**CMX GOLD & SILVER CORP.**
**(Formerly LIARD RESOURCES LTD.)**
**FINANCIAL STATEMENTS**
**DECEMBER 31, 2010 AND 2009**

May 2, 2011

**Management's Responsibility for Financial Reporting**

The accompanying financial statements of the Company have been prepared by, and are the responsibility of the management of the Company. The financial statements are prepared in accordance with Canadian generally accepted accounting principles, and reflect management's best estimates and judgment based on currently available information.

The Board of Directors meets periodically with management and the Company's independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, Grant Thornton LLP, who are appointed by the shareholders, conduct an audit in accordance with Canadian auditing standards. Their report outlines the scope of their audit and gives their opinion on the financial statements.

Management has developed and maintains a system of internal control 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

Grant Thornton

# Independent Auditor's Report

**Grant Thornton LLP**
Suite 900
833 - 4th Avenue SW
Calgary, AB
T2P 3T5

T (403) 260-2500
F (403) 260-2571
www.GrantThornton.ca

To the Shareholders of CMX Gold & Silver Corp. (formerly Liard Resources Ltd.)

We have audited the accompanying financial statements of CMX Gold & Silver Corp. (formerly Liard Resources Ltd.), which comprise the balance sheet as at December 31, 2010, the statements of operations, comprehensive loss and deficit and cash flows for the year ended December 31, 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 Canadian generally accepted accounting principles, 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 audit. We conducted our audit 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 audit is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CMX Gold & Silver Corp. (formerly Liard Resources Ltd.) as at December 31, 2010, and the results of its operations and its cash flows for the year ended December 31, 2010 in accordance with Canadian generally accepted accounting principles.

## Other matter

The financial statements of CMX Gold & Silver Corp. (formerly Liard Resources Ltd.) for the year ended December 31, 2009 (prior to the restatement of the comparative information described in Note 16 to the 2010 financial statements) were audited by another auditor who expressed an unmodified opinion on those statements on April 30, 2010.

As part of our audit of the 2010 financial statements, we also audited the adjustments described in Note 16 that were applied to amend the 2009 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2009 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2009 financial statements taken as a whole.

## Emphasis of matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which indicates that the Company incurred a net loss of $308,825 during the year ended December 31, 2010 and, as of that date, the Company has an accumulated deficit of $2,684,445. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Calgary, Canada
May 2, 2011

Chartered Accountants

**CMX GOLD & SILVER CORP.**
**(formerly LIARD RESOURCES LTD.)**
BALANCE SHEETS

| December 31 | 2010 | 2009 (restated note 16) |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Cash and cash equivalents | $ 13,777 | $ 36,118 |
| Accounts receivable | 11,627 | 58,324 |
| Prepaid expenses | 4,667 | -- |
| | 30,071 | 94,442 |
| DEPOSIT (note 4) | -- | 125,000 |
| MINERAL PROPERTIES (note 5) | 516,515 | -- |
| | $ 546,586 | $ 219,442 |
| **LIABILITIES** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | $ 261,110 | $ 182,055 |
| Due to shareholders (note 6) | 53,064 | -- |
| Dividends payable (note 7) | 143,560 | 143,560 |
| | 457,734 | 325,615 |
| **SHAREHOLDERS' EQUITY (DEFICIT)** | | |
| SHARE CAPITAL (note 8) | 2,661,047 | 2,171,916 |
| WARRANTS (note 9) | 112,250 | 97,531 |
| DEFICIT | (2,684,445) | (2,375,620) |
| | 88,852 | (106,173) |
| | $ 546,586 | $ 219,442 |

Going concern (note 2)
Subsequent events (note 15)

Approved on behalf of the Board

Jan Alston *(“Signed”)*

Bruce Murray *(“Signed”)*

The accompanying notes are an integral part of the financial statements

**CMX GOLD & SILVER CORP.**
**(formerly LIARD RESOURCES LTD.)**
STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT

| Years ended December 31, | 2010 | 2009 (restated note 16) |
|---|---|---|
| **EXPENSES** | | |
| Mineral property expenditures (note 5) | $ 163,215 | $ -- |
| Professional fees | 63,304 | 176,995 |
| Management (note 6) | 46,000 | -- |
| General and administrative | 27,295 | 11,348 |
| Listing and agent fees | 10,271 | 109,813 |
| Shareholder reporting | 1,839 | 11,435 |
| Interest and bank charges | 120 | 26 |
| | 312,044 | 309,617 |
| **LOSS BEFORE THE FOLLOWING ITEMS:** | (312,044) | (309,617) |
| **OTHER ITEMS** | | |
| Interest income | -- | 45 |
| Gain (loss) on foreign exchange | 3,219 | (3,527) |
| **NET LOSS, being comprehensive loss** | $ (308,825) | $ (313,099) |
| **BASIC AND DILUTED LOSS PER SHARE** (note 10) | $ (0.042) | $ (0.049) |
| **DEFICIT, beginning of year** | $ (2,375,620) | $ (2,062,521) |
| **Net loss** | (308,825) | (313,099) |
| **DEFICIT, end of year** | $ (2,684,445) | $ (2,375,620) |

The accompanying notes are an integral part of the financial statements

**CMX GOLD & SILVER CORP.**
**(formerly LIARD RESOURCES LTD.)**
STATEMENTS OF CASH FLOWS

| Years ended December 31, | 2010 | 2009 (restated note 16) |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss | $ (308,825) | $ (313,099) |
| Changes in non-cash working capital items | | |
| Accounts receivable | 46,697 | (58,324) |
| Prepaid expenses | (4,667) | -- |
| Accounts payable and accrued liabilities | 214,055 | 120,979 |
| | (52,740) | (250,444) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase of mineral property | (264,590) | -- |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Share issuance | 178,441 | 66,581 |
| Warrant issuance | 63,484 | 48,765 |
| Due to shareholders | 53,064 | -- |
| | 294,989 | 115,346 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (22,341) | (135,098) |
| **CASH AND CASH EQUIVALENTS, beginning of year** | 36,118 | 171,216 |
| **CASH AND CASH EQUIVALENTS, end of year** | $ 13,777 | $ 36,118 |

**Non-cash transaction:**

During the year, previously issued units of $2,500,000 that were issued as a deposit valued at $125,000 were returned to treasury (refer to note 4).

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 5 and 8).

On December 29, 2010, the Company issued 1,350,000 shares at $0.10 per share as settlement of an accounts payable.

## 1. NATURE OF OPERATIONS

CMX Gold & Silver Corp. (the "Company") 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 from Liard Resources Ltd. to CMX Gold & Silver on February 11, 2011. The Company is designated as a “reporting issuer” pursuant to the Alberta Securities Act and Regulations but is not listed on a public stock exchange. The Company is an exploration stage company engaged in the acquisition, exploration and development of silver properties in the United States.

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 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.

## 2. GOING CONCERN

The financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles 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, 2010 the Company has incurred a net loss of $308,825 ($313,099 for the year ended December 31, 2009). As a result of recurring losses, the Company has an accumulated deficit of $2,684,445 as at December 31, 2010 ($2,375,620 as at December 31, 2009). At December 31, 2010, the Company has a working capital deficiency of $427,663 (2009 - $231,173). The Company currently does not have the necessary financing in place to support continuing losses. The Company must finance its operations and property acquisitions through the issuance of shares. This raises significant doubt about the Company’s ability to continue as a going concern and 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 capital.

The Company is currently attempting to raise capital through the equity markets and complete a listing on a Canadian stock exchange in order to commence exploration on its current property as well as its transaction subsequent to the year end (see subsequent events note 15), but there is no assurance this capital will be available and if it is not, the Company may be forced to substantially curtail or cease operations. Although in the opinion of management, the use of the going concern assumption is appropriate, there can be no assurance that any steps the Company takes will be successful.

These financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses and the balance sheet classifications that would be used if the going concern assumption were not appropriate. Such adjustments could be material.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the accounting policies summarized as follows:

**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. Actual results could differ from and affect the results reported.

Amounts recorded for the fair market value of warrants are based on management's estimates of share price volatility and the expected life of the warrants. Allowance for doubtful accounts is based on management's estimate and its ability to collect accounts receivable in the future. By their nature, these estimates are subject to uncertainty and the impact on the financial statements of future periods could be material.

**Foreign exchange**

Funds held in foreign currency is translated at the year-end exchange rate. Non-monetary assets are translated at the rate of exchange prevailing at the date of the transaction. Translation gains and losses are reflected in operations in the year they occur.

**Cash and cash equivalents**

Cash consists of balances with financial institutions, lawyer's trust accounts and term deposits with maturities of three months or less. Interest earned on the Company's cash accounts is calculated using a floating interest rate based on the market treasury bill rates.

**Mineral exploration properties**

Where the Company purchases mineral properties that consist of patented mining claims, those costs are capitalized as an asset of the Company. Where the costs are associated with the acquisition of non-patented mining claims, those costs are expensed in the year in which they occur.

Exploration costs on the mineral properties are expensed in the year in which they occur. Development costs will be capitalized on a property-specific basis. Costs capitalized together with the costs of production equipment will be depleted on a unit of production basis, based on the estimated proved reserves of minerals, upon the commencement of production, should such reserves be found.

Management will regularly review the carrying amount of development costs to assess whether there has been any impairment in value or if any impairment test is necessary when events and circumstances indicate that the carrying amount may not be recoverable.

Properties are abandoned either when the lease expires or when management determines that no further work will be performed on the property. The proceeds received from partial disposition or an option payment, are credited against the costs expensed during the year if the property is in the exploration stage or against capitalized costs if the property is in the development stage. 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 the statement of operations.

## 3. SIGNIFICANT ACCOUNTING POLICIES, continued

### Stock-based compensation

The Company has a stock based compensation plan. Awards of options under the plan will be expensed based on the fair value of the options at the grant date. The estimated fair value will be credited to contributed surplus. Fair values will be determined using the Black-Scholes option pricing model. Any consideration paid by employees on the exercise of stock options will be credited to share capital plus the amounts originally recorded within contributed surplus. For non-employees, the fair value of the options will be measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. As at year end, the Company had not issued any options under the plan.

### Future income taxes

The Company follows the liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any temporary differences between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in the statement of operations in the period that the change occurs. Future tax assets are recognized when it is more likely than not, that the related tax deductions and loss carry forwards will be utilized. A valuation allowance is recorded against any future income tax assets if it is more likely than not that the asset will not be realized.

### Revenue recognition

Interest income is recognized in the period it is earned and when payment is reasonably assured.

### Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. 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 share purchase warrants. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase share at the average market price for the period. In basic net loss per share situations, the dilutive per share amount is the same as that for basic, as all factors are anti-dilutive.

### Financial instruments

The Company has classified financial instruments as follows:

- Cash and cash equivalents is classified as held for trading. They are measured at fair value and the gains and losses resulting from re-measurement at the end of each period are recognized in the statement of operations.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost using the effective interest method, which is generally the amount on initial recognition less an allowance for doubtful accounts.
- Accounts payable and accrued liabilities, dividends payable and due to shareholders are classified as other financial liabilities and are measured at amortized cost using the effective interest method.

## 3. SIGNIFICANT ACCOUNTING POLICIES, continued

Transaction costs related to financial instruments are charged to the statement of operations when incurred. Any derivative financial instruments will be classified as "held for trading" and recorded at fair value based on estimated market prices.

The Company has no items that are included in other comprehensive loss therefore the net loss and comprehensive loss are the same.

**International Financial Reporting Standards ("IFRS")**
Accounting standards in Canada are to converge with IFRS and accordingly, the Company will begin reporting, with the comparative data, under IFRS for the fiscal years beginning on or after January 1, 2011. While IFRS is based on a conceptual framework similar to Canadian GAAP, there are significant differences with respect to recognition, measurement and financial statement disclosures. The implementation of IFRS will apply to the Company's interim and annual financial statements for the fiscal year beginning January 1, 2011, including the restatement of comparative amounts for 2010. The Company is currently evaluating the impact of the adoption of IFRS on its financial statements.

## 4. DEPOSIT

The Company announced on December 5, 2008, that it entered into an arms-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 8 and 9).

## 5. MINERAL PROPERTIES

**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 $44,864 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.

## 5. MINERAL PROPERTIES, continued

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%. A total finder's fee of $163,215 was accrued in accounts payable and accrued liabilities and expensed to mineral property expenditures.

The Company also incurred costs associated with this property as well as costs related to reviewing prospective properties. These costs have been expensed during the year.

Total expenditures on property held:

| | | 2010 | | 2009 |
|---|---|---|---|---|
| Acquisition costs - Clayton | $ | 516,515 | $ | -- |
| Exploration costs - Clayton – finder fee | | 163,215 | | -- |
| Total expenditures to date | | 679,730 | | -- |
| Expensed during the year | | (163,215) | | -- |
| Patented claims | $ | 516,515 | $ | -- |

## 6. DUE TO SHAREHOLDERS

In 2010, the Company paid management fees of $6,000 to the President of the Company, $40,000 to a corporation controlled indirectly by a Director of the Company and consulting fees of $19,652 to an officer of the Company. These transactions were measured at the exchange amounts that were the amount of consideration established and agreed upon by the related parties. The advances are unsecured, bear no interest and have no set terms of repayment.

At December 31, 2010, the Company owed $53,064 (2009 - $nil) to Directors and officers of the Company. Subsequent to year end, the shareholder loans were settled (refer to note 15).

There were no related party transactions during the year ended December 31, 2009.

## 7. 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. The last time missing shareholders were located by the Company was in 2007. It is management's intention to pay the missing shareholders who come forward and establish their share ownership.

## 8. SHARE CAPITAL

Authorized with an unlimited number of the following:

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.

8. **SHARE CAPITAL, continued**

Class A voting preferred shares
Non-cumulative annual dividend at 8% of the issued price
Convertible into two Common voting shares
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
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.

| **Common shares issued** | **Number** | **Amount** |
|---|---|---|
| Balance, December 31, 2008 | 3,373,254 | $ 2,029,100 |
| Private placements, net of issue costs | 5,000,000 | 240,347 |
| Fair value of warrants issued | -- | (97,531) |
| Balance, December 31, 2009 | 8,373,254 | $ 2,171,916 |
| Return to treasury (note 4) | (2,500,000) | (125,000) |
| Fair value of cancelled warrants | -- | 48,765 |
| Shares issued for property | 2,500,000 | 251,925 |
| Private placements | 4,800,000 | 241,925 |
| Fair value of warrants issued | -- | (63,484) |
| Shares issued in settlement of debt | 1,350,000 | 135,000 |
| Balance, December 31, 2010 | 14,523,254 | $ 2,661,047 |

On May 28, 2009, the Company issued 5,000,000 units for net proceeds of $240,347. Each unit consisted of one common share and one common share purchase warrants entitling the holder to purchase one common share at a price of $0.25 per share expiring on May 28, 2011.

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 16, 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 $0.05 per share for gross proceeds of $241,925. Each unit consisted of one common share and one common share purchase warrants 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.

## 9. WARRANTS (restated note 16)

Warrants to purchase 5,000,000 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. The estimated fair value of the warrants was $97,531. The valuation method used was the Black-Scholes option pricing model with the following assumptions; a term of two years, a risk free borrowing rate (per Bank of Canada) of 1.02% and volatility of 154%.

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. The valuation method used was the Black-Scholes option pricing model with the following assumptions; a term of two years, a risk free borrowing rate (per Bank of Canada) of 1.4% and volatility of 115%.

The following warrants are outstanding as at the following dates:

| | 2010 | | 2009 | |
|---|---|---|---|---|
| | Number of Warrants | Weighted Average Exercise Price | Number of Warrants | Weighted Average Exercise Price |
| Balance, beginning of year | 5,000,000 | $ 0.25 | -- | $ -- |
| Granted – private placements | 4,800,000 | $ 0.15 | 5,000,000 | $ 0.25 |
| Cancelled on refund of deposit | (2,500,000) | $ 0.25 | -- | $ -- |
| Balance, end of year | 7,300,000 | $ 0.18 | 5,000,000 | $ 0.25 |
| Exercisable, end of year | 7,300,000 | $ 0.18 | 5,000,000 | $ 0.25 |

The following tables present the reconciliation of the outstanding warrants and related information:

| | 2010 | 2009 |
|---|---|---|
| Balance, beginning of year | $ 97,531 | $ -- |
| Estimated fair value of warrants issued for private placements | 63,484 | 97,531 |
| Estimated fair value of cancelled warrants on refund of placement | (48,765) | -- |
| Balance, end of year | $ 112,250 | $ 97,531 |

| Warrants Outstanding and Exercisable | Exercise Price | Expiry Date |
|---|---|---|
| 2,500,000 | $0.25 | May 28, 2011 |
| 4,800,000 | $0.15 | December 16, 2012 |
| 7,300,000 | $0.18 | |

## 10. LOSS PER SHARE

Basic net loss per share is calculated using the weighted average number of shares outstanding during the year. Loss per share is calculated as follows:

| | 2010 | | |
|---|---|---|---|
| | Net loss | Shares | Loss per share |
| Basic and diluted | $ (308,825) | 7,440,925 | $ (0.042) |

| | 2009 (restated note 16) | | |
|---|---|---|---|
| | Net loss | Shares | Loss per share |
| Basic and diluted | $ (313,099) | 6,345,857 | $ (0.049) |

## 11. SEGMENTED INFORMATION

The Company has the following geographical segments in 2010:

| | Exploration expenditures | Mineral Properties |
|---|---|---|
| Canada | $ -- | $ -- |
| United States | $ 163,215 | $ 516,515 |

## 12. FUTURE INCOME TAXES

**a)** The components of future income tax balances are as follow:

| | 2010 | 2009 (restated note 16) |
|---|---|---|
| Future income tax asset | | |
| Non-capital loss carry-forwards | $ 361,298 | $ 382,228 |
| Capital loss carry-forwards | 1,558,101 | 1,437,852 |
| Tax basis of investments in excess of carrying amount | -- | 120,249 |
| | 1,919,399 | 1,940,329 |
| Valuation allowance | (1,919,399) | (1,940,329) |
| | $ -- | $ -- |

## 12. FUTURE INCOME TAXES

**b)** The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the statutory income tax rate of 28% (2009 - 29%) to the loss for the years as follows:

| | 2010 | 2009 (restated note 16) |
|---|---|---|
| Loss for the years before income taxes | $ (308,825) | $ (313,099) |
| Anticipated income tax recovery | $ (86,471) | $ (90,799) |
| Effect of tax rate change | 3,284 | 7,124 |
| Change in valuation allowance | (20,930) | 20,411 |
| Losses expiring | 48,300 | 24,108 |
| Non deductible amounts | 55,817 | 39,156 |
| | $ -- | $ -- |

**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 | 178,099 |
| 2030 | 109,480 |
| | $ 1,445,190 |

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.

## 13. 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 under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

13. **FINANCIAL INSTRUMENTS, continued**

**Fair values**

Fair value of financial instruments is as follows:

| | | December 31, 2010 | | December 31, 2009 |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial assets | | | | |
| Cash and cash equivalents | $ 13,777 | $ 13,777 | $ 36,118 | $ 36,118 |
| Accounts receivable | 11,627 | 11,627 | 58,324 | 58,324 |
| | $ 25,404 | $ 25,404 | $ 94,442 | $ 94,442 |

| | | December 31, 2010 | | December 31, 2009 |
|---|---|---|---|---|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| Financial liabilities | | | (restated note 16) | |
| Accounts payable and accrued liabilities | $ 261,110 | $ 261,110 | $ 182,055 | $ 182,055 |
| Dividends payable | 143,560 | 143,560 | 143,560 | 143,560 |
| Due to shareholders | 53,064 | 53,064 | -- | -- |
| | $ 457,734 | $ 457,734 | $ 325,615 | $ 325,615 |

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable and due to shareholders approximate fair value due to the short term nature of these instruments. The Company's financial instruments classified as held for trading are included in level 1 of the hierarchy for fair value 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 accounts receivable. Cash and cash equivalents are held with reputable chartered banks and in lawyer trust accounts from which management believes the risk of loss is minimal.

Included in accounts receivable is a 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 amount.

## 13. FINANCIAL INSTRUMENTS, continued

### 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 liquidity to meet liabilities when due. As at December 31, 2010, the Company had a net working capital deficiency of $427,663 (2009 – $231,173). Management of the Company is currently working to raise funds in the equity markets to ensure that it can meet its commitments.

The contractual maturities of financial liabilities as of December 31, 2010 are as follows:

| | Total | 2011 | Thereafter |
|---|---|---|---|
| Accounts payable and accrued liabilities | $ 261,110 | $ 261,110 | $ -- |
| Dividends payable | 143,560 | 143,560 | -- |
| Due to shareholders | 53,064 | 53,064 | -- |
| | $ 457,734 | $ 457,734 | $ -- |

### c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates 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. The Company relies on the money market managers to maximize the interest earned on the short-term investment to minimize any negative effects and maximize any positive effects from interest rate fluctuations. The Company regularly monitors its cash management policy.

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 to maximize interest revenue.

i) 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.

A $0.01 increase or decrease in the Canadian/US exchange rate would have resulted in an increase or decrease of $nil (2009 - $485) in the Company's net loss.

## 14. 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 capital structure is comprised of cash and cash equivalents and shareholder equity.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments. The Company'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 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.

## 15. SUBSEQUENT EVENTS

On January 13, 2011, the Company 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 Company.

On January 25, 2011, the Company paid the finders fee with respect to the purchase of the Clayton property with the issuance of 897,280 common shares and the issuance of two year warrants to purchase 3,000,000 common shares at US$0.10 per share.

On January 25, 2011, the Company extended the expiry date of 2,500,000 warrants due to expire on May 28, 2011 to May 28, 2013.

On February 11, 2011, the Company changed its name from Liard Resources Ltd. to CMX Gold & Silver.

On March 11, 2011, the Company 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 11, 2011, the Company settled $46,087 in debt with the issuance of 921,740 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.

On April 15, 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. The listing is expected to occur within nine months from the date of the option agreement.

## 16. RESTATEMENT OF PRIOR PERIODS

In the fourth quarter of 2010, the Company became aware of a liability with respect to legal fees which was not accrued in 2009. The Company has also restated the presentation of the fair value of warrants issued from contributed surplus to warrants on the balance sheet. With this restatement the Company had no contributed surplus. As a result of the 2009 restatement, note 12 future income taxes, has also been restated on a comparative basis.

A restatement of the comparative financial statements to account for the adjustments are as follows:

| | December 31, 2009 as previously reported | Adjusted Change | Restated December 31, 2009 |
|---|---|---|---|
| **Balance Sheet** | | | |
| Accounts payable | $ 42,055 | $ 140,000 | $ 182,055 |
| Warrants | -- | 97,531 | 97,531 |
| Contributed surplus | 97,531 | (97,531) | -- |
| Deficit | (2,235,620) | (140,000) | (2,375,620) |
| **Statement of Operations** | | | |
| Professional fees | (36,995) | (140,000) | (176,995) |
| Net loss | (173,099) | (140,000) | (313,099) |
| Basic and diluted loss per share | (0.027) | (0.022) | (0.049) |
| **Statement of Cash Flow** | | | |
| Cash flow from operating activities | $ (250,444) | $ -- | $ (250,444) |

This restatement resulted in an increase in the working capital deficit from $91,173 to $231,173.

## 17. COMPARATIVE FIGURES

Certain amounts disclosed in the comparative year have been reclassified to conform with the current year presentation.