



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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Date of Report: February 26, 2020

## **General**

The following Management's Discussion and Analysis ("MD&A") of Mexican Gold Mining Corp. (formerly Mexican Gold Corp.) (the "Company" or "Mexican Gold") should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes. The Company's unaudited consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of February 26, 2020, and all information is current as of such date. Readers are encouraged to read the Company's public information filings on SEDAR at [www.sedar.com](http://www.sedar.com).

This discussion provides management's analysis of the Company's historical financial and operating results and provides estimates of the Company's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward-looking statements. The Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that the Company's will derive there from. The Company 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 required by applicable law.

The scientific and technical geological content and interpretations contained in this report have been reviewed and approved by Mr. Sonny Bernales, P. Geo. a Qualified Person as defined by National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101").

## **Corporate Overview**

The Company was incorporated under the Business Corporations Act (Alberta) on October 5, 2006. On January 17, 2011 the Company was continued into the jurisdiction of Ontario and on February 10, 2020, was continued as a British Columbia corporation under the Business Corporations Act in the province of British Columbia. The address of the Company's registered office is 2500 – 700 West Georgia Street, Vancouver, BC, Canada V7Y 1B3.

The Company is in the process of exploring and evaluating its mineral properties and, on the basis of the information to date, has not yet determined whether any of the properties contain economically recoverable reserves.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

---

The recovery of expenditures on the mineral properties is dependent upon the existence of economically recoverable mineralization, the Company securing and maintaining title and beneficial interest in the properties, and the ability of the Company to obtain the necessary financing to complete the exploration and development and future profitable production or, alternatively, on the sufficiency of proceeds from disposition.

On January 16, 2020, the Company announced that Palisades Goldcorp Ltd. ("Palisades"), a private Vancouver company, had acquired, by way of private agreements, an aggregate of 18,278,488 common shares of Mexican Gold Corp. and warrants to purchase a further 11,875,000 shares in consideration of an aggregate of 4,916,600 common shares of Palisades. The acquisition of shares results in Palisades owning an aggregate of 37,821,388 common shares, representing 36.6 per cent of the outstanding shares of the company, and 13,375,000 warrants. The exercise of all warrants held by Palisades would increase its holdings to 51,196,388 shares, or 43.9 per cent of the company's outstanding shares. The Company understands that Palisades acquired the securities pursuant to exemptions from applicable Canadian takeover bid legislation for investment purposes and that Palisades may acquire or dispose of additional securities of the company in the future through the market, privately or otherwise, as circumstances or market conditions warrant.

On January 21, 2020, the Company announced that at its December 18, 2019 annual and special general meeting (the "Meeting"), shareholders overwhelmingly approved a continuance (the "Continuance") of the Company's incorporation from Ontario to British Columbia. The Company also announced that, in connection with the Continuance, the Company changed its name to Mexican Gold Mining Corp.

On January 28, 2020, the Company announced that it had entered into a binding letter agreement with Toronto based New Found Gold Corp. ("NFGC" or "New Found Gold") to acquire all of the issued and outstanding shares of NFGC (the "Transaction"). On February 19, 2020, the Company announced that the binding letter agreement was mutually terminated.

On February 11, 2020, the Company announced that it completed its previously announced continuation of its incorporation from Ontario to British Columbia and its name change to Mexican Gold Mining Corp.

### **Operational Highlights Q2 2020**

Mexican Gold Corp. is engaged in the exploration and development of mineral properties in Mexico.

Highlights from the period are:

#### **Exploration Program**

On September 27, 2019, the Company announced it would embark on an exploration and drilling program for the second quarter of fiscal 2020 to explore prospective targets at the Las Minas Project. Drilling commenced in mid-October 2019 and was completed in mid-December 2019. The objectives of the diamond drilling program included: the extension of the Cinco Senores zone, infill drilling at El Dorado, the testing of a large, blind geophysical anomaly north of the Cinco Senores area (TEM Anomaly), and initial drill testing of the Pueblo Nuevo prospect. A total of 13 holes were drilled totalling 2,071 metres.



### **Highlights from the Program**

On January 21, 2020, the Company provided an exploration update with the following highlights:

- Discovery of a new, high-grade gold occurrence in a previously unexplored area near the Cinco Senores prospect grading 21.37 g/t gold over 2m and 8.94 g/t gold within the entire 5.2m altered zone
- Infill drilling at El Dorado returned 2.61 g/t gold equivalent over 23.0m in hole LM-19-JB-26 and 2.77 g/t gold equivalent over 6.0m in hole LM-19-JB-27
- Hole LM-19-LM-03 cut in excess of 100m of endoskarn with anomalous gold, silver, and copper values suggesting its possible close proximity to a zone of mineralized exoskarn

### **Cinco Senores**

The western area of Cinco Senores is entirely overburden covered. Hole LM-19-CS-14 cut mostly intrusive rock with weak to moderate skarn suggesting the hole appears to be within a dike. Hole LM-19-CS-15 began in strong endoskarn which weakened downhole but carried anomalous gold, silver, and copper values, suggesting the hole was drilled into a dike and away from the mineralized exoskarn known to exist to the north-east.

### **El Dorado Infill Drilling**

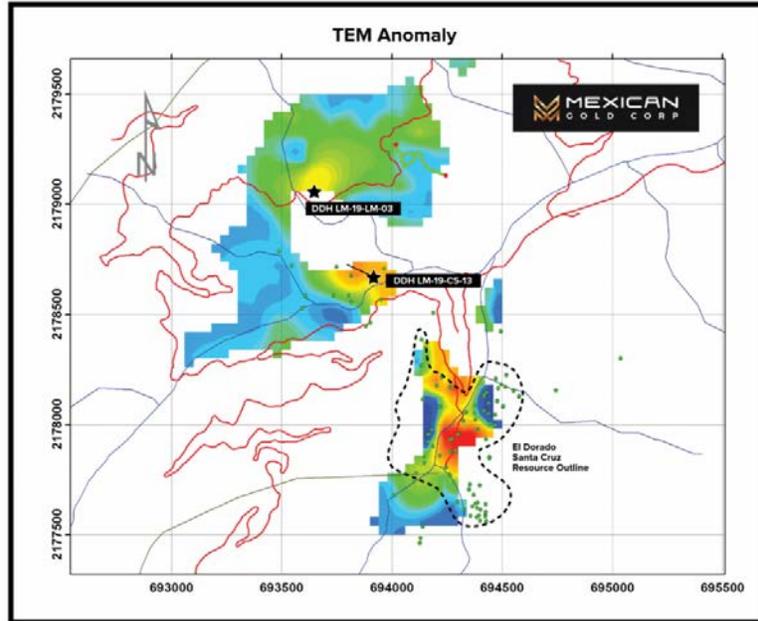
Wide hole spacing in certain pockets of the known resource at El Dorado presented an opportunity to add ounces to the resource by way of additional drilling to bridge the statistical correlation. The Company had identified three pockets that needed one drill hole each in order to potentially add mineralization at El Dorado.

Two holes, LM-19-JB-26 and LM-19-JB-27, were drilled in the most sparsely sampled portion of the El Dorado zone, which coincided with a limited, relatively weak portion of the resource area. The 2019 holes provided much stronger results than the surrounding holes, providing additional tonnage and showing that there are no consistent zones of weakness within the El Dorado deposit. A third hole (LM-19-JB-28), which targeted an undrilled area of the Dike Contact zone, never penetrated the contact, remaining in contact-related endoskarn with moderate mineralization.

### **TEM Anomaly**

Hole LM-19-CS-13 tested the southern area of the TEM anomaly. The hole was collared where the El Dorado sill contact was known to have been eroded, suggesting that the TEM anomaly could point to mineralization under the sill. The hole remained in intrusive rock for its entire length. A very strong 21.37 g/t gold intersection at 123.5m is related to quartz veining and silicification with massive magnetite and pyrite veinlets. This mineralization occurs stratigraphically below the El Dorado zone level and contains negligible silver and copper. It may be remobilized from skarn at depth or it may be an analogue of the Pueblo Nuevo gold vein occurrences.

Hole LM-19-LM-03 tested the northern portion of the TEM anomaly where the El Dorado zone contact is known to lie at ~200m depth. Below 70m of overburden, the hole cut >100m of endoskarn (and minor dikes) with anomalous gold, silver, and copper values, as is invariably encountered proximal to the mineralized exoskarn in the nearby resource and related prospects. As it is virtually impossible for endoskarn to exist apart from exoskarn, the hole is interpreted to be following the contact of a sub-vertical dike with potentially mineralized exoskarn across the contact.



### Pueblo Nuevo

The first drilling in the long history of mining on the Pueblo Nuevo concession tested 2 areas: Tamiahua and Dos Rios both of which have extensive historic mining featuring high gold values, coincident with strong topographic lineaments suggesting the presence of cross structure. Although drilling encountered several gold-bearing veins, the vein intersections lacked the high gold grades and the concentrations of base-metal sulphides that had been sampled extensively on surface.





MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

**Drill Results**

## Hole Locations

Hole	Depth (m)	UTM East	UTM North	Azimuth	Dip
LM-19-JB-26	86.5	694179	2177974	30	-45
LM-19-JB-27	120	694150	2177872	0	-90
LM-19-JB-28	73.2	694297	2178095	265	-55
LM-19-CS-13	349.15	693904	2178660	300	-72
LM-19-LM-03	317.25	693650	2179050	0	-90
LM-19-CS-14	106.75	693640	2178575	0	-90
LM-19-CS-15	128.1	693560	2178650	260	-45
LM-19-PN-01	230.25	693171	2181660	285	-45
LM-19-PN-02	167.75	693171	2181660	105	-45
LM-19-PN-03	100.65	693185	2181550	35	-45
LM-19-PN-04	116.6	693185	2181550	278	-45
LM-19-PN-05	152.5	693153	2181258	95	-45
LM-19-PN-06	122	693153	2181258	350	-45

## Drill Results

Hole ID	Prospect	From (m)	To (m)	Length	Estimated True Width (m)	Au (g/t)	Ag (g/t)	Cu %	Au Eq (g/t)
LM-19-JB-26	El Dorado	48	71	23	19.5	0.95	3.93	1.30	2.61
LM-19-JB-27	El Dorado	83.6	89.6	6	6	1.36	5.2	1.08	2.77
LM-19-JB-28	El Dorado	6.2	51.2	46	N/A		Anomalous Au, Ag, Cu		
LM-19-CS-13	Cinco Senores	123.3	128.5	5.2	Insufficient Data	8.94	n/a	n/a	n/a
Including		123.3	125.3	2	Insufficient Data	21.37	n/a	n/a	n/a
LM-19-LM-03	Cinco Senores	75	160	85	N/A		Anomalous Au > 400 ppb		
LM-19-CS-14	Cinco Senores	no significant assays			N/A		no significant assays		
LM-19-CS-15	Cinco Senores	no significant assays			N/A		no significant assays		
LM-19-PN-01	Tamiahua	66.6	67.3	0.7	0.4	3.23	n/a	n/a	n/a
LM-19-PN-02	Tamiahua	no significant assays			N/A		no significant assays		
LM-19-PN-03	Tamiahua	no significant assays			N/A		no significant assays		
LM-19-PN-04	Dos Rios	110	110.9	0.9	0.45	2.69	n/a	n/a	n/a
LM-19-PN-05	Dos Rios	no significant assays			N/A		no significant assays		
LM-19-PN-06	Dos Rios	18.2	20.1	1.9	0.95	2.71	n/a	n/a	n/a

Gold equivalent (Au Eq) calculations used metal prices of USD \$1500/ounce for gold, USD \$18.00/ounce for silver, and USD \$2.75/pound for copper. No adjustments were made for potential relative differences in metal recoveries.  

$$Au\ Eq\ g/t = Au\ g/t + [(Ag\ g/t \times 0.012) + (Cu\% \times 1.25)]$$



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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### **Pepe Concessions**

As previously disclosed, the Company through its Mexican subsidiary Roca Verde, S.A. de C.V. (Roca Verde) filed a response as a third party of interest after receiving notification of an appeal by the heir of one of the five co-owners of a neighbouring concession (the "Neighbouring Concession Coowner") to an earlier decision by the General Bureau of Mining ("GBM") located in Mexico regarding an overlapping area of its Las Minas property. The overlapping area comprises approximately 11% of the Las Minas project. The Company's interest in the Las Minas Project is held through Roca Verde, which owns six concessions, including the Pepe and Pepe Tres mining concessions (Collectively the "Pepe Concessions"). In 2016, Roca Verde received notice from the Regional Court of Tlaxcala of the Federal Tribunal of Administrative Justice advising that Neighbouring Concession Coowner has appealed (the "2016 Appeal") against the General Bureau of Mining's decision to nullify a portion of the area of the concession that overlaps a portion of the Pepe Concessions.

The Company, after consulting its Mexican legal counsel, is of the view that the appeal is without merit and that the February 28, 2014 decision by the General Bureau of Mining was correct in all material respects based on the review of the title documents relating to the Pepe Concessions and the neighbouring concessions, and both the former owners of the Pepe Concessions (from whom Roca Verde had acquired the Pepe Concessions) and currently Roca Verde have valid ownership to the overlapping area under applicable Mexican law. The Company believes that the 2016 Appeal will be denied in due course.

In early 2017, the above Neighbouring Concession Co-owner filed another petition with the General Bureau of Mining in Mexico requesting the cancellation of Roca Verde's Pepe mining concession. The GBM indicated that it would not review the petition until the 2016 Appeal is resolved. In 2017, the Neighbouring Concession Co-owner filed an appeal (the "2017 Appeal") in the Regional Court of Tlaxcala of the Federal Tribunal of Administrative Justice against the decision of the GBM as well. The Company after consulting its Mexican legal counsel is of the view that the 2017 Appeal is also without merit and believes that the 2017 Appeal will be denied in due course. Based on a review of the title documents relating to the Pepe Concessions and the neighbouring concession and having consulted with Mexican legal counsel, the Company believes that both the former owners of the Pepe Concessions and now Roca Verde have valid ownership to the overlapping area under applicable Mexican law.

### **NI 43-101 Resource Estimate – Las Minas Project**

On October 10, 2019, the Company announced an updated 43-101 resources estimate for the Las Minas Project. The resource estimate was prepared by Mine Development Associates ("MDA") of Reno, Nevada, USA. Highlights from the updated resource estimate are:

- The Las Minas Project hosts 645,000 ounces of gold equivalent ("AuEq") at an average grade of 3.674 g AuEq/t, in the Indicated category – see Table 1 below.
- The Las Minas Project hosts 217,000 ounces of AuEq at an average grade of 2.679 g AuEq/t, in the Inferred category – see Table 1 below.
- MDA prepared the Las Minas resource estimate based on potential exploitation by underground mining methods and deemed 1.5 g AuEq/t to be the appropriate cut-off grade for the resource. The resource is no longer being analyzed from an open-pit perspective



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

The updated resource estimate incorporates the new and higher-grade mineralization discovered in the El Dorado Dike Contact zone as well as additional tonnage delineated by step-out drilling at the El Dorado and Santa Cruz zones. The resource estimate was developed using a newer and more refined geological and mineral domain model. MDA chose a cut-off grade based on a potential underground operation.

**Table 1. Las Minas Total Reported Mineral Resources**  
(cutoff grade of 1.5g AuEq/t)

Class	Tonnes	g Au/t	oz Au	g Ag/t	oz Ag	% Cu	lbs Cu	g AuEq/t	oz AuEq
Indicated	5,457,000	1.782	313,000	6.5	1,148,000	1.250	150,319,000	3.674	645,000
Inferred	2,514,000	1.252	101,000	5.5	446,000	0.938	51,965,000	2.679	217,000

Note: rounding may cause apparent inconsistencies

CIM Definition Standards were followed for mineral resource estimates. The Las Minas mineral resource estimates were prepared by Mine Development Associates of Reno, Nevada under the supervision of Paul Tietz. Mr. Tietz is a Qualified Person and is independent of the Company as defined by NI 43-101. Mr. Tietz has reviewed and verified the Mineral Resource information in the Company's press release dated October 10, 2019.

The Effective Date of the Mineral Resource is September 12, 2019.

The stated resources are fully diluted to 3 m cubed blocks and are tabulated on a AuEq cutoff grade of 1.5 g AuEq/t.

Using the individual metal grades of each block, the AuEq grade is calculated using the following formula:

$$\text{AuEq/t} = \text{g Au/t} + (0.0123077 * \text{g Ag/t}) + (1.4492753 * \% \text{Cu})$$

This formula is based on prices of USD \$1,300.00 per ounce gold, USD \$16.00 per ounce silver, and USD \$2.75 per pound copper. Metal recoveries were not included in the equivalency calculation since the metallurgical studies completed to-date indicate just a minor recovery difference. It is reasonably expected that the majority of Inferred mineral resources could be upgraded to the Indicated classification with continued exploration.

**Environmental Contingency**

The Company's mining and exploration activities are subject to various laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. As of December 31, 2019, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

**Overall Objective**

The Company's business objective is to generate returns for our shareholders by acquiring high potential precious metals exploration properties in safe jurisdictions and adding significant value by carrying out focused exploration and development programs.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

### Exploration and evaluation activities

The following table summarizes the accumulated costs incurred to date with respect to the Company's interest in mineral properties owned, leased or under option that the Company continues to explore:

	<b>Las Minas</b>		
	Six months ended December 31, 2019 \$	Year ended June 30, 2019 \$	Inception to date total \$
<b>Exploration expenditures</b>			
Analytical	-	-	376,149
Drilling	272,717	-	6,605,738
Geological and consulting	69,361	251,338	4,163,455
Geophysical	-	-	97,498
Operational support	55,954	103,009	568,353
Other	-	-	402,026
Resource estimation	90,652	-	90,652
Transportation and accommodation	-	-	177,174
<b>Subtotal</b>	<b>488,684</b>	<b>354,347</b>	<b>12,481,045</b>
Acquisition costs / Option payments	-	1,204,439	3,209,127
<b>Total expenditures</b>	<b>488,684</b>	<b>1,558,786</b>	<b>15,690,172</b>

The following table provides selected annual financial information and should be read in conjunction with the Company's audited consolidated financial statements for the periods below:

	June 30, 2019 \$	June 30, 2018 \$	June 30, 2017 \$
<b>Operations</b>			
Other income	3,227	10,960	16,151
Comprehensive loss for the year	(3,115,759)	(3,529,472)	(3,119,345)
Basic and diluted loss per share	(0.06)	(0.09)	(0.17)
<b>Balance Sheet</b>			
Working capital	(165,347)	645,179	1,258,630
Total assets	721,156	803,484	1,394,819
Total liabilities	(886,503)	(158,305)	(136,189)

### Overall Performance and Results of Operations

Total assets increased to \$2,767,170 at December 31, 2019, from \$721,156 at June 30, 2019, primarily as a result of an increase in cash of \$219,216 and short term investments of \$2,000,000 partially offset by a decrease in amounts receivable of \$179,562. The most significant assets at December 31, 2019 were cash of \$537,769 (June 30, 2019: \$318,553) and short term investments of \$2,000,000 (June 30, 2019: \$Nil). Cash and short-term investments increased by \$2,219,216 during the six months ended December 31, 2019 as a result of the issuance of common shares and warrants in the amount of \$4,000,000, partially offset by cash used in operating activities of \$1,330,688 and repayment of a convertible note of \$450,000.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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*Three months ended December 31, 2019 and 2018*

During the three months ended December 31, 2019, loss for the period decreased by \$1,191,565 to \$654,745 compared to \$1,846,310 for the three months ended December 31, 2018. The decrease in loss for the period is largely due to:

- A decrease of \$935,061 in exploration and evaluation expenditures. Exploration and evaluation expenditures were \$356,509 for the three months ended December 31, 2019, compared to \$1,291,570 for the three months ended December 31, 2018. The Company completed a diamond drill program of 13 holes totaling 2,071 meters, as well as, incurred costs in connection with the Company's recently announced updated 43-101 resource estimate at the Las Minas project during the three months ended December 31, 2019 compared to making the final option payment on the Pepe, Pepe Tres and San Jose concessions during the three months ended December 31, 2018.
- A decrease of \$199,530 in general and administrative expenditures. General and administrative expenditures were \$273,198 for the three months ended December 31, 2019 compared to \$472,728 for the three months ended December 31, 2018. The decrease is due to less corporate activity during the three months ended December 31, 2019 compared to increased corporate activity relating to promotion of the Company's project during the three months ended December 31, 2018.
- A decrease of \$73,939 in share-based payments. Share-based payments were \$2,023 during the three months ended December 31, 2019 compared to \$75,962 for the three months ended December 31, 2018. The decrease is due to the timing, quantity and continued vesting of past stock option grants during the three months ended December 31, 2019 compared to the three months ended December 31, 2018.

The decreases were partially offset by:

- An increase of \$29,883 in professional fees. Professional fees were \$35,933 for the three months ended December 31, 2019 compared to \$6,050 for three months ended December 31, 2018. The increase is due to higher legal fees relating to general corporate affairs during the three months ended December 31, 2019.

The Company recorded loss and comprehensive loss of \$647,904 or \$0.01 basic and diluted loss per share for the three months ended December 31, 2019 (December 31, 2018: \$1,782,473 or \$0.04 basic and diluted loss per share).



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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*Six months ended December 31, 2019 and 2018*

During the six months ended December 31, 2019, loss for the period decreased by \$626,573 to \$1,665,753 compared to \$2,292,326 for the six months ended December 31, 2018. The decrease in loss for the period is largely due to:

- A decrease of \$901,322 in exploration and evaluation expenditures. Exploration and evaluation expenditures were \$488,684 for the six months ended December 31, 2019, compared to \$1,390,006 for the six months ended December 31, 2018. The Company completed a diamond drill program of 13 holes totaling 2,071 meters, as well as, incurred costs in connection with the Company's recently announced updated 43-101 resource estimate at the Las Minas project during the three months ended December 31, 2019 compared to making the final option payment on the Pepe, Pepe Tres and San Jose concessions during the three months ended December 31, 2018.
- A decrease of \$149,018 in general and administrative expenditures. General and administrative expenditures were \$577,205 for the six months ended December 31, 2019 compared to \$726,223 for the six months ended December 31, 2018. The decrease is due to less corporate activity during the three months ended December 31, 2019 compared to increased corporate activity relating to promotion of the Company's project during the six months ended December 31, 2018.

The decreases were partially offset by:

- An increase of \$139,097 in professional fees. Professional fees were \$145,147 for the six months ended December 31, 2019 compared to \$6,050 for six months ended December 31, 2018. The increase is due to higher legal fees relating to general corporate affairs during the six months ended December 31, 2019.
- An increase of \$306,502 in share-based payments. Share-based payments were \$476,549 for the six months ended December 31, 2019 compared to \$170,047 for the six months ended December 31, 2018. The increase is due to 4,800,000 fully vested stock options granted and continued vesting of past stock options granted during the six months ended December 31, 2019 compared to no stock options granted and continued vesting of past stock options granted during the six months ended December 31, 2018.

The Company recorded loss and comprehensive loss of \$1,665,849 or \$0.02 basic and diluted loss per share for the six months ended December 31, 2019 (December 31, 2018: \$2,223,993 or \$0.05 basic and diluted loss per share).



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

**Summary of Quarterly Results**

Three Months Ended	Total Assets \$	Total Revenue \$	Comprehensive Loss	
			Total \$	Per Share <sup>(9)(10)</sup> \$
December 31, 2019	2,767,170	-	(647,904) <sup>(1)</sup>	(0.01)
September 30, 2019	3,553,041	-	(1,017,945) <sup>(2)</sup>	(0.01)
June 30, 2019	721,156	-	(337,673) <sup>(3)</sup>	(0.01)
March 31, 2019	565,005	-	(554,093) <sup>(4)</sup>	(0.02)
December 31, 2018	893,087	-	(1,782,473) <sup>(5)</sup>	(0.02)
September 30, 2018	500,371	-	(447,570) <sup>(6)</sup>	(0.01)
June 30, 2018	803,484	-	(1,021,133) <sup>(7)</sup>	(0.04)
March 31, 2018	825,674	-	(912,212) <sup>(8)</sup>	(0.01)
December 31, 2017	1,094,305	-	(965,856) <sup>(9)</sup>	(0.03)

1. Comprehensive loss of \$(647,904), and loss for the period of \$(654,745), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general expenses of \$273,198, exploration and evaluation expenditures of \$356,509, and share-based payments of \$2,023. All other items were for working capital purposes.
2. Comprehensive loss of \$(1,017,945), and loss for the period of \$(1,011,008), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general expenses of \$304,007, exploration and evaluation expenditures of \$132,175, and share-based payments of \$474,526. All other items were for working capital purposes.
3. Comprehensive loss of \$(337,673), and loss for the period of \$(305,129), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general expenses of \$138,373, exploration and evaluation expenditures of \$115,257, and share-based payments of \$61,238. All other items were for working capital purposes.
4. Comprehensive loss of \$(554,093), and loss for the period of \$(547,932), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general expenses of \$255,770, exploration and evaluation expenditures of \$450,575, and share-based payments of \$219,009. All other items were for working capital purposes.
5. Comprehensive loss of \$(1,782,473) and loss for the period of \$(1,846,310) with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general of \$472,728, exploration and evaluation expenditures of \$1,291,570, and share-based payments of \$75,962. All other items were for working capital purposes.
6. Comprehensive loss of \$(447,570) and loss for the period of \$(452,066), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general of \$253,494, exploration and evaluation expenditures of \$98,436, and share-based payments of \$94,086. All other items were for working capital purposes.
7. Comprehensive loss of \$(1,185,111) and loss for the period of \$(1,020,943), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general of \$305,499, exploration and evaluation expenditures of \$519,403, and share-based payments of \$151,399. All other items were for working capital purposes.
8. Comprehensive loss of \$(838,074) and loss for the period of \$(912,302), with the difference attributed to the exchange differences on translation of foreign operations. Loss for the period includes administrative and general of \$389,598, exploration and evaluation expenditures of \$483,975, and share-based payments of \$141,230. All other items were for working capital purposes.
9. Basic and diluted.
10. Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

## Liquidity and Capital Resources

As at December 31, 2019, the Company had cash of \$537,769 and short-term investments of \$2,000,000 to settle current liabilities of \$121,817.

The Company does not currently have a recurring source of revenue, other than interest income on its short-term investments and has historically incurred negative cash flows from operating activities. As at December 31, 2019, the Company had working capital of \$2,645,353 consisting primarily of cash and short-term investments. Although the Company presently has sufficient financial resources to cover its existing obligations and operating costs, the Company expects to require further funding in the longer term to fund its planned programs and ongoing operations for the next year. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. These items may cast a significant doubt on the Company's ability to continue as a going concern.

The sources of funds currently available to the Company for its acquisition and exploration projects are solely due from equity financing. The Company does not have bank debt or banking credit facilities in place as at the date of this report.

### *July 2019 Financing – Net Proceeds of \$4,000,000*

On July 15, 2019, the Company closed a non-brokered private placement comprised of 50,000,000 units of the Company at \$0.08 per unit for gross proceeds of \$4,000,000. Each Unit consists of one common share and one transferable warrant. Each warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at price of \$0.12 per share for a period of five years, expiring July 15, 2024. All securities issued in connection with the private placement were subject to a hold period that expired on November 16, 2019.

<b>Uses of Funds:</b>	<b>Intended Use of Proceeds (Estimated)</b> \$	<b>Actual Use of Proceeds</b> \$	<b>Over/(Under)-Expenditure at December 31, 2019</b> \$
Property work program	300,000	488,684	188,684
Repayment of convertible note	450,000	450,000	-
Estimated operating expenses	1,700,000	1,330,688	(369,312)
Working capital to fund ongoing operations	1,550,000	-	(1,550,000)
<b>Total Uses</b>	<b>4,000,000</b>	<b>2,269,372</b>	<b>(1,730,628)</b>

\$488,684 was used towards an updated 43-101 resource estimate and the Company's 13 hole diamond drill program which commenced in October 2019 and completed in December 2019.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

**Prior Financings**

*November 2018 and March 2019 Financing – Net Proceeds of \$2,022,443*

On November 22, 2018, the Company closed the first tranche of non-brokered private placement of 10,315,000 units at a price of \$0.20 per unit for gross proceeds of \$2,063,000. Each unit consists of one common share of the Company and one common share purchase warrant, exercisable at a price of \$0.30 for a period of thirty-six months, subject to the Company's option to accelerate the expiry date of the warrants on notice to the holders of the warrants, if at any time after four months and one day from the closing date of the private placement, the closing price of its common shares on a stock exchange in Canada is greater than \$0.45 per Common Share for a period of 20 consecutive trading days. In connection with the closing of the first tranche, the Company paid to certain eligible finders \$76,510 in cash fees in the aggregate and issued a total of 356,300 compensation warrants which are exercisable at a price of \$0.30 per common share for thirty-six months, subject to the Company's acceleration option.

On March 13, 2019, the Company closed the second and final tranche of non-brokered private placement of 400,000 units at a price of \$0.20 per unit for gross proceeds of \$80,000. Each Unit consists of one common share one common share purchase warrant, exercisable at a price of \$0.30 for a period of thirty-six months, subject to the Company's option to accelerate the expiry date of the Warrants on notice to the holders of the Warrants, if at any time after four months and one day from the closing date of the private placement, the closing price of its common shares on a stock exchange in Canada is greater than \$0.45 per common share for a period of 20 consecutive trading days. Share issue costs of \$169,014 were deducted from equity.

Uses of Funds:	Intended Use of Proceeds (Estimated) \$	Actual Use of Proceeds \$	Over/(Under)-Expenditure at June 30, 2019 \$
Property work program	300,000	281,795	(18,205)
Property payments, acquisition and maintenance costs	1,200,000	1,204,439	4,439
Estimated operating expenses	350,000	319,702	(30,298)
Working capital to fund ongoing operations	172,443	64,269	(108,174)
<b>Total Uses</b>	<b>2,022,443</b>	<b>1,870,205</b>	<b>(152,238)</b>

**Outstanding Share Data**

During the six months ended December 31, 2019, the Company completed a non-brokered private placement comprised of 50,000,000 units at a price of \$0.08 per unit for gross proceeds of \$4,000,000. Each unit consists of one common share in the capital of the Company and one transferable common share purchase warrant with each warrant entitling the holder thereof to acquire an additional common share at an exercise price of \$0.12 per common share for a period of five years.

During the six months ended December 31, 2019, 4,150,000 stock options with an exercise price of \$0.105 and an expiry date of July 17, 2024 and 650,000 stock options with an exercise price of \$0.115 and an expiry date of September 1, 2024 were granted to directors, officers, consultants and employees.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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During the six months ended December 31, 2019, 2,588,466 stock options with a weighted average exercise price of \$0.36 expired.

As at December 31, 2019 and the date of this report, there were 103,341,758 common shares issued and outstanding.

As at December 31, 2019, there were 5,987,000 stock options outstanding of which 21,333 were unvested.

As at the date of this report, there were 5,912,000 stock options outstanding of which 21,333 were unvested.

As at December 31, 2019 and the date of this report, there were 64,561,133 warrants outstanding.

### **Related Party Transactions**

#### *Key management personnel compensation*

During the six months ended December 31, 2019, key management personnel compensation totaled \$601,775 (December 31, 2018 - \$297,391) comprised of salaries and wages of \$120,000 paid to the Chief Executive Officer and current Chief Financial Officer, \$8,654 paid to the former Chief Financial Officer, \$9,086 paid to a company controlled by the former Chief Financial Officer for accounting and management services, \$7,500 paid to the Corporate Secretary, \$17,500 paid to directors and share-based compensation of \$389,554 relating to 4,050,000 stock options granted to directors and officers of the Company and \$9,481 relating to the vesting of previously granted stock options to directors and officers of the Company.

As at December 31, 2019, \$Nil (June 30, 2018 - \$224,026) is included in accounts payable and accrued liabilities for amounts owed to key management personnel.

### **Commitment**

	1 Year	2 Years	3 Years	4-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Office Lease	15,420	3,855	-	-	-

### **Risks and Uncertainties**

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist. The Company is in the business of acquiring, exploring and evaluating mineral properties. It is exposed to a number of risks and uncertainties that are common to other exploration and mining companies. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, inflation and other risks



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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*Mining Exploration and Development*

Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. There is no assurance that any exploration activities of the Company will result in the development of an economically viable mine project.

The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, costs of mining and processing equipment, government regulations, location of the orebody and its proximity to infrastructure such as roads and power, required metallurgical processes, regulatory permit requirements, prevailing metal prices, economic and financing conditions at the relevant time.

Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change.

The Company has never completed a mining development project and does not generate any revenues from production. The future development of properties found to be economically feasible will require the construction and operation of mines, processing plants and related infrastructure and the Company does not have any experience in taking a mining project to production. As a result of these factors, it is difficult to evaluate the Company's prospects, and the Company's future success is more uncertain than if it had a more proven history.

As a result, the Company is and will continue to be subject to all of the risks associated with establishing new mining operations, including risks relating to the availability and cost of skilled labour, mining equipment, fuel, power, materials and other supplies; the ability to obtain all necessary governmental approvals and permits; potential opposition from non-governmental organizations, environmental groups or local residents; and the availability of funds to finance construction and development activities. Cost estimates may increase as more detailed engineering work is completed on a project. It is common for new mining operations to experience unexpected costs, problems and delays during construction, development, and mine start-up. In addition, delays in the early stages of mineral production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable mining operations at its mineral properties.

*Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which effect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, community, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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*Regulatory Risks*

Mining activities are subject to extensive laws and regulations governing prospecting, development, production, exports, taxes, labor standards, occupational health and safety, water disposal, toxic substances, explosives, management of natural resources, environmental management and protection, mine safety, dealings with native groups, historic and cultural preservation and other matters. Compliance with such laws and regulations increases the costs of planning, designing, drilling, developing, construction, operating and closing mines and other facilities. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities enjoining or curtailing operations, requiring corrective measures or other remedial actions, any of which could result in the Company incurring significant expenditures. Changes to current laws, regulations and permits governing operations and activities of mining companies, including environmental laws and regulations or more stringent enforcement thereof, could have a material adverse impact on the Company and increase costs, affect the Company's ability to expand or transfer existing operations or require the Company to abandon or delay the development of new properties.

The Company may be subject to potential legal claims based on an infringement of applicable laws or regulations which, if determined adversely to the Company, could have a material effect on the Company or its financial condition or require the Company to compensate persons suffering loss or damage as a result of any such infringement.

*Permitting Risks*

There can be no assurance that all licenses, permits or property rights which the Company may require for any exploration or development of mining operations will be obtainable on reasonable terms or in a timely manner, or at all, that such terms will not be adversely changed, that required extensions will be granted, or that the issuance of such licenses, permits or property rights will not be challenged by third parties. Delays in obtaining or a failure to obtain such licenses, permits or property rights or extension thereto, challenges to the issuance of such licenses, permits or property rights, whether successful or unsuccessful, changes to the terms of such licenses, permits or property rights, or a failure to comply with the terms of any such licenses, permits or property rights that the Company has obtained, could have a material adverse effect on the Company by delaying or preventing or making more expensive exploration, development and/or production.

*Environmental Risks and Hazards*

The Company's activities are subject to extensive federal, provincial state and local laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are also increasingly stringent. Compliance with environmental regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Further, any failure by the Company to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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*Risks with Title to Mineral Properties*

Title on mineral properties and mining rights involves certain risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the ambiguous conveyance history of many mining properties. Although the Company has, with the assistance of its legal advisors, diligently investigated and validated title to its mineral claims, there is no guarantee that the Company will not encounter challenges or loss of title to its assets. The Company does not carry title insurance.

The Company is actively engaged in the process of seeking to strengthen the certainty of its title to its mineral concessions, which are held either directly or through its equity interest in its subsidiaries. The Company cannot give any assurance that title to properties it acquired individually or through historical share acquisitions will not be impugned and cannot guarantee that the Company will have or acquire valid title to these mining properties. Failure by the Company to retain title to properties which comprise its projects could have a material adverse effect on the Company and the value of its Common Shares.

*Risks Associated with Potential Acquisitions*

The Company may evaluate opportunities to acquire additional mining assets and businesses. These acquisitions may be material in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition targets, acquire them on acceptable terms and integrate their operations successfully with those of the Company. The Company may need additional capital to finance any such acquisitions.

Debt financing related to acquisition would expose the Company to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where the Company contemplates conducting exploration activities. The Company may be at a disadvantage in its efforts to acquire quality mining properties as it must compete with individuals and companies which in many cases have greater financial resources and larger technical staffs than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties.

*Negative Operating Cash Flow*

The Company is an exploration stage Company and has not yet commenced commercial production on any property and has not generated cash flow from operations. The Company has a history of losses and there can be no assurance that it will ever be profitable. The Company expects to continue to incur losses unless and until such time as it commences profitable mining operations on its properties. The development of the properties will require the commitment of substantial financial resources. The amount and timing of expenditures will depend on a number of factors, some of which are beyond the Company's control, including the progress of ongoing exploration, studies and development, the results of consultant analysis and recommendations, the rate at which operating losses are incurred and the execution of any joint venture agreements with any strategic partners, if any. There can be no assurance that the Company will ever generate revenues from operations or that any properties the Company may hereafter acquire or obtain an interest in will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that the Company's cost assumptions will prove to be accurate, as costs will ultimately be determined by several factors that are beyond the Company's control.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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The Company expects to continue to incur negative consolidated operating cash flow and losses until such time as it enters into commercial production.

*Financing*

Additional funding will be required to complete the proposed or future exploration and other programs on the Company's properties. There is no assurance that any such funds will be available. Failure to obtain additional financing, if required, on a timely basis, could cause the Company to reduce or delay its proposed operations. The majority of sources of funds currently available to the Company for its acquisition and exploration projects are in large portion derived from the issuance of equity. While the Company has been successful in the past in obtaining equity financing to undertake its currently planned exploration and development programs, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

*Personnel and Equipment*

The ability to identify, negotiate and consummate transactions that will benefit the Company is dependent upon the efforts of the Company's management team. The loss of the services of any member of management could have a material adverse effect on the Company. The Company's future drilling activities may require significant investment in additional personnel and capital equipment. Given the current level of demand for equipment and experienced personnel within the mining industry, there can be no assurance that the Company will be able to acquire the necessary resources to successfully implement its business plan. The Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. If, for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the Company could be adversely affected. There can be no assurance that the Company will successfully attract and retain additional qualified personnel to manage its current needs and anticipated growth. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Company's business, financial condition or results of operations.

*Insurance*

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions and other environmental occurrences may occur. It is not always possible to fully insure against such risks and, even where such insurance is available the Company may decide to not take out insurance against such risks. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the Company.

*Currency Risk*

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. Certain of the Company's cash, amounts receivable and accounts payable and accrued liabilities are denominated in US dollars and Mexican Pesos including mineral property obligations. Therefore, the US dollar and Mexican Peso amounts are subject to fluctuation against the Canadian dollar. The Company also has transactional currency exposures. Such exposures arise from purchases in currencies other than the respective functional currencies, typically in the Mexican Peso.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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### *Litigation*

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position or results of operations.

### *Enforcement of Civil Liabilities*

Certain of the Company's directors and certain of the experts named herein reside outside of Canada and, similarly, a majority of the assets of the Company are located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and experts not residing in Canada. It may also not be possible to enforce against the Company and certain of its directors and experts named herein judgements obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

## **Critical Accounting Policies and Estimates**

The Company prepares its financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). The preparation of the condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

### **(i) Critical accounting estimates**

- The valuation of share based payments. The fair value of common share purchase options granted and finder's warrants issued are determined at the issue date using the Black-Scholes pricing model.

### **(ii) Critical accounting judgments**

- Presentation of the condensed consolidated interim financial statements as a going concern which assumes that the Company will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary Company, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

### **Changes in Accounting Standards and Interpretations**

The Company adopted IFRS 16 - Leases, effective July 1, 2019. There was no material impact to the consolidated financial statements.

### **Financial Risk Management**

The Company's operations include the acquisition and exploration of mineral properties in Mexico. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and other risks. Where material, these risks are reviewed and monitored by the Board of Directors.

#### *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 does not have financial instruments that potentially subject the Company to credit risk. Overall the Company's credit risk has not changed significantly from the prior year. The Company places its cash and short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company has historically relied on issuance of shares to fund exploration programs and may require doing so again in the future.

The Company has \$121,817 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As the Company deposits its short-term investments into fixed rate guaranteed investment certificates with one year maturities or less, the Company is not exposed to interest rate risk.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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*Currency risk*

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Company is the Canadian dollar. The functional currency of the subsidiary is the Mexican Peso. As at December 31, 2019, there are no significant financial instruments denominated in Mexican Pesos. Changes in the currency exchange rates between the Canadian dollar relative to Mexican Pesos could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. At December 31, 2019 a 10% decrease/increase in the Mexican Peso would result in a foreign exchange gain/loss of \$253.

*Market risk*

Market risk is the risk that changes in market prices, such as commodity prices, interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

*Price risk*

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's property has exposure to predominantly gold. Commodity prices, especially gold, greatly affect the value of the Company and the potential value of its property and investments.

**Capital Management**

The Company's objectives when managing capital are:

- To safeguard our ability to continue as a going concern in order to develop and operate our current projects;
- Pursue strategic growth initiatives; and
- To maintain a flexible capital structure which lowers the cost of capital.

In assessing our capital structure, we include in our assessment the components of shareholders' equity. In order to facilitate the management of capital requirements, the Company prepares annual expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. The annual and updated budgets are monitored and approved by the Board of Directors. To maintain or adjust the capital structure, the Company may, from time to time, issue new shares, issue new debt, repay debt or dispose of non-core assets. The Company's current capital resources are insufficient to carry out our exploration plans and support operations through the current operating period. The Company is dependent upon the ability to raise additional funding to meet its obligations and commitments.

The Company is not subject to any capital requirements imposed by any regulator.

There were no changes in the Company's approach to capital management during the six months ended December 31, 2019.



MANAGEMENT'S DISCUSSION & ANALYSIS  
For the six months ended December 31, 2019 and 2018

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### **Off-Balance Sheet Arrangements**

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

### **Proposed Transactions**

There are no proposed transactions as of the date of this report.

### **Management's Report on Internal Control over Financial Reporting**

In connection with National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109") adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

### **Additional Information**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).