loan which is unsecured, non-interest bearing and payable within the next 12 month period.

At September 30, 2012, the Corporation owed $252,284 to officers (2011 - $86,607) for management fees, which are unsecured, non-interest bearing and payable within the next 12-month period.

During the period ended September 30, 2011, the Corporation settled $40,000 of debt due to a corporation controlled indirectly by a director of the Corporation with the issuance of 800,000 units, each unit consisting of one Common Share and one Common Share purchase warrant exercisable at $0.15 per share, expiring January 13, 2013.

These transactions were measured at the amount of consideration established and agreed upon by the related parties.

Contingent Liabilities

The Corporation has no contingent liabilities.

Financial Instruments

The Corporation is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

Risk management is carried out by the Corporation's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair value of financial instruments	September 30, 2012 Carrying value		December 31, 2011 Carrying value	
		Fair value		Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 6,981	$ 6,981	$ 2,910	$ 2,910
Trade and other receivables	5,845	5,845	9,988	9,988
	$ 12,826	$ 12,826	$ 12,898	$ 12,898
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	$ 480,066	$ 480,066	$ 304,541	$ 304,541
Due to related parties	319,676	319,676	130,955	130,955
Dividends payable	143,560	143,560	143,560	143,560
	$ 943,302	$ 943,302	$ 579,056	$ 579,056

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and shareholder loans approximate fair value due to the short term nature of these instruments.

Financial risk

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal.

Included in trade and other receivables are taxes receivable from Canadian government authorities. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

(b) Liquidity risk

Liquidity risk is that the Corporation will not be able to meet its obligations as they become due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at September 30, 2012, the Corporation had a net working capital deficiency of $613,708 (December 31, 2011 - $371,102). Management of the Corporation is continuously monitoring its working capital position and will raise funds through the equity markets as they are required. However, there is no certainty that the Corporation will be able to obtain funding by share issuances in the future. The Corporation is presently seeking to raise capital with an IPO.

The following amounts are the contractual maturities of financial liabilities and other commitments as at September 30, 2012:

		Total		2013		Thereafter
Trade and other payables	$	480,066	$	480,066	$	--
Due to related parties - short term		274,284		274,284		--
Dividends payable		143,560		143,560		--
Due to related parties - long term		45,392		--		45,392
Claim payments and property taxes		22,300		22,300		22,300
Other commitments		20,000		20,000		--
	$	985,602	$	940,210	$	68,052

(c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

(i) Interest rate risk

The Corporation has cash balances and its current policy is to invest excess cash in investment-grade short-term money market accounts. The Corporation periodically monitors the investments it makes and is satisfied with the credit worthiness of its investments. Interest rate risk is minimal as interest rates are anticipated to remain at historically low levels with little fluctuation and any excess cash is invested in money market funds. Fluctuations in interest rates do not materially affect the Corporation as it does not have significant interest-bearing instruments.

(ii) Foreign currency risk

Currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is exposed to foreign currency exchange risk on cash held in U.S. funds. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Foreign currency risk could adversely affect the Corporation, in particular the Corporation's ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future. The Corporation currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Corporation. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

As the Corporation currently holds minimal United States currency a change in the exchange rate between the US dollar and the Canadian dollar would not have a significant effect on the Corporation liquidity or working capital.

Capital Management

The Corporation's objectives in managing its capital will be:

(i) To have sufficient capital to ensure that the Corporation can continue to meet its commitments with respect to its mineral exploration properties and to meet its day-to-day operating requirements in order to continue as a going concern; and

(ii) To provide a long-term adequate return to shareholders.

The Corporation's capital structure is comprised of working capital deficit and shareholders' equity.

The Corporation will be an exploration stage company which involves a high degree of risk. The Corporation has not determined whether its properties contain economically recoverable reserves of ore and currently will not earn any revenue from its mineral properties and therefore will not generate cash flow from operations. The Corporation's primary source of funds will come from the issuance of capital stock.

The Corporation's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. The Corporation's primary source of funds comes from the issuance of share capital.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Corporation's management to sustain future development of the Corporation. The Corporation has no long-term debt and is not subject to externally imposed capital requirements. There have been no changes in the Corporation's capital management in the current period.

Future Accounting Pronouncements

IFRS 9 Financial Instruments (effective January 1, 2015)

The standard is the first step in the process to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized costs and fair value. Portions of the standard remain in development and the full impact of the standard on the Corporation's financial statements will not be known until the project is complete.

IFRS 10 Consolidated Financial Statements (effective January 1, 2013)

This standard is issued to supersede IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation – Special Purpose Entities. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, Joint Arrangements (effective January 1, 2013)

This standard is issued to supersede IAS 31, "Interest in Joint Venture" and SIC 13, "Consolidation of Jointly Controlled Entities – Non Monetary Contributions by Ventures". This standard is intended to provide a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form.

IFRS 12, Disclosure of Interest in Other Entities (effective January 1, 2013)

This standard specifies disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

IFRS 13, Fair Value Measurement (effective January 1, 2013)

The main provisions for this standard include defining fair value, setting out in a single standard a framework for measuring fair value and specifying certain disclosure requirements about fair value measurements.

IAS 27, Separate Financial Statements (effective January 1, 2013)

This has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures (effective January 1, 2013)

This standard prescribes the accounting for investments in associates and sets out the requirements for application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

This summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

The Corporation is currently assessing the impact that the above adoptions may have on its financial statements.

Management's Discussion and Analysis - Years Ended December 31, 2011 and 2010

The following discussion is management's analysis of CMX's operating and financial data for the years ended December 31, 2011 and 2010 as well as management's estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the audited financial statements and notes for the years ended December 31, 2011 and 2010 attached hereto as Appendix A to this Prospectus.

Effective January 1, 2011, the Corporation adopted IFRS, which are also GAAP for publicly accountable enterprises in Canada. In accordance with IFRS1, the standard related to the first time adoption of IFRS, the Corporation's transition date to IFRS was January 1, 2010 and therefore the comparative information for 2010 has been prepared in accordance with IFRS accounting policies.

This Management's Discussion and Analysis ("**Annual MD&A**") and the audited financial statements and comparative information have been prepared in accordance with IFRS. For all periods up to and including the year ended December 31, 2010, the Corporation prepared the financial statements in accordance with Canadian GAAP. Within the Annual MD&A, the financial information prior to January 1, 2010 has been prepared following Canadian GAAP and, as allowed under IFRS 1, has not been re-presented. Further information regarding IFRS accounting policies can be found in the changes in the accounting policies section, below, of this Annual MD&A and the notes to the audited financial statements for the years ended December 31, 2011 and 2010.

All financial information in this Annual MD&A is stated in Canadian dollars, the Corporation's reporting currency, unless otherwise noted. The MD&A for the years ended December 31, 2011 and 2010 was prepared as of April 30, 2012 and originally filed on SEDAR on April 30, 2012. The MD&A that appears in this Prospectus for the years ended December 31, 2011 and 2010 has been updated as of the date of this Prospectus to ensure that the information contained below is consistent with the information provided elsewhere in this Prospectus.

2011 Overview

The Corporation's main activities during the year were completing several seed share financings, negotiating the Marietta option agreement, working to obtain a conditional listing approval from the TSXV, and moving forward with its prospectus filing with the regulatory authorities.

On January 13, 2011, the Corporation settled $55,000 in debt with the issuance of 1,100,000 units at $0.05 per share, each unit consisting of one Common Share and one Common Share purchase warrant. Each warrant has a two year term and is exercisable for $0.15 per share. Included in the settlement was $40,000 due to a corporation controlled indirectly by a director of the Corporation.

On January 25, 2011, the Corporation extended the expiry date of 2,500,000 warrants exercisable at $0.25 per share due to expire on May 28, 2011 to May 28, 2013.

On March 8, 2011, the Corporation completed a private placement of 540,000 units at $0.05 per share for gross proceeds of $27,000. Each unit consists of one Common Share and one Common Share purchase warrant. Each warrant has a two year term and is exercisable for $0.15 per Common Share.

On March 8, 2011, the Corporation settled $22,816 in debt with the issuance of 470,000 units at $0.05 per unit, each unit consisting of one Common Share and one Common Share purchase warrant. Each warrant has a two year term and is exercisable for $0.15 per share.

Effective March 17, 2011, the Corporation entered into an option agreement with Azteca giving the Corporation the right to earn up to a 50% interest in the Marietta Property (see Exploration and Evaluation below, and "*Business of the Corporation*" in this Prospectus). Pursuant to the option agreement, on May 5, 2011, the Corporation issued 2,500,000 Common Shares as an option payment to Azteca.

On March 25, 2011, the Corporation paid the finder's fee with respect to the purchase of the Clayton Property with the issuance of 897,280 Common Shares and the issuance of warrants to purchase 3,000,000 Common Shares at US$0.10 per share expiring 2 years from the day the Corporation is called for trading on a Canadian stock exchange.

On March 25, 2011, the Corporation settled $22,403 in debt with the issuance of 451,740 units at US$0.05 per unit, each unit consisting of one Common Share and one Common Share purchase warrant. Each warrant has a two year term and is exercisable for $0.15 per share.

On May 6, 2011 the Corporation completed private placements with the issuance of 2,800,000 units at US$0.05 per unit for gross proceeds of $138,248. Each unit consisted of a Common Share and a two year Common Share purchase warrant entitling the holder to purchase one common at $0.15 per share.

On May 6, 2011, the Corporation issued 70,000 units at $0.05 per unit for settlement of $3,500 in debt. Each unit consisted of one Common Share and one Common Share purchase warrant entitling the holder to purchase one Common Share at a price of $0.15 per share expiring on May 6, 2013.

Selected Annual Information

For the year ended December 31,	**2011 (audited)**	2010 **(audited)**	2009 **(audited)** (restated)
Net loss from operations	**$ 591,471**	$ 308,705	$ 309,617
Net loss from Operations on a per share basis	**0.028**	0.042	0.049
Net loss	**592,967**	308,825	313,099
Net loss on a per share basis	**0.028**	0.042	0.049
Total assets	**724,469**	546,586	219,442
Total liabilities	**579,056**	457,734	325,615

Results of Operation

In 2011, net loss from operations was $591,471 compared to $308,705 in 2010, resulting in an increase of $282,766. The Corporation incurred mineral property expenditures related to the option on the Marietta Property as well as costs associated with the preparation of the National Instrument 43-101 compliant technical reports on both the Clayton Property and Marietta Property. All other categories of operating costs reflected an increase as the Corporation moved forward with its strategy to complete a prospectus for an IPO to raise funds for exploration programs on both the Clayton Property and Marietta Property and to obtain a listing on the TSXV. The following table itemizes the net loss from operations for the years ended December 31, 2011 and 2010.

Schedule of Net Loss From Operations

For the years ended December 31,	2011	2010
Mineral property expenditures	$ 293,359	$ 163,215
Management fees	140,000	46,000
Professional fees	72,629	63,304
General and administrative	50,197	27,295
Listing fees and agent fees	21,075	10,271
Shareholder reporting	15,579	1,839
Gain on foreign exchange	(1,368)	(3,219)
Total expenses	$ 591,471	$ 308,705

Exploration and Evaluation

In December 2010, the Corporation completed the purchase of the Clayton Property and commenced negotiations on the option to acquire an interest in the Marietta Property, which was signed in 2011.

Clayton Property

Pursuant to an agreement with Versalles dated effective December 17, 2010, the Corporation acquired an exploration project, the Clayton Property located in the state of Idaho, for a cost of US$500,000. The Corporation paid US$250,000 in cash and issued 2,500,000 Common Shares at a deemed price of US$0.10 per Common Share as payment for the Clayton Property on December 13, 2010. The 2,500,000 Common Shares will be held in escrow until the Listing Date. It was a material representation of the agreement to purchase the Clayton Property that the Common Shares be listed within six months of December 17, 2010. In addition, the Corporation granted to Versalles a production royalty of one percent of any amount received by CMX for any ore or ore concentrates. In exchange for certain data on the Clayton Property in the possession of Azteca and the relinquishment by Azteca of any rights it may have had with respect to the Clayton Property, CMX issued Azteca 897,280 Common Shares at a deemed price of US$0.05 per Common Share and agreed to grant Azteca an option to purchase 3,000,000 Common Shares at a price of US$0.10 per Common Share exercisable for a period of two years from the Listing Date.

The Clayton Silver Mine was discovered in the late 1800's and historically was one of the most active underground mines in the Bayhorse Mining District in central Idaho for lead, zinc, copper and silver. Clayton is comprised of 29 patented mining claims and covers 565 acres. Small scale mining operations were carried out on a regular basis from 1935 to 1986. Historical production records for about 50 years of operation indicate recovery of 6.7 million Troy ounces of silver, 83.5 million pounds of lead, 28.9 million pounds of zinc, 1.4 million pounds of copper and minor gold. The old mine workings extended to a depth of 1,100 feet, but earlier drilling indicated that the mineralization likely extends 427 feet deeper than the 1,100 feet level. The strike length of the mined zone averages 410 feet with variable width due to the nature of the replacement. Historical production information, which is found in a Master's Thesis prepared by B. Hillman written in 1986, is not NI 43-101 compliant, but the Corporation and the Corporation's Qualified Person, Dr. Jennifer Thomson, consider this information to be reliable.

On April 11, 2012, the Corporation filed a National Instrument 43-101 compliant technical report for Clayton on SEDAR. Subject to successful closing of its IPO, the Corporation is developing an exploration program to be carried out during 2013 that will include geologic data analysis and a drilling program on the property.

Marietta Property

The Corporation issued to Azteca 2,500,000 Common Shares of the Corporation at a price of US$0.10 per share as an option payment on the Marietta Property. Pursuant to the Option Agreement, the Corporation has agreed to incur an aggregate of US$2,000,000 in exploration expenses on the Marietta Property over a period of two years from the date the Corporation's Common Shares commence trading on a Canadian stock exchange. If the listing did not occur prior to June 17, 2012, then each party had the right to terminate the Option Agreement and, in such event, Azteca was to return the 2,500,000 common shares of the Corporation for cancellation. On June 12, 2012, the Corporation and Azteca agreed to amend the Option Agreement to provide that if the listing does not occur by June 17, 2012 a party must provide thirty days' written notice of any intention to terminate the Option Agreement. As of the date of this MD&A, to the knowledge of CMX, no such notice has been given by either party to the Option Agreement.

The Corporation will earn a 30 percent interest in the Marietta Property by spending at least US$1,000,000 in exploration expenses on the Marietta Property. Further exploration expenditures of a least US$1,000,000 will earn the Corporation an additional 20 percent interest in the Marietta Property. After earning a 50 percent interest, the Corporation will have the option of obtaining operatorship under the joint venture by spending another US$500,000 within six months of exercising such option. The Corporation and Azteca have agreed to an area of interest consisting of all mineral claims, mining leases or other mineral interests within a distance of two (2) kilometres from the external perimeter of the property.

The Marietta Property has a large land package that encompasses an entire historical silver district centrally located in the Walker Lane Mineral Belt, and consists of 13 patented claims and 143 unpatented claims. The Marietta Property contains at least four minor historical silver mines dating back to the 1870s as outlined in a National Instrument 43-101 technical report that was filed on SEDAR on April 11, 2012.

The Marietta Property contains multiple drill targets of both deposit types associated with the Walker Lane Mineral Belt, which includes the potential for discovery of one or more porphyries on the Marietta Property. Exploration activities conducted by Azteca in 2007 and 2008 included geological mapping, rock chip and soil sampling, a ground magnetic survey, and induced polarization ("IP") and resistivity surveys. The National Instrument 43-101 technical report states that the data suggests a possible source for the hydrothermal fluids that produced the veins (in the area of interest on the Marietta Property) may be a hidden porphyry system with an associated intrusive at depth. The Corporation will conduct further work regarding this interpretation. Subject to successful closing of its IPO, the Corporation is developing an exploration program to be carried out in 2012, to test a number of interpreted magnetic and IP anomalies, which will include further data analysis, additional magnetic surveys, and a drilling program.

Summary of Quarterly Results

	2011				2010			
	Q4	Q3[1] (restated)	Q2[1] (restated)	Q1[1] (restated)	Q4	Q3	Q2	Q1
Net loss from operations	$33,177	$73,648	$378,170	$106,365	$263,549	$8,362	$21,496	$15,298
Net loss from operations on a per share basis	0.002	0.003	0.018	0.006	0.036	0.001	0.004	0.002
Net loss	$36,087	$73,586	$378,474	$104,820	$262,319	$8,362	$21,426	$16,718
Net loss on a per share basis	0.002	0.003	0.018	0.006	0.036	0.001	0.004	0.002

Notes:

(1) The Corporation has outstanding warrants with an exercise price denominated in U.S. dollars. With the adoption of IFRS, management originally classified these warrants as a derivative financing liability with any change in fair value recorded to the statement of operations and comprehensive loss. It was subsequently determined that this was not the appropriate treatment and the previously recognized change in fair values were reversed resulting in the restatements.

Fourth Quarter Analysis

During the fourth quarter, the Corporation incurred a $33,177 net loss from operations. Activity was limited as the Corporation worked to complete its prospectus.

Liquidity and Capital Resources

The net loss from operations for the year ended December 31, 2011 was funded with cash reserves and private placements. As of December 31, 2011, the Corporation had a net working capital deficiency of $371,102 (2010 - $427,663). Future operations will be funded by the issuance of capital stock.

Commitments

The Corporation anticipates that it will enter into management contracts during 2012. These contracts will be negotiated in the normal course of operations and will be measured at the exchange amount which is the amount of consideration established and agreed by the parties and will reflect the values that the Corporation would transact with arm's length parties.

The Corporation has the following commitments for the next 12-month period:

Clayton property - $650, related to property taxes

Marietta Property - $95,000, related to claim payments and remedial work.

Arrangements

The Corporation does not have any off-balance sheet arrangements and it is not likely that the Corporation will enter into off-balance sheet arrangements in the foreseeable future.

Critical Accounting Estimates

The Corporation has continuously refined its management and internal reporting systems to ensure that accurate, timely, internal and external information is gathered and disseminated.

The Corporation's financial and operating results incorporate certain estimates including:

(iii) estimated capital expenditures on projects that are in progress;

(iv) estimated future recoverable value of property associated with exploration and evaluation and any associated impairment charges or recoveries.

(v) estimated deferred income tax assets and liabilities based on current tax interpretations, regulations and legislation that is subject to change.

The Corporation's management and consultants have the skills required to make such estimates and ensures that individuals with the most knowledge of the activity are responsible for the estimates. Further, past estimates are reviewed and compared to actual results, and actual results are compared to budgets in order to make more informed decisions on future estimates.

The Corporation's management team's mandate includes ongoing development of procedures, standards and systems to allow the Corporation to make the best decisions possible.

Internal Controls Over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Corporation's financial reporting and the preparation of financial statements in compliance with IFRS. The Corporation's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that accurately and fairly reflect the transactions of the Corporation;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS;
- ensure the Corporation's receipts and expenditures are made only in accordance with authorization of management and the Corporation's directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material effect on the annual or interim financial statements.

There were no changes in the Corporation's business activities during the year-ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures

The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

As a venture issuer (as defined in applicable securities laws) the Corporation is not required to certify the design and evaluation of its DC&P and ICFR, and inherent limitations on the ability of the certifying officers to design and implement on a cost effective basis DC&P and ICFR for CMX may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Outstanding Share Data as at December 31, 2011

Common Shares Issued and Outstanding	23,352,274
Warrants Outstanding	15,731,740

	Warrants Outstanding	Weighted Average Exercise Price - CAD
Balance, January 1, 2010	5,000,000	$0.25
Cancelled on refund of deposit	(2,500,000)	$0.25
Issued with private placements	4,800,000	$0.15
Balance, December 31, 2010	7,300,000	$0.18
Issued with shares for debt	2,091,740	$0.15
Issued with private placements	3,340,000	$0.15
Issued for finder's fee	3,000,000	US$0.10
Balance, December 31, 2011	15,731,740	$0.16

Warrants Outstanding and Exercisable	Exercise Price CAD	Expiry Date
2,500,000	$0.25	May 28, 2013
4,800,000	$0.15	December 16, 2012
1,100,000	$0.15	January 13, 2013
1,010,000	$0.15	March 8, 2013
451,740	$0.15	March 25, 2013
3,000,000	US$0.10	2 years from commencement of TSXV trading
2,870,000	$0.15	May 6, 2013
15,731,740	$0.16	

There are no options issued or outstanding.

Transactions with Related Parties

During the year ended December 31, 2011, the Corporation incurred management fees of $132,000 (2010 - $46,000) to a corporation controlled indirectly by a director of the Corporation.

During the year ended December 31, 2011, the Corporation incurred management fees of $8,000 (2010 - $nil) to the CFO of the Corporation.

During the year ended December 31, 2011, the Corporation settled $40,000 of debt due to a corporation controlled indirectly by a director of the Corporation with the issuance of 800,000 units, each unit consisting of one Common Share and one Common Share purchase warrant exercisable at $0.15 per share, expiring January 13, 2013.

During the year ended December 31, 2011, the Corporation completed a $15,000 private placement with a director of the Corporation with the issuance of 300,000 units, each unit consisting of one Common

Share and one Common Share purchase warrant exercisable at $0.15 per share, expiring on May 6, 2013.

During the year, a director of the Corporation loaned US$10,000 to the Corporation. This loan is payable on demand and bears an interest rate of 6% per annum.

At December 31, 2011, the Corporation owed $120,785 to directors/officers (December 31, 2010 - $53,064) for management fees and expenses, which are unsecured, non-interest bearing and payable within the next 12-month period.

These transactions were measured at the amount of consideration established and agreed upon by the related parties.

Contingent Liabilities

The Corporation has no contingent liabilities.

Financial Instruments

The Corporation is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

Risk management is carried out by the Corporation's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair value of financial instruments	**December 31, 2011** Carrying value	Fair value	**December 31, 2010** Carrying value	Fair Value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 2,910	$ 2,910	$ 13,777	$ 13,777
Trade and other receivables	9,988	9,988	11,627	11,627
	$ 12,898	$ 12,898	$ 25,404	$ 25,404
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	$ 304,541	$ 304,541	$ 261,110	$ 261,110
Related parties	130,955	130,955	53,064	53,064
Dividends payable	143,560	143,560	143,560	143,560
	$ 579,056	$ 579,056	$ 457,734	$ 457,734

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and shareholder loans approximate fair value due to the short term nature of these instruments.

Financial risk

(a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation's credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal.

Included in trade and other receivables are taxes receivable from Canadian government authorities. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

(b) Liquidity risk

Liquidity risk is that the Corporation will not be able to meet its obligations as they become due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at December 31, 2011, the Corporation had a net working capital deficiency of $371,102 (December 31, 2010 - $427,663). Management of the Corporation is continuously monitoring its working capital position and will raise funds through the equity markets as they are required. However, there is no certainty that the Corporation will be able to obtain funding by share issuances in the future. The Corporation is presently seeking to raise capital with an IPO.

The following amounts are the contractual maturities of financial liabilities and other commitments as at December 31, 2011:

	Total	2012	Thereafter
Trade and other payables	$ 304,541	$ 304,541	$ --
Related parties	130,955	130,955	--
Dividends payable	143,560	143,560	--
Claim payments and property taxes	21,650	21,650	21,650
Other commitments	74,000	74,000	--
	$ 674,706	$ 674,706	$ 21,650

(c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

(i) Interest rate risk

The Corporation has cash balances and its current policy is to invest excess cash in investment-grade short-term money market accounts. The Corporation periodically monitors the investments it makes and is satisfied with the credit worthiness of its investments. Interest rate risk is minimal as interest rates are anticipated to remain at historically low levels with little fluctuation and any excess cash is invested in money market funds. Fluctuations in interest rates do not materially affect the Corporation as it does not have significant interest-bearing instruments.

(ii) Foreign currency risk

Currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is exposed to foreign currency exchange risk on cash held in U.S. funds. The Corporation does not use derivative instruments to reduce its exposure to foreign currency risk.

Foreign currency risk could adversely affect the Corporation, in particular the Corporation's ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future. The Corporation currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Corporation. This may also affect the Corporation's liquidity and its ability to meet its ongoing obligations.

As the Corporation currently holds minimal United States currency a change in the exchange rate between the U.S. dollar and the Canadian dollar would not have a significant effect on the Corporation liquidity or working capital.

Capital Management

The Corporation's objectives in managing its capital will be:

(i) To have sufficient capital to ensure that the Corporation can continue to meet its commitments with respect to its mineral exploration properties and to meet its day to day operating requirements in order to continue as a going concern; and

(ii) To provide a long-term adequate return to shareholders.

The Corporation's capital structure is comprised of working capital deficit and shareholders' equity.

The Corporation will be an exploration stage company which involves a high degree of risk. The Corporation has not determined whether its properties contain economically recoverable reserves of ore and currently will not earn any revenue from its mineral properties and therefore will not generate cash flow from operations. The Corporation's primary source of funds will come from the issuance of capital stock.

The Corporation's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. The Corporation's primary source of funds comes from the issuance of share capital.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Corporation's management to sustain future development of the Corporation. The Corporation has no long-term debt and is not subject to externally imposed capital requirements. There have been no changes in the Corporation's capital management in the current year.

Transition to International Financial Reporting Standards

The Corporation's has issued its first financial statements prepared in accordance with IFRS. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Corporation's financial position and comprehensive loss is set out below.

The accounting policies set out in Note 4 to the audited financial statements have been applied on a consistent basis in preparing the financial statements for the year ended December 31, 2011, the comparative information for the year ended December 31, 2010 and an opening IFRS statement of financial position at January 1, 2010 (the Corporation's date of transition).

First Time Adoption of IFRS (IFRS 1)

The Corporation has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1, "First Time Adoption of International Financial Reporting Standards", the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under IFRS taken to deficit, with IFRS 1 providing for certain optional and mandatory exemptions to this principle.

Reconciliation to Previously Reported Financial Statements

No reconciliations are necessary as there were no adjustments made at transition and there were no mandatory or optional exemptions taken.

Future accounting pronouncements

IFRS 9 Financial Instruments (effective January 1, 2015)

The standard is the first step in the process to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized costs and fair value. Portions of the standard remain in development and the full impact of the standard on the Corporation's financial statements will not be known until the project is complete.

IFRS 10 Consolidated Financial Statements (effective January 1, 2013)

This standard is issued to supersede IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation – Special Purpose Entities. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, Joint Arrangements (effective January 1, 2013)

This standard is issued to supersede IAS 31, "Interest in Joint Venture" and SIC 13, "Consolidation of Jointly Controlled Entities – Non Monetary Contributions by Ventures". This standard is intended to provide a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form.

IFRS 12, Disclosure of Interest in Other Entities (effective January 1, 2013)

This standard specifies disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

IFRS 13, Fair Value Measurement (effective January 1, 2013)

The main provisions for this standard include defining fair value, setting out in a single standard a framework for measuring fair value and specifying certain disclosure requirements about fair value measurements.

IAS 12, Income Taxes (effective January 1, 2012)

This standard has been amended on December 20, 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset.

IAS 27, Separate Financial Statements (effective January 1, 2013)

This has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures (effective January 1, 2013)

This standard prescribes the accounting for investments in associates and sets out the requirements for application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

This summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

The Corporation is currently assessing the impact that the above adoptions may have on its financial statements.

Additional Information

Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

CAPITAL STRUCTURE OF THE CORPORATION

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of the date of this Prospectus, 25,287,274 Common Shares were issued and outstanding as fully paid and non-assessable Common Shares. There are no preferred shares issued and outstanding.

The following table sets forth the securities exercisable or exchangeable for Common Shares of the Corporation as of the date of this Prospectus after giving effect to the Offering:

Warrants outstanding as at the date of this Prospectus **17,666,740**

Warrants outstanding and exercisable[1]	Exercise Price	Expiry Date
2,500,000[2]	$ 0.25	May 28, 2014
4,800,000[3]	0.15	June 30, 2013
1,100,000[3]	0.15	June 30, 2013
1,010,000[3]	0.15	June 30, 2013
451,740[3]	0.15	June 30, 2013
2,870,000[3]	0.15	June 30, 2013
3,000,000	U.S. 0.10	Two years from Listing Date
750,000	0.20	October 9, 2014
1,185,000	0.25	October 9, 2014
28,000,000[4]	0.25	Two years from close of Offering
45,666,740	$ 0.22	

Note:

(1) Table does not include Units issuable pursuant to the Agent's Option.

(2) On October 9, 2012, the Corporation extended the expiry date of these warrants to May 28, 2014

(3) On October 9, 2012, the Corporation extended the expiry date of these warrants to June 30, 2013.

(4) Assuming the maximum 28,000,000 Units are issued pursuant to the Offering.

DESCRIPTION OF SECURITIES TO BE DISTRIBUTED

Common Shares

Shareholders are entitled to receive notice of and to attend and vote at all meetings of Shareholders of the Corporation, except meetings of holders of another class of shares. Each Common Share shall entitle the holder thereof to one vote. Subject to the preferences accorded to holders of any other shares of the Corporation ranking senior to the Common Shares, Shareholders are entitled to dividends if, as and when declared by the Board of Directors. In the event of the liquidation, dissolution or winding up of the Corporation, the holders of Common Shares, subject to the preferences accorded to any other shares of the Corporation ranking senior to the Common Shares, are entitled to share equally, share for share, in any remaining assets of the Corporation.

Warrants

The Warrants qualified for distribution under this Prospectus will be governed by the terms of the Warrant Indenture. The Corporation will appoint the principal transfer offices of the Warrant Trustee in Calgary, Alberta as the location at which Warrants may be surrendered for exercise or transfer. The following summary of certain provisions of the Warrant Indenture contains all of the material attributes and characteristics of the Warrants but does not purport to be complete and is qualified in its entirety by reference to the provisions of the Warrant Indenture.

The Common Shares and the Warrants comprising the Units will separate immediately upon closing of the Offering. Each Warrant will entitle the holder to purchase one Warrant Share at a price of $0.25. The exercise price and the number of Warrant Shares issuable upon exercise are both subject to adjustment in certain circumstances as more fully described below. Warrants will be exercisable at any time prior to 5:00 p.m. (Calgary time) on the date that is 24 months after the Closing Date after which time the Warrants will expire and become null and void.

Under the Warrant Indenture and subject to applicable laws, the Corporation will be entitled to purchase in the market, by private contract or otherwise, all or any of the Warrants then outstanding, and any Warrants so purchased will be cancelled.

The Warrant Indenture will provide for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

(i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the holders of the Common Shares as a stock dividend or other distribution (other than a "dividend paid in the ordinary course", as defined in the Warrant Indenture, or a distribution of Common Shares upon the exercise of the Warrants or pursuant to the exercise of director, officer or employee stock options granted under the Corporation's Option Plan);

(ii) the subdivision, redivision or change of the Common Shares into a greater number of shares;

(iii) the reduction, combination or consolidation of the Common Shares into a lesser number of shares;

(iv) the issuance to all or substantially all of the holders of the Common Shares of rights, options or warrants under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issuance, to subscribe for or purchase Common Shares, or securities exchangeable for or convertible into Common Shares, at a price per share to the holder (or at an exchange or conversion price per share) of less than 95% of the "current market price", as defined in the Warrant Indenture, for the Common Shares on such record date; and

(v) the issuance or distribution to all or substantially all of the holders of the Common Shares of shares of any class other than the Common Shares, rights, options or warrants to acquire Common Shares or securities exchangeable or convertible into Common Shares, of evidences of indebtedness or cash, securities or any property or other assets.

The Warrant Indenture will also provide for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events: (1) reclassifications of the Common Shares; (2) consolidations, amalgamations, plans of arrangement or mergers of the Corporation with or into another entity (other than consolidations, amalgamations, plans of arrangement or mergers which do not result in any reclassification of the Common Shares or a change of the Common Shares into other shares); or (3) the transfer (other than to one of the Corporation's subsidiaries) of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity.

No adjustment in the exercise price or the number of Warrant Shares purchasable upon the exercise of the Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would change the exercise price by at least 1% or the number of Warrant Shares purchasable upon exercise by at least one one-hundredth of a Warrant Share.

The Corporation will also covenant in the Warrant Indenture that, during the period in which the Warrants are exercisable, it will give notice to holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 14 days prior to the record date or effective date, as the case may be, of such event.

No fractional Warrant Shares will be issuable upon the exercise of any Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Holders of Warrants will not have any voting or pre emptive rights or any other rights which a holder of Common Shares would have. The Warrants will not be exercisable in the United States or by or on behalf of a U.S. person, nor will certificates representing the common shares issuable upon exercise of the Warrants be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act and any applicable state securities laws is available and the Corporation has received an opinion of counsel of recognized standing to such effect in form and substance reasonably satisfactory to the Corporation.

From time to time, the Corporation and the Warrant Trustee, without the consent of the holders of Warrants, may amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not adversely affect the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that adversely affects the interests of the holders of the Warrants may only be made by "extraordinary resolution", which is defined in the Warrant Indenture as a resolution either (1) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 10% of the aggregate number of the then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution or (2) adopted by an instrument in writing signed by the holders of Warrants representing not less than 66⅔% of the aggregate number of all the then outstanding Warrants.

DETAILS OF THE OFFERING

The Offering consists of a minimum of 20,000,000 Units and a maximum of 28,000,000 Units at a price of $0.15 per Unit. See "*Plan of Distribution*".

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agent has agreed to act as, and has been appointed as, the exclusive agent of the Corporation to offer the Units for sale to the public on a commercially reasonable efforts basis. The Offering Price was established by negotiation between the Agent and the Corporation. The Agent will be paid the Agent's Fee of 10% of all gross proceeds raised pursuant to the Offering. The Agent's Fee will be reduced to 2% of all gross proceeds raised from certain President's List orders secured by the Corporation. The Corporation will also grant Agent's Options to the Agent, entitling the Agent to purchase that number of Agent's Units equal to 10% of the number of Units sold pursuant to the Offering. The Agent's Option will be reduced to 2% of the number of Units sold to certain President's List orders secured by the Corporation. The Agent's Options will be exercisable at an exercise price equal to the Offering Price for 24 months from the Closing Date. The Agent will also receive the Corporate Finance Fee. The Corporation has paid to the Agent an expense retainer of $8,000. The Corporation will also pay the Agent's reasonable expenses, including legal fees. This Prospectus will qualify the Agent's Option issued to the Agent. This Prospectus also qualifies the distribution of the Warrants.

Under the terms of the Agency Agreement, the Agent may, at its discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing will occur not later than 180 days after a receipt for the final prospectus or not later than the expiration date of any extension thereof granted by the applicable regulatory authorities. The Corporation has granted the Agent the right of first refusal for a period of 12 months from the Closing Date to act as agent on future financings.

The Offering is subject to a minimum offering of 20,000,000 Units at the Offering Price of $0.15 per Unit for minimum proceeds of $3,000,000. The Corporation must appoint a registered dealer authorized to make the distribution, a Canadian financial institution, or a lawyer who is a practicing member in good standing with a law society of a jurisdiction in which the securities are being distributed, or a notary in Quebec, to hold in trust all funds received from subscriptions until the minimum offering has been raised. If the minimum offering is not raised within the distribution period, the trustee will return the funds to the subscribers without interest or deduction.

The Agent has agreed to use commercially reasonable efforts to secure subscriptions for the Units offered pursuant to the Offering in the provinces of British Columbia, Alberta, Saskatchewan and Ontario. This Prospectus qualifies the distribution of the Units to the Subscribers in British Columbia, Alberta, Saskatchewan and Ontario. The Agent may, in connection with the Offering and in its sole discretion, retain one or more licensed dealers, brokers and investment dealers (referred to herein as the "**Selling Firms**") as sub-agents and may receive subscriptions for the Units from such Selling Firms. The Agent is not obligated to purchase any of the Units in connection with the Offering.

This Offering is not underwritten and is subject to the receipt by the Agent of subscriptions for the minimum Offering in the amount of $3,000,000. In the event that subscriptions totalling $3,000,000 are not received within 180 days following the issuance of the receipt for the final prospectus or such other date as the regulatory authorities may permit and to which the Corporation and the Agent may agree, then all of the subscription funds received by the Agent and held on behalf of the Subscribers will be promptly returned to the Subscribers by the Agent, without interest or deduction unless otherwise consented to by the Subscribers.

There is currently no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation.

The TSXV has conditionally approved the listing of the Common Shares and Warrants. Listing of such Common Shares and Warrants will be subject to the Corporation fulfilling all of the listing requirements of the TSXV.

As at the date of this Prospectus, the Corporation does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on (i) the TSX; (ii) a U.S. Marketplace; or (iii) a marketplace outside of Canada and the U.S. of America.

PRIOR SALES

In the 12 months preceding the date of this Prospectus, the Corporation has issued securities as follows:

Date	Description of Securities	Price	Gross Proceeds
October 9, 2012	750,000 units(1)	$0.10	$75,000
October 9, 2012	1,185,000 units(2)	$0.15	$177,750

Note:

(1) Each unit was comprised of one Common Share and one Common Share purchase warrant and each Common Share purchase warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.20 per Common Share until October 9, 2014. The subscription price was established by negotiations between the Corporation and the purchaser taking into consideration the risks assumed by the arm's length purchaser with there being no assurance that the Corporation would be able to raise sufficient funds to carry out its capital programs on the Clayton Property or the Marietta Property.

(2) Each unit was comprised of one Common Share and one Common Share purchase warrant and each Common Share purchase warrant entitles the holder thereof to acquire one Common Share at an exercise price of $0.25 per Common Share until October 9, 2014.

ESCROWED SECURITIES

NP 46-201 requires that securities held by a "principal" of an issuer be held in escrow. A "principal" of an issuer is: (i) a person who acted as a promoter of the issuer; (ii) a director or senior officer of the issuer; (iii) a person holding more than 20% of the securities of the issuer both immediately before and immediately after the issuer's IPO; and (iv) a person carrying more than 10% of the securities who also has the right to appoint one or more directors or senior officers of the issuer. In addition, the TSXV may impose hold periods which apply where seed shares have been issued to non-principals prior to an initial public offering. The Escrowed Shareholders for the purposes of this Prospectus are the principals who are not otherwise excluded from the escrow requirements of NP 46-201 and those who have purchased securities for less than the Offering Price within 12 months preceding the date of this Prospectus.

In accordance with NP 46-201 and pursuant to the Escrow Agreement to be entered into among the Escrowed Shareholders, the Corporation and Olympia Trust Company (the "**Escrow Agent**"), and assuming no Units offered hereunder are purchased by the Escrowed Shareholders, a total of 10,149,173 Common Shares and 8,885,000 Common Share purchase warrants will be deposited into escrow with the Escrow Agent on Closing of the Offering. The following table discloses the Escrowed Securities of the Corporation which will be held in escrow pursuant to the Escrow Agreement or that are otherwise subject to a contractual restriction on transfer:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class (after giving effect to the Minimum Offering)	Percentage of class (after giving effect to the Maximum Offering)
Common Shares	10,899,173(1)	24.1%	20.4%
Warrants	8,885,000	23.6%	19.5%

Note:

(1) Includes 750,000 seed capital shares ("**Seed Shares**") which are not subject to the Escrow Agreement. These Seed Shares will be subject to resale restrictions in accordance with the TSXV Policy 5.4 Escrow, *Vendor Consideration and Resale Restrictions*. These resale restrictions will be enforced through the legending of the share certificates upon closing of the Offering. The Seed Shares will be subject to a 4 month hold period with 20% released monthly with the hold period commencing on the date of the receipt of the final prospectus.

The following table discloses the number of securities beneficially owned or controlled, directly or indirectly by the officers, directors, insiders and promoters of the Corporation that are subject to escrow in accordance with NP 46-201 and the policies of the TSXV, as of the date of this prospectus:

Name(1)	Number(1)(2)	Type of Security	Exercise Price	Expiry Date
Jan Alston(2)	1,550,000	warrants	$0.15	June 30, 2013
	700,000	warrants	$0.25	October 9, 2014
	1,825,125	common shares	-	-
Randal Squires	1,500,000	warrants	$0.15	June 30, 2013
	135,000	warrants	$0.25	October 9, 2014
	1,635,000	common shares	-	-
Robert L. Russell	1,500,000	warrants	$0.15	June 30, 2013
	1,500,000	common shares	-	-
Bruce J. Murray(3)	250,000	warrants	$0.25	May 28, 2014
	583,125	common shares	-	-
John A. Niedermaier(4)	250,000	warrants	$0.25	October 9, 2014
	1,208,643	common shares	-	-
Azteca	3,397,280	common shares	-	-
	3,000,000	warrants	$0.10	2 years from Listing
TOTAL	**8,885,000 warrants/ 10,149,173 Common Shares**			

Notes:

(1) The table includes the holdings of those persons that will be subject to escrow who are associates of the listed individuals and thus considered Principals of the Corporation pursuant to the policies of the TSXV and NP 46-201.

(2) The total number of securities indicated includes associates of Mr. Alston, who beneficially own 817,000 Common Shares and 1,550,000 Common Share purchase warrants, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of $0.15 per share until June 30, 2013 as to 1,250,000 Common Share purchase warrants and at a price of $0.25 per share until October 9, 2014 as to 300,000 Common Share purchase warrants. Mr. Alston does not exercise control or direction over the securities held by his associates.

(3) The total number of securities indicated includes an associate of Mr. Murray, who beneficially owns 101,500 Common Shares and 100,000 Common Share purchase warrants, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of $0.25 per share until May 28, 2014, over which Mr. Murray does not exercise control or direction.

(4) The total number of securities indicated includes an associate of Mr. Niedermaier, who beneficially owns 482,500 Common Shares and 150,000 Common Share purchase warrants, with each Common Share purchase warrant entitling the holder to acquire one Common Share at a price of $0.25 per share until October 9, 2014, over which Mr. Niedermaier does not exercise control or direction.

Escrow restricts the ability of certain holders to deal with their Escrowed Securities while they are in escrow. The Escrow Agreement sets out these restrictions and provides that, except to the extent permitted thereunder, the principals cannot sell, transfer, assign, mortgage, enter into a derivative transaction concerning, or otherwise deal in any way with their Escrowed Securities or the related share certificates or other evidence of the Escrowed Securities. A private company, controlled by one or more principals, that holds Escrowed Securities, may not participate in a transaction that results in a change of its control or a change in the economic exposure of the principals to the risks of holding Escrowed Securities.

The Escrowed Securities shall not be released unless listing of the Common Shares is completed by the Corporation. As the Corporation is an "emerging issuer" as such term is defined in NP 46-201, the original number of the Escrowed Securities purchased by principals (excluding the Seed Shares and Seed Warrants) of the Corporation may be released as to 10% on the Listing Date and as to 15% every six months after the initial release, such that all Escrowed Securities will have been released three years after the Listing Date. The TSXV may approve an accelerated release schedule if the Corporation, after the Listing Date, meets "Tier 1 Corporation" listing requirements or establishes itself as an "established company" as described in NP 46-201.

Shares Subject to Resale Restrictions

Statutory Hold Periods

In addition to the foregoing escrow provisions, securities legislation imposes certain resale restrictions on securities issued within four months prior to an initial public offering. The legislation which imposes and governs these hold periods is National Instrument 45-102 - Resale of Securities.

TSXV Seed Share Resale Restrictions

Seed capital shares (all shares issued in the 12 months prior to the date of the receipt for the preliminary prospectus which are not subject to the Escrow Agreement) are subject to the TSXV seed share resale restrictions as outlined in TSXV Policy 5.4 *Escrow, Vendor Consideration and Resale Restrictions*, which determines resale restrictions based on the price at which the security was issued and the length of time it has been held prior to the date of the receipt obtained for the preliminary prospectus. An aggregate of 750,000 Common Shares issued in the 12 months prior to the date of the receipt for the preliminary prospectus are subject to the TSXV's seed share resale restrictions, as such securities were issued by the Corporation at less than the Offering Price. The release conditions for such Common Shares are described in the notes to the above table.

PRINCIPAL SHAREHOLDERS

As at the date of this Prospectus, other than as disclosed in the table below, there are no persons who beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

Shareholder	Number of Common Shares	Percentage of class prior to Offering	Percentage of class (after giving effect to the Minimum Offering)(1)(2)	Percentage of class (after giving effect to the Maximum Offering)(1)(2)
Azteca Gold Corp.(3)(4)	3,397,280	13.4%	7.5%	6.4%

Notes:

(1) Before giving effect to the exercise of the Agent's Option and the Options to be granted to directors and officer of the Corporation upon Closing of the Offering.

(2) Assuming that no Units are purchased by the above Shareholder under this Prospectus.

(3) The Common Shares are owned both of record and beneficially by Azteca.

(4) The percentage of the class that would be owned by Azteca, assuming exercise of its option to acquire 3,000,000 Common Shares at a price of US$0.10 per Common Shares, is 22.6% prior to the Offering, 13.2% assuming completion of the Minimum Offering and 11.4% assuming completion of the Maximum Offering. The percentage of the class that would owned by Azteca, assuming exercise of its option to acquire 3,000,000 Common Shares at a price of US$0.10 per Common Shares on a fully diluted basis, is 14.9% prior to the Offering, 7.7% assuming completion of the Minimum Offering and 6.5% assuming completion of the Maximum Offering. Fully diluted amounts assume no exercise of the Agent's Option or options granted under the Corporation's Option Plan.

PROMOTERS

Mr. Jan Alston of Calgary, Alberta, may be considered to be the promoter of CMX in that he took the initiative to reactivate the Corporation. As at the date of this Prospectus, Mr. Alston holds 1,008,125 Common Shares, representing 4.0% of the currently issued and outstanding Common Shares. Mr. Alston also holds 300,000 Common Share purchase warrants exercisable at $0.15 per Common Share until June 30, 2013 and 400,000 Common Share purchase warrants exercisable at $0.25 per Common Share until October 9, 2014 and will be granted 1,400,000 options to acquire Common Shares upon Closing of the Offering. Except as disclosed in this Prospectus, Mr. Alston has not and will not receive from, or provide to CMX, anything of value, including money, property, contracts, options or rights of any kind directly or indirectly. See "*Directors and Officers*", "*Executive Compensation*" and "*Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions*". No other person will be or has been within the two years preceding the date of this Prospectus a promoter of CMX.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Norton Rose Canada LLP, counsel to the Corporation and Burstall Winger LLP, counsel to the Agent, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a purchaser of Common Shares and Warrants comprising the Units acquired pursuant to the Offering. This summary is applicable only to a purchaser who, at all relevant times, deals at arm's length and is not affiliated with the Corporation, and who will acquire and hold such Common Shares and Warrants as capital property (each, a "**Holder**"), all within the meaning of the Tax Act. Any Common Shares and Warrants will generally be considered to be capital property to a Holder unless the Holder holds such securities in the course of carrying on a business or has acquired them in a transaction or transactions considered to be an adventure in the nature of trade.

This summary does not apply to a holder of Common Shares or Warrants comprising the Units (i) that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a "tax shelter investment" as defined in the Tax Act; (iii) that is a "specified financial institution" as defined in the Tax Act; or (iv) that reports its Canadian tax results in a currency other than the Canadian currency. Such holders should consult their own tax advisors with respect to an investment in Common Shares and Warrants comprising the Units.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, specific proposals to amend the Tax Act and the regulations thereunder (the "**Tax Proposals**") which have been announced by or on behalf the Minister of Finance (Canada) prior to the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the CRA. This summary assumes that the Tax Proposals will be enacted in the form proposed and does not take into account or anticipate any other changes in law, whether by way of judicial, legislative or governmental decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the Canadian federal income tax considerations discussed herein. No assurances can be given that such Tax Proposals will be enacted as proposed or at all, or that legislative, judicial or administrative changes will not modify or change the statements expressed herein.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Units. The following description of income tax matters is of a general nature only and is not intended to be, nor should it be construed to be, legal or income tax advice to any particular Holder. Holders are urged to consult their own income tax advisors with respect to the tax consequences applicable to them based on their own particular circumstances.

Residents of Canada

This portion of the summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, is resident or deemed to be resident in Canada at all relevant times (each, a "**Resident Holder**"). Certain Resident Holders whose Common Shares might not otherwise qualify as capital property may be entitled to make the irrevocable election provided by subsection 39(4) of the Tax Act to have the Common Shares and every other "Canadian security" (as defined by the Tax Act), which would not include the Warrants, owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and/or advisable in their particular circumstances.

Allocation of Purchase Price

A Resident Holder will be required to allocate the purchase price of each Unit between the Common Share and the Warrant comprising the Unit on a reasonable basis, in order to determine their respective costs for purposes of the Tax Act. The Corporation intends to allocate $0.10 of the issue price of each Unit as consideration for the issue of each Common Share and $0.05 for the issue of each Warrant. Although the Corporation believes such allocation is reasonable, such allocation will not be binding on the CRA.

The adjusted cost base to a Resident Holder of a Common Share acquired hereunder will be determined by averaging the cost of that Common Share with the adjusted cost base (determined immediately before the acquisition of the Common Share) of all other Common Shares held as capital property at that time by the Resident Holder.

Exercise or Expiry of Warrants

A Resident Holder will not realize a gain or loss upon the exercise of a Warrant to acquire a Common Share. When a Warrant is exercised, the Resident Holder's cost of Common Shares acquired thereby will be equal to the aggregate of the Resident Holder's adjusted cost base of the Warrants so exercised plus the exercise price paid for the Common Shares issuable on the exercise of the Warrant. The Resident Holder's adjusted cost base of the Common Shares so acquired will be determined by averaging the cost of those Common Shares with the adjusted cost base (determined immediately before the acquisition of the Common Shares issuable upon the exercise of the Warrants) of all other Common Shares held as capital property by such Resident Holder at the time of acquisition.

In the event of the expiry of an unexercised Warrant, the Resident Holder will realize a capital loss equal to the Resident Holder's adjusted cost base of such Warrant. The tax treatment of capital losses is discussed in greater detail below under the subheading "Taxation of Capital Gains and Losses".

Disposition of Common Shares and Warrants

A Resident Holder who disposes of or is deemed to have disposed of a Common Share or a Warrant (other than a disposition arising on the exercise or expiry of a Warrant) will realize a capital gain (or incur a capital loss) in the year of disposition equal to the amount by which the proceeds of disposition in respect of the Common Share or the Warrant exceed (or are exceeded by) the aggregate of the adjusted cost base of such Common Share or Warrant, as the case may be, and any reasonable expenses associated with the disposition. The tax treatment of capital gains and capital losses is discussed in greater detail below under the subheading "Taxation of Capital Gains and Losses".

Taxation of Capital Gains and Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder must be included in the Resident Holder's income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss incurred by a Resident Holder (an "**allowable capital loss**") may be used to offset taxable capital gains realized by the Resident Holder in the taxation year of disposition. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be applied to reduce net taxable gains realized by the Resident

Holder in the three preceding taxation years or in any subsequent year in the circumstances and to the extent provided in the Tax Act. A capital loss realized on the disposition of a Common Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by the Resident Holder on such share. Similar rules may apply where a corporation is, directly or through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Common Shares.

A Resident Holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains.

Taxation of Dividends Received by Resident Holders

Dividends received or deemed to be received on the Common Shares will be included in computing the Resident Holder's income.

Dividends (including deemed dividends) received on Common Shares by a Resident Holder who is an individual (and certain trusts) will be included in the Resident Holder's income and be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by an individual from taxable Canadian corporations including the enhanced gross-up and dividend tax credit for "eligible dividends" properly designated as such by the Corporation.

Dividends (including deemed dividends) received on Common Shares by a Resident Holder that is a corporation will be included in the Resident Holder's income and will normally be deductible in computing such Resident Holder's taxable income. A Resident Holder that is a "private corporation" (as defined in the Tax Act) or any other corporation resident in Canada and controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), may be liable to pay a 33⅓% refundable tax under Part IV of the Tax Act on dividends received on the Common Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income.

Non-Residents of Canada

The following portion of this summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is neither resident nor deemed to be resident in Canada and does not use or hold, and will not be deemed to use or hold, Common Shares or Warrants in a business carried on in Canada (each, a "**Non-Resident Holder**"). Special considerations, which are not discussed in the summary, may apply to a Holder that is an insurer that carries on an insurance business in Canada and elsewhere. Such Holders should consult their own advisers.

Dividends

Dividends paid or credited on Common Shares to a Non-Resident Holder will be subject to non-resident withholding tax under the Tax Act at the rate of 25%, although such rate may be reduced under the terms of an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Dispositions

A Non-Resident Holder generally will not be subject to tax under the Tax Act in respect of a capital gain realized on the disposition or deemed disposition of a Common Share or a Warrant, nor will capital losses arising therefrom be recognized under the Tax Act, unless the Common Share or Warrant constitutes "taxable Canadian property" to the Non-Resident Holder for purposes of the Tax Act, and the gain is not exempt from tax pursuant to the terms of an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

Provided the Common Shares are listed on a designated stock exchange, which currently includes the TSXV, at the time of disposition, the Common Shares and Warrants generally will not constitute taxable Canadian property of a Non-Resident Holder, unless, at any time during the 60 month period immediately preceding the disposition, (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, or the Non-Resident Holder together with all such persons, owned 25% or more of the issued Common Shares or any other class or series of shares of the Corporation; and (ii) more than 50% of the fair market value of the Common Shares was derived directly or indirectly, from one or any combination of real or immovable property situated in Canada, Canadian resource property, timber resource property, or any option in respect of, or interest in, such properties.

Even if a Common Share or Warrant is taxable Canadian property to a Non-Resident Holder, any capital gain realized upon the disposition of such Common Share or Warrant may not be subject to tax under the Tax Act if such capital gain is exempt from Canadian tax pursuant to the provisions of an applicable income tax convention.

If a Non-Resident Holder to whom Common Shares or Warrants are taxable Canadian property is not exempt from tax under the Tax Act by virtue of a tax treaty, the consequences described under "Residents of Canada" will generally apply.

RISK FACTORS

An investment in Units involves a high degree of risk and should only be considered by persons who can afford to lose their entire investment. The following are certain risk factors relating to an investment in Units which prospective investors should carefully consider before deciding whether to purchase any Units. The following information must be read in conjunction with the detailed information appearing elsewhere in this Prospectus. Such risk factors may have a material adverse effect on the financial position or results of operations of the Corporation or the value of the Units.

The Corporation's Limited History

The Corporation is in the early stage of development and must be considered a start-up. As such, the Corporation is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Corporation will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Corporation has no intention of paying any dividends in the near future.

The Corporation has limited financial resources, has not earned any revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it for further exploration and development of the Corporation's properties or to fulfill its obligations under any applicable agreements. There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Corporation's properties with the possible loss of such properties.

Negative Operating Cash Flow

The Corporation currently has no revenues from its operations and may use the proceeds of the Offering to fund any negative operating cash flow.

Going Concern Risk

The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Corporation has not determined whether the Marietta Property or the Clayton Property contain economically recoverable reserves of ore and currently has not earned any revenue from either property and, therefore, does not generate cash flow from its operations. There is no assurance that new capital will be available and if it is not, the Corporation may be forced to substantially curtail or cease operations. As a result of the recurring losses over the Corporation's history, the Corporation has a deficit of $3,565,410 as at September 30, 2012 (December 31, 2011 - $3,277,412). As at November 30, 2012, the Corporation had an estimated working capital deficiency of $408,540. The Corporation currently does not have the necessary financing in place to support continuing losses and these matters raise significant doubt about its ability to continue as a going concern. Investors should not invest any funds in the Offering unless they can afford to lose their entire investment.

Exploration and Mining Operations Risks

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to land tenure, prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in CMX not receiving an adequate return on invested capital.

The Corporation does not currently operate a mine on any of its properties. There is no certainty that the expenditures made by CMX towards the search for and evaluation of mineral deposits will result in discoveries that are commercially viable. In addition, assuming discovery of a commercial ore-body, depending on the type of mining operation involved, several years can elapse from the initial phase of drilling until commercial operations are commenced. Most of the above factors are beyond CMX's control.

Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of, gold, silver and other precious or base metals, including unusual and unexpected geologic formations, wall failure, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

Metal Prices

The development and success of the Marietta and Clayton Properties will be primarily dependent on the future price of precious and base metals. Precious and base metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond CMX's control. Such factors include, but are not limited to, interest rates, exchange rates, inflation, deflation, fluctuation in the value of the U.S. dollar and foreign currencies, global and regional supply and demand and the political and economic conditions of major metal-producing countries throughout the world. The price of precious and base metals has fluctuated widely in recent years and future serious price declines could cause continued development of and commercial production from the Corporation's mineral interests to be impracticable. Depending on the price of precious metals, projected cash flow from planned mining operations may not be sufficient and CMX could be forced to discontinue development and may lose its interest in, or may be forced to sell, the Marietta and Clayton Properties. Future production from the Corporation's mineral interests is dependent on precious or base metal prices that are adequate to make these properties economic.

Limited Financial Resources of Parent Company of Counter-party to Option Agreement

The parent company of the corporation that holds the mineral claims on the Marietta Property, Azteca, is a Canadian public company that is currently subject to cease trade orders issued by the Alberta Securities Commission and the British Columbia Securities Commission for failing to meet certain ongoing continuous disclosure obligations. Moreover, at this time, the Corporation believes that Azteca has limited financial resources, no operating revenues and no ability to raise capital. Therefore it may be unable to meet its obligations as they generally become due and subject to claims by or on behalf of its creditors. The potential inability of Azteca to meet its obligations as they generally become due could have unexpected effects on the Option Agreement as a result of commercially aggressive, unlawful or irregular actions by or on the behalf of Azteca's creditors prior to CMX earning an interest in the Marietta Property.

Additionally, any change in the management, control or strategic direction of Azteca, including any protracted or unexpected disagreement among Azteca's stakeholders, could result in Azteca being unable or unwilling to fund its share of joint venture expenses on the Marietta Property after CMX has earned its interest pursuant to the Option Agreement. Should Azteca fail to participate in future programs on the Marietta Property, its interest would be diluted in accordance with standard industry terms in any joint venture agreement, but the Corporation's ability to advance exploration or development of the Marietta Property may be materially adversely affected.

Unexpected Expenditures

In addition to the other consideration granted to Azteca under the Option Agreement, CMX agreed to pay annual rental payments and taxes of any nature whatsoever due in 2011 rexpecting the Marietta Property. CMX further agreed to be responsible for completing and paying for remedial action to be taken with respect to the condition of old mine workings on the Marietta Property, as identified by the Nevada Division of Minerals, related mainly to the installation of warning signs and fencing around old mine workings. Should such costs be significantly in excess of what is expected, the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

Key-Man and Liability Insurance, Uninsurable Risks

The success of the Corporation will be largely dependent upon the performance of its key officers. The Corporation has not purchased any "key-man" insurance with respect to any of its directors or officers, and has no current plans to do so.

Although the Corporation may obtain liability insurance in an amount which management considers adequate, the nature of the risks for mining companies is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Corporation might not elect to insure itself against such liabilities due to high premium costs or other reasons. Should such liabilities occur, the Corporation could incur significant costs that could have a material adverse effect upon its financial condition.

Future Financing Requirements

The Corporation may need additional financing to continue in business and to implement the Phase II development programs set out in the Marietta Report and Clayton Report and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing Common Shares from treasury, control of the Corporation may change and Subscribers under the Offering may suffer additional dilution. To the extent financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities by the Corporation.

Environmental Regulations

All phases of the Corporation's operations are subject to environmental regulation. Environmental legislation is becoming more strict, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that environmental regulation will not adversely affect the Corporation's operations. Environmental hazards may exist on a property in which the Corporation holds an interest which are unknown to the Corporation at present which have been caused by previous or existing owners or operators of the property.

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent.

Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Corporation's operations. The Corporation intends to fully comply with all environmental regulations in all of the countries in which it is active.

Foreign Countries and Regulatory Requirements

Mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors therein. There is no assurance that the political and investment climate of foreign countries will be favourable. Any changes in regulations or shifts in political conditions are beyond the control of the Corporation and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. The political climate of other neighbouring countries may result in changes in legal requirements or in the terms of permits and agreements applicable to the Corporation or its properties, which could have a material adverse impact on the Corporation's current exploration program and future development projects.

Where required, obtaining necessary permits and licenses can be a complex, time consuming process and the Corporation cannot assure that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

Dependence on Limited Properties

The Marietta and Clayton Properties are the Corporation's sole properties. Any material adverse development affecting the progress of these properties will have a material adverse effect on the Corporation's financial performance and results of operations.

Title

No assurances can be given that title defects to the Marietta Property and the Clayton Property and claims giving rise to the Corporation's interest in the properties do not exist. The Marietta and Clayton properties and claims may be subject to prior unregistered agreements, interests or native land claims and the Corporation's rights may be affected by undetected defects. If title defects do exist, it is possible that the Corporation may lose all or a portion of interest in and to the properties to which the title defect relates. Title to mineral interests in some jurisdictions is often not susceptible of determination without incurring substantial expense. The actual interest of the Corporation in certain properties may vary from the Corporation's records.

There is no guarantee that title to the Corporation's properties will not be challenged or impugned. While, to the best of the Corporation's knowledge, title to both the Marietta Property and the Clayton Property are in good standing, this should not be construed as a guarantee of title.

Governmental and Regulatory Requirements

Government approvals and permits are currently, and may in the future be, required in connection with the Corporation's operations. To the extent such approvals are required and not obtained, the Corporation may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Corporation and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of properties.

Infrastructure

Development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of the Corporation.

Costs of Land Reclamation

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which the Corporation holds an option or title. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of the Corporation.

Influence of Management

Following the completion of the Offering the directors and officers of the Corporation will beneficially own or control, directly or indirectly, 11.8% of the outstanding Common Shares of the Corporation if the minimum Offering is completed and 10.0% of the outstanding Common Shares of the Corporation if the maximum Offering is completed. As a result, these Shareholders will have the ability to control or influence the outcome of most corporate actions requiring Shareholder approval, including the election of directors of the Corporation and the approval of certain corporate transactions. The concentration of ownership of the Corporation may also have the effect of delaying or preventing a change in control of the Corporation.

No Market for Securities

There is currently no market through which any of the Corporation's securities, including the Common Shares and Warrants, may be sold and there is no assurance that such securities of the Corporation will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Common Shares and Warrants are listed on a stock exchange, holders of the Common Shares and Warrants may not be able to sell their Common Shares or Warrants. Even if a listing is obtained, there can be no assurance that an active public market for the Corporation's Common Shares or Warrants will develop or be sustained after completion of the Offering. The Offering Price determined by negotiation between the Corporation and the Agents was based upon several factors, and may bear no relationship to the price that will prevail in the public market. The holding of Common Shares and Warrants involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares and Warrants should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

Dilution

The price of the Units under the Offering is higher than the per share value of the Common Shares previously issued. Accordingly, investors who purchase Units in the Offering will incur immediate dilution in the pro forma value of their Units. This means that investors that purchase Units will pay a price per Unit that exceeds the share value of the Corporation's previously issued Common Shares. Moreover, investors in the Offering will experience further dilution to the extent that additional Common Shares are issued, such as upon exercise of options granted under the Corporation's Option Plan. Upon completion of this Offering, purchasers will suffer an immediate dilution (based on the gross proceeds from this and prior issues without deduction of selling and related expenses) of $0.022 or 14.7% per Common Share in the event of the Minimum Offering or $0.021 or 14.0% per Common Share in the event of the Maximum Offering, based on the gross proceeds of the Offering.

Currency Exchange Rates

Exchange rate fluctuations may adversely affect the Corporation's financial position and results. Silver is sold throughout the world, primarily in U.S. Dollars. The Corporation's financial results are reported in Canadian Dollars and costs are currently incurred primarily in Canadian Dollars. The appreciation or depreciation of the Canadian Dollar against the U.S. Dollar could have unexpected consequences to the actual capital and operating costs of the Corporation's mineral exploration projects and materially adversely affect the results presented in the Corporation's financial statements. Currency exchange fluctuations may also materially adversely affect the Corporation's future cash flow from operations, its results of operations, financial condition and prospects.

Competition

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Corporation competes with a number of other entities in the search for and the acquisition of productive mineral properties as well as for the recruitment and retention of qualified personnel. As a result of this competition, the majority of which is with companies with greater financial resources than the Corporation, the Corporation may be unable to acquire attractive properties in the future on terms it considers acceptable. The Corporation also competes for financing with other resource companies, many of whom have greater financial resources and/or more advanced properties. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Corporation.

The ability of the Corporation to acquire properties depends on its success in exploring and developing its present properties and on its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. Increased competition could result in increased costs and reduced profitability which could materially adversely affect the Corporation's revenues, operations and financial condition.

Dividend Policy

Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including CMX's operating results, financial condition and current and anticipated cash needs.

Arbitrary Offering Price

The Offering Price of the Units has been determined by the Corporation in consultation with the Agent. The Offering Price is not an indication of the value of the Units and the underlying securities comprising the Units or that any of the Units and the securities comprising the Units could be sold for an amount equal to the Offering Price or for any amount.

Conflicts of Interest

Certain of the directors and officers of the Corporation also serve as directors and/or officers of other companies involved in natural resource exploration and development. To the extent that such other companies may participate in ventures which the Corporation may participate there exists the possibility for such directors and officers to be in a position of conflict. Such directors and officers have duties and obligations under the laws of Canada to act honestly and in good faith with a view to the best interests of the Corporation and its Shareholders. Accordingly, such directors and officers will declare and abstain from voting on any matter in which such director and/or officer may have a conflict of interest.

Factors Beyond the Corporation's Control

Location of mineral deposits depends upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The exploration and development of mineral properties and the marketability of any minerals contained in such properties will also be affected by numerous factors beyond the control of the Corporation. These factors include availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Resale of Shares

The continued operation of the Corporation will be dependent upon its ability to generate operating revenues. There can be no assurance that any such revenues can be generated. If the Corporation is unable to generate such revenues or obtain such additional financing, any investment in the Corporation may be lost. In such event, the probability of resale of the shares of the Corporation would be diminished.

AS A RESULT OF THESE RISK FACTORS, THE OFFERING IS SUITABLE ONLY FOR THOSE SUBSCRIBERS WHO ARE WILLING TO RELY ON THE MANAGEMENT OF THE CORPORATION AND WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT IN THE UNITS.

MATERIAL CONTRACTS

The only material contracts currently in force and effect which have been entered into by the Corporation or will be entered into prior to the Closing of this Offering are the following:

(a) Escrow Agreement dated December 12, 2012 among the Corporation, the Escrowed Shareholders and Olympia Trust Corporation. See "*Escrowed Securities*";

(b) Warrant Indenture to be dated as of the Closing Date between the Corporation and the Warrant Trustee. See "*Capital Structure of the Corporation - Warrants*";

(c) Agency Agreement dated December 13, 2012 between the Corporation and the Agent. See "*Plan of Distribution*".

(d) Option Agreement dated March 17, 2011 between the Corporation and Azteca with respect to the Marietta Property. See "*Business of the Corporation*";

(e) Option Agreement Amendment dated November 15, 2011 between the Corporation and Azteca with respect to the Marietta Property. See "*Business of the Corporation*";

(f) Option Agreement Amendment dated March 7, 2012 between the Corporation and Azteca with respect to the Marietta Property. See "*Business of the Corporation*";

(g) Option Agreement Amendment dated June 12, 2012 between the Corporation and Azteca with respect to the Marietta Property. See "*Business of the Corporation*";

(h) Purchase Agreement made effective December 17, 2010 between the Corporation and Andree Doyle with respect to the Clayton Property. See "*Business of the Corporation*"; and

(i) Letter Agreement dated January 25, 2011 between the Corporation and Azteca with respect to the finder's fee payable to Azteca by CMX. See "*Business of the Corporation*".

Copies of the foregoing documents may be examined by prospective Subscribers during normal business hours at the offices of Norton Rose Canada LLP, legal counsel to the Corporation, 3700, 400 - 3rd Avenue S.W., Calgary, Alberta, Canada, T2P 4H2 during the period of distribution of the securities offered hereby.

INTERESTS OF MANAGEMENT IN MATERIAL TRANSACTIONS

Other than as disclosed below and elsewhere in this Prospectus, management of the Corporation is not aware of any material interest, direct or indirect, of any director or officer of the Corporation, any person beneficially owning, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of such person in any transaction within the last financial year or in any proposed transaction which in either case has materially affected or will materially affect the Corporation.

Mr. Jan Alston is a director of Azteca and Mr. Randal Squires is the Chief Financial Officer of Azteca. Mr. Robert Russell is related to the individual who was the President and Chief Executive Officer of Azteca at the time of the execution of the Option Agreement. CMX and Azteca are parties to the Option Agreement and Azteca facilitated CMX's purchase of the Clayton Property in exchange for securities in CMX. See "*Business of the Corporation*".

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are Grant Thornton LLP, Chartered Accountants, of 900, 833 - 4 Ave S.W., Calgary, Alberta, T2P 3T5. Grant Thornton LLP is the successor firm to BDO Canada LLP and was first appointed as auditors of the Corporation on February 8, 2011.

CMX's transfer agent and registrar is Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6.

RELATIONSHIP BETWEEN THE CORPORATION AND THE AGENT

The Corporation is not a "related issuer" or "connected issuer" to the Agent as such terms are defined in National Instrument 33-105 *Underwriting Conflicts* of the Canadian Securities Administrators.

EXPERTS

Certain legal matters relating to the issue and sale of Units offered hereby will be passed upon by Norton Rose Canada LLP on behalf of the Corporation and by Burstall Winger LLP on behalf of the Agent. As at the date hereof, the partners or associates of Norton Rose Canada LLP, as a group, own 5.3% of the Common Shares. As at the date hereof, the partners or associates of Burstall Winger LLP, as a group, do not own any of the Common Shares.

Grant Thornton LLP are independent of the Corporation pursuant to the rules of professional conduct of the Institute of Chartered Accountants of Alberta.

The information in this Prospectus regarding the Marietta Property and the Clayton Property was summarized from the Marietta Report and Clayton Report, respectively, which were authored by Dr. Jennifer A. Thomson. Dr. Thomson is a "qualified person" and "independent" of the Corporation as those terms are defined in NI 43-101. The author and her firm do not own any securities of the Corporation.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Management of the Corporation is not aware of any legal proceedings or regulatory actions outstanding, threatened or pending as of the date hereof by or against the Corporation or relating to the business which would be material to a Subscriber of Units.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain provinces of Canada provides Subscribers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the legislation further provides a Subscriber with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the Subscriber, provided that such remedies for rescission or damages are exercised by the Subscriber within the time limit prescribed by the securities legislation of the Subscriber's province. The Subscriber should refer to any applicable provisions of the securities legislation of the Subscriber's province for the particulars of these rights or consult with a legal advisor.

ADDITIONAL INFORMATION

Following consummation of the Offering, the Corporation will be required to file reports and other information with the securities commissions in all provinces of Canada. These filings will be electronically available from SEDAR at www.sedar.com.

AUDITOR'S CONSENT

We have read the Prospectus of CMX Gold & Silver Corp. dated December 13, 2012 relating to the distribution of a minimum of 20,000,000 units and up to 28,000,000 units of the Corporation. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation in the above-mentioned prospectus of our independent auditor's report to the shareholders of the Corporation on the financial statements of the Corporation, which comprise the statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the statements of operations and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and 2010 and a summary of significant accounting policies and other explanatory information. Our report is dated April 30, 2012.

(Signed) ***"Grant Thornton LLP, Chartered Accountants"***

Calgary, Canada
December 13, 2012

CERTIFICATE OF THE CORPORATION

December 13, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Alberta, British Columbia, Saskatchewan and Ontario.

On behalf of CMX Gold & Silver Corp.

(Signed) "*Jan Alston*"
President and Chief Executive Officer

(Signed) "*Randal Squires*"
Chief Financial Officer

On behalf of the Board of Directors

(Signed) "*Bruce J. Murray*"
Director

(Signed) "*John A. Niedermaier*"
Director

CERTIFICATE OF THE PROMOTER

December 13, 2012

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Alberta, British Columbia, Saskatchewan and Ontario.

(Signed) "*Jan Alston*"
Jan Alston

CERTIFICATE OF THE AGENT

December 13, 2012

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of the provinces of Alberta, British Columbia, Saskatchewan and Ontario.

WOLVERTON SECURITIES LTD.

(Signed) "*Colman Wong*"

Senior Vice President

APPENDIX A
FINANCIAL STATEMENTS

CMX GOLD & SILVER CORP.
UNAUDITED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 and 2011

CMX GOLD & SILVER CORP.
INTERIM STATEMENT OF FINANCIAL POSITION

As at	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current		
Cash and cash equivalents	$ 6,981	$ 2,910
Trade and other receivables	5,845	9,988
Prepaid expenses (note 5)	271,376	195,056
	284,202	207,954
Exploration and evaluation (note 6)	516,515	516,515
	$ 800,717	$ 724,469
LIABILITIES		
Current		
Trade and other payables	$ 480,066	$ 304,541
Due to related parties (note 7)	274,284	130,955
Dividends payable (note 8)	143,560	143,560
	897,910	579,056
Due to related parties (note 7)	45,392	--
	943,302	579,056
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 9)	3,152,319	3,152,319
Warrants (note 11)	270,506	270,506
Deficit	(3,565,410)	(3,277,412)
	(142,585)	145,413
	$ 800,717	$ 724,469

Going concern (note 1)
Subsequent events (note 16)

Approved on behalf of the board

Bruce Murray (*"signed"*)

Jan Alston (*"signed"*)

CMX GOLD & SILVER CORP.
INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
Unaudited – Prepared by Management

	Three months ended September 30		Nine months ended September 30	
	2012	2011 (restated) (note 17)	2012	2011 (restated) (note 17)
Expenses				
Management fees (note 7)	$ 39,176	$ 27,863	$ 136,388	$ 104,363
Professional fees	45,223	4,489	60,469	60,422
Listing and agent fees	30,576	13,075	35,792	40,552
Exploration and evaluation expenditures (note 6)	22,709	21,097	27,562	293,113
General and administrative	7,843	6,673	19,583	43,755
Shareholder reporting	67	143	67	15,384
Gain on foreign exchange	(550)	(62)	(550)	(1,414)
	145,044	73,278	279,311	556,175
Loss before financing expenses	(145,044)	(73,278)	(279,311)	(556,175)
Financing expenses				
Interest and bank charges	(1,861)	(308)	(8,687)	(705)
Net loss, being comprehensive loss	$ (146,905)	$ (73,586)	$ (287,998)	$ (556,880)
Basic and diluted net loss per share	$ (0.006)	$ (0.003)	$ (0.012)	$ (0.028)
Weighted average number of shares outstanding – basic	23,352,274	23,352,274	23,352,274	20,158,473

CMX GOLD & SILVER CORP.
INTERIM STATEMENTS OF CHANGES IN EQUITY
Unaudited – Prepared by Management

	Issued share capital #	$	Warrants	Deficit	Total
Balance, December 31, 2010	14,523,254	$ 2,661,047	$ 112,250	$ (2,684,445)	$ 88,852
Shares issued for debt	2,091,740	76,643	27,076	--	103,719
Private placements issued for cash	3,340,000	122,419	42,829	--	165,248
Payment of Clayton finder's fee	897,280	45,210	88,351	--	133,561
Issued for Marietta option	2,500,000	247,000	--	--	247,000
Loss for the period (restated)	--	--	--	(556,880)	(556,880)
Balance, September 30, 2011 (restated) (note 17)	23,352,274	3,152,319	270,506	(3,241,325)	181,500
Balance December 31, 2011	23,352,274	3,152,319	270,506	(3,277,412)	145,413
Loss for the period	--	--	--	(287,998)	(287,998)
Balance September 30, 2012	23,352,274	$ 3,152,319	$ 270,506	$ (3,565,410)	$ (142,585)

CMX GOLD & SILVER CORP.
INTERIM STATEMENTS OF CASH FLOWS
Unaudited – Prepared by Management

	Three months ended September 30 2012	Three months ended September 30 2011 (restated) (note 17)	Nine months ended September 30 2012	Nine months ended September 30 2011 (restated) (note 17)
Cash flow from operating activities				
Net loss	$ (146,905)	$ (73,586)	$ (287,998)	$ (556,880)
Items not involving cash				
Management fees	39,176	22,613	136,388	72,301
Exploration and evaluation	--	--	--	247,000
	(107,729)	(50,973)	(151,610)	(237,579)
Change in non-cash working capital items (note 12)	81,264	14,328	103,348	52,873
	(26,465)	(36,645)	(48,262)	(184,706)
Cash flows from financing activities				
Share issuance	--	--	--	122,419
Warrant issuance	--	--	--	42,829
Due to related parties	27,977	10,429	52,333	10,429
	27,977	10,429	52,333	175,677
Net change in cash and cash equivalents	1,512	(26,216)	4,071	(9,029)
Cash and cash equivalents, beginning of period	5,469	30,964	2,910	13,777
Cash and cash equivalents, end of period	$ 6,981	$ 4,748	$ 6,981	$ 4,748

CMX Gold & Silver Corp. (the "Company" or "CMX") was incorporated on July 30, 1986 and changed its name from Encee Group Ltd. to Liard Resources Ltd. on August 6, 1996. The Company changed its name to CMX Gold & Silver Corp. on February 11, 2011. The Company is designated as a "reporting issuer" pursuant to the Alberta Securities Act and Regulations. The Company is an exploration stage company engaged in the acquisition, exploration and development of silver and copper/gold properties in the United States. The registered office of the Company is as follows:

CMX Gold & Silver Corp.
c/o Norton Rose LLP
3700, 400 Third Avenue SW
Calgary, Alberta
Canada T2P 4H2

The financial statements were authorized for issuance by the Board of Directors on November 29, 2012.

1. GOING CONCERN

The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently has not earned any revenue from its mineral properties and, therefore, does not generate cash flow from its operations. Future operations are dependent upon the discovery of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete exploration and subsequent development of its properties, and upon future profitable production or proceeds from disposition of its properties.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards applicable to a going concern which assumes that the Company will realize the carrying value of its assets and discharge its obligations as they become due in the normal course of operations. For the period ended September 30, 2012, the Company incurred a net loss of $287,998 (2011 - $556,880). As a result of the recurring losses over the Company's history, the Company has a deficit of $3,565,410 as at September 30, 2012 (December 31, 2011 - $3,277,412). At September 30, 2012, the Company had a working capital deficiency of $613,708 (December 31, 2011 - $371,102). The Company currently does not have the necessary financing in place to support continuing losses. Historically, the Company has financed its operations and property acquisitions through the use of funds obtained from share issuances. These matters raise significant doubt about the appropriateness of the use of accounting principles applicable to a going concern.

The Company's continuation as a going concern is dependent upon its ability to secure new financing arrangements and new equity issuances. There is no assurance that new capital will be available and if it is not, the Company may be forced to substantially curtail or cease operations. Although the use of the going concern assumption is appropriate, there can be no assurance that any steps the Company takes will be successful. To mitigate the working capital deficiency the Company plans to raise capital through equity issuance (see note 16).

These financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the statement of financial position classifications that might be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

The Company has consistently applied the same accounting policies throughout all periods presented. A summary of the Company's significant accounting policies under IFRS is presented in Note 4. These policies have been retrospectively and consistently applied.

Basis of measurement

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset on the date of the transaction.

Functional and presentation currency

The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from and affect the results reported in these financial statements as future confirming events occur.

The determination of the Company's functional currency requires management judgment based on an evaluation of all relevant information in relation to the related primary and secondary hierarchy factors. Considerations regarding currency and influences of sales in the area of operations, settlement of operating expenses, and the funds from financing activities are assessed at each reporting date.

Amounts recorded for warrant valuations are based on management's estimates of share price volatility and the expected life of the warrants. Allowances for doubtful accounts are based on management's estimates and the estimated recoverability of accounts receivable in the future.

Tax interpretations, regulations and legislation in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

Management's judgment is that until a property reaches the development stage, costs related to the exploration and evaluation of a property are best estimated to be non-recoverable and are therefore expensed in the year in which they occur. Only real property is capitalized to the statement of financial position.

By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

4. SUMMARY OF ACCOUNTING POLICIES

These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are identified by the Company through a review of typical financial transactions and risk management activities. The Company also reviews non-financial contracts for potential embedded derivatives. Once identified, the financial instruments are classified and measured as disclosed below.

4. SUMMARY OF ACCOUNTING POLICIES, continued

Financial instruments are measured at fair value on initial recognition of the instrument except in specific circumstances. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss", "available for sale financial assets", "held to maturity investments", "loan and receivables" or "financial liabilities measured at amortized cost" as defined by the accounting standard.

Cash and cash equivalents and trade and other receivables are classified as "loans and receivables" and trade and other payables, due to related parties and dividends payable are classified as "financial liabilities measured at amortized cost". Transaction costs are netted against the instruments and amortized to operations using the effective interest method.

Foreign currency translation

Foreign currency transactions are translated using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in operations.

Cash and cash equivalents

The Company's cash and cash equivalents consists of balances with financial institutions with maturities of three months or less at the date of purchase.

Exploration and evaluation of properties

Prospecting costs incurred prior to obtaining the rights to explore lands are expensed as incurred.

Costs of option acquisitions and exploration expenditures related to mineral properties are expensed in the year in which they occur.

Land purchases, patented mineral claims and development costs are capitalized on a property specific cash generating unit ("cgu") basis. Upon development of a cgu, the related costs subject to an impairment test, will be transferred from exploration and evaluation to development and producing. Costs capitalized together with the costs of production equipment will be depleted on a unit of production basis, based on estimated proved reserves of minerals upon the commencement of production for each cgu.

Each reporting period, the Company assesses whether there is an indication that a cgu may be impaired. If any indication exists, the Company estimates the cgu's recoverable amount. A cgu's recoverable amount is the greater of fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction.

Fair value less costs to sell is determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or cgu. When the carrying amount of a cgu exceeds its recoverable amount, the cgu will be considered impaired and written down to its recoverable amount.

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the asset or cgu is increased to its revised recoverable amount with an impairment reversal recognized in operations. The recoverable amount is limited to the original carrying amount less depreciation, depletion and amortization as if no impairment had been recognized for the asset or cgu for prior periods.

4. SUMMARY OF ACCOUNTING POLICIES, continued

Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property. In addition, if there has been a delay in development activity for several successive years, a write down of those project capitalized costs will be charged to operations. The Company derecognizes assets at the earlier of disposal, or when no future economic benefit is expected. Any gain or loss on derecognition is recognized in operations when incurred.

Share based payments

The Company has a stock based compensation plan for employees and directors. Awards of options under the plan will be expensed based on the fair value of the options at the grant date. Fair values will be determined using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options will be credited to share capital plus the amounts originally recorded within other reserves. As at the period-end, the Company had not issued any options under the plan.

Revenue recognition

Interest income is recognized on a pro rata basis over the term of the investment and when payment is reasonably assured.

Provisions

The Company will recognize the present value of estimated decommissioning liabilities when a reasonable estimate can be made. Asset retirement obligations include legal and constructive obligations where the Company will be required to retire tangible long-lived assets such as drilling sites, mine sites and facilities. The liabilities, equal to the initial estimated present value of the decommissioning liabilities, are capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to assumptions, estimated timing or amount of discounted cash flows will be recognized as a change in the decommissioning liabilities and the related costs.

Decommissioning costs will be amortized using the unit-of-production method. Increases in the decommissioning liabilities resulting from the passage of time will be recorded as financing cost of decommissioning liabilities and will be charged to operations.

Actual expenditures incurred will be charged against accumulated obligations.

Warrants

The Company has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component.

The fair value of the common share is based on the closing price on the closing date of the transaction and the fair value of the warrant is determined using the Black–Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to other reserves within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

Loss per share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted per share amounts are computed by giving effect to the potential dilution that would occur if stock options and share purchase warrants were exercised. The Company uses the treasury stock method to determine the dilutive effect of stock options and share purchase warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase shares at the average market price for the year. In net loss per share situations, the dilutive per share amount is the same as that for basic, as all instruments are anti-dilutive.

4. SUMMARY OF ACCOUNTING POLICIES, continued

Future accounting pronouncements

All accounting standards effective for periods on or after January 1, 2011 have been adopted as part of the transition to IFRS. The following new IFRS pronouncements that have been issued, that are not yet effective and have not been early adopted, and may have impact on the Company in future are discussed below.

IFRS 9 Financial Instruments (effective January 1, 2015)

The standard is the first step in the process to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized costs and fair value. Portions of the standard remain in development and the full impact of the standard on the Company's financial statements will not be known until the project is complete.

IFRS 10 Consolidated Financial Statements (effective January 1, 2013)

This standard is issued to supersede IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation – Special Purpose Entities". This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, Joint Arrangements (effective January 1, 2013)

This standard is issued to supersede IAS 31, "Interests in Joint Ventures" and SIC 13, "Consolidation of Jointly Controlled Entities – Non Monetary Contributions by Ventures". This standard is intended to provide a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form.

IFRS 12, Disclosure of Interest in Other Entities (effective January 1, 2013)

This standard specifies disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

IFRS 13, Fair Value Measurement (effective January 1, 2013)

The main provisions for this standard include defining fair value, setting out in a single standard a framework for measuring fair value and specifying certain disclosure requirements about fair value measurements.

IAS 27, Separate Financial Statements (effective January 1, 2013)

This has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures (effective January 1, 2013)

This standard prescribes the accounting for investments in associates and sets out the requirements for application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

4. SUMMARY OF ACCOUNTING POLICIES, continued

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

This summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

The Company is currently assessing the impact that the adoption of the new standards may have on its financial statements.

5. PREPAID EXPENSES

The Company has incurred $271,376 in fees related to the preparation of a prospectus and an amended and restated prospectus (see note 16). These costs will be applied against the gross proceeds raised on the closing of the initial public offering ("IPO") and reflected in share capital.

6. EXPLORATION AND EVALUATION

Clayton property

In 2010, the Company purchased the Clayton Mineral property for a total consideration of $516,515 for 29 patented mineral claims and 2 patented mill sites located in the State of Idaho, USA. Pursuant to the purchase agreement, the Company issued 2,500,000 shares at a price of US$0.10 per share and made a cash payment of US$250,000.

As part of the transaction, the Company agreed to pay a finder's fee of $30,000 to be settled by cash and $45,210 to be settled by the issuance of 897,280 common shares accompanied with a two year warrant to purchase 3,000,000 common shares at US$0.10 per share. The fair value of the warrants was calculated at $88,351 (see notes 9 and 11).

The valuation method used to calculate the fair value of the warrants was the Black-Scholes model with the following assumptions; a term of two years, a risk free borrowing rate (per Bank of Canada) of 1.67% and volatility of 146%.

Marietta property

Effective March 17, 2011, the Company entered into an option agreement with Azteca Gold Corp. ("Azteca") by issuing 2,500,000 common shares for the right to earn up to a 50% interest in the Marietta Property located in Nevada, USA. The agreement also requires the Company to incur US$2,000,000 of expenditures over a two year period from the date the Company commences trading on the TSX Venture Exchange. If the listing did not occur prior to June 17, 2012, then each party had the right to terminate the option agreement and, in such event, Azteca was to return the 2,500,000 common shares of the Company for cancellation. On June 12, 2012, the Company and Azteca agreed to amend the Option Agreement to provide that if the listing does not occur by June 17, 2012 a party must provide thirty days' written notice of any intention to terminate the Option Agreement. To the knowledge of the management of CMX, no such notice has been given be either party to the Option Agreement.

The Company also incurred costs associated with these properties. These costs have been expensed during the period.

6. EXPLORATION AND EVALUATION, continued

Total expenditures on properties held:

Acquisition cost – Clayton – Patented Claims	$	516,515
Exploration expenditures in 2010 – Clayton – finder's fees		163,215
Exploration expenditures in 2011 – Marietta acquisition costs, claim payments		268,062
– report writing, site visits		25,297
Exploration expenditures in 2012 – Marietta claim payments		20,020
– report writing		7,542
Total expenditures to the period ended September 30, 2012	$	484,136

All exploration expenditures have been expensed in the years in which they occurred.

7. DUE TO RELATED PARTIES

During the period ended September 30, 2012, the Company incurred management fees of $117,638 (2011 - $104,363) to a corporation controlled indirectly by a director of the Company.

During the period ended September 30, 2012, the Company incurred management fees of $18,750 (2011 - $nil) to the chief financial officer of the Company.

At September 30, 2012, the Company owed $45,392 (2011 - $nil) to directors and officers of the Company with respect to cash loans and advances. These loans and advances are due and payable on January 1, 2014 and bear an interest rate of 6% per annum.

At September 30, 2012, the Company owed $22,000 (2011 - $10,170) to a director of the Company with respect to a cash loan which is unsecured, non-interest bearing and payable within the next 12-month period.

At September 30, 2012, the Company owed $252,284 to officers (2011 - $86,607) for management fees, which are unsecured, non-interest bearing and payable within the next 12-month period. See subsequent event note 16.

During the period ended September 30, 2011, the Company settled $40,000 of debt due to a corporation controlled indirectly by a director of the Company with the issuance of 800,000 units, each unit consisting of one common share and one common share purchase warrant exercisable at $0.15 per share, expiring January 13, 2013. See subsequent event note 16.

These transactions were measured at the amount of consideration established and agreed upon by the related parties.

8. DIVIDENDS PAYABLE

In 2006, the Company sold certain investments and declared a cash dividend payable to shareholders of record on September 30, 2006. Some shareholders failed to keep their addresses up to date on the shareholders' record and consequently, the Company was unable to determine the whereabouts of these shareholders. The aggregate amount of dividends payable to these shareholders is $143,560. It is management's intention to pay the missing shareholders who come forward and establish their share ownership. Under the *Unclaimed Personal Property Act and Vested Property Act* (Alberta) any unclaimed funds held by the Company at September 1, 2013 must be paid to the Government of Alberta to be held for the benefit of the shareholders.

9. SHARE CAPITAL

Authorized

Common shares:
The common voting shares are entitled to dividends in such amounts as the Directors may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Company, are entitled to share pro rata in the assets of the Company.

Class A voting preferred shares:

9. SHARE CAPITAL, continued

Non-cumulative annual dividend at 8% of the issued price, convertible into two common voting shares and redeemable at the issue price.

Class B voting preferred shares:

Non-cumulative annual dividend at 8% of the issued price, convertible into two common voting shares and redeemable at a price of $10 per share.

The preferred shares rank in priority to the common shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Preferred shares may also be given such other preference over the common shares as may be determined for any series authorized to be issued.

There were no Class A or Class B shares issued as at September 30, 2012 or September 30, 2011.

On January 13, 2011, the Company issued 1,100,000 units at $0.05 per unit for settlement of $55,000 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on January 13, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

On March 8, 2011, the Company issued 540,000 units at $0.05 per unit for gross proceeds of $27,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on March 8, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

On March 8, 2011, the Company issued 470,000 units at US$0.05 per unit for settlement of $22,816 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on March 8, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

On March 25, 2011, the Company issued 451,740 units at US$0.05 per unit for settlement of $22,403 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on March 25, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

On March 25, 2011, the Company issued 897,280 common shares at US$0.05 per share as settlement of the accrued finder's fee of $45,210 with respect to the Clayton property purchase (note 6).

On May 5, 2011, the Company issued 2,500,000 common shares at $0.10 per share as payment for the Marietta Property joint venture option (note 6).

On May 6, 2011, the Company issued 1,800,000 units at $0.05 per unit for gross proceeds of $90,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on May 6, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

On May 6, 2011, the Company issued 1,000,000 units at US$0.05 per unit for gross proceeds of $48,248. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on May 6, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

On May 6, 2011, the Company issued 70,000 units at US$0.05 per unit for settlement of US$3,500 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on May 6, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

10. STOCK OPTIONS

The total number of stock options granted according to the employee stock option plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting. The option price per share and vesting periods shall be determined by the Board of Directors at the time that the option is granted. The exercise prices are determined by the estimated market price on the date of the grant.

As at September 30, 2012 and September 30, 2011, the Company had not granted any stock options under the plan.

11. WARRANTS

The Company estimates the fair value of warrants using the Black-Scholes option pricing model with the following assumptions (except for the warrants issued March 25, 2011, as part of the finder's fee): a term of two years, a risk free borrowing rate (per Bank of Canada) of 1.4% (except for the warrants expiring May 6, 2013 where a risk free rate of 1.3% was used) and volatility of 115%.

Warrants to purchase 1,100,000 common shares at $0.15 per share, having an expiration date of January 13, 2013 were issued as part of a shares for debt settlement completed on January 13, 2011. These warrants have been valued at $14,410. Subsequent to the period end the expiry date was extended to June 30, 2013.

Warrants to purchase 540,000 common shares at $0.15 per share, having an expiration date of March 8, 2013 were issued as part of a private placement completed on March 8, 2011. These warrants have been valued at $6,853. Subsequent to the period end the expiry date was extended to June 30, 2013.

Warrants to purchase 470,000 common shares at $0.15 per share, having an expiration date of March 8, 2013 were issued as part of a shares for debt settlement completed on March 8, 2011. These warrants have been valued at $5,965. Subsequent to the period end the expiry date was extended to June 30, 2013.

Warrants to purchase 451,740 common shares at $0.15 per share, having an expiration date of March 25, 2013 were issued as part of a shares for debt settlement completed on March 25, 2011. These warrants have been valued at $5,803. Subsequent to the period end the expiry date was extended to June 30, 2013.

Warrants to purchase 3,000,000 common shares at US$0.10 per share, having an expiration date of 2 years from the day the Company is listed for trading on a Canadian stock exchange, were issued March 25, 2011, as part of the finder's fee accrued with respect to the Clayton property purchase. These warrants have been valued at $88,351 (note 6).

Warrants to purchase 2,800,000 common shares at $0.15 per share, having an expiration date of May 6, 2013 were issued as part of a private placement completed on May 6, 2011. These warrants have been valued at $35,976. Subsequent to the period end the expiry date was extended to June 30, 2013.

Warrants to purchase 70,000 common shares at $0.15 per share, having an expiration date of May 6, 2013 were issued as part of a shares for debt settlement completed on May 6, 2011. These warrants have been valued at $899. Subsequent to the period end the expiry date was extended to June 30, 2013.

Warrants to purchase 2,500,000 shares at $0.25 per share, having an expiration date of May 28, 2013 were issued as part of the private placements completed in 2009. Subsequent to the period end the expiry date was extended to May 28, 2014.

	Warrants Outstanding	Weighted Average Exercise Price
Balance December 31, 2010	7,300,000	$0.18
Issued for shares for debt	2,091,740	$0.15
Issued with private placements	3,340,000	$0.15
Issued for finder's fee (note 6)	3,000,000	US$0.10
Balance September 30, 2012 and December 31, 2011	15,731,740	$0.16

11. WARRANTS, continued

Warrants Outstanding and exercisable	Exercise Price	Expiry Date
2,500,000	$0.25	May 28, 2014
4,800,000	$0.15	June 30, 2013
1,100,000	$0.15	June 30, 2013
1,010,000	$0.15	June 30, 2013
451,740	$0.15	June 30, 2013
2,870,000	$0.15	June 30, 2013
3,000,000	US$0.10	2 years from commencement of trading
15,731,740	$0.16	

12. SUPPLEMENTAL DISCLOSURES

Income Statement Presentation

The Company's statement of operations and comprehensive loss is prepared by nature of expense with financing expenses separated into its own section.

Cash Flow Statement Presentation

The following table provides a detailed breakdown of certain line items contained within the cash flow from operating activities.

	3 months		9 months	
	2012	2011	2012	2011
Trade and other receivables	$ (6)	$ 7,022	$ 4,143	$ 5,677
Prepaid expenses	3,851	(22,700)	(76,320)	(33,033)
Trade and other payables	77,419	30,006	175,525	80,229
	$ 81,264	$ 14,328	$ 103,348	$ 52,873

During the period ended September 30, 2011, the Company issued 897,280 shares and 3,000,000 warrants to purchase common shares as payment for the accrued finder's fee payable of $133,215 with respect to the purchase of the Clayton Property (notes 6, 9 and 11).

During the period ended September 30, 2011, the Company settled $55,000 in shareholder loans with the issuance of 1,100,000 units, each unit consisting of one common share and one common share purchase warrant expiring January 13, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

During the period ended September 30, 2011, the Company settled $45,219 in trade and other payables with the issuance of 921,740 units, each unit consisting of one common share and one common share purchase warrant entitling the holder to purchase one common share at $0.15 per share, having expiration dates of March 8 and March 25, 2013. Subsequent to the period end the expiry date was extended to June 30, 2013.

13. SEGMENTED INFORMATION

The Company has the following geographical segments:

	Canada	United States
		September 30, 2012
Identifiable assets	$ 284,202	$ 516,515
Exploration expenditures	$ --	$ 27,562
		December 31, 2011
Identifiable assets	$ 207,954	$ 516,515
Exploration expenditures	$ --	$ 293,359

14. FINANCIAL INSTRUMENTS

The Company is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair value of financial instruments		Carrying value		September 30, 2012 Fair value		Carrying value		December 31, 2011 Fair value
Financial assets								
Loans and receivables								
Cash and cash equivalents	$	6,981	$	6,981	$	2,910	$	2,910
Trade and other receivables		5,845		5,845		9,988		9,988
	$	12,826	$	12,826	$	12,898	$	12,898
Financial liabilities								
Financial liabilities measured at amortized cost								
Trade and other payables	$	480,066	$	480,066	$	304,541	$	304,541
Due to related parties		319,676		319,676		130,955		130,955
Dividends payable		143,560		143,560		143,560		143,560
	$	943,302	$	943,302	$	579,056	$	579,056

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and shareholder loans approximate fair value due to the short term nature of these instruments.

Financial risk

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal.

Included in trade and other receivables are taxes receivable from Canadian government authorities. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

b) Liquidity risk

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at September 30, 2012, the Company had a net working capital deficiency of $613,708 (December 31, 2011 - $371,102). Management is continuously monitoring its working capital position and will raise funds through the equity markets as they are required. However, there is no certainty that the Company will be able to obtain funding by share issuances in the future. The Company is presently seeking to raise capital through an IPO (see note 16).

The following amounts are the contractual maturities of financial liabilities and other commitments as at September 30, 2012:

		Total		2013		Thereafter
Trade and other payables	$	480,066	$	480,066	$	--
Due to related parties – short-term		274,284		274,284		--
Dividends payable		143,560		143,560		--
Due to related parties – long-term		45,392		--		45,392
Claim payments and property taxes		21,650		21,650		21,650
Other commitments		20,000		20,000		--
	$	984,952	$	939,560	$	67,042

14. FINANCIAL INSTRUMENTS, continued

c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

i. Interest rate risk

The Company has cash balances and its current policy is to invest excess cash in investment-grade short-term money market accounts. The Company periodically monitors the investments it makes and is satisfied with the credit worthiness of its investments. Interest rate risk is minimal as interest rates are anticipated to remain at historically low levels with little fluctuation and any excess cash is invested in money market funds. Fluctuations in interest rates do not materially affect the Company as it does not have significant interest-bearing instruments.

ii. Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash held in U.S. funds. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Foreign currency risk could adversely affect the Company, in particular the Company’s ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future. The Company currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Company. This may also affect the Company’s liquidity and its ability to meet its ongoing obligations.

As the Company currently holds minimal United States currency a change in the exchange rate between the US dollar and the Canadian dollar would not have a significant effect on the Company liquidity or working capital.

15. CAPITAL MANAGEMENT

The Company’s objectives in managing its capital are:

i) To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its mineral exploration properties and to meet its day-to-day operating requirements in order to continue as a going concern; and

ii) To provide a long-term adequate return to shareholders.

The Company’s capital structure is comprised of shareholders’ equity.

The Company is an exploration stage company which involves a high degree of risk. The Company has not determined whether its proposed properties contain economically recoverable reserves of ore and currently will not earn any revenue from its mineral properties and therefore will not generate cash flow from operations. The Company’s primary source of funds will come from the issuance of capital stock. The Company’s policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company’s management to sustain future development of the Company. The Company has no long-term debt and is not subject to externally imposed capital requirements. There have been no changes in the Company’s capital management in the current year.

16. SUBSEQUENT EVENTS

On November 2, 2012, the Company filed a preliminary prospectus with a new agent for an initial public offering of units (the "IPO"). Each unit is priced at $0.15 and is comprised of one common share and one common share purchase warrant exercisable at $0.25 per share for two years from the date of closing of the IPO. The IPO is for a minimum of $3 million and a maximum of $4.2 million with the sale of a minimum of 20,000,000 and a maximum of 28,000,000 units. The Company anticipates closing the IPO in the first quarter of 2013.

On October 9, 2012, the Company completed a private placement of 750,000 units for gross proceeds of $75,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.20 per share expiring on October 9, 2014. The warrants have been valued at $27,015.

On October 9, 2012, the Company completed private placements of 1,185,000 units for gross proceeds of $177,750. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.25 per share expiring on October 9, 2014. The warrants have been valued at $66,331. A total of 635,000 units for gross proceeds of $95,250 were issued to related parties.

On October 9, 2012, the Company extended the expiry date of 2,500,000 warrants exercisable into common shares at a price of $0.25 to May 28, 2014 and the expiry date of 10,231,740 warrants exercisable into common shares at a price of $0.15 to June 30, 2013.

Subsequent to the period end the Company made payments to related parties in the amount of $146,615.

17. RESTATEMENT

The revision of the Company's interim financial statements resulted from management's determination that the warrants issued as part of the finder's fee with respect to the purchase of the Clayton property be recognized under IFRS 2, share based payments rather than IAS 32, financial instruments as the warrants were issued for goods and services, rather than cash.

As a result of this revision the previously reported interim financial statements changed as follows:

	September 30, 2011 as previously reported	Adjusted change	Revised September 30, 2011
Changes in Financial Position			
Warrant liability	$ 66,453	$ (66,453)	$ --
Warrants	182,155	88,351	270,506
Deficit	(3,219,427)	(21,898)	(3,241,325)
Statement of Operations			
Change in fair value of warrant liability	(21,898)	21,898	--
Net loss and comprehensive loss	534,982	21,898	556,880
Basic and diluted loss per share	(0.027)	(0.001)	(0.028)
Statement of Changes in Cash Flow			
Net loss	534,982	21,898	556,880
Change in fair value of warrant liability	$ 21,898	$ (21,898)	$ --

CMX GOLD & SILVER CORP.
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

April 30, 2012

Management's Responsibility for Financial Reporting

Management is responsible for the preparation of the accompanying financial statements and for the consistency therewith of all other financial and operating data presented in these audited financial statements for the years ended December 31, 2011 and 2010. The financial statements have been prepared in accordance with the accounting policies detailed in the notes thereto. In Management's opinion, the financial statements are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, have been prepared within acceptable limits of materiality, and have utilized supportable, reasonable estimates.

The Board of Directors approves the financial statements. Their financial statement related responsibilities are fulfilled mainly through the Audit Committee. The Audit Committee is composed of three directors of the Company of which two are independent directors. The Audit Committee meets regularly with management and the external auditors to discuss reporting and control issues and ensures each party is properly discharging its responsibilities. The Audit Committee also considers the independence of the external auditors and reviews their fees.

The financial statements have been audited by Grant Thornton LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards.

Management's Report on Internal Control over Financial Reporting

Management has developed and maintains a system of internal controls to provide reasonable assurance that the Company's transactions are authorized, assets safeguarded and proper records maintained.

/s/ "*Jan Alston*"
Jan Alston
CEO and Director

/s/ "*Randal Squires*"
Randal Squires
Chief Financial Officer

Independent Auditor's Report

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To the Shareholders of CMX Gold & Silver Corp.

We have audited the accompanying financial statements of CMX Gold & Silver Corp., which comprise the statement of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of operations and comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CMX Gold & Silver Corp. as at December 31, 2011, December 31, 2010 and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company incurred a net loss of $592,967 during the year ended December 31, 2011 and, as of that date, the Company has an accumulated deficit of $3,277,412. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Grant Thornton LLP

Calgary, Canada
April 30, 2012

Chartered Accountants

CMX GOLD & SILVER CORP.
STATEMENT OF FINANCIAL POSITION

As at	December 31, 2011	December 31, 2010 (note 20)	January 1, 2010 (note 20)
ASSETS			
Current			
Cash and cash equivalents	$ 2,910	$ 13,777	$ 36,118
Trade and other receivables	9,988	11,627	58,324
Prepaid expenses (note 5)	195,056	4,667	--
	207,954	30,071	94,442
Deposit (note 6)	--	--	125,000
Exploration and evaluation (note 7)	516,515	516,515	--
	$ 724,469	$ 546,586	$ 219,442
LIABILITIES			
Current			
Trade and other payables	$ 304,541	$ 261,110	$ 182,055
Due to related parties (note 8)	130,955	53,064	--
Dividends payable (note 9)	143,560	143,560	143,560
	579,056	457,734	325,615
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital (note 10)	3,152,319	2,661,047	2,171,916
Warrants (note 12)	270,506	112,250	97,531
Deficit	(3,277,412)	(2,684,445)	(2,375,620)
	145,413	88,852	(106,173)
	$ 724,469	$ 546,586	$ 219,442

Going concern (note 1)
Subsequent events (note 18)

Approved on behalf of the Board

Bruce Murray *("Signed")*

Jan Alston *("Signed")*

CMX GOLD & SILVER CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

Years ended December 31,		2011		2010 (note 20)
Expenses				
Mineral property expenditures (note 7)	$	293,359	$	163,215
Management fees (note 8)		140,000		46,000
Professional fees		72,629		63,304
General and administrative		50,197		27,295
Listing and agent fees		21,075		10,271
Shareholder reporting		15,579		1,839
Gain on foreign exchange		(1,368)		(3,219)
		591,471		308,705
Loss before financing expenses		(591,471)		(308,705)
Financing expenses				
Interest income		4		--
Interest and bank charges		(1,500)		(120)
Net loss, being comprehensive loss	$	(592,967)	$	(308,825)
Basic and diluted net loss per share	$	(0.028)	$	(0.042)
Weighted average number of shares outstanding – basic		20,963,486		7,440,925

The accompanying notes are an integral part of these financial statements

CMX GOLD & SILVER CORP.
STATEMENTS OF CHANGES IN EQUITY

	Issued share capital #	$	Warrants	Deficit	Total
Balance, January 1, 2010 (note 20)	8,373,254	$ 2,171,916	$ 97,531	$ (2,375,620)	$ (106,173)
Cancellation of units	(2,500,000)	(76,235)	(48,765)	--	(125,000)
Property acquisition	2,500,000	251,925	--	--	251,925
Private placements issued for cash	4,800,000	178,441	63,484	--	241,925
Shares issued for debt	1,350,000	135,000	--	--	135,000
Loss for the year	--	--	--	(308,825)	(308,825)
Balance, December 31, 2010 (note 20)	14,523,254	$ 2,661,047	$ 112,250	$ (2,684,445)	$ 88,852
Units issued for debt	2,091,740	76,643	27,076	--	103,719
Private placements issued for cash	3,340,000	122,419	42,829	--	165,248
Payment of Clayton finder’s fee	897,280	45,210	88,351	--	133,561
Issued for Marietta option	2,500,000	247,000	--	--	247,000
Loss for the year	--	--	--	(592,967)	(592,967)
Balance December 31, 2011	23,352,274	$ 3,152,319	$ 270,506	$ (3,277,412)	$ 145,413

CMX GOLD & SILVER CORP.
STATEMENTS OF CASH FLOWS

Years ended December 31,		2011		2010
Cash flow from operating activities				
Net loss	$	(592,967)	$	(308,825)
Items not affecting cash				
Shares issued for exploration and evaluation		247,000		--
Management fees		113,197		46,000
		(232,770)		(262,825)
Changes in non-cash working capital items (note 13)		43,907		210,085
		(188,863)		(52,740)
Cash flows from investing activities				
Purchase of exploration and evaluation assets		--		(264,590)
Cash flows from financing activities				
Share issuance		122,419		178,441
Warrant issuance		42,829		63,484
Due to related parties		12,748		53,064
		177,996		294,989
Net change in cash and cash equivalents		(10,867)		(22,341)
Cash and cash equivalents, beginning of year		13,777		36,118
Cash and cash equivalents, end of year	$	2,910	$	13,777

The accompanying notes are an integral part of the financial statements

CMX Gold & Silver Corp. (the "Company" or "CMX") was incorporated on July 30, 1986 and changed its name from Encee Group Ltd. to Liard Resources Ltd. on August 6, 1996. The Company changed its name to CMX Gold & Silver Corp. on February 11, 2011. The Company is designated as a "reporting issuer" pursuant to the Alberta Securities Act and Regulations and subsequent to the year-end received conditional listing approval from the TSX Venture Exchange. The Company is an exploration stage company engaged in the acquisition, exploration and development of silver and copper/gold properties in the United States. The registered office of the Company is as follows:

CMX Gold & Silver Corp.
c/o Norton Rose LLP
3700, 400 Third Avenue SW
Calgary, Alberta
Canada T2P 4H2

The financial statements were authorized for issuance by the Board of Directors on April 30, 2012.

1. GOING CONCERN

The business of exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Company has not determined whether its properties contain economically recoverable reserves of ore and currently has not earned any revenue from its mineral properties and, therefore, does not generate cash flow from its operations. Future operations are dependent upon the discovery of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete exploration and subsequent development of its properties, and upon future profitable production or proceeds from disposition of its properties.

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards applicable to a going concern which assumes that the Company will realize the carrying value of its assets and discharge its obligations as they become due in the normal course of operations. For the year ended December 31, 2011, the Company incurred a net loss of $592,967 (2010 - $308,825). As a result of the recurring losses over the Company's history, the Company has a deficit of $3,277,412 as at December 31, 2011 (December 31, 2010 - $2,684,445). At December 31, 2011, the Company had a working capital deficiency of $371,102 (December 31, 2010 - $427,663). The Company currently does not have the necessary financing in place to support continuing losses. Historically, the Company has financed its operations and property acquisitions through the use of funds obtained from share issuances. These matters raise significant doubt about the appropriateness of the use of accounting principles applicable to a going concern.

The Company's continuation as a going concern is dependent upon its ability to secure new financing arrangements and new equity issuances. There is no assurance that new capital will be available and if it is not, the Company may be forced to substantially curtail or cease operations. Although the use of the going concern assumption is appropriate, there can be no assurance that any steps the Company takes will be successful. To mitigate the working capital deficiency the Company plans to raise capital through equity issuance (see note 18).

These financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the statement of financial position classifications that might be necessary if the Company were unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

The Company has consistently applied the same accounting policies in the opening IFRS statement of financial position as at January 1, 2010 and throughout all periods presented, as if the policies had always been in effect. The impact due to the transition from Canadian GAAP to IFRS on the statements of financial position, operations and comprehensive loss, cash flows and change in equity including the nature and effect of significant changes in accounting policies from those used in the financial statements for the year ended December 31, 2010 was limited to changes in presentation format. The application of IFRS 1, "First-time Adoption of International Financial Reporting Standards", which governs the first-time adoption of IFRS, did not affect the financial statements as of the transition date of January 1, 2010.

A summary of the Company's significant accounting policies under IFRS is presented in Note 4. These policies have been retrospectively and consistently applied.

An explanation of how the transition to IFRS has affected the statements of financial position, changes in equity, operations and comprehensive loss, and cash flows of the Company is provided in Note 20.

Basis of measurement
The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset on the date of the transaction.

Functional and presentation currency
The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from and affect the results reported in these financial statements as future confirming events occur.

The determination of the Company's functional currency requires management judgment based on an evaluation of all relevant information in relation to the related primary and secondary hierarchy factors. Considerations regarding currency and influences of sales in the area of operations, settlement of operating expenses, and the funds from financing activities are assessed at each reporting date.

Amounts recorded for warrant valuations are based on management's estimates of share price volatility and the expected life of the warrants. Allowances for doubtful accounts are based on management's estimates and the estimated recoverability of accounts receivable in the future.

Tax interpretations, regulations and legislation in jurisdictions in which the Company operates are subject to change. As such, income taxes are subject to measurement uncertainty.

Management's judgment is that until a property reaches the development stage, certain costs related to the exploration and evaluation of a property are best estimated to be non-recoverable and are therefore expensed in the year in which they occur. Only real property is capitalized to the statement of financial position.

By their nature, these estimates are subject to measurement uncertainty and the impact on the financial statements of future periods could be material.

4. SUMMARY OF ACCOUNTING POLICIES

These financial statements have been prepared within the framework of the accounting policies summarized as follows:

Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments are identified by the Company through a review of typical financial transactions and risk management activities. The Company also reviews non-financial contracts for potential embedded derivatives. Once identified, the financial instruments are classified and measured as disclosed below.

Financial instruments are measured at fair value on initial recognition of the instrument except in specific circumstances. Measurement in subsequent periods depends on whether the financial instrument has been classified as “fair value through profit or loss”, “available for sale financial assets”, “held to maturity investments”, “loan and receivables” or “financial liabilities measured at amortized cost” as defined by the accounting standard.

Cash and cash equivalents and trade and other receivables are classified as “loans and receivables” and trade and other payables, due to related parties and dividends payable are classified as “financial liabilities measured at amortized cost”. Transaction costs are netted against the instruments and amortized to operations using the effective interest method.

Foreign currency translation

Foreign currency transactions are translated using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in operations.

Cash and cash equivalents

The Company’s cash and cash equivalents consists of balances with financial institutions with maturities of three months or less at the date of purchase.

Exploration and evaluation of properties

Prospecting costs incurred prior to obtaining the rights to explore lands are expensed as incurred.

Costs of option acquisitions and exploration expenditures related to mineral properties are expensed in the year in which they occur.

Land purchases, patented mineral claims and development costs are capitalized on a property specific cash generating unit (“cgu”) basis. Upon development of a cgu, the related costs subject to an impairment test, will be transferred from exploration and evaluation to development and producing. Costs capitalized together with the costs of production equipment will be depleted on a unit of production basis, based on estimated proved reserves of minerals upon the commencement of production for each cgu.

Each reporting period, the Company assesses whether there is an indication that a cgu may be impaired. If any indication exists, the Company estimates the cgu’s recoverable amount. A cgu’s recoverable amount is the greater of fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm’s length transaction.

Fair value less costs to sell is determined using discounted future net cash flows of proved and probable reserves using forecast prices and costs. Value in use is determined by estimating the present value of the future net cash flows expected to be derived from the continued use of the asset or cgu. When the carrying amount of a cgu exceeds its recoverable amount, the cgu will be considered impaired and written down to its recoverable amount.

4. **SUMMARY OF ACCOUNTING POLICIES, continued**

Reversals of impairments are recognized when there has been a subsequent increase in the recoverable amount. In this event, the carrying amount of the asset or cgu is increased to its revised recoverable amount with an impairment reversal recognized in operations. The recoverable amount is limited to the original carrying amount less depreciation, depletion and amortization as if no impairment had been recognized for the asset or cgu for prior periods.

Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property. In addition, if there has been a delay in development activity for several successive years, a write down of those project capitalized costs will be charged to operations. The Company derecognizes assets at the earlier of disposal, or when no future economic benefit is expected. Any gain or loss on derecognition is recognized in operations when incurred.

Share based payments

The Company has a stock based compensation plan for employees and directors. Awards of options under the plan will be expensed based on the fair value of the options at the grant date. Fair values will be determined using the Black-Scholes option pricing model. Any consideration paid on the exercise of stock options will be credited to share capital plus the amounts originally recorded within other reserves. As at year end, the Company had not issued any options under the plan.

Income taxes

Income tax is recognized in operations except to the extent that it relates to items recognized directly in shareholders' equity, in which case, the income tax is recognized directly in shareholders' equity. Current income taxes for the current and prior periods are measured at the amount expected to be recoverable from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period.

The Company follows the liability method of accounting for income taxes. Under this method deferred income taxes are recorded for the effect of any temporary difference between the accounting and income tax basis of an asset or liability.

Deferred income tax is calculated using the enacted or substantively enacted income tax rates expected to apply when the assets are realized or liabilities are settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in the operations or in shareholders' equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. Deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Revenue recognition

Interest income is recognized on a pro rata basis over the term of the investment and when payment is reasonably assured.

Provisions

The Company will recognize the present value of estimated decommissioning liabilities when a reasonable estimate can be made. Asset retirement obligations include those legal obligations where the Company will be required to retire tangible long-lived assets such as drilling sites, mine sites and facilities. The liabilities, equal to the initial estimated present value of the decommissioning liabilities, are capitalized as part of the cost of the related long-lived asset. Changes in the estimated obligation resulting from revisions to assumptions, estimated timing or amount of discounted cash flows will be recognized as a change in the decommissioning liabilities and the related costs.

Decommissioning costs will be amortized using the unit-of-production method. Increases in the decommissioning liabilities resulting from the passage of time will be recorded as accretion of decommissioning liabilities and will be charged to operations.

Actual expenditures incurred will be charged against accumulated obligations.

4. **SUMMARY OF ACCOUNTING POLICIES, continued**

Warrants

The Company has adopted the pro-rata basis method for the measurement of shares and warrants issued as private placement units. The pro-rata basis method requires that gross proceeds and related share issuance costs be allocated to the common shares and the warrants based on the relative fair value of the component.

The fair value of the common share is based on the closing price on the closing date of the transaction and the fair value of the warrant is determined using the Black–Scholes Option Pricing Model.

The fair value attributed to the warrant is recorded as warrant equity. If the warrant is exercised, the value attributed to the warrant is transferred to share capital. If the warrant expires unexercised, the value is reclassified to other reserves within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

Loss per share

Basic net loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted per share amounts are computed by giving effect to the potential dilution that would occur if stock options and share purchase warrants were exercised. The Company uses the treasury stock method to determine the dilutive effect of stock options and share purchase warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase shares at the average market price for the year. In net loss per share situations, the dilutive per share amount is the same as that for basic, as all instruments are anti-dilutive.

Future accounting pronouncements

All accounting standards effective for periods on or after January 1, 2011 have been adopted as part of the transition to IFRS. The following new IFRS pronouncements that have been issued, that are not yet effective and have not been early adopted, and may have impact on the Company in future are discussed below.

IFRS 9 Financial Instruments (effective January 1, 2015)
The standard is the first step in the process to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized costs and fair value. Portions of the standard remain in development and the full impact of the standard on the Company's financial statements will not be known until the project is complete.

IFRS 10 Consolidated Financial Statements (effective January 1, 2013)
This standard is issued to supersede IAS 27, "Consolidated and Separate Financial Statements" and SIC 12, "Consolidation – Special Purpose Entities". This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, Joint Arrangements (effective January 1, 2013)
This standard is issued to supersede IAS 31, "Interests in Joint Ventures" and SIC 13, "Consolidation of Jointly Controlled Entities – Non Monetary Contributions by Ventures". This standard is intended to provide a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form.

IFRS 12, Disclosure of Interest in Other Entities (effective January 1, 2013)
This standard specifies disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles.

IFRS 13, Fair Value Measurement (effective January 1, 2013)
The main provisions for this standard include defining fair value, setting out in a single standard a framework for measuring fair value and specifying certain disclosure requirements about fair value measurements.

4. **SUMMARY OF ACCOUNTING POLICIES, continued**

IAS 12, Income Taxes (effective January 1, 2012)

This standard has been amended on December 20, 2010 to remove subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through the sale of the asset.

IAS 27, Separate Financial Statements (effective January 1, 2013)
This has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.

IAS 28, Investments in Associates and Joint Ventures (effective January 1, 2013)

This standard prescribes the accounting for investments in associates and sets out the requirements for application of the equity method when accounting for investments in associates and joint ventures. IAS 28 applies to all entities that are investors with joint control of, or significant influence over, an investee (associate or joint venture).

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

This summarizes the method of accounting for waste removal costs incurred as a result of surface mining activity during the production phase of a mine.

The Company is currently assessing the impact that the adoption of the new standards may have on its financial statements.

5. **PREPAID EXPENSES**

The Company has incurred $195,056 in fees related to the preparation of a prospectus (see note 18). These costs will be applied against the gross proceeds raised on the closing of an initial public offering ("IPO") and reflected in share capital.

6. **DEPOSIT**

The Company announced on December 5, 2008, that it entered into an arm's-length letter of intent with Silver Royal Apex, Inc. ("Silver Royal") to acquire its 50% interest in the Silver Valley Two Mile Joint Venture, located in Shoshone County, Idaho. As part of the agreement, the Company issued 2,500,000 units valued at $125,000, to be held as a refundable deposit. The letter of intent was terminated effective June 30, 2010 by mutual agreement of the parties. The previously issued 2,500,000 units were returned to the Company on termination of the agreement (refer to notes 10 and 12).

7. **EXPLORATION AND EVALUATION**

Clayton property

In 2010, the Company purchased the Clayton Mineral property for a total consideration of $516,515 for 29 patented mineral claims and 2 patented mill sites located in the State of Idaho, USA. Pursuant to the purchase agreement, the Company issued 2,500,000 shares at a price of US$0.10 per share and made a cash payment of US$250,000.

As part of the transaction, the Company agreed to pay a finder's fee of $30,000 to be settled by cash and $45,210 to be settled by the issuance of 897,280 common shares accompanied with a two year warrant to purchase 3,000,000 common shares at US$0.10 per share. The fair value of the warrants was calculated at $88,351 (see notes 10 and 12).

The valuation method used to calculate the fair value of the warrants was the Black-Scholes model with the following assumptions; a term of two years, a risk free borrowing rate (per Bank of Canada) of 1.67% and volatility of 146%. As at December 31, 2010, a total finder's fee of $163,215 was accrued in trade and other payables and expensed to mineral property expenditures.

7. **EXPLORATION AND EVALUATION, continued**

Marietta property

Effective March 17, 2011, the Company entered into an option agreement with Azteca Gold Corp. by issuing 2,500,000 common shares for the right to earn up to a 50% interest in the Marietta Property located in Nevada, USA. The agreement also requires the Company to incur US$2,000,000 of expenditures over a two year period from the date the Company commences trading on the TSX Venture Exchange. An amendment to the option agreement stipulates that if the listing does not occur by June 17, 2012, after such date either party has the right to terminate the option agreement, in which event the 2,500,000 common shares of the Company issued to Azteca Gold Corp. will be returned for cancellation.

The Company also incurred costs associated with these properties. These costs have been expensed during the year.

Total expenditures on properties held:

Acquisition cost – Clayton – Patented Claims	$	516,515
Exploration expenditures in 2010 – Clayton – finder's fees		163,215
Exploration expenditures in 2011– Marietta acquisition costs, claim payments		268,062
– report writing, site visits		25,297
Total expenditures to date	$	456,574

All exploration expenditures have been expensed in the years in which they occurred.

8. **DUE TO RELATED PARTIES**

During the year ended December 31, 2011, the Company incurred management fees of $132,000 (2010 - $46,000) to a corporation controlled indirectly by a director of the Company.

During the year ended December 31, 2011, the Company incurred management fees of $8,000 (2010 - $nil) to the CFO of the Company.

During the year ended December 31, 2011, the Company settled $40,000 of debt due to a corporation controlled indirectly by a director of the Company with the issuance of 800,000 units, each unit consisting of one common share and one common share purchase warrant exercisable at $0.15 per share, expiring January 13, 2013.

During the year ended December 31, 2011, the Company completed a $15,000 private placement with a director of the Company with the issuance of 300,000 units, each unit consisting of one common share and one common share purchase warrant exercisable at $0.15 per share, expiring on May 6, 2013.

During the year, a director of the Company loaned USD$10,000 to the Company. This loan is payable on demand and bears an interest rate of 6% per annum.

At December 31, 2011, the Company owed $120,785 to shareholders (December 31, 2010 - $53,064) for management fees and expenses, which are unsecured non-interest bearing and payable within the next 12-month period.

These transactions were measured at the amount of consideration established and agreed upon by the related parties.

9. **DIVIDENDS PAYABLE**

In 2006, the Company sold certain investments and declared a cash dividend payable to shareholders of record on September 30, 2006. Some shareholders failed to keep their addresses up to date on the shareholders' record and consequently, the Company was unable to determine the whereabouts of these shareholders. The aggregate amount of dividends payable to these shareholders is $143,560. It is management's intention to pay the missing shareholders who come forward and establish their share ownership. Under the *Unclaimed Personal Property Act and Vested Property Act* (Alberta) any unclaimed funds held by the Company at September 1, 2013 must be paid to the Government of Alberta to be held for the benefit of the shareholders.

10. **SHARE CAPITAL**

Authorized

Common shares:
The common voting shares are entitled to dividends in such amounts as the Directors may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Company, are entitled to share pro rata in the assets of the Company.

Class A voting preferred shares:
Non-cumulative annual dividend at 8% of the issued price, convertible into two common voting shares and redeemable at the issue price.

Class B voting preferred shares:
Non-cumulative annual dividend at 8% of the issued price, convertible into two common voting shares and redeemable at a price of $10 per share.

The preferred shares rank in priority to the common shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Preferred shares may also be given such other preference over the common shares as may be determined for any series authorized to be issued.

There were no Class A or Class B shares issued as at December 31, 2011, December 31, 2010 or January 1, 2010.

On June 30, 2010, 2,500,000 previously issued units consisting of 2,500,000 common shares and 2,500,000 share purchase warrants were returned to treasury.

On December 13, 2010, the Company issued 2,500,000 common shares at US$0.10 per share as part of the consideration related to the purchase of the Clayton property for a total value of US$250,000.

On December 16, 2010, the Company issued 4,800,000 units at USD$0.05 per unit for gross proceeds of $241,925. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on December 16, 2012.

On December 29, 2010, the Company issued 1,350,000 common shares at $0.10 per share in settlement of debt in the amount of $135,000.

On January 13, 2011, the Company issued 1,100,000 units at $0.05 per unit for settlement of $55,000 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on January 13, 2013.

On March 8, 2011, the Company issued 540,000 units at $0.05 per unit for gross proceeds of $27,000. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on March 8, 2013.

On March 8, 2011, the Company issued 470,000 units at $0.05 per unit for settlement of $22,816 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on March 8, 2013.

On March 25, 2011, the Company issued 451,740 units at $0.05 per unit for settlement of $22,403 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on March 25, 2013.

On March 25, 2011, the Company issued 897,280 common shares at US$0.05 per share as settlement of the accrued finder's fee of $45,210 with respect to the Clayton property purchase (note 7).

On May 5, 2011, the Company issued 2,500,000 common shares at $0.10 per share as payment for the Marietta Property joint venture option (note 7).

On May 6, 2011, the Company issued 2,800,000 units at $0.05 per unit for gross proceeds of $138,248. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on May 6, 2013.

10. **SHARE CAPITAL, continued**

On May 6, 2011, the Company issued 70,000 units at $0.05 per unit for settlement of $3,500 in debt. Each unit consisted of one common share and one common share purchase warrant entitling the holder to purchase one common share at a price of $0.15 per share expiring on May 6, 2013.

11. **STOCK OPTIONS**

The total number of stock options granted according to the employee stock option plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting. The option price per share and vesting periods shall be determined by the Board of Directors at the time that the option is granted. The exercise prices are determined by the estimated market price on the date of the grant.

As at December 30, 2011, December 31, 2010 and January 1, 2010, the Company had not granted any stock options under the plan.

12. **WARRANTS**

The Company estimates the fair value of warrants using the Black-Scholes option pricing model with the following assumptions (except for the warrants issued March 25, 2011, as part of the finder's fee): a term of two years, a risk free borrowing rate (per Bank of Canada) of 1.4% (except for the warrants expiring May 6, 2013 where a risk free rate of 1.3% was used) and volatility of 115%.

On June 30, 2010, 2,500,000 previously issued warrants were cancelled and returned to treasury. The associated fair value of $48,765 was deducted against warrants and reallocated to share capital.

Warrants to purchase 4,800,000 common shares at $0.15 per share, having an expiration date of December 16, 2012 were issued as part of a private placement completed on December 16, 2010. These warrants have been valued at $63,484.

Warrants to purchase 1,100,000 common shares at $0.15 per share, having an expiration date of January 13, 2013 were issued as part of a shares for debt settlement completed on January 13, 2011. These warrants have been valued at $14,410.

Warrants to purchase 540,000 common shares at $0.15 per share, having an expiration date of March 8, 2013 were issued as part of a private placement completed on March 8, 2011. These warrants have been valued at $6,853.

Warrants to purchase 470,000 common shares at $0.15 per share, having an expiration date of March 8, 2013 were issued as part of a shares for debt settlement completed on March 8, 2011. These warrants have been valued at $5,965.

Warrants to purchase 451,740 common shares at $0.15 per share, having an expiration date of March 25, 2013 were issued as part of a shares for debt settlement completed on March 25, 2011. These warrants have been valued at $5,803.

Warrants to purchase 3,000,000 common shares at USD$0.10 per share, having an expiration date of 2 years from the day the Company is listed for trading on a Canadian stock exchange, were issued March 25, 2011, as part of the finder's fee accrued with respect to the Clayton property purchase. These warrants have been valued at $88,351 (note 7).

Warrants to purchase 2,800,000 common shares at $0.15 per share, having an expiration date of May 6, 2013 were issued as part of a private placement completed on May 6, 2011. These warrants have been valued at $35,976.

Warrants to purchase 70,000 common shares at $0.15 per share, having an expiration date of May 6, 2013 were issued as part of a shares for debt settlement completed on May 6, 2011. These warrants have been valued at $899.

Warrants to purchase 2,500,000 shares at $0.25 per share, having an expiration date of May 28, 2011 were issued as part of the private placements completed in 2009. During the year, the Company extended the expiration date of the warrants by two years.

12. **WARRANTS, continued**

	Warrants Outstanding	Weighted Average Exercise Price - CAD
Balance, January 1, 2010	5,000,000	$0.25
Cancelled on refund of deposit	(2,500,000)	$0.25
Issued with private placements	4,800,000	$0.15
Balance, December 31, 2010	7,300,000	$0.18
Issued with shares for debt	2,091,740	$0.15
Issued with private placements	540,000	$0.15
Issued for finder's fee (note 7)	3,000,000	USD$0.10
Issued with private placements	2,800,000	$0.15
Balance, December 31, 2011	15,731,740	$ 0.16

Warrants Outstanding and Exercisable	Exercise Price CAD	Expiry Date
2,500,000	$0.25	May 28, 2013
4,800,000	$0.15	December 16, 2012
1,100,000	$0.15	January 13, 2013
1,010,000	$0.15	March 8, 2013
451,740	$0.15	March 25, 2013
2,870,000	$0.15	May 6, 2013
3,000,000	USD$0.10	2 years from commencement of trading
15,731,740	$0.16	

13. **SUPPLEMENTAL DISCLOSURES**

Income Statement Presentation
The Company's statement of operations and comprehensive loss is prepared by nature of expense with financing expenses separated into its own section.

Cash Flow Statement Presentation
The following table provides a detailed breakdown of certain line items contained within the cash flow from operating activities.

	2011	2010
Trade and other receivables	$ 6,649	$ 46,697
Prepaid expenses	(190,389)	(4,667)
Trade and other payables	227,647	168,055
	$ 43,907	$ 210,085

During the year ended December 31, 2011, the Company issued 897,280 shares and 3,000,000 warrants to purchase common shares as payment for the accrued finder's fee payable of $133,215 with respect to the purchase of the Clayton Property and the Company issued 2,500,000 shares at a deemed value of $247,000 for the purchase of the Marietta Joint Venture Option (notes 7 and 10).

During the year ended December 31, 2011, the Company settled $55,000 in shareholder loans with the issuance of 1,100,000 units, each unit consisting of one common share and one common share purchase January 13, 2013.

13. **SUPPLEMENTAL DISCLOSURES, continued**

During the year ended December 31, 2011, the Company settled $48,719 in trade and other payables with the issuance of 991,740 units, each unit consisting of one common share and one common share purchase warrant entitling the holder to purchase one common share at $0.15 per share, having expiration dates of March 8, March 25 and May 6, 2013.

During the year ended December 31, 2010, the Company cancelled 2,500,000 shares and warrants with a deemed value of $125,000 (note 6).

On December 13, 2010, the Company issued 2,500,000 shares at US$0.10 per share as partial payment on the purchase of a mineral property (refer to notes 7 and 10).

On December 29, 2010, the Company issued 1,350,000 shares at $0.10 per share as settlement of a trade and other payable.

14. **SEGMENTED INFORMATION**

The Company has the following geographical segments:

		Canada		United States
				December 31, 2011
Identifiable assets	$	207,954	$	516,515
Exploration expenditures		--		293,359
				December 31, 2010
Identifiable assets	$	30,071	$	516,515
Exploration expenditures		--		163,215
				January 1, 2010
Identifiable assets	$	219,442	$	--
Exploration expenditures		--		--

15. **FUTURE INCOME TAXES**

a) The tax provision differs from the amount which would be obtained by applying the combined Canadian federal and provincial statutory income tax rate to the loss as follows:

		2011		2010
Loss for the years before income taxes	$	(592,967)	$	(308,825)
Canadian statutory rate (1)		26.5%		28%
Anticipated income tax recovery	$	(157,136)	$	(86,471)
Effect of tax rate change		4,494		4,371
Change in deferred tax asset not recognized		152,642		33,800
Losses expiring		--		48,300
	$	--	$	--

(1) The general combined Federal/Provincial tax rate lowered to 26.5% in 2011 from 28% in 2010 due to the Federal rate dropping from 18% in 2010 to 16.5% in 2011.

15. FUTURE INCOME TAXES, continued

b) Other than as set out below, the Company does not have any other tax assets available for future use as deductions from taxable income. The Company does not have any deferred tax assets or liabilities.

The components of unrecognized future income tax balances are as follow:

	2011	2010
Non-capital loss carry-forwards	$ 479,001	$ 404,103
Capital loss carry-forwards	1,558,101	1,558,101
E & E tax value in excess of asset	114,144	40,804
	2,151,246	2,003,008
Unrecognized deferred tax asset	(2,151,246)	(2,003,008)
	$ -	$ -

c) For income tax purposes, the Company has loss carried forwards which can be applied to reduce future years' taxable income. These losses expire as follows:

2014	$ 222,662
2015	529,414
2026	99,810
2027	62,754
2028	242,971
2029	313,099
2030	145,700
2031	299,594
	$ 1,916,004

The Company has accumulated capital losses for tax purposes in the amount of $12,464,807. These losses are available to offset future years capital gains.

16. FINANCIAL INSTRUMENTS

The Company is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk.

Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Fair value of financial instruments	Carrying value	December 31, 2011 Fair value	Carrying value	December 31, 2010 Fair value
Financial assets				
Loans and receivables				
Cash and cash equivalents	$ 2,910	$ 2,910	$ 13,777	$ 13,777
Trade and other receivables	9,988	9,988	11,627	11,627
	$ 12,898	$ 12,898	$ 25,404	$ 25,404
Financial liabilities				
Financial liabilities measured at amortized cost				
Trade and other payables	$ 304,541	$ 304,541	$ 261,110	$ 261,110
Related parties	130,955	130,955	53,064	53,064
Dividends payable	143,560	143,560	143,560	143,560
	$ 579,056	$ 579,056	$ 457,734	$ 457,734

16. **FINANCIAL INSTRUMENTS, continued**

The carrying amount of cash and cash equivalents, trade and other receivables, trade and other payables and shareholder loans approximate fair value due to the short term nature of these instruments.

Financial risk

a) Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal.

Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

b) Liquidity risk

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at December 31, 2011, the Company had a net working capital deficiency of $371,102 (December 31, 2010 - $427,663). Management is continuously monitoring its working capital position and will raise funds through the equity markets as they are required. However, there is no certainty that the Company will be able to obtain funding by share issuances in the future. The Company is presently seeking to raise capital through a prospectus equity offering (see note 18).

The following amounts are the contractual maturities of financial liabilities and other commitments as at December 31, 2011:

		Total		2012		Thereafter
Trade and other payables	$	304,541	$	304,541	$	--
Shareholder loans		130,955		130,955		--
Dividends payable		143,560		143,560		--
Claim payments and property taxes		21,650		21,650		21,650
Other commitments		74,000		74,000		--
	$	674,706	$	674,706	$	21,650

c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

i. Interest rate risk

The Company has cash balances and its current policy is to invest excess cash in investment-grade short-term money market accounts. The Company periodically monitors the investments it makes and is satisfied with the credit worthiness of its investments. Interest rate risk is minimal as interest rates are anticipated to remain at historically low levels with little fluctuation and any excess cash is invested in money market funds. Fluctuations in interest rates do not materially affect the Company as it does not have significant interest-bearing instruments.

ii. Foreign currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency exchange risk on cash held in U.S. funds. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

16. **FINANCIAL INSTRUMENTS, continued**

Foreign currency risk could adversely affect the Company, in particular the Company's ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future. The Company currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Company. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

As the Company currently holds minimal United States currency a change in the exchange rate between the US dollar and the Canadian dollar would not have a significant effect on the Company liquidity or working capital.

17. **CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are:

i) To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its mineral exploration properties and to meet its day-to-day operating requirements in order to continue as a going concern; and

ii) To provide a long-term adequate return to shareholders.

The Company's capital structure is comprised of shareholders' equity.

The Company is an exploration stage company which involves a high degree of risk. The Company has not determined whether its proposed properties contain economically recoverable reserves of ore and currently will not earn any revenue from its mineral properties and therefore will not generate cash flow from operations. The Company's primary source of funds will come from the issuance of capital stock. The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.

The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the Company. The Company has no long-term debt and is not subject to externally imposed capital requirements. There have been no changes in the Company's capital management in the current year.

18. **SUBSEQUENT EVENTS**

On April 11, 2012, the Company received conditional listing approval from the TSX Venture Exchange.

On April 12, 2012, the Company received final receipt on a prospectus for an IPO. The Company's IPO is raising a minimum $3,000,000 and a maximum $4,200,000 with the sale of equity units at a price of $0.15 per unit. Each unit consists of one common share and one warrant entitling the holder to purchase one common share at $0.25 per share, such warrant expiring two years from the date of the close of the IPO.

19. RECLASSIFICATION

Certain amounts disclosed for the prior periods have been reclassified to conform with current period presentation.

20. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As noted in Note 2, these are the Company's first financial statements prepared in accordance with IFRS. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in Note 4 have been applied on a consistent basis in preparing the financial statements for the year ended December 31, 2011, the comparative information for the year ended December 31, 2010 and an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition).

FIRST TIME ADOPTION OF IFRS (IFRS 1)

The Company has adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Under IFRS 1, the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under IFRS taken to deficit, with IFRS 1 providing for certain optional and mandatory exemptions to this principle.

Reconciliation to Previously Reported Financial Statements

No reconciliations are necessary as there were no adjustments made at transition to IFRS and there were no optional exemptions taken.

APPENDIX B
AUDIT COMMITTEE CHARTER

CMX GOLD AND SILVER CORP.

(the "Company")
Audit Committee Charter

Mandate

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

(1) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;

(2) review and appraise the performance of the Company's external auditor;

(3) provide an open avenue of communication among the Company's auditor, financial and senior management and the Board of Directors; and

(4) report regularly to the Board of Directors the results of its activities.

Composition

The Committee shall be comprised of a minimum three directors as determined by the Board of Directors. If the Company ceases to be a "venture issuer" (as that term is defined in Multilateral Instrument 52 110 entitled "Audit Committees"), then all of the members of the Committee shall be free from any material relationship with the Company that, in the opinion of the Board of Directors, would interfere with the exercise of their independent judgment as a member of the Committee.

If the Company ceases to be a venture issuer then all members of the Committee shall also have accounting or related financial management expertise. All members of the Audit Committee should have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting or until their successors are duly elected. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet a least once quarterly, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

A. <u>Documents/Reports Review</u>

1. review and update this Audit Committee Charter annually;

2. review the Company's financial statements, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditor; and

3. review regular summary reports of directors and officers expense account claims at least annually. Establish and review approval policies for expense reports and, as required, request audits of expense claims and policies for expense approval and reimbursements. The Chairman of the Audit Committee or of the Compensation Committee to approve expense reports of the President and the CEO and the CEO to approve those of the directors and officers.

B. <u>External Auditor</u>

1. review annually, the performance of the external auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company;

2. obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company;

3. review and discuss with the external auditor any disclosed relationships or services that may impact the objectivity and independence of the external auditor;

4. take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;

5. recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval;

6. recommend to the Board of Directors the compensation to be paid to the external auditor;

7. at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;

8. review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;

9. review with management and the external auditor the audit plan for the year-end financial statements; and

10. review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:

    (a) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditor during the fiscal year in which the non-audit services are provided,

(b) such services were not recognized by the Company at the time of the engagement to be non-audit services, and

(c) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

C. <u>Financial Reporting Processes</u>

1. in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;

2. consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

3. consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;

4. review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;

5. following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;

6. review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;

7. review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;

8. review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;

9. review certification process;

10. establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;

11. establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and

12. on at least an annual basis, review with the Corporation's counsel, any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or government agencies.

D. Authority

The Audit Committee will have the authority to:

1. review any related-party transactions;

2. engage independent counsel and other advisors as it determines necessary to carry out its duties;

3. to set and pay compensation for any independent counsel and other advisors employed by the Committee;

4. communicate directly with the auditors; and

5. conduct and authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel and other professionals to assist in the conduct of any investigation.

APPENDIX C
STATEMENT OF CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Disclosure Requirement	Our Corporate Governance Practices
1. Board of Directors	
(a) Disclose the identity of proposed directors who are independent.	Bruce Murray and Robert Russell are independent as that term is defined in section 1.4 of Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110").
(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.	Jan Alston is not independent as he is an officer of the Corporation.
2. Directorships	
(a) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	The directors are also directors or trustees of the reporting issuers set out beneath their respective names below: Jan Alston – Azteca Gold Corp. Bruce Murray – Passport Energy Ltd., Footsource Inc. Robert L. Russell - Josephine Mining Corp., St. Augustine Gold and Copper Limited, Mine Management Inc. John Niedermaier - Marksmen Energy Inc.
(b) Describe what steps, if any, the board takes to orient new board members and describe any measures the board takes to provide continuing education for directors	New directors will be made aware of the nature and operation of the business of the Corporation through interviews with other board members and management during which they are briefed on the Corporation and its current business issues. Information on courses pertaining to corporate governance is circulated to Board members who are encouraged to attend.
3. Ethical Business Conduct	

Disclosure Requirement	Our Corporate Governance Practices
(a) Describe what steps, if any, the board takes to promote a culture of ethical business conduct.	The Board promotes a culture of ethical business - conducted by a regular oversight of the Corporation's business. Ensures that all directors, officers, employees and consultants are persons of high ethical standards. Directors must disclose all interests and relationships of which the director is aware which may give rise to a conflict of interest. Directors are also required to disclose any actual or potential personal interest in a matter on which the Board is making a decision and withdraw from the deliberations.
4. Nomination of Directors	
(a) Describe what steps, if any, are taken to identify new candidates for board nominations including: (i) who identifies new candidates; and (ii) the process of identifying new candidates.	The members of the Board share responsibility for proposing new nominees for the Board.
5. Compensation	
(a) Describe what steps, if any, are taken to determine the compensation for the issuer's directors and CEO, including: (i) who determines compensation; and (ii) the process of determining compensation.	The board periodically reviews the adequacy and form of compensation of directors to ensure that the level of compensation realistically reflects the responsibilities and risks involved in being an effective director. The non-management directors on the Board set the annual salary, bonus and other benefits, direct and indirect, of the CEO after hearing recommendations from the board as a whole and approves the compensation for all other designated officers after considering the recommendations of the CEO.
6. Other Board Committees	
(a) If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	Given the small number of members, the Board does not have any other committees other than the audit committee.
7. Assessments	

Disclosure Requirement	Our Corporate Governance Practices
(a) Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.	The Board conducts an annual review of its effectiveness as well as the effectiveness and contribution of each Board committee and each individual director.