

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: **CMX GOLD & SILVER CORP.** (the "Issuer").

Trading Symbol: **CXC**

Number of Outstanding Listed Securities: **36,265,724**

Date: **August 6, 2019**

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

In 2018, the Issuer made a decision to continue to wait patiently for an investor interested in making a unique structured investment in the Issuer. Unforeseen, uncontrollable delays experienced by the investor in his business affairs pushed completing a transaction into

2019. Management has evaluated the circumstances and determined that it is in the best interest of the Issuer to continue to stay the course and see what transpires in 2019. Management is focused on achieving the best possible financing with the least dilution to current shareholders. This has meant that it has taken much longer than anticipated to complete a transformational financing. Although the Issuer is anticipating announcing a funding arrangement in summer 2019, there is no certainty that a financing will be completed and there is risk that such funding will not occur.

As part of Management's efforts to create shareholder value, a special meeting of shareholders will be held on September 16, 2019 to authorize the Board of Directors to change the name of the Issuer and to consolidate the issued common shares. On August 1, 2019, the Issuer announced that it has entered into a letter of intent dated June 28, 2019 with Interfield Software Solutions ("**Interfield**"), which sets out the proposed terms of a transaction whereby CMX will acquire all of the outstanding shares of Interfield in exchange for shares of the Company (the "**Acquisition**"). The Acquisition will constitute a reverse takeover of the Company under the policies of the Canadian Securities Exchange (the "**CSE**").

### **Information concerning Interfield**

Interfield, a Seychelles corporation based in Dubai, is a software development company that provides tailor-made data management and marketplace solutions for numerous business segments worldwide including oil and gas, mining, agriculture, maritime, retail, banking and government institutions to increase efficiency, improve overall performance and lower costs through intuitive and powerful online and offline software applications.

### **Transaction summary**

The final terms of the Acquisition are still being negotiated between the parties. At this time, it is anticipated that the acquisition will be completed by way of a three cornered amalgamation in the Seychelles (the "**Transaction**"). CMX will consolidate its outstanding common shares on a ratio to be determined. It is anticipated the consolidation will be on the basis of one (1) post-consolidation common share for every six (6) pre-consolidation common shares, or such other number of pre-consolidation common shares up to but not exceeding ten (10) pre-consolidation common shares for one (1) post-consolidation common share. For example, in the case of a 1:6 consolidation, CMX will issue approximately 54 million post-consolidation CMX shares with a deemed value of \$0.30 per share in exchange for 100% of the issued and outstanding shares of Interfield. The final structure of the Transaction is subject to receipt of tax, corporate and securities law advice for both CMX and Interfield.

The Transaction will be an arm's-length transaction and will not be a related party transaction under applicable securities rules. No deposit or advance has been made, or is anticipated to be made, by CMX to Interfield in connection with the Transaction. The Company currently has 36,265,724 common shares issued and outstanding and 40,000 common shares to be issued, as well as 3,200,000 stock options exercisable at a weighted average price of \$0.10 per share and 21,458,740 warrants to acquire CMX shares exercisable at a weighted average price of \$0.165 per share.

### **Spinout of new mining company**

The Company expects that 100% of the shares of CMX Gold & Silver (USA) Corp. ("**CMX USA**"), a wholly-owned subsidiary of the Company and owner of the Clayton, Idaho mining assets, will be transferred on an "as is" basis to a newly incorporated subsidiary of CMX ("**SpinCo**"), which will be spun-out by way of a dividend *in specie* of SpinCo shares to existing shareholders of the Company as of the record date to be set immediately

preceding completion of the Transaction. Concurrent with the transfer of ownership of CMX USA to SpinCo, all obligations and liabilities of CMX will be assumed by SpinCo, except for certain liabilities of CMX not exceeding \$65,000.

An annual general and special meeting of shareholders of CMX will be held on September 16, 2019 to consider, in addition to the usual business, approving a change of name of the Company and a consolidation of CMX common shares.

The Transaction will be subject to a number of terms and conditions, including, but not limited to: the parties entering into a definitive agreement with respect to the Transaction (such agreement to include representations, warranties, conditions and covenants typical for a transaction of this nature); the completion of satisfactory due diligence investigations by the parties; receipt of all necessary board and shareholder approvals; completion of the financings described below; and receipt of the approval of the CSE. There can be no assurance that the Transaction will be completed as proposed or at all.

Trading in the shares of CMX is expected to remain halted throughout the duration of the Transaction and until the CSE has approved the Transaction. Further details concerning the Transaction (including additional financial information) and other matters will be announced when a definitive agreement is executed.

### **Concurrent Financing**

It is anticipated that in connection with the Transaction, Interfield will complete a financing of equity securities, of which the size, structure and pricing will be determined in the context of the market, but not to be less than the equivalent of \$0.05 per pre-consolidation common share of CMX.

### **Management and board of directors of Resulting Issuer**

Upon completion of the Transaction, CMX's directors will resign and the new board of directors of the Company (the "**Resulting Issuer**") will be comprised of directors appointed by Interfield. Mr. Hal Hemmerich, the current chief executive officer of Interfield, will be the chief executive officer of the Resulting Issuer. The Resulting Issuer has not yet selected its chief financial officer. Further details including biographies for each proposed director and senior officer will be provided in a future news release.

## **2. Provide a general overview and discussion of the activities of management.**

The Issuer's Common Shares are DTC Eligible in the U.S. and trade on OTC Markets under the symbol "CXXMF". This facilitates trades by Investors in the U.S. who trade on-line and are unable to transact directly on Canadian stock exchanges.

Management has developed plans for 2019 to carry out geophysical work on the property to pinpoint drill locations for a follow-up drill program in the third quarter of 2019 (funding dependent) to delineate the resource potential of the known mineralized systems identified and referred to as the South and North Ore Bodies in the old mine workings. The Issuer will also drill locations to identify other mineralized zones adjacent to the known structures. The Issuer has concluded that geophysical exploration was not done on the property by previous operators.

Management considers the significant opportunity at the Clayton Silver Mine to be the potential for confirming and adding mineral resources underground, both adjacent to the old workings and in other parts of the property, including deeper and along strike. This is the Issuer's main goal. Historical data points to substantial upside potential. The Issuer's compilation of the available historical drilling and mining information is being used to build a geological model of the historic Clayton Mine. This will enable development of plans for

future work on the property, including diamond drilling programs, such as the one referred to above, to test for potential new silver-lead-zinc resources.

The analysis completed by the Issuer's geologist, Rick Walker, illustrates how little exploration has been previously carried out on the property. Not only are resources available from previous work (**not currently NI 43-101 compliant**), including drilling that was for mining purposes on the North Ore Body at the 1100-foot level and some deeper drilling several hundred feet below the old workings to a 1500-foot depth, but there is potential for resources to exist at shallower depths below and adjacent to the South Ore Body. All of this supports the potential of finding resources that are many times more than what has been mined previously. Modern exploration techniques, including geophysics, improve the odds of finding new ore bodies on the property.

Management has deferred to later in 2019 carrying out a more detailed follow-up sampling program to assess the economic potential of the Mine Dump. The program will include drilling in a grid pattern over the mine dump to recover multiple samples from each location. The Mine Dump is estimated to contain greater than 500,000 tonnes of metal-bearing material readily available for immediate processing. This estimate is not an NI 43-101 compliant resource. Upon completion of the detailed sampling and conditional on satisfactory results, the Issuer intends to proceed with a preliminary economic assessment (PEA) which, if positive, is expected to support refurbishing and modernizing the mill on the property as the first phase of reactivating the mine.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

None, not applicable.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

The Issuer announced a letter of intent as described in Section 1 above. The transaction does not involve a Related Person of the Issuer.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None, not applicable.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how

the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None, not applicable.

8. Describe the acquisition of new customers or loss of customers.

Not applicable.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

Not applicable.

10. Report on any employee hiring, terminations or lay-offs with details of anticipated length of lay-offs.

None, not applicable.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None, not applicable.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None, not applicable.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

For the month of July 2019, the Issuer incurred management fees for the services of two officers aggregating approximately \$10,700, which amount is unpaid. This debt is classified as long-term debt and is due July 1, 2020.

14. Provide details of any securities issued and options or warrants granted. *None.*

<b>Security</b>	<b>Number Issued</b>	<b>Details of Issuance</b>	<b>Use of Proceeds<sup>(1)</sup></b>

*(1) State aggregate proceeds and intended allocation of proceeds.*

15. Provide details of any loans to or by Related Persons.

At July 31, 2019, the Issuer owed to a management company owned by the spouse of an officer approximately \$424,300 for unpaid fees for the services of the President & CEO of the Issuer, advances and accrued interest. At July 31, 2019, the Issuer owed the President & CEO \$15,000 for unpaid fees. At July 31, 2019, the Issuer owed the CFO approximately \$73,700 for unpaid fees, advances and accrued interest. All of the aforesaid amounts have been deferred, with payment due July 1, 2020 and bear interest at a rate of 6% per annum.

At July 31, 2019, the Issuer owed approximately \$234,000, including accrued interest, to two officers, three directors and a management company owned by the spouse of an officer, for convertible debentures, which were extended and now mature January 31, 2020.

At July 31, 2019, the Issuer owed approximately \$25,400, including interest, to an officer and two directors for loans made to the Issuer. These loans are on demand and bear interest at a rate of 6% per annum.

16. Provide details of any changes in directors, officers or committee members.

None.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

After very strong equity markets for junior mining companies from 2009 to early 2011, the metals markets were bearish until 2016. Prices for gold, silver, lead, zinc, and other metals had been increasing for most years from 2003 until 2011. From mid-2011, metals commodity prices fluctuated and trended downwards until the first quarter of 2016, when a price recovery began. Many market observers have suggested that the precious metals markets bottomed in early 2016 and we are now in the early stages of the next cycle of increasing prices. However, in the second half of 2018, metals prices fell sharply as a result of investors' concerns that an international trade war will slow the world economy and, perhaps, also cause a global recession. This derailed the recovery in junior mining stocks and lengthened the bear market for junior mining companies. Also, investor interest in crypto currencies and cannabis producers has diverted capital from junior mining stocks. Nevertheless, the Issuer expects a price recovery in commodity prices over the next few years for the following reasons: 1) reduced capital investment will lead to flat or falling production, which for some metals has already begun; 2) expansion of production resulting from the last investment cycle has ended for most metals; 3) demand will continue to grow, albeit more slowly in the current global economic environment; 4) physical supply of gold, silver, zinc and other metals relative to demand has been tightening; 5) the effects of central banks' monetary experiments, such as quantitative easing, are yet to play out (i.e. consequences of massive money supply expansion since the 2008 financial crisis); and 6) inflation is likely to pick up in 2019 and beyond. All of this will support an extended recovery in the junior mining sector, which will help facilitate financing of the Issuer's Clayton Property activities.

A note on silver markets: In spite of the futures market betting on relatively flat silver prices over the next few years (for example, on March 6/19 the spot price was US\$15.06/oz and the NYMEX March 2020 contract was US\$15.54/oz), the Issuer predicts a tightening of the physical supply of silver in 2019 and continuing for several years. Silver production is primarily a by-product of mining for other metals. The low level of new investment in the mining sector means world silver production that peaked in 2015 has plateaued and declined slightly over the past two years. Meanwhile, industrial demand, especially for solar panels, continues to increase, particularly in China. All of this has resulted in a physical deficit in global silver markets, which, along with anticipated future increased investment demand, should cause silver prices to increase in the future.

Increasing zinc and lead prices are a bonus for the Issuer's Clayton Silver Mine. From early 2016 until mid-2018, zinc and lead prices moved steadily higher. Since June 2018, prices for base metals have fallen sharply as a consequence of trade war concerns. In spite of the correction, metals prices are still above the lows of late 2015. The Issuer's

opinion is that this is the final stage of metals prices forming a base on which a multi-year bullish uptrend will commence in 2019. The fundamentals remain positive for the global lead and zinc markets in the years ahead. Demand for both metals is expected to exceed production over the next few years, which should result in higher prices. LME lead and zinc inventories continue to track well below levels of five years ago, which is bullish for future prices.

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: August 6, 2019

JAN M. ALSTON  
Name of Director or Senior  
Officer

*“Jan M. Alston”*  
Signature

President & CEO  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer CMX GOLD & SILVER CORP.	For Month End July 31, 2019	Date of Report YY/MM/DD 19/08/06
Issuer Address P.O. BOX 74113, 148 – 555 STRATHCONA BLVD. SW		
City/Province/Postal Code CALGARY, ALBERTA T3H 3B6	Issuer Fax No. (403) 246-3018	Issuer Telephone No. (403) 457-2697
Contact Name JAN M. ALSTON	Contact Position PRESIDENT	Contact Telephone No. (403) 457-2697
Contact Email Address <a href="mailto:janalston@cmxgoldandsilver.com">janalston@cmxgoldandsilver.com</a>	Web Site Address <a href="http://www.cmxgoldandsilver.com">www.cmxgoldandsilver.com</a>	