

**FIRST MEXICAN GOLD CORP.**

**Condensed Interim Consolidated Financial Statements  
For the Nine Months Ended September 30, 2018  
(Stated in Canadian Dollars)  
(Unaudited)**

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

The accompanying unaudited interim consolidated financial statements of First Mexican Gold Corp. have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

**FIRST MEXICAN GOLD CORP.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Stated in Canadian Dollars)**

	Note	September 30, 2018	December 31, 2017
<b>Assets</b>			
<b>Current</b>			
Cash		\$ -	\$ 71
Accounts Receivable and Advances		23,695	8,565
Prepaid expenses		5,649	582
Total current assets		29,344	9,218
<b>Non-current</b>			
Exploration and evaluation assets	3	1,733,601	1,733,601
Building and equipment	4	68,047	68,047
Total non-current assets		1,801,648	1,801,648
<b>TOTAL ASSETS</b>		<b>\$ 1,830,992</b>	<b>\$ 1,810,866</b>
<b>Liabilities</b>			
<b>Current</b>			
Bank indebtedness		\$ 65	\$ -
Note payable	12	58,275	23,615
Accounts payable and accrued liabilities	5	500,442	411,022
Due to related parties	7	989,291	794,893
Total current liabilities		1,548,073	1,229,530
<b>Equity</b>			
Share Capital	6	11,442,998	11,042,998
Reserves		1,646,627	1,460,021
Share Subscriptions		(112,500)	(112,500)
Deficit		(12,694,206)	(11,809,183)
Total equity		282,919	581,336
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 1,830,992</b>	<b>\$ 1,810,866</b>

Nature of and Continuance of Operations (Note 1)  
 Commitments (Note 3)

These interim consolidated financial statements were authorized for issue by the Board of Directors on November 29, 2018:

\_\_\_\_\_  
 "Jim Voisin"  
 Director

\_\_\_\_\_  
 "Gregg Roberts"  
 Director

**FIRST MEXICAN GOLD CORP.****Consolidated Interim Consolidated Statements of Loss and Comprehensive Loss****(Stated in Canadian Dollars)****(Unaudited)**

	Note	THREE MONTHS ENDED		NINE MONTHS ENDED	
		September 30,		September 30,	
		2018	2017	2018	2017
<b>Expenses</b>					
Amortization		\$ -	-	-	-
Management fees	7	30,000	30,000	90,000	90,000
Consulting fees		7,500	-	422,500	-
Salaries		7,500	-	22,500	-
Professional fees		(2,746)	8,785	10,014	15,460
Office and administration		16,219	73,716	101,802	139,759
Regulatory and transfer agent fees		740	4,371	11,860	14,234
Share-based compensation		-	-	186,606	-
Travel		634	1,000	1,534	1,000
<b>Loss Before Other Items</b>		<b>(59,847)</b>	<b>(117,872)</b>	<b>(846,816)</b>	<b>(260,453)</b>
<b>Other Items</b>					
Foreign exchange gain (loss)		21	(1,000)	(38,207)	(31,182)
Other income		-	-	-	-
<b>Net Loss and Comprehensive Loss for the Period</b>		<b>\$ (59,826)</b>	<b>(118,872)</b>	<b>(885,023)</b>	<b>\$ (291,635)</b>
<b>Basic and diluted loss per common share</b>		<b>\$ (0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>\$ (0.00)</b>
<b>Basic and Diluted Weighted Average Number of Common Shares Outstanding</b>		<b>98,235,664</b>	<b>80,884,360</b>	<b>83,382,197</b>	<b>80,844,360</b>

**FIRST MEXICAN GOLD CORP.**  
**Condensed Interim Consolidated Statements of Equity (Deficiency)**  
**For the Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**

**(Unaudited)**

	SHARE CAPITAL		RESERVES			Share Subscriptions	Deficit	TOTAL
	NUMBER	AMOUNT	Equity settled employee benefits	Warrant	Total			
Balance, December 31, 2016	80,844,360	11,042,998	1,399,870	60,151	1,460,021	(112,500)	(11,414,284)	976,235
Net loss for the period	-	-	-	-	-	-	(291,643)	(291,643)
Balance, Sept. 30, 2017	80,844,360	11,042,998	1,399,870	60,151	1,460,021	(112,500)	(11,705,919)	684,600
Net loss for the period	-	-	-	-	-	-	(265,643)	(265,643)
Balance, December 31, 2017	80,844,360	11,042,998	1,399,870	60,151	1,460,021	(112,500)	(11,809,183)	581,336
Fair Value of options issued			186,606		186,606			186,606
Shares issued for services	10,000,000	400,000						400,000
Net loss for the period	-	-	-	-	-	-	(885,023)	(885,023)
<b>Balance, Sept. 30, 2018</b>	<b>90,844,360</b>	<b>11,442,998</b>	<b>1,586,476</b>	<b>60,151</b>	<b>1,646,627</b>	<b>(112,500)</b>	<b>\$(12,694,206)</b>	<b>282,919</b>

**FIRST MEXICAN GOLD CORP.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30 2018	September 30 2017	September 30 2018	September 30 2017
<b>Cash provided by (used in):</b>				
<b>Operating Activities</b>				
Net loss for the period	<b>(59,826)</b>	(117,872)	<b>(885,023)</b>	(291,635)
Items not involving cash				
Amortization	-	-	-	-
Gain on disposal	-	-	-	-
Share based compensation	-	-	<b>186,606</b>	-
	<b>(59,826)</b>	(117,872)	<b>(698,417)</b>	(291,635)
Changes in non-cash working capital:				
Amounts receivable	<b>(4,042)</b>	64,195	<b>(15,130)</b>	50,435
Prepaid expenses	<b>(5,000)</b>	817	<b>(5,067)</b>	752
Accounts payable and accrued	<b>31,853</b>	(62,047)	<b>89,420</b>	5,873
Due to related parties	<b>37,500</b>	134,435	<b>194,398</b>	254,097
	<b>(15)</b>	19,528	<b>(434,796)</b>	19,540
<b>Investing Activities</b>				
Mineral properties	-	(10,000)	-	(10,000)
Proceeds on disposal of equipment	-	-	-	-
	-	(10,000)	-	-
<b>Financing Activities</b>				
Proceeds from note payable, net	-	-	<b>34,660</b>	-
Shares issued for services	-	-	<b>400,000</b>	-
	-	-	<b>434,660</b>	-
<b>Increase (decrease) in Cash</b>	<b>(15)</b>	9,528	<b>(136)</b>	9,540
<b>Cash, Beginning of Period</b>	<b>(50)</b>	198	<b>71</b>	186
<b>Cash, End of Period</b>	<b>(65)</b>	9,726	<b>(65)</b>	9,726

**SUPPLEMENTAL CASH FLOW DISCLOSURE AND NON-CASH FINANCING AND INVESTING ACTIVITY:**

Cash paid for income taxes	\$	-	\$	-
Amortization capitalized to mineral properties	\$	-	\$	-
Shares issued for acquisition of mineral properties	\$	-	\$	-

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

---

**1. NATURE AND CONTINUANCE OF OPERATIONS**

First Mexican Gold Corp, (“FMG” or the “Company”), was incorporated under the Business Corporations Act (British Columbia) on August 9, 2007. The Company is engaged principally in the acquisition, exploration and development of mineral properties through its wholly owned subsidiary Cornelius exploration S. de R.L. de C.V., in Mexico. The Company’s head office is located at 1000-355 Burrard Street, Vancouver, BC Canada, V6C 2G8 and registered and records office is located at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, BC V6C 2T5.

The Company is in the process of exploring and evaluating its exploration and evaluation assets. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as exploration and evaluation assets do not necessarily represent present or future values.

At September 30, 2018, the Company had working capital deficit of \$1,518,729 and an accumulated deficit of \$12,694,206. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral property interests. The Company’s ability to continue as a going-concern is dependent on the ability of the Company to raise equity financing in the future to fund further exploration work and to fund continuing operating losses, and ultimately on the attainment of profitable operations to meet the Company’s liabilities as they become payable.

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. As at September 30, 2018, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business plan. The Company plans on raising sufficient funds in order to finance ongoing exploration and administrative expenses through additional equity financing however, there can be no assurance that such financing will be available or be available on favorable terms. All of these factors may cast significant doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments for the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going-concern.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

**a) Statement of Compliance**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”), using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These unaudited condensed interim financial statements have been prepared using accounting policies consistent with those used in the Company’s annual financial statements for the year ended December 31, 2017.

**b) Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale that have been measured at fair value.

These consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

---

**2. BASIS OF PREPARATION (Continued)**

**c) Functional Currency**

The presentation currency and the functional currency of the Company and each of its subsidiaries is the Canadian dollar.

**d) Critical Accounting Judgments and Estimates**

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates, which, by their nature, are uncertain. The impacts of such judgments and 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 the revision may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, 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, but are not limited to, the following:

**Critical Judgments**

- The assessment of the Company's ability raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- Management's capitalization of exploration and evaluation costs and assumptions regarding the future recoverability of such costs are based on, among other things, the Company's estimate of current mineral reserves and resources which are based on engineering and geological estimates, estimated gold and silver prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.
- 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 its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

---

**2. BASIS OF PREPARATION**

**d) Critical Accounting Judgments and Estimates (Continued)**

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped. Management's assessment is that the ability of the taxable entities to generate sufficient taxable income in the foreseeable future is uncertain and according, no deferred income tax assets have been recognized in the consolidated statements of financial position.

**Estimates**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from management's best estimates, as additional information becomes available. The most sensitive estimates affecting the financial statements were the identification and capitalization of exploration costs, determination of impairment in the carrying values for long-lived assets, the existence of contingent assets and liabilities, the valuation of share-based compensation and the valuation of deferred income tax assets.

Areas where estimates are significant to the consolidated financial statements were as follows:

- Carrying values of exploration and evaluation assets
- the inputs used in accounting for share purchase option expense in the consolidated statement of loss and comprehensive loss; and
- the determination of income taxes and the valuation of deferred income tax assets.

**Recent Accounting Standards Not Yet Effective**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 9 – Financial Instruments is intended to replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39") in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments, and is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. In November 2009 and October 2010, IFRS 9 (2009) and IFRS 9 (2010) were issued, respectively, which address the classification and measurement of financial assets and financial liabilities. IFRS 9 (2009) requires that all financial assets be classified as subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 (2010) requires that financial liabilities are classified as subsequently measured at amortized cost except for financial liabilities classified as fair value through profit or loss, financial guarantees and certain other exceptions. The Company has not yet early adopted this standard and is assessing the impact upon the implementation of this standard.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**3. EXPLORATION AND EVALUATION ASSETS**

At September 30, 2018 and December 31, 2017, the Company's deferred exploration and acquisition costs for mineral property interests located in Mexico, were as follows:

	<b>Nine Months ended September 30 2018</b>	Year ended December 31, 2017
Balance, beginning of period	<b>\$1,733,601</b>	<b>\$ 1,663,953</b>
Additions during the period		
Acquisition costs	-	<b>64,692</b>
Exploration costs		
Field office and administrative	-	-
Amortization	-	<b>4,956</b>
Total additions during the period	-	<b>69,648</b>
Balance, end of period	<b>\$1,733,601</b>	<b>\$ 1,733,601</b>

**Hilda Properties, Mexico**

The Hilda Properties consist of three properties (collectively referred to as the "Hilda Properties"). The Hilda 30 property is a mining claim, containing approximately 256 hectares, and is located east of Hermosillo, near the village of Guadalupe, in the Yecora District, State of Sonora, Mexico. The Hilda 37/38 property consists of two mining exploration concessions, containing approximately 1,095 hectares, and is located east of Hermosillo, between the towns of Santa Ana and Guadalupe Tayopa, in the Yecora District, State of Sonora, Mexico. The Hilda 31/32 property consists of three mining exploration concessions, containing approximately 146 hectares, and is located east of Hermosillo, between the towns of Santa Ana and Guadalupe Tayopa, in the Yecora District, State of Sonora, Mexico.

On April 10, 2007, the Company entered into an assignment agreement with 210927 Ontario Inc., an unrelated private company, whereby 210927 Ontario Inc. agreed to assign and transfer to the Company its option to purchase up to 60% or a 40% interest in the mineral properties in Hilda 30 for a fee of \$120,000 (paid) and the issuance of 2,000,000 (issued) shares in the Company.

Pursuant to the above noted assignment agreement, on May 15, 2007, the Company entered into an option agreement with a wholly owned subsidiary of International Millennium Mining Corp. ("IMMC"), to acquire an option to purchase an undivided 60% interest (the 60% Option) in certain selected properties, and a right to acquire a 40% interest in certain selected properties (the 40% Option) (collectively the "Options"). In consideration of IMMC granting the Company the options, the Company agreed to expend an aggregate total of \$1,000,000 (completed) on expenditures upon or in relation to any one or more of the prospecting area properties.

On December 10, 2009, the Company entered into an amended and restated option agreement (the "Hilda Properties Agreement") for both the Hilda Properties, The Hilda Properties Agreement supersedes all previous option agreements. In consideration of the Company expending the sum of US \$239,808 on expenditures on the properties on or before August 31, 2010 (completed), the Company will be granted the exclusive and irrevocable right and option to acquire a 60% undivided interest in and to one of the Hilda Properties, and the exclusive and irrevocable right and option to acquire a 40% undivided interest in and to the other Hilda Properties.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

---

**3. EXPLORATION AND EVALUATION ASSETS (Continued)**

Upon the selection of the properties, the Company completed the following and was granted the exclusive and irrevocable right and option to acquire an 80% undivided interest in the Hilda Properties:

- expend the sum of US\$3,000,000 on expenditures on or before October 31, 2014
- pay the sum of US\$ 100,000 in cash on or before October 31, 2013,
- issuing a total of 1,400,000 shares of the Company on or before October 31, 2013.

Effective January 23, 2012 the Company completed its 80% option earn-in on the Guadalupe property. Immediately following the completion of the "Option Agreement" the Company entered into an agreement to acquire the remaining 20% interest in the Guadalupe property in exchange for the issuance of 4 million shares (issued) and a 2% NSR to IMMC with 1% purchasable at any time for US\$1 million dollars. The 4 million shares were issued subject to a nine month hold period followed by monthly sale restrictions of between 50,000 and 250,000 unless there is a take-over bid for the Company's outstanding shares in which case, the restrictions on sale will be removed.

The above noted option agreement with IMMC is granted to the Company subject to the terms of certain option agreements (the "Sub-Option Agreements"), which terms the Company is obligated to maintain in good standing. Details of the Sub-Option Agreements are as follows:

- (i) an option agreement between IMMC and an unrelated third party (the "Rocha Agreement") dated January 31, 2008 (effective from November 30<sup>th</sup>, 2007) and as amended May 15, 2009 and May 10, 2012. The terms of which provide for payment as follows:
- US \$10,000 on the effective date (paid) and on the date of execution (paid);
  - US \$20,000 on or before May 30, 2008 (paid) and on or before November 30, 2008 (paid);
  - US \$10,000, on or before May 30, 2009 (paid) and November 30, 2009 (paid);
  - US \$35,000, on or before May 30, 2010 (paid) and November 30, 2010 (paid);
  - US \$40,000, on or before May 30, 2011 (paid) and November 30, 2011 (paid);
  - US \$22,500, on or before May 30, 2012 (paid) and November 30, 2012 (paid);
  - US \$50,000, on or before May 30, 2013 (\$40,000 paid) and November 30, 2013;
  - US \$60,000, on or before May 30, 2014 and November 30, 2014;
  - US \$70,000, on or before May 30, 2016 and November 30, 2016;
  - US \$80,000, on or before May 30, 2017 and November 30, 2017;
  - US \$127,500, on or before May 30, 2017 and November 30, 2017.

In 2014, the optionor has agreed to defer all payments due until after the Company receives further equity financing

- (ii) an option agreement between IMMC and certain unrelated third parties (the "Turley Agreement") dated January 12, 2006 and as amended April 10, 2009 and as amended May 22, 2014. The terms of which provide for payments as follows:
- US \$20,000 upon the execution (paid);
  - US \$3,000 on or before May 15, 2005 and each month thereafter until and including April 15, 2008 (paid);
  - US \$5,000, on or before May 15, 2008 and each month thereafter until and including March 15, 2009 (paid);
  - US \$3,000, on or before April 15, 2009 and each month thereafter until and including April 15, 2010 (paid);
  - US \$7,000, on or before May 15, 2010 and each month thereafter until and including April 15, 2012 (paid);
  - A sum equal to the lessor of US \$100,000 or the balance due, on or before April 15, 2013 (paid) and on or before April 15 of each year thereafter until the US\$1,000,000 is paid.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**3. EXPLORATION AND EVALUATION ASSETS (Continued)**

(iii) an option agreement between IMMC and an unrelated third party (the “Hilda31/32” Agreement”) dated April 7, 2010 (effective from March 27, 2010). The terms of which provide for payment as follows:

- US \$10,000 on the Effective Date (paid);
- US \$19,000 on or September 27, 2010 and every six months thereafter until and including March 27, 2015 (paid to March 27, 2013).

In 2015, the optionor has agreed to defer all payments due until after the Company receives further equity financing.

The Company, through its subsidiary, is also committed to reimburse the Community of Guadalupe Tayopa, Mexico (the “Community”) a total of \$245,000 over four years for its occupation of the area. As of September 30, 2018 only \$70,000 has been paid, \$75,000 was due in 2013, and \$100,000 was due in 2014. The Company is also required to pay the Community \$100 per km of constructed road and \$5 per km of cut line for geophysics work. During 2017, no work programs were carried out, therefore, the community payment was not made. The Company expects to negotiate a new agreement once exploration resumes.

**Santa Martha Claim, Sonora Mexico**

Pursuant to an agreement dated January 1, 2011, the Company acquired the Claim of Santa Martha, which consists of approximately 68 hectares in the district of Yecora, State of Sonora, Mexico in consideration for US\$50,000 (paid).

**Vianney Fraccion III, San Martin and El Panda Claims, Sonora Mexico**

Pursuant to a February 4, 2011 letter of intent (“LOI 1”), the Company has acquired the claims of Vianney Fraccion III, San Martin and El Panda, contiguous to the Hilda Properties, consisting of approximately 3,999 hectares in the district of Yecora, State of Sonora, Mexico, in consideration for US\$186,000 and 1,600,000 common shares (paid and issued). Terms of the LOI 1 also provide a 2.5% net smelter royalty (“NSR”) with the right to re-purchase 1.5% NSR at any time after the date of the LOI 1 for US\$1,000,000.

**El Hoyo and Santa Maria Claims, Sonora Mexico**

Pursuant to a February 14, 2011 letter of intent (“LOI 2”), the Company has acquired the claims of El Hoyo and Santa Maria, consisting of approximately 5,941 hectares in the district of Yecora, State of Sonora, Mexico, in consideration for US\$125,000 and 940,000 common shares (paid and issued).

**4. EQUIPMENT**

	Office Equipment	Computers	Machinery & Equipment	Transportation Equipment	Construction	Total
Cost at December 31, 2016	\$ 6,831	\$ 4,823	\$ 17,617	\$ 32,251	\$ 70,953	\$ 132,475
Current period additions	-	-	-	-	-	-
Cost at December 31, 2017	6,831	4,823	17,617	32,251	70,953	132,475
Current period additions	-	-	-	-	-	-
<b>Cost at Sept 30, 2018</b>	<b>\$ 6,831</b>	<b>\$ 4,823</b>	<b>\$ 17,617</b>	<b>\$ 32,251</b>	<b>\$ 70,953</b>	<b>\$ 132,475</b>
Accumulated depreciation at December 31, 2016	4,769	4,807	9,557	20,656	19,683	59,472
Period depreciation/depletion	380	16	1,506	-	3,054	4,956
Accumulated depreciation at December 31, 2017	\$ 5,149	\$ 4,823	\$ 11,063	\$ 20,656	\$ 22,737	\$ 64,428
Current period depreciation/depletion	-	-	-	-	-	-
<b>Accumulated depreciation at Sept 30, 2018</b>	<b>\$5,149</b>	<b>\$4,823</b>	<b>\$ 11,063</b>	<b>\$ 20,656</b>	<b>\$22,737</b>	<b>\$ 64,428</b>
<b>Net book value at December 31, 2017</b>	<b>\$ 1,682</b>	<b>\$ -</b>	<b>\$ 6,554</b>	<b>\$ 11,595</b>	<b>\$ 48,216</b>	<b>\$ 68,047</b>
<b>Net book value at September 30, 2018</b>	<b>\$1,682</b>	<b>\$ -</b>	<b>\$6,554</b>	<b>\$ 11,595</b>	<b>\$48,216</b>	<b>\$68,047</b>

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2018	December 31, 2017
Trade payables	\$ 483,552	\$ 394,132
Accrued liabilities	16,890	16,890
<b>Total</b>	<b>\$ 500,442</b>	<b>\$ 411,022</b>

**6. SHARE CAPITAL**

The authorized share capital consists of unlimited common shares without par value.

**Share transactions for the period ended September 30, 2018 were as follows:**

On April 23, 2018, 10,000,000 shares were issued to secure a credit facility loan for up to US\$10,000,000

**Share transactions for the year ended December 31, 2017 were as follows:**

Nil transactions

**Special Warrants**

The Company has issued 6,000,000 special warrants that will convert to common shares of the Company at no cost in accordance with achieving certain resource based or performance milestones, with respect to all of the Company's properties:

- 1,000,000 convertible upon achieving 250,000 inferred ounces of gold (equivalent)
- 1,000,000 convertible upon achieving 500,000 inferred ounces of gold (equivalent);
- 1,000,000 convertible upon achieving 750,000 inferred ounces of gold (equivalent); and
- 1,000,000 convertible upon achieving 1,000,000 inferred ounces of gold (equivalent) and 1,000,000 convertible upon raising additional proceeds of no less than \$5,000,000; and
- 1,000,000 convertible against completion and receipt of a bankable feasibility study with respect to the Hilda 30 property.

The Company has not recorded a value for the special warrants because the future occurrence of the underlying contingent events was not determinable. As of September 30, 2018, no special warrants have been converted to common shares.

**Stock Options**

For stock options granted to employees, officers, directors, consultants and charitable organizations, the Company recognizes as an expense the estimated fair value of the stock options granted. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2016	7,200,000	\$ 0.085
Expired	(1,775,000)	0.130
<b>Outstanding, December 31, 2017</b>	<b>5,425,000</b>	<b>\$ 0.071</b>
Issued	4,700,000	0.050
Expired	(1,475,000)	0.100
<b>Outstanding, September 30, 2018</b>	<b>8,650,000</b>	<b>\$ 0.055</b>

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**6. SHARE CAPITAL (Continued)**

The following summarizes information about stock options outstanding and exercisable at September 30, 2018:

<b>Number of Shares</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
2,200,000	August 14, 2019	\$0.06
1,750,000	October 15, 2020	\$0.06
4,700,000	April 23, 2023	\$0.05
<b>8,650,000</b>		

All the above options vested at the date of grant.

There was share-based compensation expense recorded for the nine months ended September 31, 2018 of \$186,606 (2017 - \$nil)

**Nature and Purpose of Reserves**

The "Equity Settled Employee Benefits Reserve" is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation. The Warrants Reserve issued to recognize the fair value of warrants issued in consideration for completed equity financing.

**7. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

All related party transactions were measured at the amount of consideration established and agreed to by the related parties. All amounts due from/due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

**Compensation of Key Management Personnel**

The remuneration of directors and other members of key management personnel included:

	Nine months ended September 31,	
	2018	2017
Management fees	<b>\$90,000</b>	\$ 90,000
Salaries	<b>22,500</b>	22,500
Share based payments	<b>166,754</b>	-
<b>Total compensation of key management</b>	<b>\$279,254</b>	\$ 112,500

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the nine months ended September 31, 2018 and 2017.

**Other Transactions**

At period end, the Company had the following outstanding balance payable (advanced) to related parties:

	<b>September 30, 2018</b>	December 31, 2017
Officers and Directors	<b>\$989,291</b>	\$ 794,893

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**8. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the nine months ended September 30, 2018 was based on the loss attributable to common shareholders of \$885,023 (2017 – \$291,635) and a weighted average number of common shares outstanding of 83,352,197 (2017 – 80,844,360).

Diluted loss per share did not include the effect of 8,650,000 stock options and nil warrants because they are anti-dilutive.

**9. SEGMENTED INFORMATION**

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operation decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector. The Company's mining operations are centralized whereby the Company's head office is responsible for the exploration results and for providing support in addressing local and regional issues. The Company's exploration and evaluation assets are in Mexico.

<b>September 30, 2018</b>	<b>Canada</b>	<b>Mexico</b>	<b>Consolidated</b>
Current assets	\$ 26,059	\$ 3,285	\$ 29,344
Exploration and evaluation assets	-	1,733,601	1,733,601
Building and Equipment	-	68,047	68,047
<b>Total Assets</b>	<b>\$ 26,059</b>	<b>\$ 1,804,932</b>	<b>\$ 1,830,992</b>
Net Income (Loss)	\$	\$	\$

<b>December 31, 2017</b>	<b>Canada</b>	<b>Mexico</b>	<b>Consolidated</b>
Current assets	\$ 8,695	\$ 523	\$ 9,218
Exploration and evaluation assets	-	1,733,601	1,733,601
Building and Equipment	-	68,047	68,047
<b>Total Assets</b>	<b>\$ 8,695</b>	<b>\$ 1,802,171</b>	<b>\$ 1,810,866</b>
Net Loss	<b>\$(406,983)</b>	<b>\$ 12,084</b>	<b>\$ (394,899)</b>

**10. MANAGEMENT OF CAPITAL**

The Company's objectives when managing capital are to safeguard the Company's ability to continue its operations, so that it can bring its exploration projects to commercial production and provide returns for shareholders and benefits for other stakeholders.

The Company relies mainly on equity issuances to raise new capital. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The capital structure of the Company currently consists of common shares.

The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated without interest or penalty. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations.

There were no changes to the Company's approach to capital management during the year.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash is designated as fair-value-through-profit-and-loss and measured at fair value. Accounts payable and accrued liabilities and due to related parties are designated as other financial liabilities and measured at amortized cost.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgement is required to develop certain of these estimates. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

Cash is recorded at fair value and the Company's other financial instruments are recorded at amortized cost, which approximate fair value due to their short term nature.

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy:

	LEVEL	FAIR VALUE THROUGH PROFIT/ LOSS	OTHER FINANCIAL LIABILITIES	TOTAL CARRYING VALUE
<b>Financial assets</b>				
Cash	1	\$ -		\$ -
<b>Financial liabilities</b>				
Bank indebtedness	1	65		65
Note payable	2		58,275	58,275
Accounts payable and accrued liabilities	2		500,442	500,442
Due to related parties	2	-	989,291	989,291
		\$ 65	\$ 1,548,008	\$ 1,548,073

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the period ended September 30, 2018.

The mining industry in general is intensely competitive and there is no assurance that a profitable market may exist for any substances discovered. Commodity prices have fluctuated significantly, particularly recently, the effect of which cannot be accurately be predicted.

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Mexico, and as a result a portion of the Company's expenditures are in Mexican pesos. The risk from a significant change in the exchange rate of the Canadian dollar relative to the Mexican peso could have an effect on the Company's results of operations, financial position or cash flows. However, management believes that the Company's foreign currency exchange risk is not significant at this time. The Company has not hedged its exposure to currency fluctuations.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

---

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

At September 30, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in Mexican pesos:

	Mexican Peso
Cash	2,000
Receivables and advances	404,000
Accounts payable and accrued liabilities	(4,961,000)
Net exposure	(4,555,000)

Based on the above net exposures, and assuming that all other variables remain constant, a 10% change in the value of the Mexican peso against the Canadian dollar would result in an increase/decrease of approximately \$41,400 in the loss from operations for the period ended September 30, 2018. As this sensitivity analysis does not take into account any variables other than foreign currency rate fluctuations, and does not reflect the exposure during the reporting period, the above information may not fully reflect the fair value of the assets and liabilities involved.

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and causes the other party to incur a financial loss. The Company's credit risk consists primarily of cash. The credit risk is minimized by placing cash and investing short term investments with major Canadian financial institutions. Management believes that the credit risk concentration with respect to its bank deposits is remote since all cash is held with financial institutions of reputable credit. The Company does not invest in asset-backed commercial papers.

c) 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 sufficient cash to meet its obligations and liquidity risk is therefore considered minimal. The Company manages liquidity risk through the management of its capital resources as outlined in note 10.

d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because they are generally held to maturity. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. Interest rate risk is not significant to the Company as it has no cash equivalents at period end. As at September 30, 2018, with other variables unchanged, a 1% change in the variable interest rates would not have had an insignificant impact on the loss of the Company.

e) Environmental Risk

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**FIRST MEXICAN GOLD CORP.**  
**Notes to Consolidated Interim Financial Statements**  
**Nine Months Ended September 30, 2018 and 2017**  
**(Stated in Canadian Dollars)**  
**(Unaudited)**

---

**11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)**

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the property may be diminished or negated.

f) Political and other Risks

The Company's mineral properties located in Mexico expose the Company to different considerations and other risks not typically associated with companies in Canada. Such risks are associated with the political, economic and legal environments. The Company's results may be adversely affected by changes in the political and social conditions in Mexico and by changes in government policies with respect to laws and regulations.

**12. NOTE PAYABLE**

As at September 30, 2018, the Company had a note payable outstanding of \$58,275 (2017 - \$nil). The note is unsecured, bears interest at 10%, and is due once the Company obtains sufficient additional funding.