

CANAMEX GOLD CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
NINE MONTHS ENDED SEPTEMBER 30, 2019

OVERVIEW

This management discussion and analysis (“MDA”), prepared on November 29, 2019, covers the operations of Canamex Gold Corp. (“Canamex” or the “Company”) for the period ended September 30, 2019. 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, 2019 and the audited consolidated financial statements for the year ended December 31, 2018. 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.

On May 6, 2019, the Company was issued a cease trade order for failure to meet its continuous disclosure obligations; management is working towards reversing this order as of the approval date of this document.

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

FORWARD LOOKING INFORMATION

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 the 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 2019 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

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 year ended December 31, 2018 and the period ended September 30, 2019.

EXPLORATION AND EVALUATION ASSETS

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 Provex 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 Provex 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. US\$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										
Zone	Indicated > 0.192 gpt Au Equiv					Inferred > 0.192 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
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
Sub Total	17500	0.61	5.49	342	3086	2100	0.56	24.23	37	285

RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF AND BELOW EXTERNAL CUTOFF										
Zone	Indicated between 0.117 and .192 gpt Au Equiv					Inferred between 0.117 and 0.192 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
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
Sub Total	2050	0.16	3.88	11	256	150	0.16	2.93	1	14

TOTAL RESOURCE ABOVE INTERNAL BREAKEVEN CUTOFF										
Total	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
1	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 US\$1280 gold price;
- Low initial capital of \$US37.8 million;
- Pre-tax IRR of 31.6% at US\$1280 gold price;
- Attractive after-tax IRR of 31.0% and NPV5% of US\$69.6 million at US\$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 US\$505/oz. of gold produced for the first two years of operation and US\$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 were issued to AIVN, and held in escrow for 4 months until 1st March 2019.

In August 2019, the Company through its 100% owned subsidiary Canamex Resources US Inc. has sold a 0.5% NSR against the Bruner project, for the sum of USD \$150,000, to Gregory Hahn Revocable Trust, an entity controlled by an officer and a director of the Company, Gregory Hahn. The funds will be used for working capital purposes.

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 7th January 2018 and released on 25th 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 25th 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.

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. On July 1, 2019, the Company dropped the lease.

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

Nine month ended September 30, 2019

For the nine months ended September 30, 2019, the Company had no revenues and had a net loss of \$1,647,727 (2018 - \$1,287,201) and had a cumulative deficit at September 30, 2019 of \$21,532,031 (December 31, 2018 - \$19,884,304). 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 \$11,904 (2018 - \$59,665) due to the decrease in equity financing activities.

Management fees increased to \$335,665 (2018 - \$139,500) as a result of accruing consulting and managements fees, in GOLDUSA Tokens using a modified option pricing model, to certain officers and directors of the Company for the period. To reduce cash outflows, the Company approved a payment plan in September 2018 to remunerate certain officers and directors, from time to time, at the election of the director or officer or contractors, in the form of GOLDUSA Tokens as payment for services rendered to the Company.

The Company had no share-based payments during the period compared to \$70,796 in 2018 as the Company did not grant any new stock options.

All efforts during the nine months ended September 30, 2019 were focused on remediating the cease trade order as well as raising capital via Gold Royalty Tokens and GOLDUSA Tokens prior to the cease trade order.

Three months ended September 30, 2019

The Company had limited operations during this period as it was under a cease trade order as a result of a failure to file requisite documents under the continuous disclosure obligation. The Company had limited cash resources to carry out the planned activities on the Bruner project without the ability to raise additional funds. Excluding the non-cash accrual of consulting of management fees in GOLDUSA Tokens, as discussed above, and the non-cash interest and accretion expense, total operating expenses for the three months ended September 30, 2019 was \$198,798 (2018 - \$209,597). The Company also incurred its annual audit fees during the quarter related to the December 31, 2018 annual financial statements that was completed and filed on September 25, 2019.

As at September 30, 2019, the Company calculated the fair value of the 448,145 GOLDUSA Tokens outstanding to be \$3,861,678 and recorded a revaluation loss of \$269,651 for the period. The fair value was calculated using a theoretical valuation model for discount for lack of marketability using the following assumptions:

	September 30, 2019	December 31, 2018
Risk-free interest rate	1.63%	2.61%
Expected dividend yield	0.00%	0.00%
Time to expiration (years)	7.09	7.97 years
Expected gold price volatility	15%	15%

During the period, the Company incurred \$30,687 in exploration and evaluation costs on the Bruner Property. Total capitalized costs for exploration and evaluation assets were \$11,331,331 as at September 30, 2019.

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, 2019:

	<i>Sep. 30, 2019</i>	<i>Jun. 30, 2019</i>	<i>Mar. 31, 2019</i>	<i>Dec. 31, 2018</i>
Total assets	11,408,970	11,550,965	11,571,064	11,590,282
Working capital	(6,005,788)	(5,714,498)	(5,415,341)	(5,144,341)
Shareholders' equity	1,463,865	2,179,379	2,770,837	3,111,592
Revenue	-	-	-	-
Net loss	(715,514)	(591,458)	(340,755)	(2,849,392)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.05)
	<i>Sep. 30, 2018</i>	<i>Jun. 30, 2018</i>	<i>Mar. 31, 2018</i>	<i>Dec. 31, 2017</i>
Total assets	11,708,214	11,169,370	11,275,200	11,807,001
Working capital/(deficiency)	(99,570)	86,933	260,967	1,068,828
Shareholders' equity	5,855,253	6,262,719	6,710,601	7,428,109
Revenue	-	-	-	-
Net loss	(415,326)	(452,882)	(418,993)	(375,626)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.01)

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 issuance of GOLDUSA Tokens and SILVERUSA Tokens, 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.

The Company had no financing activities during the nine months ended September 30, 2019.

During the most recently completed financial year, the Company had the following financing activities:

In October 2018, the Company raised approximately \$335,000 from non-related parties and approximately \$70,000 from related parties, on the closing of the Gold Royalty Tokens and the GOLDUSA Tokens, as discussed below.

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 (US\$5.00) for gross proceeds of up to \$6,250,000. Minimum subscription is 200 Gold Royalty Tokens for \$1,250 (US\$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.

The settlement of the Gold Royalty Token in gold bullion is contingent on successful commercial production from the Bruner Gold project and the contract is not enforceable if the development is unsuccessful.

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 US\$4.00 per token, which represented a 38% discount to US\$6.50 value per token, based on US\$1,300 per oz gold price.
- Exposure to gold-backed token, starting at US\$800 per oz instead of approx. US\$1,300 per oz spot price.
- Each token is an interest in 1/200 oz gold.
- Minimum subscription was 2,000 GOLDUSA Tokens.

- e. Redeemable at the earlier of 3 years from the closing of the private placement and 180 days after declaration of commercial production from Bruner. The Company closed the Gold STO on October 31, 2018; as such, the redemption period begins at the earlier of November 1, 2021 and 180 days after declaration of commercial production from Bruner.
- f. In the event of failure to meet 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.
- g. 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 (for example, laws and regulations change making it illegal for individuals to possess gold as an asset; or redemption of large amounts which may collide with anti-money laundering, tax avoidance, financing of terrorism, and other similar laws) which render impractical to determine the value of the gold bullion owned by the holder or the redemption amount of the GOLDUSA Tokens. The Company shall not permit the suspension to last more than 180 days.
- h. A queuing system for delivery of gold or cash 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 May 22, 2018, the Company elected to increase the Gold STO subscription offer price to US\$4.125 per token.

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 US\$4.25 per GOLDUSA Token.

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

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

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 can be found at <https://canamexgold.com/wp-content/uploads/2019/02/SILVERUSA-White-Paper-Version-1.0-final-dated-Feb-2019.pdf>

As at December 31, 2018 and at September 30, 2019, the Company has yet to close the Silver STO and, as a result, \$17,350 subscriptions received related to the SILVERUSA Tokens are classified as refundable subscription receipts liability.

Net cash flows used in operating activities for the nine months ended September 30, 2019 were \$152,092. Net cash provided by investing activities was \$165,953 as a result of the sale of 0.5% NSR on the Bruner property, net of additional exploration and evaluation expenditures. The total increase in cash for the period was \$13,861. Working capital at September 30, 2019 was \$(6,005,788) compared to \$(5,144,341) at December 31, 2018.

Agreements with respect to Issue of Security Tokens

Security tokens are used as means of financing and the Company is not, in any way, changing its business into sale of Tokens. The Company will use the proceeds from issue of security tokens to fund its investment in Bruner project and its day-to-day operating working capital.

On November 24, 2017, an agreement has been executed between the Company and Harmonychain AS, Norwegian company (“Harmonychain”). The agreement grants Canamex and its wholly owned subsidiary ChainDelivery, an Exclusive Licence for all intellectual property and patents pending and trademark applications for blockchain Platform Smart Contract Asset Backed Tokens within the two mining and metals business segments of Gold and Silver. Harmonychain will assist Canamex/ChainDelivery with IT and marketing solutions. Harmonychain will invoice Canamex/ChainDelivery at cost + 10 %.

This Exclusive Global License, includes current patent applications and all trademarks applied for, and currently under review by Patentstyret (Norwegian Industrial Property Office), and where applied for in any other jurisdiction, within the mineral segment of Gold and Silver.

Canamex/ChainDelivery is free to re-license the technology owned by Harmonychain in the Gold and Silver segment. Any Canamex/ChainDelivery revenue from such re-licensing will be divided such that 19/21 of revenue, will be the exclusive property of Canamex/ChainDelivery, and 2/21 of revenue will be the exclusive property of Harmonychain.

The “Tokens” are defined and specified as follows:

GOLDUSA (ticker symbol GOLD)
GOLDBYTE (ticker symbol GOBY)
ETFGOLD (ticker symbol ETFG)
SILVERUSA (ticker symbol SUSA)
SILVERBYTE (ticker symbol SILB), and
ETFSILVER (ticker symbol ETFS)

The Company paid a fee of \$9,000 per Token type as defined to HarmonyChain. The Company will also pay 2/21 or 9.52381% of those Tokens issued by Canamex/ChainDelivery to third parties via subscription or sale. If securities regulations escrow provisions apply, such as 4 months and 1 day from the issuance date, then Canamex/ChainDelivery shall deliver the Tokens to Harmonychain wallet, after the escrow period has expired.

The defined asset backing of each Token type, will be at the sole discretion of Canamex/ChainDelivery, and defined in the applicable white paper.

Canamex/ChainDelivery may elect to issue other new token types with alternative names than specified and defined above, within the Gold and Silver Commodity Segments. In such case, the 2/21 payment terms to Harmonychain, as specified above, shall also apply to those new Token types to the extent that Harmonychain holds a valid intellectual property right over such various Tokens.

For each Token type as defined above, Canamex/ChainDelivery shall use reasonable efforts to seek the sale within 3 years of each respective initial security token offering (“STO”) closing date, of the minted Tokens of that type to third parties, via subscription or via sale.

Canamex/ChainDelivery grants Harmonychain a 5-year purchase call option, which may be exercised anytime before 31 December 2023 to purchase Tokens that Canamex/ChainDelivery have not sold or issued, at a price of twice the metal price spot value per Token, and purchase settlement will be to Canamex/ChainDelivery account. The purchase price is set based on the LBMA closing spot metal price, on the date that notice is given by Harmonychain to Canamex/ChainDelivery in writing. Payment and settlement is due within 14 days after notice to exercise is given to purchase. Canamex/ChainDelivery do not have a put sell option to sell Tokens to Harmonychain.

The risks associated with the Issuance of these Security Tokens, is summarised under the Risk Disclosures Section below.

Stock options, Warrants & Agent’s Warrants

Stock Options

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 on January 5, 2023.

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 on January 5, 2023.

On November 30, 2018, the Company granted 3,323,669 stock options to certain directors, officers and/or consultants. The options vested immediately. The options have an exercise price of \$0.06 per share and expire on November 30, 2023.

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.

During the nine months ended September 30, 2019, the Company recorded share-based payment expense of \$Nil (2018 - \$70,796), representing the fair value of the stock options granted 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:

	September 30, 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%

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.

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.

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, 2019	December 31, 2018
Directors and officers ⁽ⁱ⁾	\$ 46,000	\$ 46,000
Companies controlled by directors and officers ⁽ⁱⁱ⁾	36,450	11,507
A company with officers and directors in common ⁽ⁱⁱⁱ⁾	1,566	16,788
Tokens to be issued ^(iv)	525,035	134,144
	\$ 609,051	\$ 208,439

(i) Frank Hogel - \$46,000 (December 31, 2018 - \$46,000)

(ii) A company controlled by Mike Stark - \$Nil (December 31, 2018 - \$2,057) and a company controlled by Dong Shim - \$36,450 (December 31, 2018 - \$9,450)

(iii) Arizona Silver Exploration Inc. for rent expenses and office overhead costs.

(iv) During the year ended December 31, 2018, the Company started paying certain management and directors' fees in GOLDUSA Tokens. As at September 30, 2019, the total amount due to officers and directors in GOLDUSA Tokens for monthly management and directors' fees total 57,050 (December 31, 2018 - 16,300) GOLDUSA Tokens with a fair value of \$525,035 (December 31, 2018 - \$134,144) as at September 30, 2019. This amount is included in GOLDUSA Tokens - derivative liabilities.

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,	
	2019	2018
Fees for outside/independent directors ⁽⁴⁾⁽⁵⁾⁽⁶⁾	\$ 75,000	\$ 63,000
Management and administrative fees ⁽¹⁾⁽²⁾⁽³⁾	159,750	125,966
Share-based payment ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	-	24,026
Rent ⁽⁷⁾	5,750	-
	\$ 240,500	\$ 213,022

¹ David Vincent, Director and Interim CEO (appointed Oct 5, 2017)

² Greg Hahn, President, Director and COO

³ Dong Shim, CFO (appointed Aug 25, 2017)

⁴ Mike Stark, Chairman, Director

⁵ Frank Hogel, Director (appointed Oct 22, 2015)

⁶ Guy Dancosse, Director (resigned April 30, 2019)

⁷ Arizona Silver Exploration Inc. (directors in common)

ADDITIONAL INFORMATION

At November 29, 2019:

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 5,846,169 options and 31,721,218 warrants outstanding.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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 consolidated 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 consolidated 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 consolidated 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.

CRITICAL ACCOUNTING ESTIMATES

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.

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. 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.

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.

ACCOUNTING POLICIES

New accounting standards

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.

The adoption of IFRS 16 did not have a material impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Classification of financial instruments

Financial assets classified as fair value through profit or loss:

	September 30, 2019	December 31, 2018
Cash	\$ 72,529	\$ 58,668

Financial liabilities at amortized costs:

	September 30, 2019	December 31, 2018
Trade payables	\$ 359,126	\$ 231,826
Amounts due to related parties	\$ 82,450	\$ 74,295
Accrued liabilities	\$ 30,000	\$ 34,132
SILVERUSA Tokens – subscriptions received	\$ 17,350	\$ 17,350
Interest payable on secured convertible debentures	\$ 915,425	\$ 557,523
Secured convertible debentures	\$ 4,679,076	\$ 4,320,878

Financial liabilities at fair value through profit and loss:

	September 30, 2019	December 31, 2018
GOLDUSA Tokens – derivative liabilities	\$ 3,861,678	\$ 3,242,686

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 \$6,005,788. 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 September 30, 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	471,576	–	–	–	471,576
Secured convertible debentures	5,594,501	–	–	–	5,594,501
SILVERUSA Tokens – subscriptions received	17,350	–	–	–	17,350
GOLDUSA Tokens – derivative liabilities	–	386,167	772,334	2,703,177	3,861,678
	5,863,738	386,167	772,334	2,703,177	9,945,105

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 \$390,000 for the nine months ended September 30, 2019 (2018 – \$1,000).

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.

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.

RISKS

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.

RISKS RELATING TO TOKENS:

The Bruner Nevada Project

As the Company is still in the development phase with its Gold and Silver Project, in Nevada, it has yet to produce any Gold or Silver. The Company has not yet made a production decision and is raising capital to advance the project through permitting and feasibility, the results of which are anticipated to support a production decision upon completion. Whilst the 2018 updated PEA is positive, and recommends advancing the project through permitting and feasibility, it is based upon mineral resources only, and not mineral reserves. Therefore, a Gold Royalty Token and GOLDUSA Token linked to the production of such mineral resources is speculative, as there is no definitive time horizon in which commercial production of such resources could commence.

Equity Holders

The Gold Royalty Token effectively will be a long-term royalty interest on the Nevada Gold and Silver Project, which will require the delivery of Gold if or when commercial production is achieved. The GOLDUSA Token will require the delivery of Gold at the earlier of 3 years from the issue date or when commercial production is achieved if redemption is requested by the holder. Investors of Common Shares of the Company should be aware that a Gold Royalty Token and a GOLDUSA Token holder will receive Gold, on redemption requests and after redemptions of Gold are satisfied, the Company could sell any remaining resources available. Therefore, Gold Royalty Token and GOLDUSA Token holders, who elect to take physical delivery, will have priority over Equity Holders, with respect to any future gold production.

Equity Interest

The Gold Royalty Tokens and the GOLDUSA Tokens do not give the Token holders any equity or other interest in the Company equivalent to a holder of common shares including, for greater certainty, a right to participate in the profits or the distribution of assets of the Company, nor any voting rights in any meeting of the security holders of the Company. A holder of a Gold Royalty Token and a GOLDUSA Token is entitled to delivery of Gold, on request, or may be settled for cash at the discretion of the Company, pursuant to the terms of the Offer sheet and the GOLDUSA STO. The Company will receive cash for the Gold Royalty Token and the GOLDUSA Token offerings and will have an obligation to meet Gold delivery requests, pursuant to the terms of the Offer sheet and the GOLDUSA STO.

Gold Price

Fluctuations in the price of Gold could materially affect an investment in the Gold Royalty Tokens and the GOLDUSA Tokens.

Even if the Gold Royalty Tokens and GOLDUSA Tokens are held for the long-term, that may not result in a profit, since Gold markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations. If the price of Gold declines, the Company expects the value of the Gold Royalty Tokens and the GOLDUSA Tokens to decline.

Gold bullion is traded internationally, and its price is generally quoted in U.S. dollars. The price of the GOLDUSA Tokens will depend on, and typically fluctuate with, the price fluctuations of Gold. The price of Gold may be affected at any time by many international, economic, monetary and political factors, many of which are unpredictable.

Suitability

Prospective purchasers need to independently determine the suitability of investing in GOLDUSA Tokens. Prospective purchasers should determine whether an investment in GOLDUSA Tokens is appropriate in their circumstances and should consult with their legal, business and tax advisors in evaluating the consequences of an investment in the GOLDUSA Tokens. An investment in GOLDUSA Tokens is only suitable for investors who: (i) have the requisite knowledge and experience in financial and business matters to evaluate the merits and risks of an investment in GOLDUSA Tokens; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation; and (iii) can bear the potential economic risks of any investment in the GOLDUSA Tokens.

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.