



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
SEPTEMBER 30, 2023 AND 2022

(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 consolidated interim financial statements, they must be accompanied by a notice indicating that these condensed consolidated 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 consolidated interim financial statements.

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

		September 30, 2023 \$	June 30, 2023 \$
	Note		
ASSETS			
Current assets			
Cash and cash equivalents	3	481,617	560,970
Amounts receivable	4	18,937	29,191
Prepaid expenses and deposits	5	62,026	96,740
Total current assets		562,580	686,901
Total Assets		562,580	686,901
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	101,451	96,679
Total current liabilities		101,451	96,679
EQUITY			
Share capital	7	33,329,483	33,329,483
Reserves	7	4,411,742	4,411,742
Foreign currency translation		5,338	3,727
Deficit		(37,285,434)	(37,154,730)
Total equity		461,129	590,222
Total Equity and Liabilities		562,580	686,901

NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY (Note 1)
SUBSEQUENT EVENT (Note 13)

These condensed consolidated interim financial statements are authorized for issue by the Board of Directors on November 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)

		Three months ended September 30,	
	Note	2023 \$	2022 \$
Expenses			
Care and maintenance expenditures	6	34,193	25,619
General and administrative	8	96,359	64,147
Professional fees		4,460	12,958
Loss before other items		(135,012)	(102,724)
Interest income		1,664	-
Foreign exchange gain		2,644	21
Loss for the period		(130,704)	(102,703)
Other comprehensive item that may be reclassified to profit and loss:			
Exchange differences on translation of foreign operations		1,611	(6,249)
Loss and comprehensive loss for the period		(129,093)	(108,952)
Loss per share – basic and diluted		(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted		21,234,278	13,092,972

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)

	Three months ended September 30,	
	2023	2022
	\$	\$
Cash flows from operating activities		
Loss for the period	(130,704)	(102,703)
Change in non-cash working capital items:		
(Increase) decrease in amounts receivable	11,865	(12,903)
(Increase) decrease in prepaid expenses and deposits	34,714	(5,696)
Increase (decrease) in accounts payable and accrued liabilities	4,772	(1,247)
Net cash used in operating activities	(79,353)	(122,549)
Cash flows from financing activities		
Shares issued in private placement	-	150,000
Share issuance costs	-	(7,339)
Net cash generated from financing activities	-	142,661
Net increase (decrease) in cash	(79,353)	20,112
Cash and cash equivalents at beginning of period	560,970	92,023
Effect of exchange rate on cash	-	336
Cash and cash equivalents at end of period	481,617	112,471

There were no non-cash investing or financing activities for the three months ended September 30, 2023 and 2022.

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

	Note	Share capital		Equity settled	Foreign	Deficit	Total equity
		Number of shares	Amount \$	Contributed Surplus \$	share-based payments \$		
Balance at June 30, 2022		12,734,280	32,317,636	215,417	4,196,325	2,048 (36,668,131)	63,295
Units issued pursuant to private placement	7	1,000,000	150,000	-	-	-	150,000
Unit issuance costs	7	-	(7,339)	-	-	-	(7,339)
Total comprehensive loss for the period		-	-	-	-	(6,249) (102,703)	(108,952)
Balance at September 30, 2022		13,734,280	32,460,297	215,417	4,196,325	(4,201) (36,770,834)	97,004
Units issued pursuant to private placement	7	7,499,998	900,000	-	-	-	900,000
Unit issuance costs	7	-	(30,814)	-	-	-	(30,814)
Total comprehensive loss for the period		-	-	-	-	7,928 (383,896)	(375,968)
Balance at June 30, 2023		21,234,278	33,329,483	215,417	4,196,325	3,727 (37,154,730)	590,222
Total comprehensive loss for the period		-	-	-	-	1,611 (130,704)	(129,093)
Balance at September 30, 2023		21,234,278	33,329,483	215,417	4,196,325	5,338 (37,285,434)	461,129

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 Three Months ended September 30, 2023 and 2022

(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 September 30, 2023, the Company has an accumulated deficit of \$37,287,098, and equity of \$459,465. In addition, the Company has working capital of \$459,465 and negative cash flow from operating activities of \$81,017. 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 Company’s business may be affected by changes in political and market conditions, such as interest rates, availability of credit, inflation rates, changes in laws, and national and international circumstances. Recent geopolitical events and potential economic global challenges, such as the risk of higher inflation and energy crises, may create further uncertainty with respect to the Company’s ability to execute its business plans.

Certain prior year numbers were reclassified to conform to the current year’s presentation.

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

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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Statement of compliance (continued)

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.

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:

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Significant Accounting Estimates and Judgments (continued)

(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 makes 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. The Company 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 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.

e) New accounting standards issued but not yet effective

Certain new accounting standards or interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards and interpretations are not expected to have a material impact on the Company's condensed consolidated interim financial statements.

3. CASH AND CASH EQUIVALENTS

	September 30, 2023	June 30, 2023
	\$	\$
Cash	179,973	560,970
Redeemable GIC with accrued interest at 4.5%, maturing August 17, 2024	301,644	-
Total	481,617	560,970

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

4. AMOUNTS RECEIVABLE

The following table summarizes amounts receivable as at September 30, 2023 and June 30, 2023:

	September 30, 2023	June 30, 2023
	\$	\$
Canadian Goods and Services Taxes recoverable	1,167	2,075
Mexican Value Added Taxes recoverable	17,770	27,116
Total	18,937	29,191

5. PREPAID EXPENSES AND DEPOSITS

The following table summarizes prepaid expenses and deposits as at September 30, 2023 and June 30, 2023:

	September 30, 2023	June 30, 2023
	\$	\$
Consulting fees	38,168	76,335
Regulatory fees	8,286	14,862
Insurance	9,371	1,780
Other	6,201	3,763
Total	62,026	96,740

6. EXPLORATION AND EVALUATION

On October 1, 2021, the properties were placed in care and maintenance. Care and maintenance costs of \$34,193 (Three months ended September 30, 2022 - \$25,619) were incurred in the three months ended September 30, 2023.

Las Minas Project

As at September 30, 2023, 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.

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:

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION (continued)

- 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.

7. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At September 30, 2023, 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.

On March 15, 2023, the Company consolidated its common shares on the basis of 1 new share for every 10 old shares (the “Consolidation”). Prior to Consolidation, the Company had 137,342,758 common shares issued and outstanding and subsequent to the Consolidation, the Company had 13,734,280 common shares issued and outstanding. All comparative references herein to the number of shares, options, warrants, weighted average number of common shares and loss per share have been restated for the Consolidation.

No shares were issued during the period ended September 30, 2023

Details of Issues of Common Shares in the Year ended June 30, 2023

On March 15, 2023, the Company completed a post-Consolidation non-brokered private placement financing for aggregate gross proceeds of \$900,000 through the issuance of 7,499,998 units of the Company at a post-Consolidation price of \$0.12 per unit. Each unit consisted of one post-Consolidation common share in the capital of the Company and one post-Consolidation share purchase warrant, whereby each warrant shall be convertible into an additional common share at an exercise price of \$0.15 for a period of 36 months from the date of issuance. Share issuance costs of \$30,814, including finder’s fees of \$3,474, were incurred in connection with the financing.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

On August 29, 2022, the Company completed a private placement financing, issuing 1,000,000 units at a price of \$0.15 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 \$0.50 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.

Share Purchase Option Compensation Plan

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

The exercise price of each share purchase option is set by the Board of Directors at the time of grant but cannot be less than the market price less allowable discounts in accordance with the policies of the TSX-V.

Share purchase options granted generally vest immediately, are subject to a four-month hold period and may be exercised during a period which cannot exceed ten years, all to be determined by the Board of Directors.

The continuity of share purchase options for the period ended September 30, 2023 and year ended June 30, 2023 is as follows:

Expiry date	Exercise Price	June 30, 2022	Granted	Exercised	Cancelled/ Expired	September 30, 2023 and June 30, 2023	Options exercisable
July 17, 2024	\$1.05	150,000	-	-	-	150,000	150,000
September 1, 2024	\$1.15	65,000	-	-	-	65,000	65,000
January 1, 2026	\$1.30	100,000	-	-	-	100,000	100,000
November 18, 2026	\$0.55	200,000	-	-	-	200,000	200,000
March 7, 2027	\$3.00	54,000	-	-	-	54,000	54,000
May 29, 2027	\$3.60	15,000	-	-	-	15,000	15,000
May 29, 2027	\$5.50	25,000	-	-	-	25,000	25,000
April 20, 2028	\$3.90	6,400	-	-	-	6,400	6,400
		615,400	-	-	-	615,400	615,400
Weighted average exercise price \$		1.38	-	-	-	1.38	1.38
Weighted average contractual remaining life (years)		3.52	-	-	-	2.27	2.27

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements
For the Three Months ended September 30, 2023 and 2022
(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL AND RESERVES (continued)

Warrants

As a result of the Consolidation, the warrants listed on the TSXV prior to the Consolidation (the “Listed Warrants”) have been subject to adjustment (the “Adjustment”). As a result of the Adjustment, the exercise price of the Listed Warrants is deemed to be increased in proportion to the number of common shares resulting from the Adjustment, such that: (a) the exercise price in respect of all outstanding Listed Warrants will increase from \$0.12 to \$1.20; and (b) every ten Listed Warrants held by a holder will be exercisable to acquire one common share at an exercise price of \$1.20.

The continuity of warrants for the period ended September 30, 2023 and year ended June 30, 2023 is as follows:

Warrants convertible at ten warrants for one common share

Expiry date	Exercise Price	June 30, 2022	Issued	Exercised	Expired	September 30, 2023 and June 30, 2023
July 15, 2024 (*)	\$1.20	45,999,000	-	-	-	45,999,000
Weighted average exercise price \$		1.20	-	-	-	1.20

Warrants convertible at one warrant for one common share

Expiry date	Exercise Price	June 30, 2022	Issued	Exercised	Expired	September 30, 2023 and June 30, 2023
August 29, 2027	\$0.50	-	1,000,000	-	-	1,000,000
March 15, 2026	\$0.15	-	7,499,998	-	-	7,499,998
		-	8,499,998	-	-	8,499,998
Weighted average exercise price \$		-	0.19	-	-	0.19

8. GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the general and administrative expenses incurred for the three months ended September 30, 2023 and 2022:

	2023	2022
	\$	\$
Corporate development and investor relations	264	3,108
Office and sundry	13,266	13,467
Salaries and consulting (note 9)	73,051	43,583
Transfer agent and filing fees	9,778	3,185
Travel	-	804
Total	96,359	64,147

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

9. 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 three months ended September 30, 2023 and 2022, key management personnel compensation, included in general and administrative expenses, was as follows:

Year ended	September 30,	
	2023	2022
	\$	\$
Consulting fees paid to the CEO	15,000	15,000
Consulting fees paid to the CFO	9,000	9,000
Directors fees	3,000	3,000
	27,000	27,000

As at September 30, 2023, \$24,966 (June 30, 2023 - \$21,966) is included in accounts payable and accrued liabilities for amounts owed to directors. Amounts due to or from related parties are unsecured, non-interest bearing and have no specified terms of repayment.

10. SEGMENTED INFORMATION

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

	September 30, 2023		
	Canada	Mexico	Total
	\$	\$	\$
Current Assets	521,737	40,843	562,580
Current Liabilities	(80,802)	(20,649)	(101,451)
Total Equity	440,935	20,194	461,129
Loss for the period	(85,855)	(44,849)	(130,704)

	June 30, 2023		
	Canada	Mexico	Total
	\$	\$	\$
Current Assets	606,390	80,511	686,901
Current Liabilities	(79,600)	(17,079)	(96,679)
Total Equity	526,790	63,432	590,222
Loss for the year	(341,446)	(145,153)	(486,599)

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

11. 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, other than quoted prices included in Level 1, that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

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

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

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. The carrying values of cash 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. 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 \$101,451 in accounts payable and accrued liabilities that are due within one year of the date of the consolidated statement of financial position.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months ended September 30, 2023 and 2022

(Unaudited – Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS (continued)

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. As of September 30, 2023, the Company has US dollar denominated assets of \$140,910 and US dollar denominated liabilities of \$8,812. Based on this net US dollar exposure, at September 30, 2023, a 10% change in the Canadian dollar to the US dollar exchange rate would impact the Company's net income or loss by \$13,210.

(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 has no debt, and the only interest-bearing asset is a redeemable guaranteed investment certificate which matures within one year. As such, the Company has minimal 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.

12. 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 expenditure budgets and continuously monitors and reviews actual and forecasted cash flows. 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 three months ended September 30, 2023.

13. SUBSEQUENT EVENT

On October 17, 2023, the Company entered into a debt forgiveness agreement, with a former consultant, for a payable in the amount of \$52,000 in which the respective amount was forgiven.