



INSTRUCTIONS

This report is to be filed by Exchange Issuers within 60 days of the end of their first, second and third fiscal quarters and within 140 days of the end of their fourth fiscal quarter. Three schedules (typed) are to be attached to this report as follows:

SCHEDULE A: FINANCIAL INFORMATION

Financial information prepared in accordance with generally accepted accounting principles of the fiscal year-to-date, with comparative information for the corresponding period of the preceding fiscal year. This financial information should consist of the following:

For the first, second and third fiscal quarters:

An interim financial report presented in accordance with Section 1750 of the C.I.C.A. Handbook. This should include a summary income statement (or a statement of deferred costs) and a statement of changes in financial position. A summary balance sheet is also to be provided.

For the fourth fiscal quarter (year end):

Annual audited financial statements.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below is to be provided when not included in Schedule A.

1. *For the current fiscal year-to-date:*

Breakdown, by major category, of those expenditures and costs which are included in the deferred costs, exploration and development expenses, cost of sales or general and administrative expenses set out in Schedule A. State the aggregate amount of the expenditures made to parties not at arm's length from the issuer.

2. *For the quarter under review:*

(a) Summary of securities issued during the period, including date of issue, type of security (common shares, convertible debentures, etc.), type of issue (private placement, public offering, exercise of warrants, etc.) number, price, total proceeds, type of consideration (cash, property, etc.) and commission paid.

(b) Summary of options granted, including date, number, name of optionee, exercise price and expiry date.

3. *As the end of the quarter:*

(a) Particulars of authorized capital and summary of shares issued and outstanding.

(b) Summary of options, warrants and convertible securities outstanding, including number of amount, exercise or conversion price and expiry date.

(c) Total number of shares in escrow or subject to a pooling agreement.

(d) List of directors.

SCHEDULE C: MANAGEMENT DISCUSSION

Review of operations in the quarter under review and up to the date of this report, including brief details of any significant event or transaction which occurred during the period. The following list can be used as a guide but is not exhaustive:

Acquisition or abandonment of resource properties, acquisition of fixed assets, financings and use of proceeds, management changes, material contracts, material expenditures, transactions with related parties, legal proceedings, contingent liabilities, default under debt or other contractual obligations, special resolutions passed by shareholders.

Specifically, the management discussion must include:

(a) disclosure of and reasons for any material differences in the actual use of proceeds from the previous disclosure by the issuer regarding its intended use of proceeds; and

(b) a brief summary of the investor relations activities undertaken by or on behalf of the issuer during the quarter and disclosure of the material terms of any investor relation arrangements or contracts entered into by the issuer during the quarter.

Freedom of Information and Protection of Privacy Act

The personal information requested on this form is collected under the authority of and used for the purpose of administering the *Securities Act*. Questions about the collection or use of this information can be directed to the Supervisor, Statutory Filings (604-660-4890), 1100 - 865 Hornby Street, Vancouver, British Columbia V6Z 2H4

ISSUER DETAILS

NAME OF ISSUER

CANMEX MINERALS CORPORATION

FOR QUARTER ENDED

DEC. 31, 1998

DATE OF REPORT

99 - 04 - 28

ISSUER'S ADDRESS

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CITY

VANCOUVER

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CONTACT PERSON

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CONTACT'S POSITION

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CERTIFICATE

The three schedules required to complete this Quarterly Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Quarterly Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE

"LUKAS H. LUNDIN"

PRINT FULL NAME

LUKAS H. LUNDIN

DATE SIGNED

99 - 04 - 28

DIRECTOR'S SIGNATURE

"WILLIAM MURRAY"

PRINT FULL NAME

WILLIAM MURRAY

DATE SIGNED

98 - 04 - 28

CANMEX MINERALS CORPORATION
Notes to Consolidated Financial Statements
December 31, 1998 and 1997

1. Nature of operations

The Company was incorporated on March 29, 1993 under the laws of British Columbia. Its principal business activities are the acquisition, exploration and development of mineral properties in Mexico.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete development and future profitable production or proceeds from the disposition of mineral properties.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the following:

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned Mexican subsidiary, Minera Austral S.A. de C.V. ("Minera Austral"). All significant inter-company transactions and balances have been eliminated.

(b) Cash equivalents

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having original maturities of three months or less, that are readily convertible to contracted amounts of cash.

(c) Equipment

Equipment is recorded at cost. Depreciation is provided on the declining balance basis at a rate of 30 percent per annum, reflecting the estimated useful life of the equipment.

(d) Mineral properties

The Company capitalizes the acquisition cost of mineral properties and defers exploration and development expenditures directly related to specific mineral property interests until such time as the extent of mineralization has been determined and the properties are either developed or the Company's mineral rights are allowed to lapse. At that time, the deferred costs are either amortized on a unit-of-production basis or written off, as appropriate.

The amounts shown for mineral properties represent costs less recoveries and write-offs to date and do not necessarily reflect present or future values.

CANMEX MINERALS CORPORATION
Notes to Consolidated Financial Statements
December 31, 1998 and 1997

2. Significant accounting policies, Continued

(e) Foreign currency translation

Minera Austral is an integrated foreign operation and the related accounts have been translated into Canadian dollars using the temporal method as follows:

- (i) Revenue and expenses at average rates for each year;
- (ii) Monetary items at the rates of exchange prevailing at the balance sheet dates;
- (iii) Non-monetary items at the historical exchange rates; and
- (iv) Exchange gains and losses arising from translation are included in the determination of loss for each year, except for exchange gains or losses relating to non-current monetary assets or liabilities, which are deferred and amortized over the remaining life of the asset or liability.

(f) Loss per share

Loss per common share is calculated using the weighted average number of shares outstanding during the year. Fully diluted loss per share is not presented if anti-dilutive.

(g) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and notes thereto. Significant areas requiring the use of management estimates relate to the determination of impairment of mineral properties and equipment and useful life for depreciation. Actual results could differ from those estimates.

(h) Comparative figures

Certain of the prior years comparative figures have been reclassified to conform to the presentation adopted for the current year.

3. Equipment

	Cost	Accumulated Depreciation	December 31, 1998 Net	December 31, 1997 Net
Automotive equipment	\$ -	\$ -	\$ -	\$ 24,339
Exploration equipment	4,059	1,970	2,089	10,793
Office equipment	43,705	22,268	21,437	39,212
	\$ 47,764	\$ 24,238	\$ 23,526	\$ 74,344

CANMEX MINERALS CORPORATION
Notes to Consolidated Financial Statements
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4. Mineral properties

The continuity of costs incurred on the Company's mineral properties is as follows:

	Boleo	El Limon	Azulita	Other	Total
Balance, December 31, 1996	\$ 1,769,702	\$ 1,107,474	\$166,286	\$ 86,002	\$3,129,464
Acquisition costs	72,811	114,410	3,730	5,004	195,955
Exploration and development expenditures:					
Assaying	707	10,018	-	-	10,725
Camp equipment and supplies	16,190	6,184	16	(39)	22,351
Depreciation	20,332	44,539	-	-	64,871
Geological	211,885	254,343	1,080	309	467,617
Geophysical	136,183	4,336	-	-	140,519
Office and miscellaneous	52,284	104,344	791	-	157,419
Transportation and accommodation	54,575	107,902	382	81	162,940
Incurred during the year	564,967	646,076	5,999	5,355	1,222,397
Cost recoveries from other parties	(2,721)	-	(33,715)	-	(36,436)
Write-off of mineral properties	-	(167,899)	(138,570)	(91,357)	(397,826)
Balance, December 31, 1997	2,331,948	1,585,651	-	-	3,917,599
Acquisition costs	73,599	142,298	973	2,732	219,602
Exploration and development expenditures:					
Camp equipment and supplies	859	(444)	-	-	415
Depreciation	4,166	38,194	-	-	42,360
Geological	85,844	68,539	-	-	154,383
Geophysical	16,060	-	-	-	16,060
Office and miscellaneous	8,311	(11,177)	-	-	(2,866)
Transportation and accommodation	14,326	7,543	-	-	21,869
Incurred during the year	203,165	244,953	973	2,732	451,823
Write-off of mineral properties	-	(1,830,604)	(973)	(2,732)	(1,834,309)
Balance, December 31, 1998	<u>\$ 2,535,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,535,113</u>

CANMEX MINERALS CORPORATION
Notes to Consolidated Financial Statements
December 31, 1998 and 1997

4. Mineral properties, Continued

A description of the Company's mineral properties is as follows:

(a) Boleo and San Bruno Properties

The Boleo property consists of seven concessions covering approximately 45,000 hectares in the Santa Rosalia area of Baja California Sur in Mexico. Titles to all of the mineral concessions have been granted by the regulatory authorities in Mexico, except for the Ampliacion Boleo VI and Boleo XI concessions covering approximately 10,000 hectares, which remain pending.

In 1997, the Company entered into a 50/50 joint venture agreement with Copperstone Resources Corporation ("Copperstone") relating to certain mineral properties in the Boleo area, including the San Bruno concession (also known as the Boleo XI concession). Since a formal joint venture agreement had not been consummated with Copperstone and no funds had been advanced by Copperstone for their share of costs, the Company terminated the San Bruno joint venture during 1997.

(b) El Limon Property

At December 31, 1998, the El Limon property consists of six exploration concessions held by the Company covering approximately 23,000 hectares near San Ignacio in the state of Sinaloa, Mexico. During 1997, the Company made application for a mineral concession comprising 9,900 hectares located near the El Limon concessions. In 1998, the Company was granted approval by the regulatory authorities in Mexico for an additional two mineral concessions comprising approximately 8,600 hectares within the El Limon property. The Company subsequently allowed these three mineral concessions to lapse in 1998. In early 1999, the Company decided not to pursue further work on the El Limon property. Accordingly, the deferred costs totalling \$1,830,604 as at December 31, 1998 were written off. In addition, the Company terminated the Muzquiz Coahuila and San Antonio option agreements in early 1998 and accordingly, expenditures on these concessions totalling \$167,899 were written off to operations in 1997.

(c) Azulita Property

The Company held title to the Azulita I mineral concession, which covers 3,965 hectares in the municipality of San Ignacio in the state of Sinaloa, Mexico. In 1996, the Company entered into a joint venture agreement with Cambior Inc. ("Cambior") whereby Cambior could earn a 75% interest in the Azulita Property by making cash payments to the Company and incurring exploration expenditures. In 1997, Cambior decided to terminate the joint venture agreement and the Company allowed the Azulita mineral concessions to lapse. Accordingly, the deferred costs as at December 31, 1997 and costs incurred in 1998 were written off.

(d) Other Properties

In 1996 and prior years, the Company conducted a program of regional exploration in Mexico. The costs of this program that related to the Baja North and Punta Concepcion properties were allocated to those properties in 1996 and the remaining costs were written off. During 1997, the Company decided not to pursue further work on the Baja North and Punta Concepcion properties. Accordingly, the deferred costs as at December 31, 1997 and expenditures incurred during 1998 were written off.

CANMEX MINERALS CORPORATION
Notes to Consolidated Financial Statements
December 31, 1998 and 1997

4. Mineral properties, Continued

Title to mineral concessions held by the Company have been granted by the regulatory authorities in Mexico. In order to maintain these mineral concessions in good standing, the Company has an obligation to pay taxes and carry out annual assessment work, which has been recorded as acquisition costs.

5. Financial instruments

At December 31, 1998 and 1997, the fair values of the Company's cash and cash equivalents, amounts receivable, deposits and prepaid expenses and accounts payable and accrued liabilities approximate their carrying amounts because of the immediate or short term to maturity of these financial instruments.

6. Capital stock

(a) Authorized

100,000,000 common shares without par value.

(b) Issued and outstanding

	Number	Amount
Balance, December 31, 1996	8,888,260	\$3,767,620
Issued during the period:		
For cash by way of private placement of special warrants, net of issue costs	3,000,000	2,662,540
Balance, December 31, 1997 and 1998	11,888,260	\$6,430,160

(c) Private placement

During 1997, the Company completed a private placement of 3,000,000 special warrants at a price of \$1.00 per special warrant for gross proceeds of \$3,000,000. Each special warrant was exercisable into one common share and one-half of one common share purchase warrant for no additional consideration. Each whole common share purchase warrant entitled the holder to acquire one further common share at a price of \$1.00 per share at any time up to March 27, 1998. Yorkton Securities Inc. acted as agents for the issue and received a commission of 6% of the gross proceeds, a work fee of \$35,000 and warrants to purchase 125,000 common shares of the Company at a price of \$1.00 per share at any time up to March 27, 1998. All of the warrants expired on March 27, 1998. Issue costs in relation to the placement totalled \$337,460.

(d) Share purchase options

As at December 31, 1997, there were 516,000 share purchase options outstanding. These options were canceled during 1998 leaving no options outstanding as at December 31, 1998.

(e) Share purchase warrants

As at December 31, 1998, there were no share purchase warrants outstanding.

CANMEX MINERALS CORPORATION
Notes to Consolidated Financial Statements
December 31, 1998 and 1997

6. Capital stock, Continued

(f) Escrow shares

At December 31, 1997, a total of 375,002 of the issued and outstanding common shares of the Company were held in escrow. These shares were released in 1998 leaving no escrow shares outstanding at December 31, 1998.

7. Related party transactions

During the year ended December 31, 1998, the Company incurred \$115,200 (1997 - \$150,000) for rent and administrative facilities from a company with a common director.

8. Litigation

In January 1996, the Company was served a Writ of Summons and a Statement of Claim for damages for wrongful dismissal and breach of contract. During 1998, the claim was settled for \$7,500.

9. Uncertainty due to the Year 2000 issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which used certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of suppliers, or other third parties, will be fully resolved.

10. Segment disclosures

During 1998, the Company adopted the accounting standards related to segment disclosures recently approved by the accounting standards-setting body in Canada.

(a) The Company has determined that it operates in one reportable segment being resource exploration and development, based on the way management organizes and manages its business.

(b) Geographic information:

	Canada	Mexico	Total
1998			
Loss for the year	\$ (170,297)	\$(1,834,309)	\$(2,004,606)
Identifiable assets	263,274	2,631,285	2,894,559
1997			
Loss for the year	\$ (322,845)	\$ (397,826)	\$ (720,671)
Identifiable assets	842,354	4,113,638	4,955,992

CANMEX MINERALS CORP.
1998 ANNUAL REPORT
December 31, 1998

Canmex Minerals Corp. (the "Company") is pleased to present to shareholders its 1998 annual operational and financial review.

Due to lower base metal prices, activities during fiscal 1998 were primarily administrative. However, the Company has recently commenced a 1,100 metre drilling program on its 100% owned Boleo copper/cobalt project located in Sinaloa, Mexico.

The target, which is modeled after the known mineralized horizons in the Boleo district adjoining the Company's concessions to the north, is one or more flat lying mantos 2 metres thick with an areal extent of 20 square kilometres.

Core drilling will test Boleo Formation interpreted from the 1997 and 1996 transient electromagnetic survey (TEM) with the objective of locating mineralized mantos of copper, cobalt, zinc and manganese. The holes are widely spaced in the southern region of the concessions in areas that have not been previously drilled. The locations have been selected to intersect thick sections of Boleo Formation near topographic highs in the volcanic that floors the basin and in regions that have potential lateral extent to host a deposit of sufficient size.

Primary production from the Boleo district occurred from 1886 to 1947. Thirteen million tonnes of ore grading 4.3% copper was mined and smelted at the nearby town of Santa Rosalia. Uplift in the Boleo district had resulted in exposure of the Boleo Formation and the mineralized beds (5 in total) in the arroyos.

The Boleo Formation within the Company's concessions south of the Boleo district remains buried in a region that has not undergone the same uplift as to the north. In this region of the basin the Company previously drilled six holes testing an area in excess of 21,000 hectares along the eastern and southern margins, providing preliminary data for this large area. Four holes intersected Boleo Formation with one containing anomalous copper.

In addition to the Boleo copper/cobalt project, the Company also holds a 100% interest in the El Limon gold project located in Sinaloa, Mexico. The project is currently being evaluated in view of determining the course of any future work programs and possible joint venture.

On behalf of the Board

Lukas H. Lundin
President

April 28, 1999

Corporate Development and investor relations activities are carried out by Company personnel. For additional copies of this report and other information, please contact the Company at the address noted above.