

**CANAMEX GOLD CORP.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2018**

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## **OVERVIEW**

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This management discussion and analysis (“MDA”), prepared on November 23, 2018, covers the operations of Canamex Gold Corp. (“Canamex” or the “Company”) for the nine months ended September 30, 2018. All monetary amounts referred to herein are in Canadian dollars unless otherwise stated. The MDA should be read in conjunction with the Company’s unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2018 and the audited consolidated financial statements for the year ended December 31, 2017. The accompanying consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements together with this MDA are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

Additional information related to the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company website at <https://canamexgold.com>.

## **FORWARD LOOKING INFORMATION**

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This MDA includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MDA are forward-looking statements that involve various risks and uncertainties. Forward-looking statements in this MDA include statements with respect to completion of a preliminary economic assessment on the Bruner property, the potential mineralization and geological merits of the Bruner property and other future plans, objectives or expectations of the Company. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company’s plans or expectations include the risk that actual results of current and planned exploration activities, including the results of the Company’s planned drilling program on the Bruner property, will not be consistent with the Company’s expectations; the geology, grade and continuity of any mineral deposits and the risk of unexpected variations in mineral resources, grade and/or recovery rates; fluctuating metals prices; possibility of accidents, equipment breakdowns and delays during exploration; exploration cost overruns or unanticipated costs and expenses; uncertainties involved in the interpretation of drilling results and geological tests; availability of capital and financing required to continue the Company’s future exploration programs and preparation of geological reports and studies; delays in the preparation of geological reports and studies; the metallurgical characteristics of mineralization contained within the Bruner property are yet to be fully determined; general economic, market or business conditions; competition and loss of key employees; regulatory changes and restrictions including in relation to required permits for exploration activities (including drilling permits) and environmental liability; timeliness of government or regulatory approvals; and other risks detailed herein and from time to time in the filings made by the Company with securities regulators. In connection with the forward-looking information contained in this MDA, the Company has made numerous assumptions, including that the Company’s 2015 exploration program will proceed as planned and within budget. Canamex expressly disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by applicable securities legislation.

## **DESCRIPTION OF BUSINESS**

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The Company was incorporated under the laws of Alberta on May 26, 1987. On August 18, 2009, the shareholders approved the continuation of the Company from the Business Corporations Act (Alberta) to the Business Corporations Act (British Columbia), approved the new articles of the Company, and approved a name change of the Company to Canamex Silver Corp. On October 6, 2009 the name change and continuation were completed.

On May 28, 2010, the Company entered into a property option agreement with Provex Resources Inc., in which the Company was granted, subject to acceptance by the TSX Venture Exchange (“TSX-V”), an exclusive right and option to acquire up to a 75% interest in certain mineral claims in Nye County, Nevada (the “Bruner Property”).

On October 18, 2010, the Company received TSX-V approval for all matters in connection with the Bruner Property option agreement, the Company was reinstated as a Tier 2 mining issuer on the TSX-V and changed its name to Canamex Resources Corp.

On November 8, 2017, the Company changed its name to Canamex Gold Corp.

On April 23, 2018, the Company was accepted by the Canadian Securities Exchange (the "CSE") for its securities primary market listing in Canada. On May 2, 2018, the Company's common shares have been approved for listing on the CSE under the symbol of "CSQ".

On June 1, 2018, the Company incorporated a wholly-owned subsidiary, ChainDelivery Royalties Corp. ("ChainDelivery"), in the Province of British Columbia. ChainDelivery was inactive during the period ended September 30, 2018.

## **EXPLORATION AND EVALUATION ASSETS**

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### **Bruner Property, Nye County, Nevada, United States**

#### **Option and Joint Venture Agreement**

On May 28, 2010, the Company entered into a property option agreement with Provex Resources Inc., granting an exclusive right and option to acquire up to a 75% interest in the Bruner Property.

During the year ended December 31, 2015, the Company earned 70% interest in the property by completing a total of US\$6,000,000 in expenditures in stages. The Company passed on its option to acquire a further 5% undivided interest in the property by producing a bankable feasibility study.

The agreement is subject to an aggregate 3.5% net smelter return royalty on the production from certain claims.

#### **Property Description**

Comprised of 179 unpatented and 27 patented mining claims covering a total of approximately 3,520 acres, the Bruner Property is located in central Nevada, about 45 miles northwest of the Round Mountain Mine which has produced over 10 million ounces of gold over a thirty year period. Historic production at Bruner includes approximately 100,000 ounces at an average grade of 0.56 ounces per ton.

#### **Property Exploration**

Historic work by Morrison-Knudsen, Miramar, Glamis, Newmont, Kennecott and others identified a low-grade resource near the southwest portion of the property. The work by Newmont, Kennecott and Miramar was summarized in a report by John Schilling in 1991. Since that time an additional 75 holes have been drilled within and along strike of the historical resource area.

The historic resource area refers to an area on the Bruner property that was the subject of an historical resource estimate reported on the property not in compliance with NI 43-101 standards. A qualified person (within the meaning of NI 43-101) has not done sufficient work to classify the historical estimate as current mineral resource or mineral reserves, and the Company is not treating the historical estimate as current mineral resources or mineral reserves. The historical estimate is relevant solely for purposes of directing target areas for the Company's ongoing drilling programs.

A bulk sample from the historic resource area was taken in April 2012 and delivered to Kappes Cassidy & Associates in Reno, Nevada for column leach test work. Final cyanide column leach results were reported in August and demonstrated +89% gold extraction in 83 days on -3 inch and -3/4 inch crush material sampled from underground within the historic resource area at the Bruner gold project. The very positive metallurgical results supported moving the Bruner project forward towards establishing a NI 43-101 mineral resource and formulating preliminary concepts regarding site layout for a preliminary economic assessment in 2015.

Canamex has drilled a total of 32,926 meters in 203 core and reverse circulation ("RC") holes (3,091 meters core and 29,835 meters RC) since it entered into its option on the property in 2010. Assay results have been received and reported for all 203 holes.

On November 2, 2015, the Company completed the purchase of the 26 lode patented mining claims, representing approximately 500 acres, and an associated water right for 6.690202 acre feet per annum that comprise the core of the Bruner gold project, Nye County, Nevada for a total price of US \$760,000. The Company has completed the US \$6,000,000 in qualified expenditures required to earn a 70% interest in the property well in advance of the seven years deadline. The Company has also commissioned a Preliminary Economic Assessment and the joint venture between the Company and Provox Resources Inc has been initiated. To date the Company has spent in excess of US\$1 million above its initial earn-in requirement, which will result in either Provox contributing to the project its 30% share of total expenditures above the earn-in amount, or a pro-rata reduction in their percentage interest. During April 2017, the Company completed the purchase of the remaining 30% interest in Bruner by paying Patriot Gold Corp USD \$1,000,000.

The Company commissioned a Preliminary Economic Assessment (PEA) in October, 2015, announced the results of the PEA on March 3, 2016, and announced the release of the PEA technical report on April 06, 2016. Following recommendations of the authors of the 2016 PEA to drill additional holes to convert inferred to indicated resources, the Company drilled additional holes in 2016 and 2017 and commissioned an updated PEA in October 2017, announced the results of the updated PEA on January 7, 2018, and announced the release of the updated PEA technical report on January 25, 2018. The results of the updated PEA are discussed below.

### Updated Preliminary Economic Assessment

On January 7, 2018 the Company announced the results of the updated Preliminary Economic Assessment on a 100% ownership basis for the Bruner Gold Project in Nevada. The PEA was prepared by Welsh-Hagen Associates of Reno, Nevada in accordance with the requirements of Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101"). The contained NI43-101 resources are reported below and remain open in multiple directions and are amenable to expansion with additional drilling.

RESOURCE ABOVE EXTERNAL BREAKEVEN CUTOFF										
	Indicated > 0.192 gpt Au Equiv					Inferred > 0.192 gpt Au Equiv				
Zone	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz
HRA	4550	0.61	7.76	89	1135	250	0.36	5.37	3	43
Penelas	12350	0.59	4.70	234	1866	1659	0.59	4.43	31	235
Paymaster	600	1.01	4.4	19	85	200	0.54	1.12	3	7
<b>Sub Total</b>	<b>17500</b>	<b>0.61</b>	<b>5.49</b>	<b>342</b>	<b>3086</b>	<b>2100</b>	<b>0.56</b>	<b>24.23</b>	<b>37</b>	<b>285</b>
RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF AND BELOW EXTERNAL CUTOFF										
	Indicated between 0.117 and .192 gpt Au Equiv					Inferred between 0.117 and 0.192 gpt Au Equiv				
Zone	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz
HRA	1150	0.16	4.43	6	164	50	0.17	3.6	0	6
Penelas	900	0.16	3.17	5	92	100	0.16	2.59	1	8
Paymaster	-	-	-	-	-	0	0	0	0	0
<b>Sub Total</b>	<b>2050</b>	<b>0.16</b>	<b>3.88</b>	<b>11</b>	<b>256</b>	<b>150</b>	<b>0.16</b>	<b>2.93</b>	<b>1</b>	<b>14</b>

TOTAL RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF										
	Indicated > 0.117 gpt Au Equiv					Inferred > 0.117 gpt Au Equiv				
	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz	K-tonnes	Au grade gpt	Ag grade gpt	Cont'd Au k oz	Cont'd Ag k oz
<b>Total</b>	19550	0.56	5.32	353	3342	2250	0.53	4.14	38	299

*Mineral resources are not mineral reserves and do not have demonstrated economic viability.*

The updated Preliminary Economics Assessment is preliminary in nature, and includes inferred resources that are considered too speculative geologically to have economics consideration applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.

The key outcomes of the updated PEA study include:

- Pre-tax net present value at 5% discount rate (NPV5) of US\$71.5 million at \$1280 gold price;
- Low initial capital of \$US 37.8 million;
- Pre-tax IRR of 31.6% at \$1280 gold price;
- Attractive after-tax IRR of 31.0% and NPV5% of US\$69.6 million at \$1280 gold price;
- Average annual gold production of 43,700 ounces and 45,400 ounces of silver over an 8-year mine life with a 2-year leach tail of 9,260 ounces of gold and 9,380 ounces of silver;
  - Average cash cost of \$505/oz. of gold produced for the first two years of operation and \$927/oz. thereafter, over an 8-year mine life with a two-year tail of gold and silver recovery after mining.
  - Pay-back period of nominally 1.5 years on an after-tax basis.
- Contract mining with room for significant improvement on mining costs with owner operated mining
- Facility siting and first two years of production entirely on patented claims to allow for a streamlined permitting process
- Oxide heap leach processing with 90% recovery of gold on single stage crushed material and 75% recovery of gold on run of mine (ROM) material
- Life-of-mine (LOM) production of crushed material of 19.6 million tonnes at a gold grade of 0.61 gpt (0.020 opt) and 2.2 million tonnes of ROM material at a gold grade of 0.16 gpt (0.005 opt) resulting in 349,300 ounces of payable gold and 363,400 ounces of payable silver.

The authors of the PEA recommended commencement of work to support a feasibility study, and commencement of permitting towards development of the resources on patented claims.

The Company completed a fall drilling campaign in November 2016 to increase the data density at the Paymaster resource area and a summer drilling campaign at the Penelas resource area in 2017 in order to be able to upgrade the resources from inferred to indicated which results were incorporated into the January 2018 updated PEA.

On April 26, 2017 the Company announced that it had closed on the purchase of Patriot Gold's 30% working interest in the Bruner project for US\$1.0 million. In addition, the Company announced it has the option for a 5-year period from closing to reduce the 2% NSR retained by Patriot to 1% NSR for a payment of US\$5 million. Exercising this option would reduce the total remaining royalty burden on the Bruner property to 2.5% NSR.

On May 7, 2018 the Company announced that it has commenced baseline biological studies as the first step towards the permitting of mine development at the Bruner Gold Project. The Company maintained the property in good standing through 2018.

On August 21, 2018, the Company executed a Sale and Purchase Agreement (“SPA”) with American International Ventures Inc. (“AIVN”). Under the terms of the SPA, mean the Company will complete an early buyback of a 1.5% NSR retained by AIVN, on the Bruner Property. The agreed buyback purchase price is US\$450,000 for the 1.5% NSR retained by AIVN. AIVN has agreed to be paid in GOLDUSA tokens whereby the Company will issue to AIVN 112,500 GOLDUSA tokens, at a deemed price of US\$ 4.00 per GOLDUSA token, as full consideration for the early buyback. The GOLDUSA tokens will be issued to AIVN, and escrowed for 4 months until 1st March 2019.

### **Baseline Biological Studies**

Canamex signed a services agreement with Western Biological for the commencement of baseline biological studies for permitting of the Bruner Gold Project for mine development. The objective of the biological study is to establish baseline biological data across the property for both the Phase 1 and Phase 2 development scenarios outlined in the Preliminary Economic Assessment (“PEA”) announced on 7<sup>th</sup> January 2018 and released on 25<sup>th</sup> January 2018. Initial studies involve an extensive helicopter-supported raptor survey across the property and within a 10-mile radius surrounding the proposed mine development site. That survey commenced 25<sup>th</sup> April 2018. Additional baseline studies continued throughout Q2 2018 to provide the foundation for mine development permitting. Welsh Hagen Associates, in Nevada, will manage the baseline studies and permitting process on behalf of the Company. The baseline biological study was completed in August 2018 and a summary report was submitted to the US Bureau of Land Management (“BLM”) to establish baseline biological conditions at the Bruner project for the commencement of permitting for project development.

### **Silverton Gold Property, Nye County, Nevada**

In October 2017 the Company announced the acquisition of a new Carlin-type gold exploration property located in Nye County, Nevada. The property is near the old Silverton Mine property located about 100 kilometres northeast of Tonopah, Nevada, immediately north of US Highway 6, and consists of 70 unpatented lode mining claims totaling approximately 1400 acres.

### **Exploration History**

The Silverton property has been explored intermittently since the early 1980s. Extensive grid rock chip sampling by previous exploration companies identifies a large gold anomaly containing greater than 100 ppb Au covering an area approximately 2.5 x 3.0 kilometres across the property. A total of 66 reverse circulation (“RC”) drill holes have been drilled to date on the property. Most of the drilling has been focused on a kilometre-long +0.5 ppm gold anomaly within a silicified zone at the contact between volcanic rocks and underlying dolomitized rocks, and containing silver and gold-antimony veins. While some of these holes intersected good gold values over modest intervals (examples being S-3a: 7.62 metres at 2.29 gpt Au; S-8: 9.15 metres at 0.746 gpt Au; S-11: 6.1 metres at 2.01 gpt Au), the veins within the volcanic rocks overlying the dolomitized limestone are not what Canamex sees as the primary exploration opportunity at the Silverton property. Canamex believes the dolomite breccias are the primary exploration opportunity.

### **Exploration Targets at Silverton**

Only about 20% of the historic holes were drilled to test gold in the brecciated dolomitized limestones, and mostly only with shallow vertical holes. These vertical holes were drilled to test a stratabound gold target concept and not steeply dipping structural targets beneath the surface expressions of mineralized and altered dolomite breccias. Canamex sees strong similarities between the gold-rich zones at the Long Canyon gold deposit, which occur primarily in dolomite breccias within steeply dipping structures between unbrecciated dolomite, and similar features at the Silverton property, which for the most part remain undrilled across a large portion of the property.

At the Silverton Property, a few holes were drilled in 1988 peripheral to the gold anomalies in brecciated dolomites and intersected 40-100 feet (12-30 metres) carrying 300-1000 ppb Au (0.3-1 gpt Au) in almost every hole. Most of these holes are located 50 metres or (much) more away from the outcrops of brecciated dolomite, suggesting the holes were drilled into the periphery of a dolomite-hosted gold mineral system.

### **Lease with Option to Purchase Arrangement**

Canamex is leasing the Silverton property on an annual basis, with low up-front lease payments and modest annual increases, with an option to buy the property outright for US\$1.25 million with a retained 2% net sales royalty to the underlying owner of the claims. The Company further has the right to buy out the royalty interest for US\$1.25 million. There is no annual work commitment.

Greg Hahn, CPG#7122 and President/COO of the Company, is the QP responsible for the technical disclosure contained in this document.

### **RESULTS OF OPERATIONS**

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#### **Three and nine months ended September 30, 2018**

For the three months ended September 30, 2018, the Company had no revenues and had a net loss of \$415,326 (2017 - \$375,626). For the nine months ended September 30, 2018, the Company recorded a net loss of \$1,287,201 (2017 - \$1,559,484) and had a cumulative deficit at September 30, 2018 of \$17,034,912 (December 31, 2017 - \$15,747,711). The Company had no continuing source of operating revenue.

The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its exploration activities.

Items of significant variance over the prior year include a decrease in shareholder communications to \$59,665 (2017 - \$158,659) due to the decreased in equity financing activities.

Consulting also decreased from \$269,796 in 2017 to \$100,958 in 2018 as the Company no longer engages a contractor to provide capital market advisory service.

Management fees decreased from \$177,229 in 2017 to \$139,500 in 2018 as the Company has significantly reduced the operating costs from the change in management. As a result, office and administrative costs also decreased by \$9,608.

The Company recorded non-cash share-based payments of \$70,796 related to various stock options granted to certain directors, officers, employees and/or consultants and \$131,153 in 2017.

During the period, the Company incurred \$225,551 in exploration and evaluation costs on the Bruner Property and \$3,863 on the Silverton Property. Total capitalized costs for exploration and evaluation assets were \$10,486,501 as at September 30, 2018.

## SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the quarterly interim unaudited financial statements for eight quarters ending September 30, 2018:

	<i>Sep. 30,</i> <i>2018</i>	<i>Jun. 30,</i> <i>2018</i>	<i>Mar 31,</i> <i>2018</i>	<i>Dec 31,</i> <i>2017</i>
Total assets	11,708,214	11,275,200	11,169,370	11,275,200
Working capital	(99,570)	260,967	86,933	260,967
Shareholders' equity	5,855,253	6,710,601	6,262,719	6,710,601
Revenue	-	-	-	-
Net loss	(415,326)	(418,993)	(452,882)	(418,993)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)
	<i>Sep. 30,</i> <i>2017</i>	<i>Jun. 30,</i> <i>2017</i>	<i>Mar. 31,</i> <i>2017</i>	<i>Dec 31,</i> <i>2016</i>
Total assets	11,807,001	9,743,700	12,099,597	9,743,700
Working capital/(deficiency)	1,068,828	1,069,517	1,670,394	1,069,517
Shareholders' equity	7,428,109	5,779,355	7,779,059	5,779,355
Revenue	-	-	-	-
Net loss	(375,626)	(733,127)	(450,731)	(733,127)
Net loss per share	(0.01)	(0.02)	(0.01)	(0.02)

## LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations over the last several years through the issuance of common shares or units consisting of common shares and warrants, the exercise of warrants and options, and the issuance of convertible debentures. The Company will continue to seek capital through various means which may include the exercise of outstanding warrants and options and the issuance of equity and/or debt. The Company has been successful in the past in raising funds for operations, but there is no assurance that it will be able to continue to do so.

On February 2, 2018, the Company announced a non-brokered private placement of Gold Royalty Tokens (the "Offering"), to accredited investors for up to 1,000,000 Gold Royalty Tokens at \$6.25 (USD \$5.00) for gross proceeds of up to \$6,250,000. Minimum subscription is 200 Gold Royalty Tokens for \$1,250 (USD \$1,000). The Gold Royalty Tokens are redeemable in lots of 200 Gold Royalty Tokens, for one fine ounce gold bar. The Gold Royalty Tokens have a term of 13 years, are not transferable and will not be listed for trading on any traditional stock exchange. The Gold Royalty Tokens will have no voting rights, nor do they have a right to participate in any residual equity of the Company.

On May 9, 2018, the Company announced a non-brokered private placement to accredited investors, via an initial Security Token Offering ("Gold STO"). Further general details of the proposed Gold STO are as follows:

- Initial Gold STO for GOLDUSA Tokens, Ethereum ERC20 Crypto Tokens, for only USD \$4.00 per token, which represented a 38% discount to USD \$6.50 value per token, based on USD \$1,300 per oz gold price. On May 22, 2018, the Company elected to increase the Gold STO subscription offer price to USD \$4.125 per token.
- Exposure to gold-backed token, starting at USD \$800 per oz instead of approx. USD \$1,300 per oz spot price.
- Each token is an interest in 1/200 oz gold.
- Minimum subscription was 2,000 GOLDUSA Tokens. On May 24, 2018, the minimum subscription was increased to 25,000 GOLDUSA Tokens.

On June 11, 2018, due to the demand at lower subscription amounts, the Company has elected to decrease the Gold STO minimum subscription amount from 25,000 GOLDUSA Tokens to 2,500 GOLDUSA Tokens. In accordance with the Gold STO terms, the Company has elected to maintain the Gold STO subscription offer price at USD \$4.25 per GOLDUSA Token.

On July 9, 2018, the Company elected to increase the Gold STO subscription offer price to USD \$4.50 per GOLDUSA Token.

On July 16, 2018, the Company announced an offer to all warrant holders, conversion of warrants to discounted GOLDUSA Tokens. The cash consideration to be received by the Company, for each warrant converted into GOLDUSA tokens is USD \$0.03 or CAD \$0.04 to convert each warrant into 0.01 GOLDUSA Token. This is equivalent to USD \$600 per oz Au, which is more than 50% value discount, based on the current spot gold price.

On August 17, 2018, the Company elected to decrease the Gold STO subscription offer price to USD \$4.00 per GOLDUSA Token to maintain at least 30% discount to the current USD \$6.00 value per Token, using USD \$1,200 per oz. spot gold price.

In September 2018, the Company approved a payment plan (the "Payment Plan") to remunerate its directors and officers and contractors, from time to time, at the election of the director or officer or contraction, in the form of GOLDUSA Tokens as payment for services rendered to the Company.

In September 2018, the Company entered into an agreement with a director of the Company to convert certain debt in the amount of \$16,386 into 5,462 GOLDUSA Tokens at a deemed price of \$3.00 per GOLDUSA Token

In October 2018, the Company received \$53,627 and \$22,000 in relation to the conversion of 1,340,669 stock options and 550,000 warrants, respectively, at CAD\$0.04 or USD\$0.03.

On October 3, 2018, the Company launched a non-brokered private placement of SILVERUSA Ethereum ERC20 Tokens via a Security Token Offering ("Silver STO"). Further general details of the proposed Silver STO are as follows:

- a. Initial Silver STO for SILVERUSA Tokens, at 30% discount to the spot silver price.
- b. Exposure to silver-backed ERC20 crypto-token on the Ethereum blockchain.
- c. Each token is an interest in 1/2 oz silver at initial token price of US\$5.00 per token, being a 30% discount to US\$7.25 value per token, based on US\$14.50 silver spot price.
- d. Minimum subscription is 500 SILVERUSA Tokens or US\$2,500.
- e. Total SILVERUSA Tokens authorized for issue is 210 million hard-cap.

Net cash flows used in operating activities for the nine months ended September 30, 2018 were \$561,725. Net cash used in investing activities for expenditures on the Bruner and Silverton Nevada properties was \$229,414. Net cash flow from financing activities from private placement financing was \$402,936. The total decrease in cash for the period was \$388,203. Working capital at September 30, 2018 was \$(99,570) compared to \$239,490 at December 31, 2017.

## **Stock options, Warrants & Agent's Warrants**

### **Stock Options**

On February 24, 2017, the Company granted 625,000 stock options to directors/officers and 650,000 to consultants. The options vested immediately. The options have an exercise price of \$0.16 per share and expire on February 23, 2022.

On September 5, 2017, the Company granted 100,000 stock options to directors/officers and 150,000 to consultants. The options vested immediately. The options have an exercise price of \$0.16 per share and expire on September 5, 2022.



On November 24, 2017, the Company granted 500,000 stock options to directors/officers and 50,000 to consultants. The options vested immediately. The options have an exercise price of \$0.16 per share and expire on November 24, 2022.

On December 8, 2017, the Company granted 60,000 to consultants. The options vested immediately. The options have an exercise price of \$0.25 per share and expire on December 8, 2022.

On January 5, 2018, the Company granted 250,000 stock options to certain consultants. The options vested immediately. The options have an exercise price of \$0.215 per share and expire in five years.

On January 22, 2018, the Company granted 150,000 stock options to a director. The options vested immediately. The options have an exercise price of \$0.21 per share and expire in five years.

During the nine months ended September 30, 2018, the Company recorded share-based payment expense of \$70,796, representing the fair value of the stock options granted during the year. The fair value of the stock options granted was calculated using the Black-Scholes option pricing model with following weighted average assumptions:

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Risk-free interest rate	2.00%	1.31%
Expected dividend yield	0.00%	0.00%
Expected forfeiture rate	0.00%	0.00%
Expected option life (years)	5.00 years	5.00 years
Expected stock price volatility	126%	136%

The Company expenses the grant date fair value of all stock options granted to employees, officers and directors over their respective vesting periods. Options granted to outside consultants and advisors are expensed over the respective vesting periods using the estimated fair value at the time of vesting.

#### **Warrants and Agent's Warrants**

20,741,350 and 1,315,955 were issued in conjunction with a private placement financing completed on May 12, 2017. Each warrant grants the holder the right to purchase one common share of the Company for \$0.20 per share until May 12, 2022.

4,492,500 and 1,618,800 warrants were issued in conjunction with a private placement financing completed on October 23, 2016 and December 29, 2016, respectively. Each warrant grants the holder the right to purchase one common share of the Company for \$0.20 per share until October 24, 2021 and December 29, 2021, respectively.

26,800,875 and 3,703,375 warrants were issued in conjunction with a convertible debenture issuance completed on October 25, 2016 and December 23, 2016, respectively. Each warrant grants the holder the right to purchase one common share of the Company for \$0.20 per share until October 25, 2019 and December 23, 2019, respectively.

## RELATED PARTY TRANSACTIONS

### **Related party balances**

The following amounts due to related parties are included in trade payables and accrued liabilities:

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

	September 30, 2018	December 31, 2017
Directors and corporations controlled by directors of the Company	\$ 56,376	\$ 60,956
A company with officers and directors in common	14,898	-
Survivor benefit <sup>(i)</sup>	-	13,000
	\$ 71,274	\$ 73,956

- (i) Pursuant to a management contract obligation, the Company has accrued a payable to the estate of the late CEO of the Company in 2017.

### **Related party transactions**

The Company incurred the following transactions with directors/officers of the Company and companies that are controlled by directors/officers of the Company. The Company has identified these directors/officers as its key management personnel.

	Nine months ended September 30,	
	2018	2017
Fees for outside/independent directors <sup>(4)(6)</sup>	\$ 63,000	\$ 78,000
Management and administrative fees <sup>(1)(2)(3)(11)(12)</sup>	125,966	217,100
Share-based payment <sup>(1)(2)(3)(4)(6)(7)(9)(11)(12)</sup>	24,026	68,329
	\$ 213,022	\$ 363,429

<sup>1</sup> David Vincent, Director and Interim CEO (appointed Oct 5, 2017)

<sup>2</sup> Greg Hahn, President, Director and COO

<sup>3</sup> Dong Shim, CFO (appointed Aug 25, 2017)

<sup>4</sup> Mike Stark, Chairman, Director

<sup>5</sup> Dean MacDonald, Director (resigned Dec 8, 2017)

<sup>6</sup> Frank Hogel, Director (appointed Oct 22, 2015)

<sup>7</sup> Michael Pesner, Director (resigned Jan 22, 2016)

<sup>8</sup> Jason Reid, Director (resigned Nov 21, 2014)

<sup>9</sup> Robert Kramer, former Chairman, Director and CEO

<sup>10</sup> Jeb Handwerger, Director (resigned June 5, 2017)

<sup>11</sup> Mark Billings, Chairman, Director and CEO (resigned Oct 5, 2017)

<sup>12</sup> Richard Barnett, CFO (resigned July 31, 2017)

## ADDITIONAL INFORMATION

At November 23, 2018:

### **Legal proceedings:**

Management is not aware of any legal proceedings involving the Company.

### **Contingent liabilities:**

Management is not aware of any outstanding contingent liabilities relating to the Company's activities.

### **Outstanding Share Data:**

The Company has 61,496,051 common shares outstanding.

There are 2,710,000 options and 58,522,093 warrants outstanding.

### **Formation of Technical Advisory Committee:**

Formed pursuant to the terms of an Ancillary Rights Agreement with Hecla Canada Ltd., the Committee will report to Canamex's Board of Directors and make recommendations on technical matters relating to the Company's mineral projects. The three members of the Committee are Greg Hahn (Company President and COO), Chair of the Committee, Kurt Allen (Hecla's Director of New Projects) and Dr. Stuart Simmons. This committee has been disbanded as a result of Hecla Canada Ltd.'s shareholdings falling below 10% level.

### **CAPITAL DISCLOSURE**

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The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support its exploration activities. 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 acquire and sustain exploration projects. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2018. The Company is not subject to externally imposed capital requirements.

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

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The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The accompanying condensed consolidated interim financial statements are prepared by management in accordance with International Financial Reporting Standards ("IFRS") and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of a majority of non-management directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

### **ACCOUNTING POLICIES**

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#### **New accounting standards**

#### **IFRS 9 – Financial Instruments**

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and lost (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company’s financial statements.

#### **IFRS 15 – Revenue from contracts with customers**

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The adoption of IFRS 15 did not have a material impact on the Company’s financial statements.

#### ***Accounting standards and amendments issued but not yet effective***

##### **IFRS 16 – Leases**

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

The Company is currently assessing the impact of the adoption of IFRS 16.

## **RISKS**

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### **RISKS RELATED TO OUR BUSINESS:**

#### ***Exploration Stage Mining Company with No History of Operation***

The Company is in its exploration stage, has very limited operating history, and is subject to all the risks inherent in a new business enterprise. For example, to date we have had no revenues and have relied upon equity financing to fund our operations. The likelihood of success of the Company must be considered in light of the problems, expenses, difficulties, complication, and delays frequently encountered in connection with a new business, and the competitive and regulatory environment in which the Company will operate, such as under-capitalization, personnel limitations, and limited revenue sources.

#### ***Due to Our History of Operating Losses, we are Uncertain That We Will Be Able to Maintain Sufficient Cash to Accomplish Our Business Objectives***

Significant amounts of capital will be required to continue to explore and then develop our exploration projects. The Company is not engaged in any revenue producing activities and does not expect to do so in the near future. Currently the Company’s sources of funding consist of the sale of additional equity securities, borrowing funds, or selling a portion of our interests in our assets. There is no assurance that any additional capital that the Company will require will be obtainable on terms acceptable to us, if at all. Failure to obtain such additional financing could result in delays or indefinite postponement of further exploration and development of our projects. Additional financing, if available, will likely result in dilution to existing stockholders.

### ***Capital Requirements and Liquidity; Need for Subsequent Funding***

Company management and our board of directors monitor our overall costs and expenses and, if necessary, adjust Company programs and planned expenditures in an attempt to ensure we have sufficient operating capital. We continue to evaluate our costs and planned expenditures for our on-going exploration projects. Although the Company has raised significant capital in prior years, the continued exploration and development of its projects will require significant amounts of additional capital. As a result, the Company will need to raise additional capital so that it can continue to fund its planned operations. The uncertainties of the global economies and the volatile price of gold combined with instability in capital markets have impacted the availability of funding. If the disruptions in the global financial and capital markets continue, debt or equity financing may not be available to us on acceptable terms, if at all. Equity financing, if available, may result in substantial dilution to existing stockholders. If we are unable to fund future operations by way of financing, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

### ***Disruptions in the Global Financial and Capital Markets May Impact Our Ability to Obtain Financing.***

The global financial and capital markets have experienced on-going volatility and disruption. We continue to need further funding to achieve our business objectives. In the past, the issuance of equity securities has been the major source of capital and liquidity for us. The extraordinary conditions in the global financial and capital markets have currently limited the availability of this funding. If the disruptions in the global financial and capital markets continue, debt or equity financing may not be available to us on acceptable terms, if at all. If we are unable to fund future operations by way of financing, including public or private offerings of equity or debt securities, our business, financial condition and results of operations will be adversely impacted.

### ***Our Exploration Activities Require Significant Amounts of Capital that May Not Be Recovered.***

Mineral exploration activities are subject to many risks, including the risk that no commercially productive or extractable resources will be encountered. There can be no assurance that our activities will ultimately lead to an economically feasible project or that we will recover all or any portion of our investment. Mineral exploration often involves unprofitable efforts, including drilling operations that ultimately do not further our exploration efforts, as well as operating and other costs. The cost of minerals exploration is often uncertain and cost overruns are common. Our drilling and exploration operations may be curtailed, delayed or canceled as a result of numerous factors, many of which are beyond our control, including title problems, weather conditions, compliance with governmental requirements and shortages or delays in the delivery of equipment and services.

### ***Risks Inherent in the Mining Industry***

The Company is subject to all of the risks inherent in the minerals exploration and mining industry and including, without limitation, the following: competition from a large number of companies, many of which are significantly larger than the Company, in the acquisition, exploration, and development of mining properties; the Company might not be able raise enough money to pay the fees, taxes and perform labor necessary to maintain its concessions in good force; exploration for minerals is highly speculative and involves substantial risks, even when conducted on properties known to contain significant quantities of mineralization; our exploration projects may not result in the discovery of commercially mineable deposits of ore; the probability of an individual prospect ever having reserves that meet regulatory requirements is extremely remote, or the properties may not contain any reserves, and any funds spent on exploration may be lost; our operations are subject to a variety of existing laws and regulations relating to exploration and development, permitting procedures, safety precautions, property reclamation, employee health and safety, air quality standards, pollution and other environmental protection control and the Company may not be able to comply with these regulations and controls; and a large number of factors beyond the control of the Company, including fluctuations in metal prices, inflation, and other economic conditions, will affect the economic feasibility of mining.

## **THE BUSINESS OF MINERAL EXPLORATION IS SUBJECT TO MANY RISKS:**

### ***Fluctuating Price for Metals***

The Company's operations will be greatly influenced by the prices of commodities, including gold, silver, and other metals. These prices fluctuate widely and are affected by numerous factors beyond the Company's control, including interest rates, expectations for inflation, speculation, currency values, in particular the strength of the United States dollar, global and regional demand, political and economic conditions and production costs in major metal producing regions of the world.

### ***Title to Our Mineral Properties May be Challenged***

We attempt to confirm the validity of its rights to title to, or contract rights with respect to, each mineral property in which we have a material interest. However, we cannot guarantee that title to our properties will not be challenged. Title insurance generally is not available, and our ability to ensure that we have obtained secure claim to individual mineral properties or mining concessions may be severely constrained. Our mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects and the actions or inactions of underlying property owners or holders. In addition, we may be unable to operate our properties as permitted or to enforce our rights with respect to our properties.

### ***Risks Inherent With Foreign Operations***

A portion of the Company's operations are currently conducted in Guyana, South America, and as such the operations of the Company are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation, labor unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls and governmental regulations that favor or require the rewarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Guyana may adversely affect the operations or potential profitability of the Company. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations of the Company.

### ***Environmental Controls***

Compliance with statutory environmental quality requirements may necessitate significant capital outlays, may materially affect the earning power of the Company, or may cause material changes in the Company's intended activities. Our exploration operations require compliance with local and federal regulations. No assurance can be given that environmental standards imposed by either federal or state governments will not be changed or become more stringent, thereby possibly materially adversely affecting the proposed activities of the Company. In addition, if we are unable to fund fully the cost of remediation of any environmental condition, we may be required to suspend operations or enter into interim compliance measures pending completion of the required remediation.

### ***Availability of Outside Engineers and Consultants***

The Company is heavily dependent upon outside engineers and other professionals to complete work on its exploration projects. The mining industry has experienced significant growth over the last several years and as a result, many engineering and consulting firms have experienced a shortage of qualified engineering personnel. The Company closely monitors its outside consultants through regular meetings and review of resource allocations and project milestones. However, the lack of qualified personnel combined with increased mining projects could result in delays in completing work on our exploration projects or result in higher costs to keep personnel focused on our project.

### ***Operational Hazards; Uninsured Risks***

The Company is subject to risks and hazards, including environmental hazards, industrial accidents, the encountering of unusual or unexpected geological formations, cave-ins, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in damage to, or destruction of, mineral properties or facilities, personal injury or death, environmental damage, reduced productivity and delays in exploration, asset write-downs, monetary losses and possible legal liability. The Company may not be insured against all losses or liabilities, which may arise from operations, either because such insurance is unavailable or because the Company has elected not to purchase such insurance due to high premium costs or other reasons. The realization of any significant liabilities in connection with our exploration activities as described above could negatively affect our results of operations and the price of our common stock.

### ***Need for Additional Key Personnel; Reliance on Officers and Directors***

The Company relies in large part on the personal efforts of its officers and directors. The success of the Company's proposed business will depend, in part, upon the ability to attract and retain qualified employees. The Company believes that it will be able to attract competent employees, but no assurance can be given that the Company will be successful in this regard. If the Company is unable to engage and retain the necessary personnel, its business would be materially and adversely affected.

## **RISKS RELATING TO OUR COMMON STOCK:**

### ***Our Stock Price Can Be Extremely Volatile***

The trading price of our common stock has been and could continue to be subject to wide fluctuations in response to announcements of our business developments and drill results, progress reports, the metals markets in general, and other events or factors. In addition, stock markets have experienced extreme price volatility in recent years. This volatility has had a substantial effect on the market prices of companies, at times for reasons unrelated to their operating performance. Such broad market fluctuations may adversely affect the price of our common stock.

## **DIRECTORS**

Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.