

Canamex Gold Corp.
Condensed Consolidated Interim Financial Statements
For the Three Months Ended March 31, 2019

Expressed in Canadian Dollars
(Unaudited)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated unaudited interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC
September 25, 2019

Canamex Gold Corp.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	Note	March 31, 2019	December 31, 2018
ASSETS			
Current assets			
Cash		\$ 26,501	\$ 58,668
Government sales tax receivable	4	35,495	32,995
Reclamation bond		29,000	29,663
		90,996	121,326
Non-current assets			
Exploration and evaluation assets	5	11,480,068	11,468,956
TOTAL ASSETS		\$ 11,571,064	\$ 11,590,282
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	6,9	\$ 385,735	\$ 340,253
Secured convertible debentures	7	5,103,252	4,878,401
SILVERUSA Tokens – subscriptions received	14	17,350	17,350
		5,506,337	5,236,004
Non-current liabilities			
GOLDUSA Tokens – derivative liabilities	9, 13	3,293,890	3,242,686
TOTAL LIABILITIES		8,800,227	8,478,690
EQUITY			
Share capital	8	19,290,426	19,290,426
Reserves	7,8	3,705,470	3,705,470
Deficit		(20,225,059)	(19,884,304)
TOTAL EQUITY		2,770,837	3,111,592
TOTAL LIABILITIES AND EQUITY		\$ 11,571,064	\$ 11,590,282

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved on behalf of the Board:

“David Vincent”“Michael Stark”

The accompanying notes form an integral part of the condensed consolidated interim financial statements

Canamex Gold Corp.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Note	Three months ended March 31,	
		2019	2018
Expenses			
Consulting	9	\$ 26,216	\$ 7,500
Interest and accretion expense	7	225,380	201,146
Management fees	9	114,856	46,500
Office and administrative		13,298	22,841
Professional fees		3,775	14,979
Share-based payments	8,9	-	70,796
Shareholder communications		10,700	27,153
Transfer agent and filing fees		11,797	17,402
Travel		-	10,676
Loss before other items		(406,022)	(418,993)
Other items			
Gain on revaluation of GOLDUSA Tokens	13	65,267	-
Net loss and comprehensive loss		\$ (340,755)	\$ (418,993)
Loss per share – basic and diluted		\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		61,496,051	61,402,343

The accompanying notes form an integral part of the condensed consolidated interim financial statements

Canamex Gold Corp.

Condensed Consolidated Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

(Unaudited)

	Share capital				Total
	Number of shares	Amount	Reserves	Deficit	
Balance at December 31, 2017	61,365,676	\$ 19,261,788	\$ 3,536,721	\$(15,747,711)	\$ 7,050,798
Exercise of options	50,000	8,000	-	-	8,000
Share-based payments	-	-	70,796	-	70,796
Net loss for the period	-	-	-	(418,993)	(418,993)
Balance at March 31, 2018	61,415,676	\$ 19,269,788	\$ 3,607,517	\$(16,166,704)	\$ 6,710,601
Balance at December 31, 2018	61,496,051	\$ 19,290,426	\$ 3,705,470	\$(19,884,304)	\$ 3,111,592
Net loss for the period	-	-	-	(340,755)	(340,755)
Balance at March 31, 2019	61,496,051	\$ 19,290,426	\$ 3,705,470	\$(20,225,059)	\$ 2,770,837

The accompanying notes form an integral part of the condensed consolidated interim financial statements

Canamex Gold Corp.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended March 31,	
	2019	2018
Operating activities		
Net loss	\$ (340,755)	\$ (418,993)
Adjustments for non-cash items:		
Accrued interest and accretion expense (Note 7)	224,851	201,146
Foreign exchange	663	(777)
Gain on revaluation of GOLDUSA Tokens (Note 13)	(65,267)	-
Management and consulting fees paid in GOLDUSA Tokens (Note 13)	116,471	-
Share-based payments (Note 8)	-	70,796
Changes in non-cash working capital items:		
Amounts receivable	(2,500)	13,169
Prepaid expenses	-	11,232
Trade payables and accrued liabilities	45,482	(130,876)
Net cash flows used in operating activities	(21,055)	(254,303)
Investing activities		
Exploration and evaluation assets	(11,112)	(104,195)
Net cash flows used in investing activities	(11,112)	(104,195)
Financing activities		
Proceeds from issuance of common shares	-	8,000
Proceeds from Offering (Note 12)	-	265,500
Net cash flows from financing activities	-	273,500
Change in cash	(32,167)	(84,998)
Cash, beginning	58,668	458,709
Cash, ending	\$ 26,501	\$ 373,711
Supplemental disclosures		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

The accompanying notes form an integral part of the condensed consolidated interim financial statements

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

1. Nature of operations and going concern

Canamex Gold Corp.'s (the "Company") head office and primary place of business is located at 750 West Pender Street, Suite 804, Vancouver, British Columbia, Canada, V6C 2T7. The Company was previously a Tier 2 mining issuer on the TSX Venture Exchange ("TSX-V"). 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". The Company's shares were halted from trading by the British Columbia Securities Commission on May 7, 2019 for failure to meet its continuous disclosure obligations.

The Company was incorporated under the laws of Alberta on May 26, 1987. On August 18, 2009, the shareholders approved both the continuation of the Company from the *Business Corporations Act* (Alberta) to the *Business Corporations Act* (British Columbia) and the new articles of the Company.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company is in the process of exploring mineral resource properties and has not yet determined whether the properties contain reserves that are economically recoverable. As at March 31, 2019, the Company had not advanced any property to commercial production and is not able to finance day to day activities through operations. The Company has incurred losses since its inception. For the three months ended March 31, 2019, the Company had a net loss of \$340,755 (2018 – \$418,993) and as at March 31, 2019, the Company has an accumulated deficit of \$20,225,059 (December 31, 2018 – \$19,884,304) which has been funded primarily by the issuance of debt and equity. There is a material uncertainty related to these conditions that casts significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern depends upon its ability to raise adequate financing and to generate profitable operations in the future. Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to or do so on terms acceptable to the Company in the future. These condensed consolidated interim financial statements do not include any adjustments related to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies and basis of preparation

The Company's condensed consolidated interim financial statements were authorized for issuance on September 25, 2019 by the Board of Directors.

Statement of compliance

These condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting of the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"). The consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2018.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies and basis of preparation (cont'd)

Basis of preparation

The condensed consolidated interim financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified for specific financial instruments carried at fair value where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise noted. The Company and its subsidiaries' functional currency is Canadian dollars.

Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries, Canamex Resources US Inc. ("Canamex US"), Canamex Guyana Inc. ("Canamex Guyana") and ChainDelivery Royalties Corp. ("ChainDelivery"). Canamex US was incorporated in the State of Nevada, USA, Canamex Guyana was incorporated in Guyana and ChainDelivery was incorporated in British Columbia, Canada. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from those estimates.

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

- a) Exploration and evaluation expenditures and impairment

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. The carrying value of non-financial assets is reviewed each reporting period upon the occurrence of events or changes in circumstances indicating that the carrying value of assets may not be recoverable and when criteria of assets held for sale are met to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units (the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflow from other assets or groups of assets) ("CGUs"), require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of non-financial assets could impact the impairment analysis.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

b) Site closure and reclamation provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation. The provision represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

c) Share-based payments and finders' warrants

Management uses valuation techniques in measuring the fair value of share options and finders' warrants granted. The fair value is determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgments, and assumptions in relation to the expected life, expected volatility, expected risk-free rate, and expected forfeiture rate (Note 8). Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

d) Deferred income taxes

Judgment is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgment is also required in determining whether deferred tax liabilities are recognized in the consolidated statements of financial position. Deferred tax assets, including those potentially arising from unutilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgment about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions (cont'd)

e) Discount rate used for convertible debt

The determination of the carrying value of the convertible debt on initial issuance is subject to management's estimates in determining an appropriate discount rate based on similar instruments with no conversion features.

f) Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

g) Tokens

Management uses a modified option pricing model in measuring the fair value of the GOLDUSA Tokens, SILVERUSA Tokens, and Gold Royalty Tokens. The modified option pricing model requires management to make certain estimates, judgments, and assumptions in relation to the expected life, risk-free rate, volatility of commodity prices and expected future price of gold and silver commodities. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

h) Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment and the Company reconsiders the functional currency if there is a change in events and conditions which determined the primary economic environment.

i) Modification versus extinguishment of financial liability

Judgment is required in applying IFRS 9 to determine whether the amended terms of the secured convertible debenture are a substantial modification of an existing financial liability and whether it should be accounted for as an extinguishment of the original financial liability.

3. Changes in accounting policies

The Company adopted IFRS 16 *Leases* ("IFRS 16"). 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 *Leases* and instead introduces a single lessee accounting model. The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

4. Government sales tax receivable

	March 31, 2019	December 31, 2018
Government sales tax recoverable	\$ 35,495	\$ 32,995

5. Exploration and evaluation assets***Nye County, Nevada USA ("Bruner Property")***

On May 28, 2010, the Company entered into a property option agreement ("Option Agreement") with Provex Resources Inc. ("Provex"), a company with a director in common with the Company at the time, granting an exclusive right and option to acquire up to a 75% interest in certain mineral claims in the Bruner Property.

During the year ended December 31, 2017, the Company completed its acquisition of a 100% interest in the claims comprising the Bruner Property for a payment of US \$1,000,000.

Certain claims comprising the Bruner property are subject to a 2.0% - 3.5% net smelter return ("NSR") royalty upon production. 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, the Company will complete a buyback of a 1.5% NSR retained by AIVN in accordance with the original Option Agreement for the Bruner Property. The agreed buyback purchase price is \$583,065 (US \$450,000) for the 1.5% NSR retained by AIVN. Subsequent to the SPA, AIVN agreed to settle the buyback purchase price by the Company issuing to AIVN 112,500 GOLDUSA Tokens, at a deemed price of US \$4.00 per GOLDUSA Token, as full consideration for the buyback (Note 13).

Silverton Property

On October 17, 2017, the Company entered into a lease and option agreement (the "Agreement") with Precious Metals LLC ("Precious Metals"), whereby Precious Metals agreed to lease the Silverton Property to the Company on an annual basis, on the following terms:

- (a) Precious Metals will stake and record an additional 50 lode mining claims as directed by the Company around the original Silverton Property mining claims of Precious Metals, the cost of which will be covered by the Company.
- (b) The Company will pay Precious Metals the following cash payments in U.S. dollars:
 - a. \$15,000 on execution of the Agreement (paid);
 - b. \$20,000 within 12 months from the date of the Agreement (\$5,000 paid in October 2018 and \$15,000 extended to January 15, 2019, which was further extended to March 15, 2019 by agreeing to add an additional \$5,000 to the outstanding option payment of \$15,000.);
 - c. \$25,000 within 24 months from the date of the Agreement;
 - d. \$30,000 within 36 months from the date of the Agreement;
 - e. \$30,000 on each anniversary date of the Agreement thereafter until the claims are in production; and
 - f. 2.0% NSR

The Company has the right to acquire a 100% interest to the Silverton Property from Precious Metals prior to production on the Silverton Property, by paying Precious Metals US\$1,250,000 cash. The Company has the option to purchase the 2% NSR, distinct and separate from the option to purchase the Silverton Property, by paying Precious Metals US\$1,250,000 cash.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

5. Exploration and evaluation assets (cont'd)

During the year ended December 31, 2018, due to the lack of financing, the Company has determined that it does not have adequate resources to conduct further exploration on the Silverton Property. As such, the Company wrote down the carrying value from \$57,653 to \$1 in accordance with Level 3 of the fair value hierarchy. Subsequent to March 31, 2019, the Company dropped the lease.

For the three months ended March 31, 2019 and for the year ended December 31, 2018, the Company incurred the following expenditures on the properties:

Bruner Property, Nevada	March 31, 2019	December 31, 2018
Property acquisition costs		
Balance, beginning of the period	\$ 2,918,583	\$ 2,335,518
Additions during the period (Note 13)	-	583,065
	<u>2,918,583</u>	<u>2,918,583</u>
Exploration and evaluation costs		
Balance, beginning of the period	8,550,371	8,294,860
Assays	-	11,517
Drilling and related costs	-	45,032
Field work	11,112	18,357
Geological	-	94,697
Mineral rights options payment	-	60,836
Travel and accommodation	-	25,072
	<u>8,561,483</u>	<u>8,550,371</u>
Total - Bruner Property	\$ 11,480,066	\$ 11,468,954
Silverton Property, Nevada		
Property acquisition costs		
Balance, beginning of the period	\$ 1	\$ 47,288
Additions during the period	-	6,478
Impairment	-	(53,765)
	<u>1</u>	<u>1</u>
Exploration and evaluation costs		
Balance, beginning of the period	-	-
Geological	-	3,887
Impairment	-	(3,887)
	<u>-</u>	<u>-</u>
Total - Silverton Property	\$ 1	\$ 1
Aranka North Property, Guyana		
Property acquisition costs		
Balance, beginning of the period	\$ 1	\$ 1
Total - Aranka North Property	\$ 1	\$ 1
Total exploration and evaluation assets	\$ 11,480,068	\$ 11,468,956

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

6. Trade payables and accrued liabilities

	March 31, 2019	December 31, 2018
Trade payables	\$ 269,690	\$ 235,958
Amounts due to related parties (Note 9)	86,045	74,295
Accrued liabilities	30,000	30,000
	\$ 385,735	\$ 340,253

7. Secured convertible debentures

During 2016 the Company completed a non-brokered private placement of secured convertible debentures ("2016 Convertible Debentures") that were issued in two tranches. These 2016 Convertible Debentures have a first ranking security over the Company's interest in the Bruner Gold Property (see Note 5) and by the general assets of the Company.

- a) In October 2016, the Company closed the first tranche of a non-brokered private placement for gross proceeds of \$4,239,000, under which the Company issued an aggregate principal amount of \$4,239,000 of secured convertible debentures (the "Debentures"), maturing in three years on October 25, 2019. The Debentures are convertible into common shares at the option of the holder at a conversion price of \$0.16 per Share (the "Conversion Price") until October 25, 2019.

In addition, the holders of the Debentures received a total of 26,493,750 warrants ("Debenture Warrants"). Each Debenture Warrant is exercisable into a common share on or before October 25, 2019 at an exercise price of \$0.20 per share. Interest on the Debentures shall be paid annually in arrears, at an annual rate of interest of 7% per annum or alternatively, if paid in shares the rate would be 10%.

A finder was issued 307,125 compensation warrants and each warrant is exercisable at \$0.20 per share until expiry on October 25, 2019.

- b) In December 2016, the Company closed the second tranche of a non-brokered private placement for gross proceeds of \$559,000, under which the Company issued an aggregate principal amount of \$559,000 of secured convertible debentures (the "Debentures"), maturing in three years on December 23, 2019. The Debentures are convertible into common shares at the option of the holder at a conversion price of \$0.16 per share until December 23, 2019.

In addition, the holders of Debentures received a total of 3,493,750 warrants ("Debenture Warrants"). Each Debenture Warrant will be exercisable into a common share on or before December 23, 2019 at an exercise price of \$0.20 per share. Interest on the Debentures shall be paid annually in arrears, at an annual rate of interest of 7% per annum or alternatively, if paid in shares the rate would be 10%.

A finder was issued 209,625 compensation warrants and each warrant is exercisable at \$0.20 per share until expiry on December 23, 2019.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

7. Secured convertible debentures (cont'd)

The following table summarizes accounting for the convertible debentures and the amounts recognized in respect of the liability and equity components during the three months ended March 31, 2019 and the year ended December 31, 2018:

Principal	
Issued during year ended December 31, 2016	\$ 4,798,000
Liability	
Gross proceeds received	\$ 4,798,000
Issuance costs	(104,743)
Equity component less issue costs allocated	(1,334,959)
Liability component initially recognized	3,358,298
Accretion and interest expense recognized during 2016	118,203
Balance at December 31, 2016	3,476,501
Accretion and interest expense recognized during 2017	753,008
Interest paid and payable during 2017	(335,860)
Balance at December 31, 2017	3,893,649
Conversion to common shares	(12,860)
Modification of secured convertible debentures	218,244
Accretion and interest expense recognized during 2018	779,368
Balance at December 31, 2018	4,878,401
Accretion and interest expense recognized during the period	224,851
Balance at March 31, 2019	\$ 5,103,252
Equity	
Equity component initially recognized in reserves	\$ 1,334,959
Issuance costs	(40,377)
Deferred income tax recovery	(358,287)
Balance at December 31, 2016 and 2017	936,295
Reversal of equity component on conversion	(3,578)
Balance at December 31, 2018 and March 31, 2019	\$ 932,717

For accounting purposes, the convertible debentures were separated into their liability and equity components using the residual method. The Company determined the conversion feature and Debenture Warrants components of the convertible debenture meet the definition of equity instruments as the Company is obligated to issue a fixed number of shares for a fixed price. The fair value of the liability component at the time of issue was determined based on an estimated discount rate of 20% for debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the debentures and the fair value of the liability component. After initial recognition the liability component is carried on an amortized cost basis and is being accreted to its face value over the term to maturity of the debenture at an effective interest rate of approximately 21%. The Company also recorded a recovery of a deferred income tax liability of \$358,287 that was recognized in equity relating to the difference between the Company's accounting and tax basis of its convertible debenture liability.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

7. Secured convertible debentures (cont'd)

During the year ended December 31, 2018, as the Company failed to pay interest accrued on the 2016 Convertible Debentures, the interest rate on the principal outstanding increased from 7% to 10% per annum. The change in the interest rate was accounted for as a modification of the 2016 Convertible Debenture and a loss on modification of secured convertible debentures of \$218,244 was recorded in net loss for the year ended December 31, 2018.

8. Share capital and reserves

Authorized share capital

The Company has authorized an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Shares issued during the three months ended March 31, 2019

No shares were issued during the period.

Shares issued during the year ended December 31, 2018

In January 2018, the Company issued 80,375 common shares on conversion of Debentures in the amount of \$72,410 (Note 7).

On January 24, 2018, the Company issued 50,000 common shares for gross proceeds of \$8,000 pursuant to the exercise of stock options with an exercise price of \$0.16. The Company's share price on exercise of the stock options was \$0.22.

Stock options

The Company has adopted a 10% rolling stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant options to directors, officers, employees, and consultants of the Company, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Options granted vest at the discretion of the Board of Directors.

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

Stock option transactions during the year ended December 31, 2018

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.

On November 30, 2018, the Company granted 3,323,669 stock options to certain directors, officers and consultants. The options vested immediately. The options have an exercise price of \$0.06 per share and expire in five years.

During the year ended December 31, 2018, the Company entered into stock option conversion agreements with various directors and officers to convert outstanding stock options into GOLDUSA tokens. For every 100 stock options outstanding, the option holder received 1 GOLDUSA Token. A total of 1,340,669 stock options were converted into 134,067 GOLDUSA Tokens.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

8. Share capital and reserves (cont'd)***Stock options (cont'd)******Stock option summary***

The changes in options during the three months ended March 31, 2019 and the year ended December 31, 2018 are summarized as follow:

	March 31, 2019		December 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	6,133,669	\$ 0.15	3,800,669	\$ 0.26
Options granted	-	-	3,723,669	0.08
Options exercised	-	-	(50,000)	0.16
Options expired/cancelled	(287,500)	0.52	-	-
Options converted to GOLDUSA Tokens	-	-	(1,340,669)	0.28
Options outstanding and exercisable, end of period	5,846,169	\$ 0.13	6,133,669	\$ 0.15

During the three months ended March 31, 2019, the Company recorded share-based payment expense of \$Nil (2018 - \$70,796), representing the fair value of the stock options granted and vested during the period. The fair value of the stock options granted was calculated using the Black-Scholes option pricing model with following weighted average assumptions:

	March 31, 2019	December 31, 2018
Risk-free interest rate	-	2.19%
Expected dividend yield	-	0.00%
Expected forfeiture rate	-	0.00%
Expected option life (years)	-	5.00 years
Expected stock price volatility	-	114%

Details of options outstanding and exercisable at March 31, 2019 are as follows:

Date of expiry	Exercise price	Number of options	Weighted Average Remaining Contractual life, years	Weighted Average Exercise Price
January 26, 2020	\$0.64	250,000	0.82	\$0.64
October 21, 2020	\$0.20	337,500	1.56	\$0.20
February 23, 2022	\$0.16	1,025,000	2.90	\$0.16
September 5, 2022	\$0.16	250,000	3.44	\$0.16
November 24, 2022	\$0.16	500,000	3.65	\$0.16
December 8, 2022	\$0.25	60,000	3.69	\$0.25
January 5, 2023	\$0.215	100,000	3.77	\$0.215
November 30, 2023	\$0.06	3,323,669	4.67	\$0.06
		5,846,169	3.85	\$ 0.13

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

8. Share capital and reserves (cont'd)**Warrants**

The changes in warrants during the three months ended March 31, 2019 and the year ended December 31, 2018 are summarized as follow:

	March 31, 2019		December 31, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	58,522,093	\$ 0.20	59,072,093	\$ 0.20
Warrants issued	-	-	-	-
Warrants expired	-	-	-	-
Warrants converted to GOLDUSA Tokens	-	-	(550,000)	0.20
Warrants outstanding, end of period	58,522,093	\$ 0.20	58,522,093	\$ 0.20

During the year ended December 31, 2018, the Company entered into warrant conversion agreements with various directors and officers to convert outstanding warrants into GOLDUSA Tokens. For every 100 warrants outstanding, the warrant holder received 1 GOLDUSA Token. A total of 550,000 warrants were converted into 5,500 GOLDUSA Tokens (Note 13).

Details of warrants outstanding and exercisable at March 31, 2019 are as follows:

Date of expiry	Exercise price	Number of warrants	Weighted Average	
			Remaining Contractual life, years	Weighted Average Exercise Price
October 25, 2019	\$0.20	26,800,875	0.57	\$ 0.20
December 23, 2019	\$0.20	3,703,375	0.73	0.20
September 21, 2020	\$0.28	399,238	1.48	0.28
October 24, 2021	\$0.20	3,992,500	2.57	0.20
December 29, 2021	\$0.20	1,618,800	2.75	0.20
May 12, 2022	\$0.20	22,057,305	3.12	0.20
		58,522,093	1.74	\$ 0.20

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

9. Related party transactions and balances***Related party balances***

Amounts due to related parties consist of charges accrued for office administration and management fees. These amounts are due to directors, officers, or companies controlled by directors or officers.

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

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

	March 31, 2019	December 31, 2018
Directors and officers	\$ 46,000	\$ 46,000
Companies controlled by directors and officers	18,450	11,507
A company with officers and directors in common ⁽¹⁾	21,595	16,788
Tokens to be issued ⁽²⁾	249,344	134,144
	\$ 335,389	\$ 208,439

- (1) During the three months ended March 31, 2019, the Company incurred \$1,850 (2018 – \$Nil) in rent expense from a company with officers and directors in common.
- (2) During the year ended December 31, 2018, the Company started paying certain management and directors' fees in GOLDUSA Tokens. As at March 31, 2019, the total amount due to officers and directors in GOLDUSA Tokens for monthly management and directors' fees total 30,550 GOLDUSA Tokens with a fair value of \$249,344 as at March 31, 2019. This amount is included in GOLDUSA Tokens - derivative liabilities (Note 13).

Key management compensation

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

	Three months ended March 31,	
	2019	2018
Directors' fees	\$ 27,000	\$ 21,000
Management fees	53,250	50,288
Share-based payments	-	24,026
Rent	1,850	-
	\$ 82,100	\$ 95,314

Rent was incurred from a company with officers and directors in common.

Secured convertible debentures

As at March 31, 2019, \$3,886,247 (December 31, 2018 - \$3,802,411) was owed to a company controlled by a director of the Company. This includes \$486,247 (December 31, 2018 - \$402,411) of accrued interest.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

10. Financial risk and capital management

The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by banks there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions, as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. The Company has a working capital deficit of \$5,415,341. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company's trade payables are generally due in terms ranging from 30 to 90 days.

Contractual undiscounted cash flow requirements for financial liabilities as at March 31, 2019 are as follows:

	Less Than 1 Year \$	Years 2 and 3 \$	Years 4 and 5 \$	More Than 5 Years \$	Total \$
Trade payables and accrued liabilities	385,735	–	–	–	385,735
Secured convertible debentures	5,460,653	–	–	–	5,460,653
SILVERUSA Tokens – subscriptions received	17,350	–	–	–	17,350
GOLDUSA Tokens – derivative liabilities	–	329,389	658,778	2,305,723	3,293,890
	5,863,738	329,389	658,778	2,305,723	9,157,628

Foreign exchange risk

Foreign exchange risk is the risk that the future fair value of cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. The Company's financial results are reported in Canadian dollars while it conducts a significant portion of its business activities in US dollars. The assets, liabilities and expenses that are denominated in US dollars will be affected by changes in the exchange rate between the Canadian dollar and the US dollar. Gold and silver prices are also quoted in US dollars. If the Canadian dollar changes by 9% against the US dollar, with all other variables held constant, the impact on the Company's foreign denominated financial instruments would result in a reduction or increase of after-tax net loss of approximately \$296,000 for the three months ended March 31, 2019 (2018 – \$1,000).

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

10. Financial risk and capital management (cont'd)***Interest rate risk***

The Company is not currently exposed to significant interest rate risk.

Commodity risk

The Company's exploration and evaluation properties, Gold Royalty Tokens, GOLDUSA tokens and SILVERUSA tokens are closely tied to the price of gold and silver and the outlook for these mineral commodities. Changes in the price of gold can significantly impair the economic viability of the Company's projects, the ability to obtain future financing, and ability to settle token derivative liabilities.

Classification of financial instruments

Financial assets classified as fair value through profit or loss:

	March 31, 2019	December 31, 2018
Cash	\$ 26,501	\$ 58,668

Financial liabilities at amortized costs:

	March 31, 2019	December 31, 2018
Trade payables	\$ 269,690	\$ 231,826
Amounts due to related parties	\$ 86,045	\$ 74,295
Accrued liabilities	\$ 30,000	\$ 34,132
SILVERUSA Tokens – subscriptions received	\$ 17,350	\$ 17,350
Interest payable on secured convertible debentures	\$ 640,338	\$ 557,523
Secured convertible debentures	\$ 4,462,914	\$ 4,320,878

Financial liabilities at fair value through profit and loss:

	March 31, 2019	December 31, 2018
GOLDUSA Tokens – derivative liabilities	\$ 3,293,890	\$ 3,242,686

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

10. Financial risk and capital management (cont'd)***Fair value***

The fair value of the Company's financial assets and liabilities, other than derivative liabilities, approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial assets measured at fair value on a recurring basis consist of cash which is classified as level 1. The Company's derivative liabilities are measured at fair value based on level 3.

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholders' equity and long-term liabilities as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, tokens, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

11. Segmented information***Operating segments***

The Company operates in a single reportable operating segment – the acquisition and exploration of mining properties.

Geographic segments

The Company's non-current assets are located in the following countries:

	As at March 31, 2019		
	Guyana	US	Total
Exploration and evaluation assets	\$ 1	\$ 11,480,067	\$ 11,480,068

	As at December 31, 2018		
	Guyana	US	Total
Exploration and evaluation assets	\$ 1	\$ 11,468,955	\$ 11,468,956

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

12. Gold Royalty Tokens

During the year ended December 31, 2018, the Gold Royalty Tokens were issued as part of a non-brokered private placement of Gold Royalty Tokens (the "Offering"). The Gold Royalty Tokens are redeemable in lots of 200 Gold Royalty Tokens in exchange 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. Each Gold Royalty Token is redeemable commencing 180 days from commercial production of the Bruner Gold Project ("Bruner").

The royalty obligation will be registered against the gold production from the Bruner property. The Gold Royalty Tokens will only pay out, if there is production from Bruner.

On October 31, 2018, the Company closed the Offering and issued a total of 1,680 Gold Royalty Tokens pursuant to the Offering for total proceeds of \$10,500 which included in other income for the year ended December 31, 2018.

13. GOLDUSA Tokens

During the year ended December 31, 2018, GOLDUSA Tokens were issued to accredited investors via an initial Security Token Offering ("Gold STO"). The GOLDUSA Tokens are redeemable at the earlier of 3 years from the closing of the Gold STO and 180 days after declaration of commercial production from the Company's exploration projects, not exclusive to Bruner. In the event of failure to meet a redemption notice, the Company's maximum liability to the GOLDUSA Token holders for each token is limited to the gold price of aggregate tokens submitted for redemption on the redemption date. The Company may settle in cash if the Company is unable to deliver gold on redemption. The Company may suspend the right of the holder to redeem GOLDUSA Tokens to postpone the date of delivery for any period during which the Company determines that conditions exist which render impractical to determine the value of the gold bullion owed to the holder or the redemption amount of the GOLDUSA Tokens. The Company shall not permit the suspension to last more than 180 days. A queuing system for delivery will be implemented, whereby a maximum of 10% of the tokens issued may elect delivery in each respective year that GOLDUSA Tokens are redeemable.

On October 31, 2018, the Company issued the following GOLDUSA Tokens which were held in escrow until March 1, 2019 (4 months and a day hold period), after which date the GOLDUSA Tokens were or will be delivered to the Digital Wallet addresses by the Company as follows:

- a. 63,750 GOLDUSA Tokens to the subscribers of the Gold STO. Of the 63,750 GOLDUSA Tokens issued, 53,750 relate to the conversion of \$268,875 of proceeds received from Gold Royalty Token subscriptions and 10,000 relate to the Gold STO subscriptions for proceeds of \$51,138.
- b. 18,907 GOLDUSA Tokens were issued on conversion of 1,340,669 outstanding stock options and 550,000 outstanding warrants plus additional proceeds of \$74,175 (Note 8). The fair value of options and warrants converted was \$38,682. A loss on conversion of \$34,405 was recorded in net loss for the year ended December 31, 2018.
- c. 5,462 GOLDUSA Tokens related to the settlement of \$21,232 (USD \$16,386) trade payables. A loss on settlement of trade payables with GOLDUSA Tokens of \$21,310 was recorded in the consolidated statements of comprehensive loss for the year ended December 31, 2018.
- d. 112,500 GOLDUSA Tokens to AIVN to settle amounts owing of \$583,065 for the 1.5% NSR buyback pursuant to the SPA. A loss on settlement of the buyback purchase price of \$293,164 was recorded in net loss for the year ended December 31, 2018 (Note 5).

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

13. GOLDUSA Tokens (cont'd)

- e. 190,476 GOLDUSA Tokens to HarmonyChain AS (“HarmonyChain”), a Norwegian Fintech company, for the acquisition of the exclusive global patent rights and technology, associated with GOLDUSA and SILVERUSA security tokens. The fair value of these GOLDUSA Tokens total \$1,479,782 and was included in consulting expenses in the consolidated statements of comprehensive loss for the year ended December 31, 2018.
- f. 16,300 GOLDUSA Tokens to be issued are accrued to directors and officers of the Company and \$129,006 is included in consulting and management fees for the provision of services for the year ended December 31, 2018.

During the three months ended March 31, 2019, the Company accrued additional 14,250 GOLDUSA Tokens to be issued to directors and officers of the Company and \$116,472 is included in consulting and management fees for the provision of services.

A summary of the GOLDUSA Tokens outstanding as at March 31, 2019 and December 31, 2018 is as follows:

	March 31, 2019	December 31, 2018
GOLDUSA Tokens issued in GOLD STO	63,750	63,750
GOLDUSA Tokens issued on conversion of options and warrants	18,907	18,907
GOLDUSA Tokens issued on settlement of trade payables	5,462	5,462
GOLDUSA Tokens issued on settlement of 1.5% NSR buyback with AIVN	112,500	112,500
GOLDUSA Tokens issued to HarmonyChain	190,476	190,476
GOLDUSA Tokens accrued to directors and officers	30,550	16,300
Total GOLDUSA Tokens	421,645	407,395
Calculated fair value per GOLDUSA Token	\$ 7.8120	\$ 7.9596
Total GOLDUSA Tokens – derivative liability	\$ 3,293,890	\$ 3,242,686

As at March 31, 2019, the Company calculated the fair value of the 421,645 GOLDUSA Tokens (December 31, 2018 – 407,395 GOLDUSA Tokens) outstanding to be \$3,293,890 (December 31, 2018 - \$3,242,686) and recorded a revaluation gain of \$65,267 (December 31, 2018 - loss of \$247,852) for the period. The fair value was calculated using a modified option pricing model using the following assumptions:

	March 31, 2019	December 31, 2018
Risk-free interest rate	2.33%	2.61%
Expected dividend yield	0.00%	0.00%
Time to expiration (years)	7.59	7.97 years
Expected gold price volatility	15%	15%

14. SILVERUSA Tokens

On October 3, 2018, the Company launched a non-brokered private placement of SILVERUSA Ethereum ERC20 Tokens via a Security Token Offering (“Silver STO”).

As at March 31, 2019, the Company has yet to close the Silver STO and, as a result, \$17,350 (December 31, 2018 - \$17,350) subscriptions received related to the SILVERUSA Tokens are classified as refundable subscription receipts liability.

Canamex Gold Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

15. Subsequent events

Subsequent to March 31, 2019, a claim was made against the Company by a service provider for failure to pay outstanding fees of \$36,225. The Company and the service provider reached a settlement agreement, pursuant to which \$10,000 was paid in May 2019, and the remaining amounts will be paid in monthly instalments. The full amount of the outstanding liability is included in trade payables and accrued liabilities.