

# CMX GOLD & SILVER CORP.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion is management's analysis of CMX Gold & Silver Corp.'s (the "Company" or "CMX") operating and financial data for the nine months ended September 30, 2021 and 2020 as well as management's estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the unaudited consolidated financial statements and notes for the nine months ended September 30, 2021 and 2020.

This Management's Discussion and Analysis ("MD&A") and the consolidated financial statements and comparative information have been prepared in accordance with IFRS.

Technical disclosure for the Clayton Property included in this MD&A has been reviewed by Richard Walker, P.Geo., a Qualified Person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101").

All financial information in this MD&A is stated in Canadian dollars, the Company's reporting currency, unless otherwise noted. The MD&A was prepared effective November 29, 2021. Additional information relating to CMX can be found at [www.sedar.com](http://www.sedar.com).

## MATERIAL FORWARD-LOOKING STATEMENTS

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

## RESPONSIBILITY OF MANAGEMENT

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

## ABOUT CMX GOLD & SILVER CORP.

CMX is a junior mining company with a silver-lead-zinc property in the United States of America. The Company's focus is the development of its 100%-owned Clayton property located in Idaho, U.S.A., with the primary focus being to determine the feasibility of reactivating the mine. The Clayton property has historically produced silver, lead and zinc with minor gold. The property is held by CMX's wholly owned subsidiary, CMX Gold & Silver (USA) Corp.

In Canada, the Company's shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "CXC", and in the USA, the Company's shares trade on the OTC Markets under the trading symbol "CXXMF".

## 2021 OVERVIEW

The Company's strategy is to proceed with work programs on the Clayton Silver Property, including further sampling of the mine dump, geophysical work on the mine site to delineate future drilling targets and preliminary engineering on the refurbishment of the mill.

To carry out further programs on the Clayton property, the Company is pursuing several funding programs. CMX has made significant progress attracting a strategic investor to provide multi-year funding for the Clayton project. Although there is no certainty that the financing efforts will be successful, the Company's goal is to secure funds for work programs on the Clayton property commencing in the fourth quarter 2021.

On February 23, 2021, 2,050,000 warrants exercisable at \$0.10 per share expired.

On June 22, 2020, the Alberta Securities Commission (ASC) and the Ontario Securities Commission (OSC) issued cease trade orders ("CTO") for CMX's failure to file audited financial statements for the fiscal year ended December 31, 2019 and related continuous disclosure documents. On June 15, 2021, CMX was granted a partial revocation of the CTO issued by the ASC for the purpose of completing a private placement to raise capital to complete 2019 and 2020 audits of the Company's financial statements and to make all requisite regulatory filings. On June 30, 2021, CMX closed the private placement of 7,000,000 units at an issue price of \$0.05 per unit, with each unit comprised of one common share and one common share

purchase warrant exercisable for two years at \$0.10 per share. The cash proceeds of the private placement were \$200,000 for 4,000,000 units and \$150,000 of debt was settled for 3,000,000 units.

On October 4, 2021, the ASC and OSC issued a Revocation Order revoking the CTO.

On November 19, 2021, the Company closed a private placement of 1,800,000 units at an issue price of \$0.05 per unit, with each unit comprised of one common share and one common share purchase warrant exercisable at \$0.10 per share expiring on November 19, 2023, for cash proceeds of \$90,000.

On November 19, 2021, the Company closed a private placement of 1,670,000 units at an issue price of \$0.05 per unit, with each unit comprised of one common share and one common share purchase warrant exercisable at \$0.10 per share expiring on November 19, 2023, in settlement of \$83,500 of debt.

On November 19, 2021, the Company closed shares-for-debt settlements of \$1,193,625 with the issuance of 15,915,000 common shares at an issue price of \$0.075 per share.

On November 24, 2021, the Company was reinstated for trading on the CSE.

## COVID-19

Covid-19 had a major negative effect on the Company in 2020. Due to the negative economic effects of Covid-19 and the restrictions put in place by governments around the world, the Company was unable to close the RTO that had been announced on June 28, 2019. At that time, CMX had requested a halt in trading pending the closing of the transaction and the Company was unable to recommence trading once it was informed the RTO transaction would not be completed. This put the Company in a difficult position where it could not raise funds to complete the annual audits, resulting in the Company being unable to file its annual financial statements. This caused the CTO to be issued on June 22, 2020.

The Company has now received a revocation of the cease trade order and expects to be in a position to move forward with the Company's exploration efforts.

The Company continues to be affected by the restrictions in place due to Covid-19 with respect to management travel to the Clayton property in Idaho but anticipates an easing of these restrictions later in 2021.

Other than as disclosed above, the Company does not anticipate any further material negative effects from Covid-19 for the remainder of 2021, although determining what will happen past 2021 is impossible due to the inability to predict any future outbreaks of Covid-19.

## RESULTS OF OPERATIONS

During the nine months ended September 30, 2021, the company realized a loss before financing expenses of \$191,171 compared to a loss before financing expenses of \$74,497 in 2020, resulting in an increase of \$116,674. The Company's operations were heavily curtailed during 2020 due to Covid-19 resulting in a reduction of operating costs during that period. The Company has had an increase in activity as it completed raising equity funding and subsequently completed its audits and brought its regulatory filings up to date.

The following table itemizes the net loss from operations for the nine months ended September 30, 2021 and 2020.

### SCHEDULE OF LOSS BEFORE FINANCING EXPENSES

	2021	2020
Management fees	\$ 139,466	\$ 43,740
General and administrative	10,832	16,772
Listing and filing fees	34,943	8,138
Professional Fees	6,200	-
Mineral property expenditures	3,213	3,500
Loss on foreign exchange	1,111	1,624
Shareholder reporting & investor communications	722	723
Expense recovery	(5,316)	-
<b>Loss before financing income (expenses)</b>	<b>\$ 191,171</b>	<b>\$ 74,497</b>

## EXPLORATION AND EVALUATION ASSETS

The Company's only exploration and evaluation asset is the Clayton Property, which has a carrying value of \$658,065. Total exploration expenditures on the property to September 30, 2021, are \$339,115. These expenditures are expensed in the period incurred for financial reporting purposes. Although there have been no material expenditures on the Clayton property during

the nine-month periods ended 2021 and 2020, the Company expects to be able to raise the necessary funding to commence work on the Clayton project in early 2022

### **Clayton Property**

The Clayton Silver Mine, discovered in the late 1800's and historically one of the most active underground mines in the Bayhorse Mining District in central Idaho for lead, zinc, silver, and copper with minor gold. Located approximately 30 km south-southwest of Challis in Custer County, central Idaho, the 276 ha (684 acre) property consists of 29 patented mining claims and two patented mills sites, comprising approximately 228 ha (565 acres). An additional six unpatented mining claims were filed in January 2015 and comprise 48 ha (119 acres) adjacent to and contiguous with the property to the south.

The Company has compiled and comprehensively reviewed available historical drilling and mining information for the Clayton Mine and the Clayton Silver Property. Information available in the public domain was obtained from both the United States and Idaho Geological Surveys. Several sub-surface mine plans were obtained from private sources, as well as the U.S. Department of the Interior, Office of Surface Mining. These data provide the basis for an initial compilation of the sub-surface workings tied to surface. The underground workings are flooded and inaccessible and, consequently, historical records are the only source of information available.

The Clayton silver-lead-zinc-copper mine had total production of 218,692 kg silver (7,031,110 oz), 39,358,903 kg lead (86,771,527 lbs), 12,778,700 kg zinc (28,172,211 lbs), and 754,858 kg copper (1,664,177 lbs), with 67 kg (2,154 oz) gold from an estimated 2,145,652 tonnes of ore mined between 1934 and 1985. Mineralization was originally discovered in 1877, with the mine operating almost continuously over 50 years until its closure in 1986 due to low metal prices.

The Clayton Mine was developed on eight levels to a depth of 1,100 feet (335 meters) below surface and is comprised of approximately 6,000 meters (19,690 feet) of underground development. Two major ore bodies were partially mined: the "South Ore Body" and the "North Ore Body". Both are tabular ore bodies raking northeast to depth. Production was initiated on the South Ore Body and development extended to the North Ore Body. As a result of lower silver prices, the mine was closed in early 1986. Mineralization is open to the north, the south and to depth, all of which is untested. For example, there is potential for resources to exist at shallower depths below and adjacent to the South Ore Body.

Historical records indicate the "South Ore Body" was mined from the 100-foot level to the 800-foot level, while the "North Ore Body" was mined from the 100-foot level to the 1100-foot level. Internal mine records from 1966 indicate a resource of 597,075 tonnes between the 800-foot level and 1300-foot level, having a weighted average grade of 3.83 oz Ag/t. Values for lead and zinc were not disclosed. Underground development on the 800-foot level was extended to the "North Ore Body", with subsequent development down to the 1100-foot level to access the ore. Records indicate that as of January 1, 1982, there were approximately 458,590 tonnes of ore identified between the 800 and 1100 foot levels. Of this resource, 52,800 tonnes were mined in 1983, 76,110 tonnes in 1984 and 102,258 in 1985, suggesting 227,422 tonnes have not been mined. Additional tonnage identified down to the 1530-foot level was not mined and, therefore, is interpreted to remain available. Significant potential is demonstrated in hole 1501-A, drilled in the mid-1960's, which penetrated the mineralized zone at 1,425 feet. At that depth, the hole intercepted 22 feet (6.70 m) of 4.07 oz Ag/t, 5.75% lead and 5.37% zinc (note: true width is unknown).

On November 23, 2015, CMX filed on SEDAR a NI 43-101 compliant technical report dated March 7, 2013 for the Clayton Silver Property.

### ***Clayton Evaluation Program***

In August 2014, representatives of the Company collected a total of 95 samples from 19 locations, including 16 locations on the Mine Dump situated immediately adjacent to the old Clayton Mine workings and extending to the south. An additional three locations were sampled on the Tailings Pile south of the mine. An aggregate of over 3,000 kilograms of sample material was collected. Sample locations were selected to ensure representative samples. CMX representatives were on site during sampling to ensure random sample selection. A tracked backhoe was used to trench to a maximum depth of approximately 12 feet and five representative samples, each weighing roughly 33 kg, were taken at 2-3 foot intervals for each location.

The preliminary results from analysis of the Mine Dump samples confirmed the presence of a suite of metals of potential interest. Panning of material from the Mine Dump has confirmed the presence of free, relatively coarse gold, while analysis of the samples documents the presence of gold in each sample. In particular, assays confirmed gold values up to 2.84 gm/t (Sample 11369) with an average of 0.80 gm/t for the 16 locations comprised of the initial suite of samples.

### **Plans and Status for The Clayton Project**

Although the Clayton property was a producing mine until 1986 as outlined above, the Company classifies the property as an early-stage project as the Company has not completed any programs to assess the resource potential.

The Company has developed plans to assess the underground resource potential as well as to investigate the economic potential of the above ground mine dump. The Company has not commenced any programs since the completion of the sampling and analysis program on the mine dump in the 2014/2015 and has not incurred any material expenditures on the Clayton property since that time.

The Company will commence programs over the next several years to assess the resource potential within the structures related to the previously mined sections and to expand the search to determine the potential for other mineralized zones in adjacent structures. This will entail detailed geophysical work and multiple drill programs. CMX has concluded that very little geophysics was done on the property historically.

The Company plans to commence the first program, during the fourth quarter of 2021 with geophysical work to pinpoint drill locations for immediate follow-up drilling within the known mineralized systems identified and referred to as the South and North Ore Bodies in the old mine workings.

Management also plans a more detailed sampling program commencing to assess the economic potential of the Mine Dump. The program will include drilling in a grid pattern over the mine dump to recover multiple samples from each location. The Mine Dump is estimated to contain greater than 500,000 tonnes of metal-bearing material readily available for immediate processing. Upon completion of the detailed sampling and conditional on satisfactory results, CMX intends to proceed with a preliminary economic assessment (PEA) specifically for the mine dump.

The Company requires substantial funding to complete the programs on the Clayton property and has put together plans for the initial funding of the project, although as outlined above, Covid-19 has caused substantial delays in CMX's funding process. The Company is working on plans to obtain the necessary funding with the goal of closing the funding in the latter part of the fourth quarter of 2021 or early in 2022.

Outlined in the LIQUIDITY AND CAPITAL RESOURCES section below are the expected cash flow requirements for the upcoming 12-month period.

*Phase 1 Work Programs for the 12-month period once funding is received:*

Site preparation and clean up	\$	75,000
<i>Underground Resources Potential</i>		
Geophysics		60,000
Drilling – approximately 4,000 feet		800,000
Geochemical Assays		80,000
<b>Total Underground Resources Potential</b>		<b>1,015,000</b>
<i>Mine Dump</i>		
Drilling – approximately 2,500 feet		470,000
Geochemical Assays		12,500
<b>Total Mine Dump</b>		<b>485,000</b>
Total program cost	\$	1,500,000

**SUMMARY OF QUARTERLY RESULTS**

	2021				2020			2019
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Loss before financing costs	<b>\$80,050</b>	\$66,437	\$44,684	\$52,326	\$19,607	\$19,554	\$35,336	\$96,769
Loss before financing costs on a per share basis	<b>0.002</b>	0.002	0.001	0.001	0.001	0.001	0.001	0.004
Net loss	<b>\$97,728</b>	\$87,670	\$64,630	\$78,292	\$38,162	\$39,097	\$53,331	\$100,328
Net loss on a per share basis	<b>0.002</b>	0.003	0.002	0.002	0.001	0.001	0.002	0.004

## LIQUIDITY AND CAPITAL RESOURCES

The net loss from operations for the nine months ended September 30, 2021, was funded through the issuance of shares and debt. As of September 30, 2021, the Company had a net working capital deficiency of \$1,408,861 (2020 - \$1,431,716). As disclosed in the 2021 OVERVIEW, the Company completed private placements for cash as well as in settlement of debt. This has the effect on a pro forma basis of reducing the working capital deficiency as at September 30, 2021, to \$41,736 (see "PRO FORMA STATEMENT"). Future operations will be funded by the issuance of capital stock. The Company is seeing an increase in interest in the junior mining sector as commodity prices continue to improve. As outlined above, CMX is working on plans to raise sufficient funds to carry out the planned programs on Clayton (see "EXPLORATION AND EVALUATION ASSETS").

### Estimated Cash Flow Requirements for the Next 12 Months

Sampling, drilling, exploration and site preparation work on the Clayton property (funding dependent)	\$ 1,500,000
General and administrative	<u>335,000</u>
Total estimated cash requirements	<u>\$ 1,835,000</u>

The total exploration program expenditures are contingent on CMX being able to raise sufficient equity capital in the future.

## GOING CONCERN RISK

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

## RISKS AND UNCERTAINTIES

### *Exploration and Development Risks*

It is indeterminable if exploration properties will result in profitable commercial mining operations. Mine development projects such as the Clayton Property require significant expenditures during the exploration and development phase before production is possible. Exploration and development projects are subject to the completion of successful drilling and assay results, feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors, including estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, future metal prices, and anticipated capital and operating costs. Although the Clayton property has past operating history the data is limited upon which to base estimates of future production and cash operating costs. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production. Any of the following events, among others, could affect the profitability or economic feasibility of a project. Unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labor, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in metals prices, foreign exchange rates, accidents, labor actions and force-majeure events. It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays can often occur at the start of production.

### *Title risk*

The Company holds patented claims as well as claims on Bureau of Land Management (BLM) lands in Idaho. The company makes a search of mining records in accordance with mining industry practices to confirm satisfactory title to properties in which it holds or intends to acquire an interest. CMX has obtained title insurance on the Clayton patented claims, but coverage is limited to the purchase price of U.S. \$500,000. Although the Company maintains its patented claims by ensuring timely payment of its property taxes and payment of annual fees on its BLM claims, the possibility exists that title to one or more of

its claims might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims, or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. There is no guarantee that title to the company's properties and concessions will not be challenged or impugned in the future. The properties may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects.

**Share Price Risk**

The Company must raise capital through share issuances in order to fund the ongoing exploration and development of its property and the dilution factor of this fund raising is heavily affected by the price per share. The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market sentiment toward the resource sector and for all resource sector shares, the breadth of the public market for the stock, the need for certain funds to sell shares for external reasons other than those relevant to the Company and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Company on the exchanges on which the common shares are listed suggests that the share price will be volatile.

**COMMITMENTS**

The Company may enter into management contracts at some future date. These contracts will be negotiated in the normal course of operations and will be measured at the exchange amount which is the amount of consideration established and agreed by the parties and will reflect the values that the Company would transact with arm's length parties.

The Company currently has the following yearly commitments:

Clayton property: US\$2,120 for property taxes and claims fees.

These commitments will change if the Company acquires other property or completes further claim staking.

**SUBSEQUENT EVENTS**

Other than as noted elsewhere in this MD&A, no other subsequent events occurred after the period ended September 30, 2021.

**ARRANGEMENTS**

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

- i) estimated capital expenditures on projects that are in progress;
- ii) estimated future recoverable value of property associated with exploration and evaluation and any associated impairment charges or recoveries; and
- iii) estimated deferred tax assets and liabilities based on current tax interpretations, regulations and legislation that is subject to change.

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

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

**OUTSTANDING SHARE DATA**

	November 29, 2021	
Common Shares Issued and Outstanding	62,690,724	
	<b>Warrants Outstanding</b>	Weighted Average Exercise Price - CAD
Balance, December 31, 2019	2,150,000	\$ 0.105
Expired warrants	(100,000)	\$ 0.20
Balance, December 31, 2020	2,050,000	\$ 0.105

Expired warrants	(2,050,000)	\$ 0.105
Issued for cash	5,800,000	\$ 0.10
Issued for debt	4,670,000	\$ 0.10
<b>Balance, November 29, 2021</b>	<b>10,470,000</b>	<b>\$ 0.10</b>

### Stock Option Plan

Options to purchase 500,000 shares at \$0.105 per share expired unexercised on May 8, 2020.

Options to purchase 2,700,000 shares at \$0.10 per share, expired unexercised on December 3, 2020.

As of November 29, 2021, there were no options issued or outstanding.

### TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2021, the Company incurred management fees of \$71,160 (2020 - \$33,600) to a corporation controlled by the spouse of a director of the Company. These fees are for a portion of the management services provided by Jan Alston, the President of the Company. These fees were paid subsequent to the period end (see “2021 OVERVIEW”).

During the nine months ended September 30, 2021, the Company incurred management fees of \$30,000 (2020 – \$10,080) to the President of the Company. These fees are for a portion of the management services provided by the President of the Company.

During the nine months ended September 30, 2021, the Company incurred management fees of \$38,307 (2020 - consulting fees of \$16,115) to the Glen Alston, Chief Financial Officer of the Company. These fees are for management services provided by the CFO of the Company. These fees were paid subsequent to the period end (see “2021 OVERVIEW”).

Other than as disclosed above, during the nine months ended September 30, 2021, related parties had the following transactions:

Related party	Loans to the Company	Payments to related party	GST accrued to related party	Expenses paid on behalf of the Company	Interest accrued on debt
Bearing Energy (Canada) Corp. <sup>(1)</sup>	\$ -	\$ -	\$ -	\$ -	\$ 2,822
Brinkton Corporation <sup>(2)</sup>	-	44,500	3,558	240	29,604
Jan Alston, President	-	2,688	-	4,502	-
James O’Sullivan, Corporate Secretary	-	-	-	-	313
Glen Alston, Consulting Accountant	-	17,000	1,915	-	8,990
Bruce Murray, Director	-	-	-	-	602
Dack Resources <sup>(3)</sup>	-	-	-	-	1,860
David Clements, director	5,000	5,000	-	-	337
John Niedermaier, Director	-	-	-	-	1,382
<b>Total</b>	<b>\$ 5,000</b>	<b>\$ 69,188</b>	<b>\$ 5,473</b>	<b>\$ 4,742</b>	<b>\$ 45,910</b>

Notes:

- (1) President is a director of Bearing Energy (Canada) Corp.
- (2) The spouse of the President is a director of Brinkton Corporation.
- (3) David Clements is a director of Dack Resources.

Payments were applied against balances owed to related parties and advances to the Company were treated as loans to the Company by related parties. Related party debt bears an interest rate of 6% per annum.

The Company does not have any formal contractual agreements with any related parties. The president, CFO and consulting

accountant charge fees based on hours worked at hourly rates agreed upon between the related party and the Company.

## CONTINGENT LIABILITIES

The Company has no contingent liabilities.

## FINANCIAL INSTRUMENTS

Set out below is a comparison, by category, of the carrying amounts and fair values of all 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	September 30, 2021		September 30, 2020	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	\$ 1,484	\$ 1,484	\$ 42	\$ 42
	\$ 1,484	\$ 1,484	\$ 42	\$ 42
Financial liabilities				
Trade and other payables	\$ 180,455	\$ 180,455	\$ 175,451	\$ 175,451
Subscriptions received	-	-	32,509	32,509
Due to related parties	817,172	817,172	833,435	833,435
Debentures – related parties	203,817	203,817	252,175	252,175
Debentures – non-related parties	208,901	208,901	137,188	137,188
	\$ 1,410,345	\$ 1,410,345	\$ 1,431,758	\$ 1,431,758

The carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and dividends payable approximate its fair value due to their short-term nature.

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.

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.

### 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. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.

### b) Liquidity risk

Liquidity risk is that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As at September 30, 2021, the Company had a net working capital deficiency of \$1,408,861 (2020 - \$1,431,716). Management is continuously monitoring its working capital position and will raise funds through the equity markets as required (see "LIQUIDITY AND CAPITAL RESOURCES"). 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.

The following amounts are the contractual maturities of financial liabilities and other commitments as at September 30, 2021:

	Total	1 year	2 – 5 years
Trade and other payables	\$ 180,455	\$ 180,455	\$ -
Subscriptions received	-	-	-
Due to related parties	817,172	817,172	-
Debentures – related parties	203,817	203,817	-
Debentures – non-related parties	208,901	208,901	-
	\$ 1,410,345	\$ 1,410,345	\$ -

**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 U.S. funds. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

Foreign currency risk could adversely affect the Company, in particular the Company's ability to operate in foreign markets. Foreign currency exchange rates have fluctuated greatly in recent years. There is no assurance that the current exchange rates will mirror rates in the future.

The Company currently has minimal foreign currency risk although in the future foreign currency risk may affect the level of operations of the Company. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

As the Company currently holds minimal 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.

**CAPITAL MANAGEMENT**

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

- 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 does not earn any revenue from its mineral properties and therefore does 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.

## PRO FORMA STATEMENT

The pro forma statement illustrates the Company's financial position taking into account the private placements completed on November 19, 2021, for cash and debt, as if they had occurred on September 30, 2021.

### CMX GOLD & SILVER CORP. CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION

As at	September 30, 2021
<b>ASSETS</b>	
Current	
Cash and cash equivalents	\$ 62,672
Exploration and evaluation	<u>658,065</u>
	<u>\$ 720,737</u>
<b>LIABILITIES</b>	
Current	
Trade and other payables	\$ 22,793
Due to related parties	67,655
Debenture to related parties	<u>13,960</u>
Total liabilities	<u>104,408</u>
<b>SHAREHOLDERS' EQUITY</b>	
Share capital	5,602,633
Warrants	115,745
Contributed surplus	1,140,717
Accumulated other comprehensive income	141,837
Deficit	<u>(6,384,603)</u>
Total shareholders' equity	<u>616,329</u>
	<u>\$ 720,737</u>

## ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on CMX's website: [www.cmxgoldandsilver.com](http://www.cmxgoldandsilver.com).