

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: **January 7, 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.

During 2018, the Issuer worked diligently to secure funding from a strategic investor. Management has taken a patient approach to achieve the most suitable financing with the least dilution to current shareholders. This has meant that it has taken much longer than

anticipated to complete a transformational financing. The Issuer is anticipating announcing a funding arrangement early in 2019, however, there is no certainty that a financing will be completed and there is risk that such funding will not occur. Management will continue to investigate opportunities for creating shareholder value.

The Issuer was not active on the Clayton property in December 2018, but completed a site visit at the end of July 2018 to develop plans to conduct a program of exploration geophysics starting in 2019 and diamond drilling (see 2 below), as soon as funding is secured. The geophysics will be used to pinpoint drilling targets to explore the potential of the property for mineral reserves.

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 second 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.
None.
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 December 2018, the Issuer incurred management fees for the services of two officers aggregating approximately \$12,900, 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.

Security	Number Issued	Details of Issuance	Use of Proceeds ⁽¹⁾

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

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

At December 31, 2018, the Issuer owed to a management company owned by the spouse of an officer approximately \$345,000 for unpaid fees for the services of the President & CEO of the Issuer, advances and accrued interest. At December 31, 2018, the Issuer owed the President & CEO \$5,000 for unpaid fees. At December 31, 2018, the Issuer owed the CFO approximately \$62,600 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 December 31, 2018, the Issuer owed approximately \$227,000, including accrued interest, to two officers, three directors and a management company owned by the spouse of an officer, for convertible debentures issued in January 2016 and maturing January 31, 2019.

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 January 4/19 the spot price was US\$15.67/oz and the NYMEX March 2020 contract was US\$16.22/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 lack 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 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 a few months ago, 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 recent 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: **January 7, 2019**

JAN M. ALSTON
Name of Director or Senior
Officer

“Jan M. Alston”
Signature

President & CEO
Official Capacity

<i>Issuer Details</i> Name of Issuer CMX GOLD & SILVER CORP.	For Month End December 31, 2018	Date of Report YY/MM/DD 19/01/07
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