



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

The following discussion is management's assessment and analysis of the results and financial condition of Mexican Gold Mining Corp. (the "Company" or "Mexican Gold") and should be read in conjunction with the accompanying condensed consolidated interim financial statements and related notes. The financial data was prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and all figures are reported in Canadian dollars unless otherwise indicated. The effective date of this Management Discussion and Analysis ("MD&A") is February 27, 2023.

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 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 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 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. 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.

As of the date of this MD&A, the Company's Board of Directors consisted of the following: Jack Campbell, John Anderson, and Ali Zamani. Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's website at www.mexicangold.ca.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

Operational Highlights

Exploration Program

On August 4, 2021, the company announced a positive Preliminary Economic Assessment (PEA) for its 100% owned Las Minas project. The PEA is based on exploration and drilling programs conducted in 2019 and 2020, and detailed exploration results are provided in previous quarterly MD&A discussions.

The summary economic results of the PEA are as follows:

Las Minas PEA Financial Highlights, including Metal Prices Sensitivity

	Base Case (BC)	Spot Price (Jul 29, 2021)	Upside	Downside
Au (US\$/oz)	1625	1830	2000	1200
Ag (US\$/oz)	20	25.5	28	14
Cu (US\$/lb)	3.25	4.45	4.75	2.25
Magnetite Concentrate (US\$/dmt)	100	213.5	220	65
Cumulative Cash Flow (US\$M)	\$99	\$237	\$276	-\$22
After Tax NPV @ 5% (US\$M)	\$55	\$157	\$187	-\$37
After Tax NPV @ 8% (US\$M)	\$35	\$122	\$148	-\$43
After Tax IRR (%)	16%	31%	35%	-5%
Capex Payback (Years)	4.4	2.8	2.6	n/a
EBITDA for First Year of Full Production (US\$M)	\$43	\$70	\$77	\$19

Notes:

Metal prices for Upside and Downside cases represent the individual metal historical 3-year highs and lows.

The PEA is preliminary in nature and is based on inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Company also announces a new mineral resource estimate, prepared in accordance with National Instrument 43-101, of 443,000 gold equivalent ounces within indicated resources of 4.13 million tonnes at grades of 1.96 g/t gold, 4.64 g/t silver, 1.08% copper, 14.77% magnetite and 361,000 gold equivalent ounces within inferred resources of 5.20 million tonnes at grades of 1.44 g/t gold, 5.97 g/t silver, 0.95% copper, 17.54% magnetite, all reported at a US\$80 per tonne Net Smelter Return (NSR) cut-off.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

PEA Conceptual Design Summary

The concept for recovery of the Las Minas resource is through multiple underground mining methods at a production rate of 1,400 t/d with the mineralized material being hauled via truck to an underground crusher, where it is then crushed and conveyed to the processing plant. Processing will produce a copper concentrate containing gold and silver. Additionally, the tailings would be processed to recover magnetite. Tailings after magnetite recovery would be de-watered and pumped underground as cemented paste backfill. Tailings not placed as paste would be trucked to the tailings storage facility (TSF). Production at the mine would ramp up in year 1, maintain full production to the end of year 8, and decrease in year 9 as the deposit is depleted.

Las Minas Resource Exploitation - PEA Highlights and Project Performance	
Total Tonnes Mined	4,043 kt
Diluted Grades	
Gold	1.84 g/t
Silver	5.53 g/t
Copper	1.06%
Magnetite	15.7%
Mine Life	8.5 years
Average Annual Production	
Gold Equivalent Ounces	45,000
Gold Ounces	21,000
Silver Ounces	24,000
Copper Pounds	9,533,000
Magnetite Concentrate Tonnes	75,000
Average Cash Cost	
Average Cash Cost Per Gold Equivalent Ounce	US\$786
Average Cash Cost Per Gold Ounce, Net of By-Product Credits	US\$158
Average AISC	
Average AISC Per Gold Equivalent Ounce	US\$928
Average AISC Per Gold Ounce, Net of By-Product Credits	US\$145
Initial CAPEX	US\$90.4 M
Sustaining CAPEX	US\$54.7 M
Processing Plant Recoveries	
Gold	80%
Silver	70%
Copper	90%
Magnetite	90%

Notes:

LOM Metal Prices - US\$1,625/oz. Au, US\$3.25/lb. Cu, US\$20.00/oz. Ag, US\$100/t Magnetite Concentrate



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

The following is the projected production for the Las Minas project over the expected life of the mine

Las Minas PEA Mine Production from Indicated and Inferred Resources

Production Year	Au (K oz)	Ag (K oz)	Cu (M lbs)	Magnetite (k tonnes)
1	32	57	4	32
2	29	96	13	79
3	32	76	11	66
4	34	65	10	62
5	31	84	13	66
6	27	91	13	86
7	23	108	13	103
8	23	92	12	94
9	9	48	6	48
Total	239	719	94	635

Notes:

Assumed metal prices over life of mine: Gold US\$1,625/oz - Silver US\$20/oz - Cu US\$3.25/lb – Magnetite Concentrate US\$100/t.

Geology

The Las Minas project is located in southeastern Mexico within the eastern portion of the Trans Mexico Volcanic Belt (TMVB), an east-west belt of Miocene to recent volcanic rocks that transects the country from the Pacific coast to the Gulf of Mexico. The pre-Miocene basement in the Las Minas region consists of a sequence of Jurassic and Cretaceous marine sedimentary rocks including sandstone, siltstone, limestone and shale. These have been intruded by Tertiary and Mesozoic plutonic rocks mapped as dominantly granodiorite and porphyritic dacite, with lesser amounts of granite, diorite and tonalite.

Copper and gold mineralization have been recognized in three settings within the Las Minas property: proximal skarn, distal skarn and quartz veins. Proximal-type skarn is the dominant skarn alteration observed within the Las Minas resource zones (El Dorado and Santa Cruz) while distal and gold-bearing quartz veins occur in the exploration targets to the east and north of the Las Minas resources.

Proximal skarn developed along marble-diorite contacts, both as exoskarn developed within the sedimentary rock, and as endoskarn developed within the intrusion. The skarn alteration has a typical zoning of marble-exoskarn-endoskarn-diorite. The distinction between exoskarn and endoskarn can be very difficult because the skarn alteration (especially garnet replacement) can be texturally destructive.

Proximal skarn alteration is dominantly garnet-rich with lesser amounts of pyroxene, and locally garnet appears to have replaced pyroxene. The skarn contains variable amounts of magnetite and lesser sulfide minerals.

Within the Las Minas resource zones, chalcopyrite is the dominant sulfide mineral with lesser amounts of bornite and pyrite. Sulfide grains usually are associated with magnetite and are present as relatively coarse-grained disseminations while sulfide blebs, bands, and veinlets cutting magnetite are also observed. Pyrite occurs as an accessory mineral in the main resource area.

Gold-silver-copper mineralization at El Dorado zone occurs as two horizons that are separated by a barren north-



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

northwest trending diorite dike. The current modeling indicates that the El Dorado skarn zone on the west side of the diorite dike has an 800 m northwest strike length, extends up to 450 m to the southwest away from the diorite dike, is on average 15 to 20 m thick, and can reach over 50 m in thickness along the northwest-striking contact with the diorite dike. In contrast, the El Dorado zone on the east side of the dike has a strike length of 250 m northwest, extends up to 200 m to the northeast from the diorite dike, and is 5 to 10 m in thickness.

The Santa Cruz zone lies about 0.5 km south of the Las Minas pueblo and is well exposed on a west-facing canyon wall just above a tributary of the Rio Las Minas. Skarn within the Santa Cruz zone lies along the west side of the dike, immediately to the south of and stratigraphically higher than the El Dorado zone. The primarily east-dipping mineralization at Santa Cruz is more complex and discontinuous than observed at El Dorado due to the more variable intrusive-marble contact orientations (both near-vertical dike and east-dipping sills).

Mineral Resource Estimates

The mineral resource estimates for Las Minas were prepared to industry standards and best practices and verified by Garth Kirkham, P.Geo., an Independent Qualified Person for the purposes of NI 43-101.

Within the Las Minas Project, 206 drill holes (32,058 meters) supports the mineral resource estimate. The deposit was segregated into multiple estimation domains based on geologic models for each of the mineralized units. The estimated mineral resources occur within the Las Minas gold-copper-silver-magnetite skarn deposit, which consists of the mineralized endo-skarn and exo-skarn units within the El Dorado and Santa Cruz zones. The mineral domains were then used to code the block model, and assays within the modeled domains were evaluated geostatistically to establish estimation parameters. Assays were composited into 2-meter lengths. MineSight™, a commercially available geologic modeling and mine planning software package, was used to produce a three-dimensional block model while LeapFrog™ Software was utilized to produce the solids models for the estimation domains.

The gold, copper, silver and iron grades were estimated into a three-dimensional, 12 m by 12 m by 3 m block model which was sub-blocked to 0.5 m in three dimensions. Gold (Au g/t), copper (Cu%), silver (Ag g/t) and total iron (Fe%) block grades were estimated from capped composited samples in a single pass. The mineral resources were estimated using ordinary kriging interpolation for the continuous mineralized domains. Search ellipse anisotropy and orientation were guided by the orientation of the domain solids models and omni-directional ellipsoids were employed in the individual zones.

Magnetite estimates were based on applying mathematical regression, as derived from SATMAGAN testing results, to the Total Fe% estimates. A total of 2,601 specific gravity readings were derived from measurements within individual rock types and estimated on a block-by-block basis using inverse distance.

Mineral resources are classified in accordance with the 2014 CIM Definition Standards for Mineral Resources and Mineral Reserves, and the 2019 CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines. Mineral Resources are classified under the categories of Indicated and Inferred according to CIM guidelines. Mineral Resource classification was based primarily on drill hole spacing and on continuity of mineralization. There are no measured resources at Las Minas. Indicated resources were defined as blocks with a distance to three drill holes of less than ~30 m to nearest composite and occurring within the estimation. Inferred resources were defined as those with a drill hole spacing of less than ~60 m.

Final resource classification shells were manually constructed on plan sections and all resources are constrained within lithological domains and by the continuous solids. Final Resource classification shells were manually constructed on sections. These interpreted boundaries were created for the indicated and inferred thresholds in order to exclude orphans and reduce potential “spotted dog” effect.

This estimate is also based upon the reasonable prospect of eventual economic extraction using estimates of reasonable operating costs and price assumptions. The mineral resources do not represent an attempt to estimate Mineral



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

Reserves.

The Las Minas resources are reported in the following Table at a base case cut-off of US\$80 NSR.

Las Minas Deposit Indicated and Inferred Mineral Resource Estimate at a US\$80 NSR

Class	Tonnes	NSR (US\$)	Au (g/t)	Au ('000 ounces)	Ag (g/t)	Ag ('000 ounces)	Cu (%)	Cu ('000 lbs)	Fe Magnetite (%)	Fe Magnetite ('000 tonnes)	AuEQ (g/t)	AuEq ('000 ounces)
Indicated	4,133	138.58	1.96	260	4.64	617	1.08	98,311	14.77	610	3.34	443
Inferred	5,200	112.83	1.44	241	5.97	997	0.95	108,802	17.54	912	2.16	361

Notes:

1. Mineral Resource Statement prepared by Garth Kirkham (Kirkham Geosystems Ltd.) in accordance with NI 43-101.
2. Effective date: July 27, 2021. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") definitions, as required under NI 43-101.
3. Mineral resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. Mineral resources are not Mineral Reserves and do not have demonstrated economic viability.
4. Underground Mineral Resources are reported at a cut-off grade of US\$80 NSR. Cut-off grades are based on a price of US\$1,700/oz gold, US\$20/oz silver, US\$3.50/lb copper and US\$100/tonne magnetite concentrate and a number of operating cost and recovery assumptions, including a reasonable contingency factor.
5. Numbers are rounded.
6. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
7. The Mineral Resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors.
8. The table below illustrates the sensitivity of the indicated and inferred mineral resource estimate to changes in cut-off grade. The base case at a cut-off grade of US\$80 NSR is highlighted in bold. The table suggests that the mineral resource estimate is moderately sensitive to cut-off grade in terms of estimated contained metal.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

Sensitivity of Las Minas Indicated and Inferred Mineral Resource Estimate to Cut-Off Grade (base case is highlighted)

Class	NSR COG (US\$)	Tonnes	NSR (US\$)	Au (g/t)	Au ('000 ounces)	Ag (g/t)	Ag ('000 ounces)	Cu (%)	Cu ('000 lbs)	Fe Magnetite (%)	Fe Magnetite ('000 tonnes)	AuEQ (g/t)	AuEq ('000 ounces)
Indicated	>=60	5,431	122.00	1.71	299	4.27	746	0.95	114,341	13.84	752	2.94	514
	>=70	4,750	130.25	1.83	280	4.44	678	1.02	106,373	14.35	682	3.14	479
	>=80	4,133	138.58	1.96	260	4.64	617	1.08	98,311	14.77	610	3.34	443
	>=90	3,549	147.47	2.09	239	4.87	555	1.14	89,467	15.31	543	3.55	405
	>=100	3,009	156.99	2.24	217	5.12	495	1.21	80,326	16.19	487	3.77	365
	>=110	2,572	165.96	2.38	197	5.36	444	1.27	72,146	16.86	434	3.98	329
Inferred	>=60	6,769	102.84	1.32	287	5.49	1,195	0.86	128,586	16.23	1,099	1.97	428
	>=70	6,012	107.69	1.38	266	5.73	1,108	0.91	119,959	16.95	1,019	2.06	398
	>=80	5,200	112.83	1.44	241	5.97	997	0.95	108,802	17.54	912	2.16	361
	>=90	4,228	119.33	1.54	209	6.19	842	1.00	93,057	18.00	761	2.29	311
	>=100	3,226	127.04	1.67	173	6.44	668	1.05	74,354	18.24	589	2.44	253
	>=110	2,106	138.88	1.84	125	7.07	479	1.14	52,930	18.42	388	2.66	180

Notes:

1. Mineral Resource Statement prepared by Garth Kirkham (Kirkham Geosystems Ltd.) in accordance with NI 43-101.
2. Effective date: July 27, 2021. All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") definitions, as required under NI 43-101.
3. Mineral resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. Mineral resources are not Mineral Reserves and do not have demonstrated economic viability.
4. Underground Mineral Resources are reported at a cut-off grade of US\$80 NSR. Cut-off grades are based on a price of US\$1,700/oz gold, US\$20/oz silver, US\$3.50/lb copper and US\$100/tonne magnetite concentrate and a number of operating cost and recovery assumptions, including a reasonable contingency factor.
5. Numbers are rounded.
6. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.
7. The Mineral Resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors.

Mining Methods

The mining methods proposed are a split of lateral and stoping methods. Long-hole stopes account for 52% of production, 41% from room and pillar, and the remaining 7% from development. Full production of 1,400t/d is achieved in year 2 and sustained for the remainder of the mine life. The design allows for multiple production areas.

Stopes are sequenced using a primary-secondary layout and are backfilled using cemented tailings (paste) and development waste rock. Room and pillar areas are mainly mined as a single lift; however, in areas where the mineralization is thicker, multiple lifts might be required. Development waste and lightly cemented tailings are used as backfill in the room and pillar zones as a way of decreasing waste and tailings quantities on surface. The mine will



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

be developed using a conventional mechanized underground mining fleet consisting of development jumbos, longhole drills, bolters, LHDs, and haul trucks. The equipment and operation will be owner operated. Stope optimization and design was based on geotechnical design criteria and a NSR cut-off value of US\$90/tonne.

Material Handling

An underground crusher would be located in the upper mining area of Eldorado Zone. Mineralized material would be crushed underground and fed onto a conveyor that crosses the river located near the process plant. At that point, the crushed material would be fed into the mill. Placing the crusher underground would decrease noise on surface and help reduce surface building congestion. Tailings from the process plant would be de-watered and either trucked to the TSF or mixed with water and cement to form paste. Paste would be pumped underground for use as backfill.

Binder content varies depending on the mining area being backfilled.

Mining Method	% of total	Tonnes x 1000
Development	7%	279
Long-hole Stoping	52%	2,087
Room and Pillar	41%	1,677
Total	100%	4,043

Development Type	Metres
Lateral Development – Waste	8,426
Lateral Development – Mineralized (includes Room & Pillar)	20,488
Vertical Development – Waste	260
Total Development	29,174

Processing

The Las Minas ore responds well to traditional copper flotation strategies, which the mill circuit’s conceptual design is based on. In addition, the high values of magnetite in the ore allow for magnetite recovery from the copper tailings. The mill circuit consists of crushing, grinding, gravity gold recovery, flotation and magnetic separation.

The copper in this deposit is mostly found in chalcopyrite, bornite and chalcocite minerals which tend to float very well. The gold is mostly associated with sulphide minerals and therefore recovers well to the flotation concentrate. The flotation circuit utilizes a primary grind of 150 µm, but the test work does leave room for a coarser grind to be tested in the future. The process recovers copper and gold at 90% and 85% respectively, into a copper concentrate with high gold grades (>25 g/t), and magnetite recoveries of over 90%. The magnetite concentrate from the conceptual design would be sold to iron ore smelters, but test work identified that upgrading to magnetite for dense media separation is possible.

Infrastructure & Tailings Management

The village of Las Minas is within kilometers of a high-speed road and rail corridor. It is 250 km from Mexico City and 160 km from the Gulf port of Veracruz.

Within the resource area, there is a small hydroelectric facility supplied by steel penstock tubes from a reservoir several



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

hundred meters up the ridge. This has been assessed as the most viable and efficient option for power supply of the project while supporting the local power plant. The area has an existing road network, abundant water and a highly collaborative local labour pool.

The conceptual design off the overall project layout considers the natural topography when locating the plant, camp, offices and truck shop, in conjunction with the town of Las Minas.

Tailings generated from mineral processing will be stored in an engineered TSF. Filtered (dry stack) tailings technology will be utilized for removal of free draining liquids from the tailings during operations, and water conservation. Approximately 50% of the generated tailings will be stored on surface in the TSF after removing magnetite and using paste tailings for underground mine backfill. Filtered tailings will be delivered by truck and spread and compacted in the TSF. The facility will be developed in stages over the life of the project and at closure the tailings surface will be covered with a suitable growth media and revegetated.

PEA - Planned Costs	(US\$/t processed)
Mining	US\$35.83
Processing	US\$14.55
G&A	US\$7.37
Treatment	US\$16.70

Metal Prices Sensitivity

	20% < BC	10% < BC	Base Case (BC)	10% > BC	20% > BC
Cumulative Cash Flow (US\$M)	\$17	\$58	\$99	\$140	\$182
After Tax NPV @ 5% (US\$M)	-\$7	\$24	\$55	\$86	\$117
After Tax NPV @ 8% (US\$M)	-\$18	\$8	\$35	\$62	\$88
After Tax IRR (%)	3%	10%	16%	21%	26%
Capex Payback (Years)	7.1	5.4	4.4	3.7	3.2
EBITDA for First Year of Full Production (US\$M)	\$27	\$35	\$43	\$51	\$59

Notes:

Base Case metal prices over life of mine: Gold US\$1,625/oz. - Silver US\$20/oz. - Cu US\$3.25/lb. – Magnetite Concentrate US\$100/t

Quality Assurance and Quality Control (QA/QC)

All Las Minas project drill and surface samples have been sent to SGS for processing, except for a limited number of second-lab QA/QC check samples that were sent to ALS Minerals. SGS is presently accredited by the International Organization for Standardization (ISO) and has ISO 9001 certification and fulfills ISO/IEC 17025 testing requirements.

Samples were prepared following protocol for mineral sample preparation including weighing, drying, crushing, sieving, splitting, and pulverization. Samples were analyzed for gold and silver using fire assay techniques, and for copper and 33 other elements using inductively coupled plasma - atomic emission spectroscopy ("ICP-AES") techniques. SGS has used the same analytical methods and procedures for all of Mexican Gold's drill samples commencing in 2011.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

QA/QC samples were inserted into the sample stream sent to SGS on a regular basis for all Mexican Gold drill campaigns. The QA/QC samples consisted of pulp blanks, certified reference materials, and duplicate samples. The duplicate samples consisted of field duplicates (quarter-core splits), preparation pulp duplicates from coarse rejects, and second-lab pulp re-assays. The QA/QC samples have made up about 10% of the total samples analyzed.

Qualified Persons

The scientific and technical data contained in this news release pertaining to the Las Minas Project has been reviewed and approved by the following Qualified Persons, who consent to the inclusion of their names in this release: Gord Doerksen, P.Eng. (Infrastructure, Cost Estimates), Michael Makarenko, P.Eng. (Mining), Michael Levy, P.Eng. (Geotechnical), Garth Kirkham, P.Geo. (Geology, Exploration, Resources), Tad Crowie, P.Eng. (Processing), Ken Embree, P.Eng. (Tailings Management), Tysen Hantelmann, P.Eng. (Economic Analysis), each of whom is independent of the Company.

The scientific information in this news release was reviewed and approved by Sonny Bernales, P.Geo., Senior Geologist and Project Manager for Mexican Gold.

PEA Report

The PEA for the Las Minas Project is in accordance with National Instrument 43-101. The PEA is filed on SEDAR and is available on the Company's website.

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 Co-owner") 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 ("RCT") advising that Neighbouring Concession Co-owner has appealed (the "2016 Appeal") against the GBM'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 RCT 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.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

On December 15, 2021, the company announced a positive resolution to the claims dispute, as resolved by the General Bureau of Mining. The GBM has nullified the portion of the neighbouring concession which overlaps the Pepe Concessions, and in turn has confirmed Roca Verde as the valid owners.

In early 2022, the above Neighbouring Concession Co-owner filed an appeal in the RCT against the most recent decision of the GBM.

The Company, after consulting with its Mexican legal counsel, is of the view that the 2022 Appeal is also without merit and believes that the 2022 Appeal will be denied in due course.

In September 2022, the RCT placed a suspension on the exploration of the properties of both parties involved in the legal process in accordance with legal precedent. Exploration will remain suspended until the court reaches a decision on the claims dispute.

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, 2022, 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.

Exploration and evaluation activities

The following tables summarize 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:

	Las Minas
Period ended December 31, 2022	\$
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



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

	Las Minas \$
Year ended June 30, 2022	
Exploration and evaluation expenditures	
Cumulative exploration and evaluation expenditures – June 30, 2021	17,913,988
Geological and consulting	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

Overall Performance and Results of Operations

Total assets decreased to \$106,614 at December 31, 2022, from \$148,490 at June 30, 2022 largely due to a decrease in cash of \$47,910. The decrease in cash was due to cash used in operating activities of \$188,296, which was partially offset by a private placement financing completed during the current period for net proceeds of \$142,661.

Three months ended December 31, 2022 and 2021

During the three months ended December 31, 2022, the loss for the period decreased by \$97,720 to \$132,310 compared to \$230,030 for the quarter ended December 31, 2021. The decrease is due to share-based payments of \$97,065 recorded for 2,000,000 options granted in the quarter ended December 31, 2021.

The Company recorded a loss of \$132,310 or \$0.00 basic and diluted loss per share for the quarter ended December 31, 2022 (December 31, 2021: \$230,030 or \$0.00 basic and diluted loss per share).

Six months ended December 31, 2022 and 2021

During the six months ended December 31, 2022, the loss for the period decreased by \$301,349 to \$235,013 compared to \$536,362 for the period ended December 31, 2021. Major variances are as follows:

- A decrease of \$114,636 in exploration and evaluation expenditures. Exploration and evaluation expenditures were \$33,579 for the period ended December 31, 2022, compared to \$148,215 for the six months ended December 31, 2021. The decrease is due to the costs incurred for the preliminary economic assessment completed in the period ended December 31, 2021, as well as management's decision to curtail exploration activities during the current period.
- A decrease of \$104,070 in general and administrative expenses. General and administrative expenses were \$153,851 for the six months ended December 31, 2022, compared to \$257,921 for the same period in the prior year. The Company incurred lower general and administrative expenses due to management's decision to reduce activity in the current period.
- An increase of \$15,284 in professional fees. Professional fees were \$47,597 for the six-month period ended December 31, 2022, compared to \$32,313 for the comparable period in the prior year. The increase is related to legal fees incurred with respect to the 2022 appeal filed by a neighbouring concession owner to overrule a 2017 decision by the GBM regarding concession boundaries.
- A decrease of \$97,065 in share-based payments. Share-based payments were \$Nil for the period ended December 31, 2022, compared to \$97,065 for the period ended December 31, 2021. Share-based payments in the six months ended December 31, 2021, are related to the grant of 2,000,000 options during that period. No options were granted in the current period.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

The Company recorded a loss of \$235,013 or \$0.00 basic and diluted loss per share for the six months ended December 31, 2022 (December 31, 2021: \$536,362 or \$0.00 basic and diluted loss per share).

Summary of Quarterly Results

	Dec. 31, 2022 \$	Sept. 30, 2022 \$	Jun. 30, 2022 \$	Mar. 31, 2022 \$	Dec. 31, 2021 \$	Sep. 30, 2021 \$	Jun. 30, 2021 \$	Mar. 31, 2021 \$
Loss and Comprehensive Loss for the period	(128,336)	(108,952)	(94,478)	(101,345)	(227,377)	(303,769)	(419,046)	(514,069)
Loss per Common Share Basic and Diluted ⁽¹⁾	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

(1) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Liquidity and Capital Resources

As at December 31, 2022, the Company had cash of \$44,113 to settle current liabilities of \$137,946.

The Company does not currently have a recurring source of revenue and has historically incurred negative cash flows from operating activities. As at December 31, 2022, the Company had a working capital deficiency of \$31,332.

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. Concurrently, 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 of the private placement.

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.

The Company has experienced recurring losses and 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.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

Prior Financings

August 2022 Financing – Net Proceeds of \$142,661

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. Share issuance costs of \$7,339 were incurred in connection with the private placement.

Uses of Funds:	Intended Use of Proceeds (Estimated) \$	Actual Use of Proceeds \$	Over/(Under)-Expenditure at December 31, 2022 \$
Property work program	71,331	49,274	(22,057)
Estimated operating expenses	71,330	49,274	(22,056)
Total Uses	142,661	98,548	(44,113)

January 2021 Financing – Net Proceeds of \$1,389,239

On January 15, 2021, the Company closed a non-brokered private placement comprised of 20,000,000 common shares at \$0.07 per share for gross proceeds of \$1,400,000. The Company paid share issuance costs of \$10,761 in connection with the private placement.

Uses of Funds:	Intended Use of Proceeds (Estimated) \$	Actual Use of Proceeds \$	Over/(Under)-Expenditure at March 31, 2022 \$
Property work program	694,619	1,069,794	375,175
Estimated operating expenses	694,620	319,445	(375,175)
Total Uses	1,389,239	1,389,239	-

Outstanding Share Data

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.

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

As at December 31, 2022 and the date of this MD&A, there were 137,342,758 common shares issued and outstanding.

As at December 31, 2022 and the date of this MD&A, there were 6,154,000 stock options and 55,999,000 warrants outstanding.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

Related Party 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

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.

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



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

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.

Public Health Crises such as the COVID-19 Pandemic

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.

Russian Military Action against Ukraine

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.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

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.

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



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

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. 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.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

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.

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 consolidated 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



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

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 is determined at the issue date using the Black-Scholes pricing model. The fair value of common shares issued for finders' fees is based on the closing price of the date of the transaction to which those fees pertain.
- 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. Management provides for such differences where known based on its 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.

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.



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

(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, 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.

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

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.

(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



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

peso. At December 31, 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.

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.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

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



MANAGEMENT'S DISCUSSION & ANALYSIS
For the Six Months ended December 31, 2022 and 2021

52-109.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.