



# **CMX GOLD & SILVER CORP.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2022 and 2021**

## **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 March 31, 2022. 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, 2021.

CMX GOLD & SILVER CORP.  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	March 31, 2022 Unaudited	December 31, 2021 Audited
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 33,620	\$ 16,065
Exploration and evaluation (note 6)	645,401	654,811
<b>Total assets</b>	<b>\$ 679,021</b>	<b>\$ 670,876</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade and other payables	\$ 26,805	\$ 58,223
Subscriptions received (note 7)	100,800	-
Due to related parties (note 8)	141,154	97,842
Debentures to related parties (notes 8 and 9)	14,372	14,162
<b>Total liabilities</b>	<b>283,131</b>	<b>170,227</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 10)	5,048,987	5,048,987
Warrants (note 12)	168,591	168,591
Contributed surplus (note 13)	1,214,378	1,140,717
Accumulated other comprehensive income	129,242	137,922
Deficit	(6,165,308)	(5,995,568)
<b>Total shareholders' equity</b>	<b>395,890</b>	<b>500,649</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 679,021</b>	<b>\$ 670,876</b>

Going concern (note 2)  
Commitments (note 18)  
Subsequent events (note 19)

Approved on behalf of the Board of Directors

/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 LOSS AND COMPREHENSIVE LOSS

For the three months ended March 31,	2022	2021
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Expenses		
Compensation expense (note 11)	\$ 73,661	\$ -
Management fees (note 8)	60,570	29,433
Listing and filing fees	24,085	2,250
Shareholder reporting and investor communications	4,444	147
Mineral property expenditures (note 6)	3,025	410
General and administrative	1,426	10,543
Loss on foreign exchange	690	1,901
	<hr/>	<hr/>
	167,901	44,684
Loss before financing expenses	(167,901)	(44,684)
Financing expenses		
Related party debenture and loan interest (notes 8 and 9)	(1,514)	(14,397)
Bank charges and third-party interest	(325)	(5,549)
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Net loss for the three-month period	(169,740)	(64,630)
Other comprehensive loss		
Items that may be reclassified subsequently to net income or loss		
Exchange difference on translating foreign operation	8,680	(6,093)
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Total loss and comprehensive loss for the three-month period	\$ (161,060)	\$ (70,723)
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Basic and diluted loss per share	\$ (0.0027)	\$ (0.0018)
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Weighted average number of shares outstanding – basic and diluted	62,690,724	36,305,724
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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, 2020	36,305,724	\$ 4,001,253	\$ 84,445	\$ 140,362	\$ 1,056,272	\$ (6,134,575)	\$ (852,243)
Shares issued for cash (note 10 and 12)	5,800,000	195,877	94,123	-	-	-	290,000
Shares issued for debt (note 10 and 12)	20,585,000	851,857	74,468	-	-	-	926,325
Expired warrants (note 12)	-	-	(84,445)	-	84,445	-	-
Net income for the year	-	-	-	-	-	139,007	139,007
Exchange difference on translating foreign operation	-	-	-	(2,440)	-	-	(2,440)
Balance December 31, 2021	62,690,724	\$ 5,048,987	\$ 168,591	\$ 137,922	\$ 1,140,717	\$ (5,995,568)	\$ 500,649
Compensation expense (note 11)	-	-	-	-	73,661	-	73,661
Net loss for the period	-	-	-	-	-	(169,740)	(169,740)
Exchange difference on translating foreign operation	-	-	-	(8,680)	-	-	(8,680)
Balance March 31, 2022	62,690,724	\$ 5,048,987	\$ 168,591	\$ 129,242	\$ 1,214,378	\$ (6,165,308)	\$ 395,890

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

CMX GOLD & SILVER CORP.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31,	2022	2021
Cash flow used in operating activities		
Net loss	\$ (169,740)	\$ (64,630)
Items not affecting cash		
Compensation expense	73,661	-
Management fees (note 8)	39,953	29,433
Related party debenture and loan interest (notes 8 and 9)	1,515	14,396
Third party debenture and loan interest (note 9)	-	4,300
Gain on foreign exchange	690	1,901
Changes in non-cash working capital items (note 14)	(29,324)	15,432
Net change in cash and cash equivalents	(83,245)	832
Cash flows generated from financing activities		
Subscriptions received	100,800	-
	100,800	-
Net change in cash and cash equivalents	17,555	832
Cash and cash equivalents, beginning of period	16,065	233
Cash and cash equivalents, end of period	\$ 33,620	\$ 1,065

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

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

Three months ended March 31, 2022 and 2021

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**1. NATURE OF OPERATIONS**

CMX Gold & Silver Corp. (the "Company" or "CMX") was incorporated on July 30, 1986 pursuant to the laws of the Province of Alberta, Canada 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.  
31 Stranraer Place SW  
Calgary, Alberta  
Canada T3H 1H5

The unaudited consolidated financial statements were authorized for issuance by the Board of Directors on May 30, 2022.

Covid-19 did not have a major impact on the Company during the three months ended March 31, 2022. The Company continues to manage cross-border travel restrictions in place due to Covid-19 and anticipates an easing of these restrictions through 2022. The Company does not anticipate any further negative effects from Covid-19 for the remainder of 2022 although determining what will happen past 2022 is impossible due to the inability to predict any further outbreaks of Covid-19.

**2. 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 year ended March 31, 2022, the Company incurred a net loss of \$169,740 (2021 - \$64,630). As a result of the recurring losses over the Company's history, the Company has an accumulated deficit of \$6,165,308 as at March 31, 2022 (2021 - \$6,199,205). At March 31, 2022, the Company had a working capital deficiency of \$235,140 (2021 - \$1,572,507). The Company currently does not have the necessary financing in place to support continuing losses. To mitigate the working capital deficiency, the Company plans to raise capital through equity issuance (see notes 7 and 19). Historically, the Company has financed its operations and property acquisitions through the use of funds obtained from share issuances.

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. These events and conditions indicate a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

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.  
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Three months ended March 31, 2022 and 2021

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**3. 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 which have been accounted for at fair value.

**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.

**4. 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 Company’s ability to execute its strategy as a going concern by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances.

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 months ended March 31, 2022 and 2021

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## 5. 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**

The Corporation records financial instrument in accordance with *IFRS 9 Financial Instruments*.

A financial asset is classified as fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVOCI"), or amortized cost. Purchases and sales of financial assets are recorded on a settlement date basis.

All financial instruments are initially recorded at their fair value. After initial recognition, all investments are measured at fair value. All gains and losses arising from changes in fair value of the investments are presented in comprehensive loss within changes in unrealized depreciation/appreciation of investments in the period in which the gains and losses arise. The Corporation would only reclassify a financial asset when the Corporation changes its business model for managing the financial asset. All reclassifications are recorded at fair value at the date of reclassification, which becomes the new carrying value. There has been no reclassification for the quarter ended March 31, 2022, or 2021.

#### i) Financial assets classified at fair value through profit and loss

Financial assets are classified as FVTPL if the asset is an equity investment, if the Corporation has not elected to classify the equity investment as FVOCI, or if the Corporation's business model for holding the investment is achieved other than by both collecting contractual cash flows and by selling the assets.

FVTPL assets are initially recorded at fair value with realized gains and losses on disposition and subsequent changes in fair value recorded in net income. Directly attributable transaction costs are reported in net income as incurred

#### ii) Non-derivative financial liabilities

Non-derivative financial liabilities are recognized initially on the date the Corporation becomes a party to the contractual obligations of the financial instrument. All non-derivative financial liabilities are recognized initially at fair value along with directly attributable transaction costs. Subsequent to initial measurement, non-derivative financial liabilities are measured at amortized cost using the effective interest rate method.

The following table presents the Corporation's classification of financial assets and financial liabilities as at March 31, 2022 and 2021:

<b><u>Financial assets/ financial liability</u></b>	<b><u>Classification</u></b>
Cash	FVTPL
Trade and other payable	Amortized cost
Subscription received	Amortized cost
Due to related parties	Amortized cost
Trade and other receivables	Amortized cost
Long-term debt	Amortized cost
Debentures	Amortized cost
Derivative financial instruments	FVTPL

### **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.  
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**Impairment of financial assets**

The Company applies the simplified approach to providing for expected credit losses as prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade and other receivables. No change in measurement related to these items was recorded on the prior year comparative information, as there was no material impact.

**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.

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.

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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.

**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 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.

CMX GOLD & SILVER CORP.  
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**6. EXPLORATION AND EVALUATION ASSETS**

Total expenditures on exploration and evaluation properties capitalized:	
Balance at December 31, 2020	\$ 657,646
Foreign exchange effect	(2,835)
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Balance at December 31, 2021	654,811
Foreign exchange effect	(9,410)
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Balance at March 31, 2022	\$ 645,401

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. In 2015, the Company staked 6 unpatented claims.

The following table shows exploration expenditures to date on the Clayton property. These expenditures are expensed in the year that they occur.

Exploration expenditures Clayton	– balance December 31, 2020	\$ 335,902
	– 2021 expenditures	4,412
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	– balance December 31, 2021	340,314
	– 2022 expenditures	3,025
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	Total expenditures to March 31, 2022	\$ 343,339

**7. SUBSCRIPTIONS RECEIVED**

During the period the Company received \$100,800 in subscriptions for shares of the Company. The shares had not been issued as at March 31, 2022.

**8. DUE TO RELATED PARTIES**

During the three months ended March 31, 2022, the Company incurred management fees of \$11,385 (2021 - \$20,385) to a corporation controlled by the spouse of a director of the Company. These fees are unpaid and included in due to related parties.

During the three months ended March 31, 2022, the Company incurred management fees of \$29,880 (2021 - \$nil) to the President of the Company. A portion of these fees are unpaid and included in due to related parties.

During the three months ended March 31, 2022, the Company incurred management fees of \$19,305 (2021 - \$9,048) to the Chief Financial Officer of the Company. These fees are unpaid and included in due to related parties.

During the three months ended March 31, 2022, related parties received cash payments of \$22,500 (2021 - made cash payments of \$933).

During the three months ended March 31, 2022, \$1,514 (2021 - \$14,396) of related party interest was accrued and recorded to financing expenses. Related party debt bears an interest rate of 6% per annum and is due on demand.

**9. DEBENTURES**

During the three months ended March 31, 2022, \$nil (2021 - \$2,958) of third party interest was accrued and recorded to financing expenses.

On November 19, 2021, certain debenture holders settled \$398,758 in debentures and accrued interest in exchange for 5,316,773 common shares of the Company (see note 10).

As at March 31, 2022, the remaining debenture is due and payable.

**10. 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

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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 December 31, 2021 or March 31, 2022.

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 at \$0.10 per share expiring on June 30, 2023. 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. The fair value of the units was calculated at \$0.045, and the Company recognized a gain of \$15,000 on the settlement of the debt.

On October 4, 2021, the Alberta and Ontario Securities Commissions issued a revocation of their cease trade orders.

On November 19, 2021, the Company completed private placements for \$90,000 cash proceeds and \$83,500 of debt for 3,470,000 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. The fair value of the units was calculated at \$0.045, and the Company recognized a gain of \$8,350 on the settlement of the debt.

On November 19, 2021, the Company completed private placements for \$1,193,625 of debt for 15,915,000 shares issue at \$0.075 per share. The fair value of the shares was calculated at \$0.045, and the Company recognized a gain of \$477,450 on the settlement of the debt.

The total number of common shares outstanding as at March 31, 2022, is 62,690,724 (2021 – 36,305,724).

## 11. SHARE-BASED PAYMENTS

The total number of stock options granted under to the employee stock option plan may not exceed 10% of the issued and outstanding shares of the Company on the date of grant. 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.

On January 25, 2022, the Company granted options to purchase 5,300,000 shares at \$0.10 per share. The options vest one third on April 18, 2022 (the agreement date) and one third on each of the next two anniversaries of the grant date. The options expire on January 25, 2027.

A total of \$73,661 (2021 - \$nil) in fair value of options issued was recognized in the current period.

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	5,300,000	\$0.10	2027	4.82 years

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**12. WARRANTS**

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

Warrants to purchase 7,000,000 common shares at \$0.10 per share, having an expiration date of June 30, 2023, were issued as part of a private placement completed on June 30, 2021 (see note 10). These warrants have been valued at \$114,784.

The Company estimated the fair value of the 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 0.45% and volatility of 165%.

Warrants to purchase 3,470,000 common shares at \$0.10 per share, having an expiration date of November 19, 2023, were issued as part of a private placement completed on November 19, 2021 (see note 10). These warrants have been valued at \$53,807.

The Company estimated the fair value of the 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 0.97% and volatility of 92%.

	Warrants Outstanding	Weighted Average Exercise Price - CAD
Balance, December 31, 2020	2,050,000	\$ 0.10
Expired warrants	(2,050,000)	\$ 0.10
Warrants issued for cash	5,800,000	\$ 0.10
Warrants issued for debt	4,670,000	\$ 0.10
Balance, December 31, 2021 and March 31, 2022	10,470,000	\$ 0.10

Warrants Outstanding and Exercisable	Exercise Price CAD	Expiry Date
7,000,000	0.10	June 30, 2023
3,470,000	0.10	November 19, 2023
10,470,000		

Weighted average contractual life remaining of warrants at March 31, 2022, is 1.37 years.

**13. CONTRIBUTED SURPLUS**

Balance at December 31, 2020	\$ 1,056,272
Expired warrants (note 12)	84,445
Balance at December 31, 2021	\$ 1,140,717
Compensation expense (note 11)	73,661
Balance at March 31, 2022	\$ 1,214,378

**14. 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.

	2022	2021
Trade and other payables	(31,378)	12,969
Due to related parties	2,054	2,463
	\$ (29,324)	\$ 15,432

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### 15. SEGMENTED INFORMATION

The Company has the following geographical segments:

	Canada	United States	Total
	March 31, 2022		
Total assets	\$ 33,620	\$ 645,401	\$ 679,021
Exploration expenditures	-	3,025	3,025
	March 31, 2021		
Total assets	\$ 1,065	\$ 649,541	\$ 650,606
Exploration expenditures	-	410	410

### 16. 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	March 31, 2022		March 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and cash equivalents	\$ 33,620	\$ 33,620	\$ 1,065	\$ 1,065
	\$ 33,620	\$ 33,620	\$ 1,065	\$ 1,065
Financial liabilities				
Trade and other payables	\$ 26,805	\$ 26,805	\$ 227,818	\$ 227,818
Subscriptions received	100,800	100,800	31,486	31,486
Due to related parties	141,154	141,154	913,432	913,432
Debentures – related parties	14,372	14,372	259,605	259,605
Debentures – non-related parties	-	-	141,231	141,231
	\$ 283,131	\$ 283,131	\$ 1,573,572	\$ 1,573,572

The carrying value of cash and cash equivalents, and financial liabilities 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 March 31, 2022, the Company had a net working capital deficiency of \$235,140 (2021 –

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\$1,572,507). Management is continuously monitoring its working capital position and will raise funds through the equity markets as 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 financing (see note 2).

The following amounts are the contractual maturities of financial liabilities and other commitments as at March 31, 2022:

	Total	1 year	2 – 5 years
Trade and other payables	\$ 28,805	\$ 28,805	\$ -
Subscriptions received	100,800	100,800	-
Due to related parties	141,154	141,154	-
Debentures – related parties	14,372	14,372	-
	\$ 283,131	\$ 283,131	\$ -

**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

When the Company has cash balances its policy is to invest excess cash in investment-grade short-term money market accounts. The Company will periodically monitor the investments it makes to ensure the credit worthiness of its investments. Fluctuations in interest rates do not materially affect the Company as 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.

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.

**17. CAPITAL MANAGEMENT**

The Company's objectives in managing its capital are:

- i) To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its mineral exploration properties and to meet its day-to-day operating requirements in order to continue as a going concern; and
- ii) To provide a long-term adequate return to shareholders.

The Company's capital structure is comprised of shareholders' equity.

The Company is an exploration stage company which involves a high degree of risk. The Company has not determined whether its 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.

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**18. COMMITMENTS**

The Company currently has the following yearly commitments:

Clayton property: US\$2,170 for property taxes and claims fees

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

**19. SUBSEQUENT EVENTS**

Subsequent to the period end, the Company received \$59,000 in subscriptions for shares of the Company.