



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
DECEMBER 31, 2024 AND 2023

(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)

		December 31, 2024 \$	June 30, 2024 \$
	Note		
ASSETS			
Current assets			
Cash and cash equivalents	3	36,874	210,514
Amounts receivable		2,459	761
Prepaid expenses and deposits		9,936	20,680
Total current assets		49,269	231,955
Total Assets		49,269	231,955
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	35,999	19,409
Total current liabilities		35,999	19,409
EQUITY			
Share capital	5	33,329,483	33,329,483
Reserves	5	4,411,742	4,411,742
Foreign currency translation		8,741	9,515
Deficit		(37,736,696)	(37,538,194)
Total equity		13,270	212,546
Total Equity and Liabilities		49,269	231,955

NATURE OF OPERATIONS AND GOING CONCERN UNCERTAINTY (Note 1)
SUBSEQUENT EVENT (Note 11)

These consolidated financial statements are authorized for issue by the Board of Directors on February 26, 2025. They are signed on the Company's behalf by:

"Jack Campbell" , Director

"Ali Zamani" , Director

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

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

		Three months ended December 31,		Six months ended December 31,	
	Note	2024	2023	2024	2023
		\$	\$	\$	\$
Expenses					
Care and maintenance expenditures	1,4	5,801	4,005	39,591	38,198
General and administrative	6,7	62,295	112,661	124,883	209,020
Professional fees		2,461	31,275	35,363	35,735
Loss before other items		(70,557)	(147,941)	(199,837)	(282,953)
Gain on forgiveness of debt		-	52,000	-	52,000
Interest income		-	2,885	652	4,549
Foreign exchange gain (loss)		19	(1,554)	683	1,090
Loss for the period		(70,538)	(94,610)	(198,502)	(225,314)
Other comprehensive item that may be reclassified to profit and loss:					
Exchange differences on translation of foreign operations		(1,514)	240	(774)	1,851
Total comprehensive loss for the period		(72,052)	(94,370)	(199,276)	(223,463)
Loss per share – basic and diluted		(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted		21,234,278	21,234,278	21,234,278	21,234,278

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

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

	Six months ended December	
	2024	31, 2023
	\$	\$
Cash flows from operating activities		
Loss for the period	(198,502)	(225,314)
Adjustments for:		
Gain on forgiveness of debt	-	(52,000)
Change in non-cash working capital items:		
Amounts receivable	(1,698)	20,489
Prepaid expenses and deposits	10,744	63,357
Accounts payable and accrued liabilities	15,816	(24,960)
Net cash used in operating activities	(173,640)	(218,428)
Net decrease in cash and cash equivalents	(173,640)	(218,428)
Cash and cash equivalents at beginning of period	210,514	560,970
Cash and cash equivalents at end of period	36,874	342,542

Supplemental cash flow information

There were no non-cash investing or financing activities for the period ended December 31, 2024 and 2023.

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

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

	Number of shares	Amount \$	Contributed Surplus \$	Equity settled share-based payments \$	Total reserves \$	Foreign currency translation \$	Deficit \$	Total equity \$
Balance at June 30, 2023	21,234,278	33,329,483	215,417	4,196,325	4,411,742	3,727	(37,154,730)	590,222
Total comprehensive loss for the period	-	-	-	-	-	1,851	(225,314)	(223,463)
Balance at December 31, 2023	21,234,278	33,329,483	215,417	4,196,325	4,411,742	5,578	(37,380,044)	366,759
Total comprehensive loss for the period	-	-	-	-	-	3,937	(158,150)	(154,213)
Balance at June 30, 2024	21,234,278	33,329,483	215,417	4,196,325	4,411,742	9,515	(37,538,194)	212,546
Total comprehensive loss for the period	-	-	-	-	-	(774)	(198,502)	(199,276)
Balance at December 31, 2024	21,234,278	33,329,483	215,417	4,196,325	4,411,742	8,741	(37,736,696)	13,270

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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(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* (British Columbia). The address of the Company’s registered office is 2500 – 700 West Georgia Street, Vancouver, BC, Canada V7Y 1B3.

The Company is a mineral exploration company engaged in the acquisition, exploration and evaluation of resource properties in Mexico. The Company’s resource properties presently have no proven or probable reserves, and on the basis of information to date, it has not yet determined whether these properties contain economically recoverable resources. The recoverability of expenditures on its resource properties is dependent upon the existence of economically recoverable resources, the Company securing and maintaining title and beneficial interest in the properties, and the ability of the Company to obtain the necessary financing to complete the exploration and development and future profitable production or, alternatively, on the sufficiency of proceeds from disposition.

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis and do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. As at December 31, 2024, the Company has an accumulated deficit of \$37,736,696, working capital of \$13,270 and negative cash flow from operating activities of \$173,640. 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 factors comprise a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. See Note 11.

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.

The Company is currently in dispute with a neighboring concession owner over the overlap of the Las Minas property. The overlapping area comprises approximately 11% of the Las Minas project. As ordered by the Regional Court of Tlaxcala of the Federal Tribunal of Administrative Justice, exploration will be suspended until the court reaches a decision on the claims dispute. The suspension of the exploration activities applies within the overlapping area only. The Company, after consulting with its Mexican legal counsel, is of the view that the dispute is without merit and believes that Roca Verde has valid ownership to the overlapping area under applicable Mexican law.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material 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, 2024, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and included in Part I of the Handbook of the Chartered Professional Accountants of Canada.

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

b) Basis of preparation

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 de 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 impact of such estimates are pervasive throughout the condensed consolidated interim 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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

d) Significant accounting estimates and judgments (continued)

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 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) Initial application of new and amended standards in the reporting period

The IASB issued certain new accounting standards or amendments that are mandatory for accounting periods on or after January 1, 2024, including amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”, amendments to IFRS 16 “Leases”, and amendments to IAS 7 “Statement of Cash Flow” and IFRS 7 “Financial Instruments Disclosures”. The effect of such new accounting standards or amendments did not have a material impact on the Company and therefore the Company did not record any adjustments to the condensed consolidated interim financial statements.

f) New and amended IFRS standards 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, except for IFRS 18 “Presentation and Disclosure in Financial Statements.”

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements and has an effective date of January 1, 2027. The effects of the adoption of IFRS 18 on the Company’s condensed consolidated interim financial statements have not yet been determined.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

3. CASH AND CASH EQUIVALENTS

	December 31, 2024	June 30, 2024
Cash	\$ 36,874	\$ 54,631
Redeemable GIC in Canadian dollars including accrued interest at 4.5%	-	155,883
Total cash and cash equivalents	36,874	210,514

4. EXPLORATION AND EVALUATION OF RESOURCE PROPERTIES

Cumulative exploration and evaluation expenditures as of September 30, 2024 and June 30, 2024 are \$18,050,290.

On October 1, 2021, the properties were placed in care and maintenance. Care and maintenance costs of \$39,591 (Six months ended December 31, 2023 - \$38,198) were incurred in the current period.

Las Minas Project

As at December 31, 2024, 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:

- 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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION OF RESOURCE PROPERTIES (continued)

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.

5. SHARE CAPITAL AND RESERVES

Authorized Share Capital

At December 31, 2024, 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.

No shares were issued in the period ended December 31, 2024 or year ended June 30, 2024.

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.

Options outstanding at December 31, 2024 are as follows:

Expiry date	Exercise Price	June 30, 2024	Expiry	December 31, 2024	Options exercisable
July 17, 2024*	\$1.05	150,000	(150,000)	-	-
September 1, 2024*	\$1.15	25,000	(25,000)	-	-
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
		575,400	(175,000)	400,400	400,400
Weighted average exercise price					
\$		1.40	1.06	1.54	1.54
Weighted average contractual remaining life (years)		1.61	-	1.78	1.78

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)*Share Purchase Option Compensation Plan (continued)*

Options outstanding at June 30, 2024 are as follows:

Expiry date	Exercise Price	June 30, 2023	Cancellations	June 30, 2024	Options exercisable
July 17, 2024*	\$1.05	150,000	-	150,000	150,000
September 1, 2024*	\$1.15	65,000	(40,000)	25,000	25,000
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	(40,000)	575,400	575,400
Weighted average exercise price \$		1.38	1.15	1.40	1.40
Weighted average contractual remaining life (years)		2.52	-	1.61	1.61

Warrants

The continuity of warrants for the period ended December 31, 2024 and year ended June 30, 2024 is as follows:

Warrants convertible at ten warrants for one common share (Ten warrants to be redeemed for \$1.20):

Expiry date	Exercise Price	June 30, 2024	Expiry	December 31, 2024
July 15, 2024 *	\$1.20	45,999,000	45,999,000	-
Weighted average exercise price \$		1.20	1.20	-
Weighted average remaining life (years)		0.04	-	-

Expiry date	Exercise Price	June 30, 2023	Issued	June 30, 2024
July 15, 2024 *	\$1.20	45,999,000	-	45,999,000
Weighted average exercise price \$		1.20	-	1.20
Weighted average remaining life (years)		1.04	-	0.04

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)

Warrants (continued)

Warrants convertible at one warrant for one common share:

Expiry date	Exercise Price	June 30, 2024	Issued	December 31, 2024
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
Weighted average remaining life (years)		1.88	-	1.38

Expiry date	Exercise Price	June 30, 2023	Issued	June 30, 2024
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
Weighted average remaining life (years)		2.88	-	1.88

6. GENERAL AND ADMINISTRATIVE EXPENSES

The following table summarizes the general and administrative expenses incurred for the three and six months ended December 31, 2024 and 2023:

	Three months ended December 31,		Six months ended December 31,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Corporate development and investor relations	2,935	3,773	3,303	4,037
Office and sundry	16,256	17,954	32,368	31,220
Salaries and consulting	34,714	75,422	69,784	148,473
Transfer agent and filing fees	8,390	15,512	19,428	25,290
Total	62,295	112,661	124,883	209,020

7. RELATED PARTY BALANCES AND TRANSACTIONS

Key management personnel compensation

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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

7. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

During the six months ended December 31, 2024 and 2023, key management personnel compensation, included in general and administrative expenses, was as follows:

Period ended	December 31,	
	2024	2023
	\$	\$
Consulting fees paid to the CEO	30,000	30,000
Consulting fees paid to the CFO	18,000	18,000
Directors fees	6,000	6,000
	54,000	54,000

As at December 31, 2024, \$20,000 (June 30, 2024 - \$6,000) is included in accounts payable and accrued liabilities for amounts owed to officers and directors. Amounts due to or from related parties are unsecured, non-interest bearing and have no specified terms of repayment.

8. SEGMENTED INFORMATION

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

	December 31, 2024		
	Canada	Mexico	Total
	\$	\$	\$
Current Assets	18,990	30,279	49,269
Current Liabilities	(23,496)	(12,503)	(35,999)
Total Equity	66,155	(52,885)	13,270
Loss for the period	(135,305)	(63,197)	(198,502)

	June 30, 2024		
	Canada	Mexico	Total
	\$	\$	\$
Current Assets	208,459	23,496	231,955
Current Liabilities	(6,999)	(12,410)	(19,409)
Total Equity	201,460	11,086	212,546
Loss for the year	(257,957)	(125,507)	(383,464)

9. FINANCIAL INSTRUMENTS

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

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

(a) Fair Values

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

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

Level 2 – Quoted prices in markets that are not active, or inputs, 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 cash equivalents 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 and cash equivalents 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 \$35,999 in accounts payable and accrued liabilities that are due within one year of the date of the condensed consolidated interim statement of financial position.

Market risk

(i) *Currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because it is denominated in a currency that differs from the functional currency of the respective entity. The functional currency of the parent company is the Canadian dollar and the functional currency of the operating subsidiary is the Mexican peso. As of December 31, 2024, the Company has US dollar denominated assets of \$26,443 and US dollar denominated liabilities of \$3,405. Based on this net US dollar exposure, at December 31, 2024, a 10% change in the Canadian dollar to the US dollar exchange rate would impact the Company's net income or loss by \$2,304.

Mexican Gold Mining Corp.

Notes to the Condensed Consolidated Interim Financial Statements

For the Six Months ended December 31, 2024 and 2023

(Unaudited - Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS (continued)

(b) Financial Instrument Risk Exposure (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no debt and holds its cash in a non-interest-bearing bank account and, as such, 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 commodity prices. Commodity prices, especially gold, greatly affect the value of the Company and the potential value of its property and investments.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

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

In assessing the capital structure, management includes in its assessment the components of equity. In order to facilitate the management of capital requirements, the Company prepares 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 period ended December 31, 2024.

11. SUBSEQUENT EVENT

Subsequent to December 31, 2024, the Company completed a non-brokered private placement offering of 4,000,000 units of the Company at a price of \$0.04 per unit to raise gross proceeds of CAD \$160,000.00. Each unit consisted of one common share in the capital of the Company and one share purchase warrant. Each warrant is convertible into an additional common share at an exercise price of \$0.06 for a period of three years from the date of issuance.