



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
DECEMBER 31, 2022 AND 2021

(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.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

		December 31, 2022 \$	June 30, 2022 \$
	Note		
ASSETS			
Current assets			
Cash		44,113	92,023
Amounts receivable	4	52,132	42,621
Prepaid expenses and deposits		10,369	13,846
Total current assets		106,614	148,490
Total Assets		106,614	148,490
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	137,946	85,195
Total current liabilities		137,946	85,195
EQUITY (DEFICIENCY)			
Share capital	5	32,460,297	32,317,636
Reserves	5	4,411,742	4,411,742
Foreign currency translation		(227)	2,048
Deficit		(36,903,144)	(36,668,131)
Total equity (deficiency)		(31,332)	63,295
Total Equity (Deficiency) and Liabilities		106,614	148,490

NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY (Note 1)
SUBSEQUENT EVENTS (Note 10)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on February 27, 2023. They are signed on the Company's behalf by:

"Jack Campbell" , Director

"Ali Zamani" , Director

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

	Note	Three months ended		Six months ended	
		December 31,		December 31,	
		2022	2021	2022	2021
		\$	\$	\$	\$
Expenses					
Exploration and evaluation expenditures	3	10,081	11,913	33,579	148,215
General and administrative	6	89,704	88,847	153,851	257,921
Professional fees		32,518	31,682	47,597	32,313
Share-based payments		-	97,065	-	97,065
Loss before other items		(132,303)	(229,507)	(235,027)	(535,514)
Foreign exchange gain (loss)		(7)	(523)	14	(848)
Loss for the period		(132,310)	(230,030)	(235,013)	(536,362)
Other comprehensive item that may be reclassified to profit and loss:					
Exchange differences on translation of foreign operations		3,974	2,563	(2,275)	5,216
Loss and comprehensive loss for the period		(128,336)	(227,377)	(237,288)	(531,146)
Loss per share – basic and diluted		(0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of common shares outstanding – basic and diluted					
		137,342,758	126,168,845	134,136,236	126,168,845

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

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

	Six months ended December 31,	
	2022	2021
	\$	\$
Cash flows from operating activities		
Loss for the period	(235,013)	(536,362)
Adjustments for:		
Share-based payments	-	97,065
	(235,013)	(439,297)
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	(9,511)	141,078
Increase in prepaid expenses and deposits	3,477	(14,895)
Decrease in accounts payable and accrued liabilities	52,751	(75,304)
Net cash used in operating activities	(188,296)	(388,418)
Cash flows from financing activities		
Shares issued in private placement	150,000	-
Share issuance costs	(7,339)	-
Proceeds from warrants exercised	-	480,000
Net cash generated from financing activities	142,661	480,000
Net increase (decrease) in cash	(45,635)	91,582
Cash at beginning of period	92,023	121,460
Effect of exchange rate on cash	(2,275)	5,216
Cash at end of period	44,113	218,258

There were no non-cash investing or financing activities for the six months ended December 31, 2022 and 2021.

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

	Note	Share capital		Reserves					Total equity (deficiency)
		Number of shares	Amount \$	Contributed Surplus \$	Warrants \$	Equity settled share-based payments \$	Foreign currency translation \$	Deficit \$	
Balance at June 30, 2021		123,342,758	31,837,636	-	215,417	4,099,260	(10,560)	(35,928,554)	213,199
Warrants exercised	5	4,000,000	480,000	-	-	-	-	-	480,000
Warrants expired		-	-	215,417	(215,417)	-	-	-	-
Share-based payments		-	-	-	-	97,065	-	-	97,065
Total comprehensive loss for the period		-	-	-	-	-	5,216	(536,362)	(303,769)
Balance at December 31, 2021		127,342,758	32,317,636	215,417	-	4,196,325	(5,344)	(36,464,916)	259,118
Total comprehensive loss for the period		-	-	-	-	-	7,392	(203,215)	(195,823)
Balance at June 30, 2022		127,342,758	32,317,636	215,417	-	4,196,325	2,048	(36,668,131)	63,295
Units issued pursuant to private placement	5	10,000,000	150,000	-	-	-	-	-	150,000
Unit issuance costs	5	-	(7,339)	-	-	-	-	-	(7,339)
Total comprehensive loss for the period		-	-	-	-	-	(2,275)	(235,013)	(237,288)
Balance at December 31, 2022		137,342,758	32,460,297	215,417	-	4,196,325	(227)	(36,903,144)	(31,332)

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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY

Mexican Gold Mining 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 900 – 999 Hastings Street West, Vancouver, BC, Canada V6C 2W2.

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, 2022, the Company has an accumulated deficit of \$36,903,144, and a deficiency of \$31,332. In addition, the Company has a working capital deficit of \$31,332 and negative cash flow from operating activities of \$188,296. 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.

The Company’s business, financial condition and results of operations may be further negatively affected by economic and other consequences from Russia’s military action against Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the war in the Ukraine to the business to be limited, the indirect impacts on the economy and on the mining industry and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

These condensed consolidated interim financial statements were approved by the Board of Directors of the Company on February 27, 2023.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed consolidated interim 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, 2022, 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 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 condensed consolidated interim 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 condensed consolidated interim 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 condensed consolidated interim 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 consolidated 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.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant assumptions about the future and other sources of estimation uncertainty that management has made at period 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 in which expenditures are incurred for 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.

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 December 31, 2022 and June 30, 2022:

Period ended December 31, 2022	Las Minas \$
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2022	18,100,344
Consulting and geological	5,836
Operational support and mining fees	27,743
	33,579
Cumulative exploration and evaluation expenditures – December 31, 2022	18,133,923

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months ended December 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION (continued)

	Las Minas
Year ended June 30, 2022	\$
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2021	17,913,988
Consulting and geological	35,212
Operational support and mining fees	59,631
Preliminary economic assessment	91,513
	186,356
Cumulative exploration and evaluation expenditures – June 30, 2022	18,100,344

Las Minas Project

As at December 31, 2022, 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.

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).

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.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Six Months ended December 31, 2022 and 2021
(Unaudited – Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

The following table summarizes amounts receivable as at December 31, 2022 and June 30, 2022:

	December 31, 2022 \$	June 30, 2022 \$
Canadian Goods and Services Taxes recoverable	2,925	2,663
Mexican Value Added Taxes ("VAT") recoverable	47,434	39,958
Refund for advance in excess of costs for annual general meeting	1,773	-
Total	52,132	42,621

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2022, 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 the six months ended December 31, 2022

On August 29, 2022, the Company completed a private placement financing, issuing 10,000,000 units at a price of \$0.015 per unit for gross proceeds of \$150,000. Each unit consisted of one common share and one share purchase warrant that allows the holder to purchase an additional common share at a price of \$0.05 per share for a period of 60 months from the date of issuance. Share issuance costs of \$7,339 were incurred in connection with the private placement.

Details of Issues of Common Shares in fiscal 2022

During the year ended June 30, 2022, 4,000,000 warrants were exercised at an exercise price of \$0.12 for gross proceeds of \$480,000.

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.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of share purchase options for the period ended December 31, 2022 is as follows:

Expiry date	Exercise Price	June 30, 2022	Granted	Exercised	Cancelled/ Expired	December 31, 2022	Options exercisable
July 17, 2024	\$0.105	1,500,000	-	-	-	1,500,000	1,500,000
September 1, 2024	\$0.115	650,000	-	-	-	650,000	650,000
January 1, 2026	\$0.130	1,000,000	-	-	-	1,000,000	1,000,000
November 18, 2026	\$0.055	2,000,000	-	-	-	2,000,000	2,000,000
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
		6,154,000	-	-	-	6,154,000	6,154,000
Weighted average exercise price \$		0.14	-	-	-	0.14	0.14
Weighted average contractual remaining life (years)		3.52	-	-	-	3.01	3.01

The continuity of share purchase options for the year ended June 30, 2022 is as follows:

Expiry date	Exercise Price	June 30, 2021	Granted	Exercised	Cancelled/ Expired	June 30, 2022	Options exercisable
July 17, 2024	\$0.105	4,000,000	-	-	(2,500,000)	1,500,000	1,500,000
September 1, 2024	\$0.115	650,000	-	-	-	650,000	650,000
January 1, 2026	\$0.130	1,000,000	-	-	-	1,000,000	1,000,000
November 18, 2026	\$0.055	-	2,000,000	-	-	2,000,000	2,000,000
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
		6,654,000	2,000,000	-	(2,500,000)	6,154,000	6,154,000
Weighted average exercise price \$		0.10	0.055	-	0.105	0.14	0.14
Weighted average contractual remaining life (years)		3.70	-	-	-	3.52	3.52

The weighted average fair value of share purchase options granted during the year ended June 30, 2022 is \$0.049.

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

	Year ended June 30,
	2022
Risk-free interest rate	0.39%
Expected option life in years	5.0
Expected share price volatility	105.11%
Grant date share price	\$0.13
Expected forfeiture rate	Nil
Expected dividend yield	Nil

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)

The continuity of warrants for the period ended December 31, 2022 is as follows:

Expiry date	Exercise Price	June 30, 2022	Issued	Exercised	Expired	December 31, 2022
July 15, 2024	\$0.12	45,999,000	-	-	-	45,999,000
August 29, 2027	\$0.05	-	10,000,000	-	-	10,000,000
		45,999,000	10,000,000	-	-	55,999,000
Weighted average exercise price \$		0.12	0.05	-	-	0.11

The continuity of warrants for the year ended June 30, 2022 is as follows:

Expiry date	Exercise Price	June 30, 2021	Issued	Exercised	Expired	June 30, 2022
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	49,999,000	-	(4,000,000)	-	45,999,000
		61,080,800	-	(4,000,000)	(11,081,800)	45,999,000
Weighted average exercise price \$		0.15	-	0.12	0.30	0.12

*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, 2022 and 2021:

	Three months ended December 31,		Six months ended December 31,	
	2022 \$	2021 \$	2022 \$	2021 \$
Corporate development and investor relations	4,179	7,909	7,287	15,578
Office and sundry	16,928	21,401	30,395	38,814
Salaries and consulting	45,079	48,159	88,662	186,762
Transfer agent and filing fees	23,518	11,378	26,703	15,014
Travel	-	-	804	1,753
Total	89,704	88,847	153,851	257,921

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

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 corporate officers and executive and non-executive members of the Company’s Board of Directors.

During the six months ended December 31, 2022 and 2021, key management personnel compensation was as follows:

Period ended	December 31,	
	2022	2021
	\$	\$
Consulting fees paid to the CEO	30,000	15,000
Consulting fees paid to the CFO	18,000	-
Salary paid to the former CEO	-	43,333
Consulting fees paid to a company controlled by the former CFO	-	32,000
Directors fees	6,000	10,000
Share-based compensation	-	97,065
	54,000	197,398

As at December 31, 2022, \$36,500 (June 30, 2022 - \$9,966) is included in accounts payable and accrued liabilities for amounts owed to officers and directors. Amounts due to or from related parties are unsecured, non-interest bearing and have no specified terms of repayment.

8. 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.

(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.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (continued)

The Company's financial instruments consist of cash, amounts receivable and accounts payable and accrued liabilities. The carrying values of cash, 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 with financial institutions with high credit ratings, therefore the credit risk is minimal and limited to its carrying amount.

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 \$137,946 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

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because it is denominated in a currency that differs from the functional currency of the respective entity. The functional currency of the parent company is the Canadian dollar and the functional currency of the operating subsidiary is the Mexican peso. At September 30, 2022, the Company has minimal exposure to foreign currency risk as balances held in currencies other than the functional currency for each entity are immaterial.

(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.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2022 and 2021

(Unaudited – Expressed in Canadian Dollars)

9. 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 period ended December 31, 2022.

10. SUBSEQUENT EVENTS

- a) In January 2023, the Company announced its intention to consolidate its issued and outstanding common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares.
- b) In January 2023, the Company announced a post-consolidation non-brokered private placement offering of up to 7,500,000 units of the Company at a post-consolidation price of \$0.12 per unit for gross proceeds of \$900,000. Each unit will consist of one post-consolidation common share of the Company and one post-consolidation share purchase warrant. Each warrant will entitle the holder to purchase an additional common share of the Company at an exercise price of \$0.15 per share for a period of 36 months from the date of issue. The Company has received \$546,985 of proceeds in advance in connection with the private placement.