



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
DECEMBER 31, 2020 AND 2019

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed interim financial statements.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)
Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

		December 31, 2020 \$	June 30, 2020 \$
	Note		
ASSETS			
Current assets			
Cash and cash equivalents		212,700	1,861,336
Amounts receivable	4	221,875	55,224
Prepaid expenses and deposits		32,006	50,573
Total current assets		<u>466,581</u>	<u>1,967,133</u>
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Total Assets		466,581	1,967,133
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LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	738,616	69,134
Total current liabilities		<u>738,616</u>	<u>69,134</u>
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(DEFICIENCY) EQUITY			
Share capital	5	30,448,397	30,448,277
Reserves	5	4,215,567	4,215,567
Subscriptions received in advance	5	70,000	-
Foreign currency translation		(11,729)	(17,305)
Deficit		(34,994,270)	(32,748,540)
Total (deficit) equity		<u>(272,035)</u>	<u>1,897,999</u>
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Total (Deficiency) Equity and Liabilities		466,581	1,967,133
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NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY (Note 1)			
SUBSEQUENT EVENTS (Note 11)			

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on February 24, 2021. They are signed on the Company's behalf by:

"Philip O'Neill" , Director

"Ali Zamani" , Director

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)
Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three months ended December 31,		Six months ended December 31,	
		2020 \$	2019 \$	2020 \$	2019 \$
Expenses					
Exploration and evaluation expenditures	3	823,951	356,509	1,695,461	488,684
General and administrative	6,7	231,697	273,198	525,789	577,205
Professional fees		14,783	35,933	26,549	145,147
Share-based payments	5,7	-	2,023	-	476,549
Loss before other items		(1,070,431)	(667,663)	(2,247,799)	(1,687,585)
Foreign exchange loss		(2,046)	-	(6,069)	-
Interest income		156	12,918	8,138	21,832
Loss for the period		(1,072,321)	(654,745)	(2,245,730)	(1,665,753)
Other comprehensive items					
Exchange differences on translation of foreign operations		(5,335)	6,841	5,576	(96)
Comprehensive loss for the period		(1,077,656)	(647,904)	(2,240,154)	(1,665,849)
Loss per share – basic and diluted (\$)		(0.01)	(0.01)	(0.02)	(0.02)
Weighted average number of common shares outstanding – basic and diluted		103,342,497	99,537,410	103,342,628	99,537,410

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)
Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Six months ended December 31,	
	2020	2019
	\$	\$
Cash flows from operating activities		
Loss for the period	(2,245,730)	(1,665,753)
Adjustments for:		
Interest income	-	(21,832)
Share-based payments	-	476,549
	<u>(2,245,730)</u>	<u>(1,211,036)</u>
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	(166,651)	201,394
Decrease (increase) in prepaid expenses and deposits	18,567	(6,360)
Increase (decrease) in accounts payable and accrued liabilities	669,482	(314,686)
Net cash used in operating activities	<u>(1,724,332)</u>	<u>(1,330,688)</u>
Cash flows from investing activities		
Purchase of short-term investments	-	(2,000,000)
Net cash used in investing activities	<u>-</u>	<u>(2,000,000)</u>
Cash flows from financing activities		
Repayment of convertible note	-	(450,000)
Issuance of common shares in private placement	-	4,000,000
Subscriptions received in advance	70,000	-
Warrants exercised	120	-
Net cash generated from financing activities	<u>70,120</u>	<u>3,550,000</u>
Net (decrease) increase in cash	(1,654,212)	219,312
Cash and cash equivalents at beginning of period	1,861,336	318,553
Effect of exchange rate on cash	5,576	(96)
Cash and cash equivalents at end of period	212,700	537,769
Supplemental cash flow information		
Cash paid for income taxes	-	-
Cash paid for interest	-	-
Breakdown of cash and cash equivalents		
	2020	2019
	\$	\$
Cash	212,700	537,769
Guaranteed investment certificate	-	2,000,000
Total	<u>212,700</u>	<u>2,537,769</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)
Consolidated Interim Statements of Changes in (Deficiency) Equity
(Unaudited - Expressed in Canadian Dollars)

	Share capital		Reserves					Total equity (deficiency) \$
	Number of shares	Amount \$	Warrants \$	Equity settled share-based payments \$	Subscriptions received in advance \$	Foreign currency translation \$	Deficit \$	
Balance at June 30, 2019	53,341,758	26,564,912	215,417	3,527,596	-	(3,472)	(30,469,800)	(165,347)
Shares issued in private placement	50,000,000	4,000,000	-	-	-	-	-	4,000,000
Share issuance costs	-	(116,635)	-	-	-	-	-	(116,635)
Share-based compensation	-	-	-	476,549	-	-	-	476,549
Total comprehensive (loss) for the period	-	-	-	-	-	(96)	(1,665,753)	(1,665,849)
Balance at December 31, 2019	103,341,758	30,448,277	215,417	4,004,145	-	(3,568)	(32,135,553)	2,528,718
Share-based compensation	-	-	-	(3,995)	-	-	-	(3,995)
Total comprehensive (loss) for the period	-	-	-	-	-	(13,737)	(612,987)	(626,724)
Balance at June 30, 2020	103,341,758	30,448,277	215,417	4,000,150	-	(17,305)	(32,748,540)	1,897,999
Subscriptions received in advance	-	-	-	-	70,000	-	-	70,000
Warrants exercised	1,000	120	-	-	-	-	-	120
Total comprehensive (loss) for the period	-	-	-	-	-	5,576	(2,245,730)	(2,240,154)
Balance at December 31, 2020	103,342,758	30,448,397	215,417	4,000,150	70,000	(11,729)	(34,994,270)	(272,035)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.) (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 a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties in Mexico. The Company’s resource properties presently have no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of expenditures on its resource properties is dependent upon the existence of economically recoverable resources, 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.

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at December 31, 2020, the Company has an accumulated deficit of \$34,994,270 and deficiency of \$272,035. In addition, the Company has a working capital deficiency of \$272,035 and negative cash flow from operating activities of \$1,724,332. 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.

On March 11, 2020, the World Health Organization declared the global outbreak of a novel coronavirus identified as “COVID-19” a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. Central banks and governments, including Canadian federal and provincial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. Significant economic and social impacts have limited the Company’s ability to continue its exploration and evaluation activities as intended. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on February 24, 2021.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Statement of compliance

The Company's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standards 34 "Interim Financial Reporting".

These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2020, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and included in Part I of the Handbook of the Chartered Professional Accountants of Canada.

The policies applied in these condensed consolidated interim financial statements are the same as those applied in the most recent annual financial statements and were consistently applied to all the periods presented.

b) Basis of presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary as follows:

	Place of Incorporation	Principal Activity
Roca Verde Exploracion Mexico, S.A. de C.V.	Mexico	Exploration company

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

d) Significant Accounting Estimates and Judgments

The preparation of these 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.

These 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.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 is determined at the issue date using the Black-Scholes pricing model. The fair value of common shares issued for finders fees are based on the closing price of the transaction those fees pertain to.
- The determination of tax expense for the period and deferred tax assets and liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and make estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used. The Company is subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. We provide for such differences where known based on our best estimate of the probable outcome of these matters.

(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.
- 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 the Mexican peso of 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. Management also considered secondary indicators including the currency in which funds from financing activities are denominated, the currency in which funds are retained and the degree of autonomy the foreign operation has with respect to operating activities.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION

The following tables summarize the accumulated costs incurred to date with respect to the Company's interest in resource properties owned, leased or under option that the Company continues to explore as a December 31, 2020 and December 31, 2019:

	Las Minas \$
Six months ended December 31, 2020	
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2020	15,927,644
Drilling	1,445,946
Environmental studies	13,627
Geological and consulting	2,377
Operational support	150,286
Resource estimate	83,225
	<u>1,695,461</u>
Cumulative exploration and evaluation expenditures – December 31, 2020	<u>17,623,105</u>
Six months ended December 31, 2019	
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2019	15,201,488
Drilling	272,717
Geological and consulting	69,361
Operational support	55,954
Resource estimate	90,652
	<u>488,684</u>
Cumulative exploration and evaluation expenditures – December 31, 2019	<u>15,690,172</u>

Las Minas Project

As at December 31, 2020, the Company owns a 100% interest in the Las Minas and La Miqueta properties, collectively named the Las Minas Project, through its wholly owned subsidiary Roca Verde Exploracion de Mexico, S.A. de C.V (“Roca Verde”). The project is comprised of six mineral concessions located in the Las Minas district in the state of Veracruz, Mexico consisting of the Pepe, Pepe Tres, San Jose, Pueblo Nuevo, La Luz I and San Valentin mineral concessions.

The project rights were acquired by making staged payments in cash and common shares of the Company to the vendors from 2010 through 2018, under two separate, fully executed option agreements. Each of the vendors retained a 1.5% Net Smelter Return (“NSR”) subject to a buyback provision, at the Company’s discretion, to purchase one third or 0.5% NSR for US\$500,000 from each of the vendors. Pursuant to the terms of the purchase and sale agreement of the Pepe, Pepe Tres and San Jose mineral concessions, Roca Verde has a right of first refusal (“ROFR”) in the event that the vendor intends to transfer all or part of the NSR.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

3. EXPLORATION AND EVALUATION (continued)

Assignment of Royalty Rights

On June 17, 2019, the Company entered into a letter agreement ("Letter Agreement") pursuant to which the Company caused its wholly owned subsidiary, Roca Verde, to sell and assign (the "Assignment") the ROFR and the buyback provision allowing the Company to purchase one third or 0.5% NSR for US\$500,000 on the Pepe, Pepe Tres and San Jose mineral concessions to 1198578 B.C. Ltd. ("BC Co") for consideration of:

- BC Co making a cash payment of \$50,000 direct to Roca Verde (paid);
- BC Co advancing a loan of \$450,000 to the Company (paid);
- BC Co depositing \$500,000 (the "Escrow Funds") into escrow with the Company's legal counsel, Farris LLP, as escrow agent (paid).

Equity Financing

In accordance with the terms of the Letter Agreement, BC Co used the Escrow Funds to subscribe to and participate in the equity financing completed on July 15, 2019 (see Note 5 – Share Capital and Reserves), for a minimum subscription amount of \$500,000.

Exercise of Royalty Rights

In the event that BC Co exercises the ROFR prior to the Company's board of directors making a decision to commence production on any portion of the Property (a "Production Decision"), then at the time that a Production Decision is made, the Company must pay BC Co US\$500,000 (the "Payment Obligation"), which BC Co must use to exercise the buyback provision to purchase one third or 0.5% NSR from the vendor.

In the event that the Company, proposes to sell, transfer, assign or dispose of any portion of the Property prior to a Production Decision having been made, the Company must first ensure that any prospective purchaser or transferee of the Property must agree in writing to be bound, in favour of BC Co to:

- satisfy payment of the Payment Obligation in the event that a Production Decision is made; and
- that it shall not to sell, transfer, assign or dispose of any portion of the Property, unless and until the prospective purchaser or transferee of the Property agrees in writing to be bound, in favour of BC Co to satisfy payment of the Payment Obligation in the event that a Production Decision is made.

4. AMOUNTS RECEIVABLE

The following table summarizes amounts receivable as at December 31, 2020 and June 30, 2020:

	December 31, 2020 \$	June 30, 2020 \$
Canadian Goods and Services Taxes recoverable	4,088	11,009
Mexican Value Added Taxes ("VAT") recoverable	217,787	12,264
Interest receivable	-	31,951
Total	221,875	55,224

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2020, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Details of Issues of Common Shares in fiscal 2021

During the six months ended December 31, 2020, 1,000 warrants were exercised at a price of \$0.12 per share for gross proceeds of \$120.

As at December 31, 2020, the Company received \$70,000 in advance of a non-brokered private placement financing completed subsequent to December 31, 2020. See Subsequent Events (Note 11) for further information.

Details of Issues of Common Shares in fiscal 2020

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 consisted 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. Share issuance costs of \$116,635 relating to the private placement were paid.

Share Purchase Option Compensation Plan

The Company has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Company. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Company at the date of the grant of the option.

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX-V. Share purchase options granted generally vest immediately, are subject to a four-month hold period and may be exercised during a period, which cannot exceed ten years, all to be determined by the Board of Directors.

The continuity of share purchase options for the six months ended December 31, 2020 is as follows:

Expiry date	Exercise Price	June 30, 2020	Granted	Exercised	Cancelled/ Expired	December 31, 2020	Options exercisable
July 17, 2024	\$0.105	4,150,000	-	-	(150,000)	4,000,000	4,000,000
September 1, 2024	\$0.115	650,000	-	-	-	650,000	650,000
March 7, 2027	\$0.300	540,000	-	-	-	540,000	540,000
May 29, 2027	\$0.360	150,000	-	-	-	150,000	150,000
May 29, 2027	\$0.550	250,000	-	-	-	250,000	250,000
April 20, 2028	\$0.390	64,000	-	-	-	64,000	64,000
		5,804,000	-	-	(150,000)	5,654,000	5,654,000
Weighted average exercise price \$		0.15	-	-	0.11	0.15	0.15
Weighted average contractual remaining life (years)		4.55	-	-	-	4.06	4.06

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

*(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)***5. SHARE CAPITAL AND RESERVES (continued)**

The continuity of share purchase options for the six months ended December 31, 2019 is as follows:

Expiry date	Exercise Price	June 30, 2019	Granted	Exercised	Cancelled/ Expired	December 31, 2019	Options exercisable
March 20, 2020	\$0.800	184,000	-	-	(76,000)	108,000	108,000
May 24, 2022	\$0.350	400,000	-	-	(400,000)	-	-
May 29, 2022	\$0.360	100,000	-	-	(100,000)	-	-
July 17, 2024	\$0.105	-	4,150,000	-	-	4,150,000	4,150,000
September 1, 2024	\$0.115	-	650,000	-	-	650,000	650,000
March 7, 2027	\$0.300	1,250,000	-	-	(710,000)	540,000	540,000
May 29, 2027	\$0.360	950,000	-	-	(800,000)	150,000	150,000
May 29, 2027	\$0.550	250,000	-	-	-	250,000	250,000
November 20, 2027	\$0.360	200,000	-	-	(200,000)	-	-
December 12, 2027	\$0.350	167,466	-	-	(167,466)	-	-
April 20, 2028	\$0.390	174,000	-	-	(110,000)	64,000	42,667
May 16, 2028	\$0.370	100,000	-	-	(100,000)	-	-
		3,775,466	4,800,000	-	(2,663,466)	5,912,000	5,912,000
Weighted average exercise price \$		0.44	0.11	-	0.36	0.17	0.17
Weighted average contractual remaining life (years)		6.94	-	-	-	4.99	4.98

The weighted average fair value of share purchase options granted during the six months ended December 31, 2020 is \$Nil (six months ended December 31, 2019 - \$0.097).

Options were priced based on the Black-Scholes option pricing model using the following weighted average assumptions to estimate the fair value of options granted:

	Six months ended December 31,	
	2020	2019
Risk-free interest rate	-	1.41%
Expected option life in years	-	5.0
Expected share price volatility	-	148.96%
Grant date share price	-	\$0.106
Expected forfeiture rate	-	-
Expected dividend yield	Nil	Nil

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of warrants for the six months ended December 31, 2020 is as follows:

Expiry date	Exercise Price	June 30, 2020	Issued	Exercised	Expired/ Forfeited	December 31, 2020
April 10, 2021	\$0.60	3,489,833	-	-	-	3,489,833
November 22, 2021	\$0.30	10,315,000	-	-	-	10,315,000
November 22, 2021*	\$0.30	356,300	-	-	-	356,300
March 13, 2022	\$0.30	400,000	-	-	-	400,000
March 13, 2022*	\$0.10	10,500	-	-	-	10,500
July 15, 2024	\$0.12	50,000,000	-	(1,000)	-	49,999,000
		64,571,633	-	(1,000)	-	64,570,633
Weighted average exercise price \$		0.18	-	0.12	-	0.18

*Finder's warrants.

The continuity of warrants for the six months ended December 31, 2019 is as follows:

Expiry date	Exercise Price	June 30, 2019	Issued	Exercised	Expired/ Forfeited	December 31, 2019
April 10, 2021	\$0.60	3,489,833	-	-	-	3,489,833
November 22, 2021	\$0.30	10,315,000	-	-	-	10,315,000
November 22, 2021*	\$0.30	356,300	-	-	-	356,300
March 13, 2022	\$0.30	400,000	-	-	-	400,000
March 13, 2022*	\$0.10	10,500	-	-	-	10,500
July 15, 2024	\$0.12	-	50,000,000	-	-	50,000,000
		14,571,633	50,000,000	-	-	64,571,633
Weighted average exercise price \$		0.37	0.12	-	-	0.18

*Finder's warrants.

6. GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the general and administrative expenses incurred for the three and six months ended December 31, 2020 and 2019:

	Three months ended		Six months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Corporate development and investor relations	\$ 11,487	\$ 30,725	\$ 61,986	\$ 106,341
Office and sundry	48,016	34,545	117,795	69,013
Salaries and consulting	158,723	169,393	323,391	302,309
Transfer agent and filing fees	10,891	20,755	15,819	66,452
Travel	2,580	17,780	6,798	33,090
Total	231,697	273,198	525,789	577,205

7. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended December 31, 2020 and 2019

(Unaudited - Expressed in Canadian Dollars Unless Otherwise Noted)

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the six months ended December 31, 2020, key management personnel compensation totaled \$201,750 (six months ended December 31, 2019 - \$601,775) comprised of salaries and wages of \$175,000 (six months ended December 31, 2019 - \$120,000) paid to the Chief Executive Officer and Chief Financial Officer, \$Nil (six months ended December 31, 2019 - \$8,654) paid to the former Chief Financial Officer, \$Nil (six months ended December 31, 2019 - \$9,086) paid to a company controlled by the former Chief Financial Officer for accounting and management services, \$5,000 (six months ended December 31, 2019 - \$Nil) paid to the current Corporate Secretary, \$3,750 (six months ended December 31, 2019 - \$7,500) paid to the former Corporate Secretary, \$18,000 (six months ended December 31, 2019 - \$17,500) paid to directors and share-based compensation of \$Nil (six months ended December 31, 2019 - \$389,554) relating to Nil (six months ended December 31, 2019 - 4,050,000) stock options granted to directors and officers of the Company and the vesting of previously granted stock options to directors and officers of the Company.

As at December 31, 2020, \$Nil (June 30, 2020 - \$3,750) is included in accounts payable and accrued liabilities for amounts owed to key management personnel.

Under the terms of their management agreements, certain officers of the Company are entitled to a range of 12 to 24 months of base pay in the event of their agreements being terminated without cause.

8. SEGMENTED INFORMATION

The Company currently operates in one operating segment, the exploration of resource properties in Mexico. Management of the Company makes decisions about allocating resources based on the one operating segment. The Company's total assets and liabilities are segmented geographically as follows:

	December 31, 2020		
	Canada	Mexico	Total
	\$	\$	\$
Current Assets	211,051	255,530	466,581
Current Liabilities	(15,441)	(723,175)	(738,616)
Total	195,610	(467,645)	(272,035)
Loss for the period	(533,379)	(1,712,351)	(2,245,730)

	June 30, 2020		
	Canada	Mexico	Total
	\$	\$	\$
Current Assets	1,892,796	74,337	1,967,133
Current Liabilities	(36,282)	(32,852)	(69,134)
Total	1,856,514	41,485	1,897,999
Loss for the year	(1,623,920)	(654,820)	(2,278,740)

9. FINANCIAL INSTRUMENTS

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.

Mexican Gold Mining Corp. (formerly Mexican Gold Corp.)

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9. FINANCIAL INSTRUMENTS (continued)

(a) Fair Values

The Company's financial assets and liabilities are measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. The three levels of fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have financial instruments carried at fair value.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities. The carrying values of cash and cash equivalents, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

(b) Financial Instrument Risk Exposure

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 cash equivalents with financial institutions with high credit ratings, therefore 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 \$738,616 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

Market risk

(i) Currency risk

Financial instruments that impact the Company's profit or loss due to currency fluctuation include cash accounts and accounts payable and accrued liabilities denominated in Mexican pesos. The sensitivity of the Company's profit or loss to a change in the exchange rate between the Mexican peso and the Canadian dollar at December 31, 2020 would change the Company's comprehensive loss by \$46,765 as a result of a 10% change in the Canadian dollar exchange rate relative to the Mexican peso.

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9. FINANCIAL INSTRUMENTS (continued)

(ii) 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. The Company is not exposed to interest rate risk.

(iii) 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.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

In assessing the capital structure, management includes in its assessment the components of 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 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 externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the six months ended December 31, 2020.

11. SUBSEQUENT EVENTS

Private Placement Financing

Subsequent to December 31, 2020, the Company completed a non-brokered private placement financing of 20,000,000 common shares at a price of \$0.07 per common share for gross proceeds of \$1,400,000.

Stock Options Granted

Subsequent to December 31, 2020, 1,000,000 stock options were granted at an exercise price of \$0.13 and an expiry date of January 1, 2026.