

**CMX GOLD & SILVER CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Notice to reader**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended June 30, 2018. These financial statements and the notes thereto have been prepared by the Company's management in accordance with International Financial Reporting Standards using management's best judgments, consistent with prior periods, and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017.

**CMX GOLD & SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

As at	June 30, 2018 (unaudited)	December 31, 2017 (audited)
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 900	\$ 193
Trade and other receivables	2,943	1,303
Prepaid expenses	12,027	12,027
	15,870	13,523
Exploration and evaluation (note 5)	680,162	647,993
	\$ 696,032	\$ 661,516
<b>LIABILITIES</b>		
Current		
Trade and other payables	\$ 137,338	\$ 183,946
Subscriptions received (Note 6)	22,035	32,035
Due to related parties - current (note 7)	96,386	101,749
Convertible debentures to related parties (notes 7 and 9)	221,128	-
Convertible debentures (note 9)	120,298	-
Derivative financial instruments (note 10)	4,439	3,558
	601,624	321,288
Due to related parties - long-term (note 7)	322,603	352,519
Long-term debt (note 8)	260,155	243,711
Convertible debentures to related parties (notes 7 and 9)	-	208,994
Convertible debentures (note 9)	-	113,696
Total liabilities	1,184,382	1,240,208
<b>SHAREHOLDERS' DEFICIENCY</b>		
Share capital (note 11)	3,979,610	3,876,699
Warrants (note 14)	654,759	601,436
Contributed surplus (note 12)	491,148	435,788
Accumulated other comprehensive income	161,930	130,385
Deficit	(5,775,797)	(5,623,000)
Total shareholders' deficiency	(488,350)	(578,692)
	\$ 696,032	\$ 661,516

Going concern (note 1)  
Subsequent events (note 21)

Approved on behalf of the Board

/s/ "Bruce J. Murray"

/s/ "Jan M. Alston"

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

**CMX GOLD & SILVER CORP.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
<b>Expenses</b>				
Management fees (note 7)	\$ 22,275	\$ 28,900	\$ 52,685	\$ 69,800
General and administrative (note 7)	12,675	10,394	24,177	23,020
Listing and filing fees	7,779	4,982	11,552	9,485
Shareholder reporting and investor communications	1,777	23,166	3,413	46,199
Professional fees	1,347	1,943	1,867	2,947
Mineral property expenditures (note 5)	280	1,183	690	1,611
Share-based payments (note 13)	-	680	-	1,361
Recovery of prior period expenditures	-	-	-	(13,312)
Loss (gain) on foreign exchange	(285)	(12)	(563)	218
	<u>45,848</u>	<u>71,236</u>	<u>93,821</u>	<u>141,329</u>
Loss before financing expenses	(45,848)	(71,236)	(93,821)	(141,329)
<b>Financing expenses</b>				
Interest income	-	-	2	-
Related party, long-term and debenture interest (notes 7 and 9)	(28,097)	(17,609)	(55,894)	(36,566)
Bank charges	(930)		(2,203)	
Change in fair value of derivative instrument (note 10)	(1,624)	(998)	(881)	(251)
	<u>(76,499)</u>	<u>(89,843)</u>	<u>(152,797)</u>	<u>(178,146)</u>
Net loss, for the period	(76,499)	(89,843)	(152,797)	(178,146)
Items that may be reclassified subsequently to net loss				
Exchange difference on translating foreign operation	(55,338)	(17,860)	(31,545)	(23,219)
Total comprehensive loss	\$ (131,837)	\$ (107,703)	\$ (184,342)	\$ (201,365)
Basic and diluted net loss per share	\$ 0.002	\$ 0.003	\$ 0.004	\$ 0.005
Weighted average number of shares outstanding – basic	36,265,724	34,215,724	35,665,448	33,951,063

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

CMX GOLD & SILVER CORP.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued share capital		Warrants	Accumulated other comprehensive income	Contributed Surplus	Deficit	Total
	#	\$					
Balance December 31, 2016	33,360,224	\$ 3,807,667	\$ 585,892	\$ 176,980	\$ 433,065	\$ (5,303,301)	\$ (299,697)
Shares issued for cash (notes 11 and 14)	346,500	20,307	14,343	-	-	-	34,650
Shares issued for debt (note 11)	509,000	48,725	1,201	-	-	-	49,926
Share-based payments (note 13)	-	-	-	-	2,723	-	2,723
Net loss for the year	-	-	-	-	-	(319,699)	(319,699)
Exchange difference on translating foreign operation	-	-	-	(46,595)	-	-	(46,595)
Balance December 31, 2017	34,215,724	\$ 3,876,699	\$ 601,436	\$ 130,385	\$ 435,788	\$ (5,623,000)	\$ (578,692)
Shares issued for cash (notes 11 and 14)	2,050,000	102,911	102,089	-	-	-	205,000
Expired warrants	-	-	(48,766)	-	48,766	-	-
Convertible debenture interest (note 9)	-	-	-	-	6,594	-	6,594
Net loss for the year	-	-	-	-	-	(152,797)	(152,797)
Exchange difference on translating foreign operation	-	-	-	31,545	-	-	31,545
Balance June 30, 2018	36,265,724	\$ 3,979,610	\$ 654,759	\$ 161,930	\$ 491,148	\$ (5,775,797)	\$ (488,350)

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

CMX GOLD & SILVER CORP.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended June 30		Six months ended June 30	
	2018	2017	2018	2017
<b>Cash flow from operating activities</b>				
Net loss	\$ (76,499)	\$ (89,843)	\$ (152,797)	\$ (178,146)
Items not involving cash				
Related party, long-term and debenture interest (notes 7 and 9)	27,378	17,983	55,189	36,566
Management fees (note 7)	22,275	28,900	52,685	69,800
Change in fair value derivative instruments (note 10)	1,624	998	881	251
Shareholder reporting and investor communications	-	14,608	-	14,608
General and administrative	-	10,312	-	22,050
Share-based payments (note 13)	-	680	-	1,361
Recovery of prior period expenditures	-	-	-	(13,312)
Loss on foreign exchange	(285)	(12)	(563)	218
Change in non-cash working capital items (note 15)	52,980	7,242	(66,861)	14,801
	<u>(27,473)</u>	<u>(9,132)</u>	<u>(111,466)</u>	<u>(31,803)</u>
<b>Cash flows from financing activities</b>				
Share issuance (note 10)	-	-	205,000	34,650
Cash repayments to related parties (note 7)	(37,294)	5,732	(92,827)	(784)
	<u>(37,294)</u>	<u>5,732</u>	<u>112,173</u>	<u>33,866</u>
Net change in cash and cash equivalents	(9,821)	(3,400)	707	2,063
Cash and cash equivalents, beginning of period	<u>10,721</u>	<u>6,202</u>	<u>193</u>	<u>739</u>
Cash and cash equivalents, end of period	<u>\$ 900</u>	<u>\$ 2,802</u>	<u>\$ 900</u>	<u>\$ 2,802</u>

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

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

---

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 listed on the Canadian Securities Exchange under the trading symbol "CXC". The Company is a junior mining company with a silver-lead-zinc property in the United States of America. The registered office of the Company is:

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

The consolidated financial statements were authorized for issuance by the Board of Directors on August 29, 2018.

**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 consolidated financial statements of the Company have been prepared on a going concern basis 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 six-months ended June 30, 2018, the Company incurred a net loss of \$152,797 (2017 - \$178,146). As a result of the recurring losses over the Company's history, the Company has an accumulated deficit of \$5,775,797 as at June 30, 2018 (2017 - \$5,481,447). At June 30, 2018, the Company had a working capital deficiency of \$585,754 (2017 - \$551,087). 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. As a result of these circumstances there is material uncertainty that may cast significant doubt about the Company's ability to continue as 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.

The consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities, and reported revenues and expenses, that might be necessary should the Company be unable to continue as a going concern, and therefore, be required to realize its assets and discharge its liabilities other than in the normal course of business and at carrying amounts different from those reflected in the accompanying consolidated financial statements. Any such adjustments could be material.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

---

**2. BASIS OF PRESENTATION**

**Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee.

**Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and share-based payments.

**Functional and presentation currency**

The functional currency of the Company is Canadian dollars, and all amounts are presented in Canadian dollars unless otherwise stated. The functional currency of the Company’s wholly owned subsidiary, CMX Gold & Silver (USA) Corp., is the US dollar.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of consolidated 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 consolidated 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 consolidated 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 area of operations, settlement of operating expenses, and the funds from financing activities are assessed at each reporting date.

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 consolidated statement of financial position. Management annually assesses the carrying value of the capitalized assets for impairment.

The Company must make use of estimates in calculating the fair value of warrant issuances and share-based payments. Amounts recorded for warrants issuances and share-based payments are subject to the inputs used in the Black-Scholes option pricing model, including assumptions such as volatility, dividend yield, risk-free interest rates, forfeiture rate estimates, and expected warrant or option life. Forfeiture rate is determined based on actual historical forfeitures.

The fair values of derivative financial instruments that are not traded in an active market are determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

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

By their nature, these estimates are subject to measurement uncertainty and the impact on the consolidated financial statements of future periods could be material.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

---

#### 4. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

##### **Basis of consolidation**

These consolidated financial statements include the accounts of CMX Gold & Silver Corp. and its wholly-owned subsidiary, CMX Gold & Silver (USA) Corp. A subsidiary is fully consolidated from the date on which control is obtained and is de-consolidated from the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

##### **Financial instruments**

###### *Non-derivative financial instruments*

Non-derivative financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, subscriptions received, due to related parties, long-term debt and convertible debt. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

- Financial assets at fair value through profit or loss (“FVTPL”)

An instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition.

Financial instruments are designated at FVTPL if the Company manages such instruments and makes purchase and sale decisions based on their fair value in accordance with the Company’s risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

Derivatives are also included in this category unless they are designated as hedges. The Company’s financial assets and liabilities that are classified as FVTPL are derivative financial instruments.

- Loans and receivables

Cash and cash equivalents and trade and other receivables are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are subsequently carried at amortized cost using the effective interest method, less any impairment loss.

- Other financial liabilities

Trade and other payables, subscriptions received, due to related parties, long-term debt and convertible debentures are classified as other financial liabilities. Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Other financial liabilities are subsequently carried at amortized cost using the effective interest method.

##### **Derivative financial instruments**

The Company has issued warrants with a cashless exercise option and with an exercise price in a currency other than the functional currency (CAN) that are treated as a derivative liability and therefore measured at fair value. Gains and losses on re-measurement are presented separately in the consolidated statement of loss and comprehensive loss. These instruments are classified as non-current based on their expected life.

##### **Compound instruments**

Convertible debentures are considered to be a compound instrument that can be converted into common shares of the Company at the option of the holder. The equity component of the instrument is recognized in contributed surplus and the fair value component is recognized as a liability. Subsequent to initial recognition interest is accrued using the effective interest method.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

---

**4. SIGNIFICANT ACCOUNTING POLICIES, continued**

**Impairment of financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the consolidated statement of operations and comprehensive loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the consolidated statement of operations and comprehensive loss.

**Foreign exchange translations and transactions**

For foreign entities whose functional currency is the Canadian dollar, the Company translates monetary assets and liabilities at period-end exchange rates and non-monetary items are translated at historical rates. Income and expense accounts are translated at the average rates in effect during the period. Gains or losses from changes in exchange rates are recognized in the consolidated statement of operations and comprehensive loss in the period of occurrence.

For foreign entities whose functional currency is not the Canadian dollar, the Company translates assets and liabilities at period-end rates and income and expense accounts at average exchange rates. Adjustments resulting from these translations are reflected in other comprehensive income as exchange difference on translating foreign operation.

Transactions of the Canadian entity in foreign currencies are translated at rates in effect at the time of the transaction. Foreign currency monetary assets and liabilities are translated at current rates. Gains or losses from the changes in exchange rates are recognized in the consolidated statement of operations and comprehensive loss in the period of occurrence. Foreign exchange gains or losses arising from a monetary item that is receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in accumulated other comprehensive income.

**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 assets**

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 property specific cash generating unit ("CGU") basis. Upon development of a commercially viable mineral property 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 of disposal and its value in use.

Fair value less costs of disposal 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.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

---

#### **4. SIGNIFICANT 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 profit or loss. 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 are expensed based on the fair value of the options at the grant date. Fair values are 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.

##### **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. Decommissioning liabilities 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.

##### **Warrants classified as equity**

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 contributed surplus within equity. Warrants, issued as part of private placement units, that have their term of expiries extended, are not subsequently revalued.

The Company may modify the terms of warrants originally granted. When modifications exist, the Company will maintain the original fair value of the warrant.

##### **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 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

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**4. SIGNIFICANT ACCOUNTING POLICIES, continued**

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.

**Standards issued but not yet effective**

The following new IFRS pronouncements have been issued, are not yet effective and have not been early adopted, and may have impact on the Company in future are discussed below.

On January 13, 2016, the IASB issued International IFRS 16, "Leases", which is the result of the joint project with the Financial Accounting Standards Board. IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained and becomes effective January 1, 2019. The Company is currently still assessing the impact of IFRS 16 on the Company's consolidated financial statements.

**5. EXPLORATION AND EVALUATION ASSETS**

Total expenditures on exploration and evaluation properties capitalized:

Balance at December 31, 2016	\$ 693,495
Foreign exchange effect	(45,502)
Balance at December 31, 2017	<u>647,993</u>
Foreign exchange effect	32,169
Balance at June 30, 2018	<u>680,162</u>

In 2010, the Company purchased the Clayton Mine property consisting of 29 patented mineral claims and 2 patented mill sites located in the State of Idaho, USA.

Exploration expenditures Clayton	– balance December 31, 2016	\$ 318,360
	– 2017 expenditures	<u>4,540</u>
	– balance December 31, 2017	322,900
	– 2018 expenditures	<u>690</u>
Total expenditures to June 30, 2018		<u>\$ 323,590</u>

**6. SUBSCRIPTIONS RECEIVED**

During 2017, the Company received US\$16,875 (\$22,035) under the Company's US Regulation A offering. These shares had not been issued as at June 30, 2018.

**7. DUE TO RELATED PARTIES**

During the period ended June 30, 2018, the Company incurred management fees of \$44,685 (2017 - \$61,800) to a corporation controlled by the spouse of a director of the Company. These fees are unpaid and included in due to related parties - long-term.

During the period ended June 30, 2018, the Company incurred management fees of \$8,000 (2017 - \$8,000) to the CFO of the Company. These fees are unpaid and included in due to related parties - long-term.

During the period ended June 30, 2018, the Company incurred consulting fees of \$22,990 (2017 - \$22,050) to the consulting accountant of the Company.

During the period ended June 30, 2018, related parties received cash payments from the Company of \$92,827 (2017 – received cash payments of \$784).

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**7. DUE TO RELATED PARTIES, continued**

The contractual obligations and carrying value of related party debt is as follows:

	Carrying value, current	Contractual value, long- term	Contractual value, debenture	Carrying value, long- term	Carrying value, debenture
June 30, 2018					
Due to officers and directors	\$ 965	\$ 341,473	\$ 221,128	\$ 322,603	\$ 221,128
Due to other related parties	95,421	-	-	-	-
<b>Total</b>	<b>\$ 96,386</b>	<b>\$ 341,473</b>	<b>\$ 221,128</b>	<b>\$ 322,603</b>	<b>\$ 221,128</b>
December 31, 2017					
Due to officers and directors	\$ 965	\$ 371,389	\$ 214,749	\$ 352,609	\$ 208,994
Due to other related parties	100,784	-	-	-	-
<b>Total</b>	<b>\$ 101,749</b>	<b>\$ 371,389</b>	<b>\$ 214,749</b>	<b>\$ 352,609</b>	<b>\$ 208,994</b>

These transactions were initially measured at fair value. These balances bear an interest rate of 6% per annum. The fair value of the related party long-term debt was calculated utilizing a 15.7% market interest rate.

During the period ended June 30, 2018, the Company completed \$50,000 in private placements with a company controlled by the spouse of a director of the Company with the issuance of 500,000 units, each unit consisting of one common share and one common share purchase warrant exercisable at \$0.10 per share (see note 11 and 14).

During the period ended June 30, 2018, the Company completed \$25,000 in private placements with a company controlled by a director of the Company and \$25,000 in private placements with the director, with the issuance of 250,000 units to each of the private Company and the director. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.10 per share (see note 11 and 14).

**8. LONG-TERM DEBT**

In 2016 a third party agreed to defer the payment of \$210,823 to July 1, 2019. Interest of \$49,332 has been accrued to June 30, 2018 based on a 15.6% interest rate.

**9. CONVERTIBLE DEBENTURES**

On January 11, 2016, the Company issued two-year convertible debentures in exchange for \$295,641 in amounts due to related parties and long-term debt. No principal repayments were due until the maturity date of January 31, 2018. Interest will accrue at a rate of 6% per annum from January 11, 2016, payable every quarter commencing March 31, 2016. Any unpaid interest will be compounded on the interest payment due date.

The convertible debentures are convertible at the holder's option into common shares of the Company at any time prior to the close of business on the earlier of the maturity date and the business day immediately preceding the date fixed for redemption thereof, at the conversion price, being \$0.125 for one common share.

The convertible debentures are a compound financial instrument. The fair value of the liability component was calculated at \$241,955 utilizing a 15.7% market interest rate. The residual balance of \$53,686 represented the equity component of the debenture and was recorded in contributed surplus net of tax of \$14,495.

On December 30, 2017, the convertible debentures maturity date was extended to January 31, 2019. The extension of the maturity date was determined not to be a substantial modification of the terms and therefore was not accounted for as an extinguishment.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**9. CONVERTIBLE DEBENTURES, continued**

The contractual obligations and carrying value of debentures is as follows:

	Contractual value, opening balance	Interest at debenture rate	Contractual value, closing balance	Carrying value, opening balance	Interest at market rate	Carrying value, closing balance
June 30, 2018						
Related parties	\$ 214,749	\$ 6,378	\$ 221,128	\$ 208,994	\$ 12,134	\$ 221,128
Non-related party	116,828	3,470	120,297	113,696	6,601	120,297
<b>Total</b>	<b>\$ 331,577</b>	<b>\$ 9,848</b>	<b>\$ 341,425</b>	<b>\$ 322,690</b>	<b>\$ 18,735</b>	<b>\$ 341,425</b>
December 31, 2017						
Related parties	\$ 202,593	\$ 12,156	\$ 214,749	\$ 180,634	\$ 28,360	\$ 208,994
Non-related party	110,215	6,613	116,828	98,268	15,428	113,696
<b>Total</b>	<b>\$ 312,808</b>	<b>\$ 18,769</b>	<b>\$ 331,577</b>	<b>\$ 278,902</b>	<b>\$ 43,788</b>	<b>\$ 322,690</b>

**10. DERIVATIVE FINANCIAL INSTRUMENTS**

Under the terms of a shares for debt settlement agreement, the company issued warrants to purchase 107,000 shares exercisable for two years at an exercise price of US\$0.15 per share expiring November 7, 2018 (see note 14). As the price is denominated in US dollars and therefore not fixed in the reporting currency of the Company, the warrants are classified as derivative financial instruments.

	Initial recognition November 7, 2016	Fair value at December 31, 2017	Changes in fair value	Fair value June 30, 2018
107,000 Warrants issued	\$ 6,793	\$ 3,558	\$ 881	\$ 4,439

A pricing model with observable market-based inputs was used to estimate the fair value of the warrants using the following assumptions as at June 30, 2018: an exercise price of \$0.19, 0.61 of a year remaining life, a risk-free interest rate (per Bank of Canada) of 1.76% and volatility of 187%.

**11. SHARE CAPITAL**

Authorized

Common voting shares:

The common 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.

Series 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

Series 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.

There were no Series A or Series B voting preferred shares issued as at June 30, 2018 or December 31, 2017.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**11. SHARE CAPITAL continued**

**In 2017:**

On January 17, 2017, the Company issued 29,000 units at \$0.10 per unit in settlement of \$2,900 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 \$0.20 per share expiring on January 17, 2019.

On January 17, 2017, the Company issued 346,500 units at \$0.10 per unit for gross proceeds of \$34,650. 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 \$0.20 per share expiring on January 17, 2019.

On January 17, 2017, the Company issued 480,000 common shares at US\$0.075 per share in settlement of US\$35,834 (\$47,026) in debt.

**In 2018:**

On February 23, 2018, the Company completed the issuance of 2,050,000 units for gross proceeds of \$205,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.10 per share, expiring February 23, 2021.

**12. CONTRIBUTED SURPLUS**

Balance at December 31, 2016	\$	433,065
2017 Share-based payments (note 13)		2,723
Balance at December 31, 2017		435,788
Expired warrant		48,766
Debenture interest		6,594
Balance at June 30, 2018	\$	491,148

**13. SHARE-BASED PAYMENTS**

The total number of stock options granted pursuant 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.

A total of \$nil (2017 - \$1,361) in fair value of options issued prior to 2017 was recognized in the current year.

Exercise price (per option)	Number of options outstanding and exercisable	Weighted average exercise price (per option)	Year of expiry	Weighted average remaining contractual life
\$0.10	2,700,000	\$0.10	2019	1.25 years
\$0.105	500,000	\$0.105	2020	1.86 years
	3,200,000	\$0.101		1.35 years

**14. WARRANTS**

**In 2017:**

The Company estimated the fair value of the following warrants using the Black-Scholes option pricing model with the following assumptions: a term of two years, a risk-free interest rate (per Bank of Canada) of 0.69%, volatility of 210% and share price of \$0.10 for warrants issued January 17, 2017.

Warrants to purchase 29,000 common shares at \$0.20 per share, having an expiration date of January 17, 2019 were issued as part of a shares for debt settlement completed on January 17, 2017. These warrants have been valued at \$1,298.

Warrants to purchase 346,500 common shares at \$0.20 per share, having an expiration date of January 17, 2019 were issued as part of a private placement completed on January 17, 2017. These warrants have been valued at \$15,506.

On February 21, 2017, the Company extended the expiry dates of 660,000 warrants exercisable at \$0.20 per share until March 4, 2019.

On August 29, 2017, the Company extended the expiry dates of 500,000 warrants exercisable at \$0.20 per share until September 16, 2019.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**14. WARRANTS, continued**

On December 30, 2017, the Company extended the expiry dates of 100,000 warrants exercisable at \$0.20 per share until January 11, 2019 and 3,275,000 warrants exercisable at \$0.20 per share until April 16, 2019.

**In 2018:**

The Company estimated the fair value of the following warrants using the Black-Scholes option pricing model with the following assumptions: a term of three years, a risk-free interest rate (per Bank of Canada) of 1.6%, volatility of 119% and share price of \$0.10 for warrants issued February 23, 2018.

Warrants to purchase 2,050,000 common shares at \$0.10 per share, having an expiration date of February 23, 2021 were issued as part of a private placement completed on February 23, 2018. These warrants have been valued at \$102,089.

On May 28, 2018, the 2,500,000 warrants exercisable at \$0.25 per share expired.

On June 5, 2018, the Company extended the expiry dates of 10,231,740 warrants exercisable at \$0.15 per share until June 30, 2019.

	Warrants Outstanding	Weighted Average Exercise Price - CAD
Balance, December 31, 2016	21,801,740	\$0.18
Issued with private placements	346,500	\$0.20
Issued for settlement of debt	29,000	\$0.20
Balance, December 31, 2017	22,177,240	\$0.18
Issued with private placements	2,050,000	\$0.10
Expired warrants	(2,500,000)	\$0.25
Balance, June 30, 2018	21,727,240 <sup>(1)</sup>	\$0.16

Warrants Outstanding and Exercisable	Exercise Price CAD	Expiry Date
10,231,740	\$0.15	June 30, 2019
750,000	\$0.10	October 9, 2018
1,185,000	\$0.20	October 9, 2018
3,275,000	\$0.20	April 16, 2019
1,100,000	\$0.20	November 24, 2018
1,000,000	\$0.20	November 28, 2018
660,000	\$0.20	March 4, 2019
500,000	\$0.20	September 16, 2019
100,000	\$0.20	January 11, 2019
500,000	\$0.20	November 7, 2018
375,500	\$0.20	January 17, 2019
2,050,000	\$0.10	February 23, 2021
21,727,240 <sup>(1)</sup>	\$0.16	

<sup>(1)</sup> Warrants issued does not include the 107,000 warrants priced in US dollars that are treated as a derivative financial instrument (see note 10).

**15. SUPPLEMENTAL DISCLOSURES**

**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		6 months	
	2018	2017	2018	2017
Trade and other receivables	\$ (401)	\$ (294)	\$ (1,640)	\$ 809
Prepaid	-	22,357	-	30,607
Trade and other payables	45,242	(8,821)	(47,361)	(88,650)
Subscriptions received	-	-	(10,000)	72,035
Due to related parties	8,319	(6,000)	(7,860)	-
	\$ 52,980	\$ 7,242	\$ (66,861)	\$ 14,801

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**16. SEGMENTED INFORMATION**

The Company has the following geographical segments:

	Canada		United States		Total
	June 30, 2018				
Identifiable assets	\$ 15,870	\$	680,162	\$	696,032
Exploration expenditures	-		690		690
June 30, 2017					
Identifiable assets	28,194		670,276		698,470
Exploration expenditures	\$ -	\$	1,611	\$	1,611

**18. FINANCIAL INSTRUMENTS**

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements.

Fair value represents the price at which a financial instrument could be exchanged for in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

Fair value of financial instruments	June 30, 2018		June 30, 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
<b>Loans and receivables</b>				
Cash and cash equivalents	\$ 900	\$ 900	\$ 2,802	\$ 2,802
Trade and other receivables	2,943	2,943	2,186	2,186
	\$ 3,843	\$ 3,843	\$ 4,988	\$ 4,988
Financial liabilities				
<b>Other financial liabilities</b>				
Trade and other payables	\$ 137,338	\$ 137,338	\$ 141,360	\$ 141,360
Subscriptions received	22,035	22,035	72,035	72,035
Due to related parties	418,989	418,989	567,673	565,891
Long-term debt	260,155	260,155	220,523	219,242
Convertible debentures	341,426	341,426	104,960	104,960
<b>FVTPL</b>				
Derivative financial instruments	4,439	4,439	7,044	7,044
	\$ 1,184,382	\$ 1,184,382	\$ 1,113,595	\$ 1,110,532

The carrying value of cash and cash equivalents, trade and other receivables, subscriptions received and trade and other payables approximate its fair value due to their short-term nature. The fair value of the due to related parties, long-term debt and convertible debentures is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The Company is required to classify fair value measurements using a hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follow:

- Level 1 – quoted prices in active markets for identical assets or liabilities; and
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - inputs that are unobservable and significant to the overall fair value measurement.

Derivative financial instruments are included in Level 2.

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.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

**18. FINANCIAL INSTRUMENTS, continued**

**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 June 30, 2018, the Company had a net working capital deficiency of \$585,754 (2017 - \$551,087). 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 equity offering (see note 1).

The following amounts are the contractual maturities of financial liabilities and other commitments as at June 30, 2018:

	Total	1 year	2 – 5 years
Trade and other payables	\$ 137,338	\$ 137,338	\$ -
Subscriptions received	22,035	22,035	-
Due to related parties	418,989	96,386	322,603
Long-term debt	260,155	-	260,155
Convertible debentures	341,426	341,426	-
	<u>\$ 1,179,943</u>	<u>\$ 597,185</u>	<u>\$ 582,758</u>

**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 either does not have significant interest-bearing instruments or the interest is at a fixed rate.

**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 US 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.

CMX GOLD & SILVER CORP.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Three-month periods ended June 30, 2018 and 2017

---

**18. FINANCIAL INSTRUMENTS, continued**

As the Company currently holds minimal US 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. The Company is exposed to currency risk as its the functional currency of its subsidiary is US dollars. A 5% appreciation in the US currency would result in a gain of \$34,008 in other comprehensive income and a 5% depreciation in the US currency would result in a loss of \$32,389 in other comprehensive income.

**19. 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' deficiency.

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 share capital. 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 is not subject to externally imposed capital requirements. There have been no changes in the Company's capital management in the current year.

**20. COMMITMENTS**

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

Clayton property: \$1,900 for property taxes and claims fees

**21. SUBSEQUENT EVENTS**

The Company has no subsequent events to report.