

**QCX GOLD CORP.**  
**(formerly First Mexican Gold Corp.)**

**Condensed Interim Consolidated Financial Statements**  
**For the Three and Nine Months Ended September 30, 2020 and 2019**  
**(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 QcX Gold Corp. (formerly 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.

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

	Note	September 30, 2020	December 31, 2019
<b>Assets</b>			
<b>Current</b>			
Cash		\$ 1,367,044	\$ 153,604
Amounts receivable and advances	3	105,846	38,437
		<b>1,472,890</b>	<b>192,041</b>
<b>Exploration and evaluation assets</b>	4	<b>1,769,950</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>\$ 3,242,840</b>	<b>\$ 192,041</b>
<b>Liabilities</b>			
<b>Current</b>			
Accounts payable and accrued liabilities	5 & 7	\$ 190,395	\$ 314,531
Due to related parties	7	600,463	678,248
<b>Total liabilities</b>		<b>790,858</b>	<b>992,779</b>
<b>Equity</b>			
<b>Share Capital</b>	6	<b>15,253,111</b>	<b>12,055,798</b>
<b>Reserves</b>	6	<b>2,371,652</b>	<b>1,653,827</b>
<b>Deficit</b>		<b>(15,172,781)</b>	<b>(14,510,363)</b>
<b>Total equity</b>		<b>2,451,982</b>	<b>(800,738)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 3,242,840</b>	<b>\$ 192,041</b>

Nature of Operations and Going Concern (Note 1)  
Subsequent Event (Note 11)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 4, 2020:

\_\_\_\_\_  
*"Kelly Malcolm"*  
Director

\_\_\_\_\_  
*"Daniel Nauth"*  
Director

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

	Note	THREE MONTHS ENDED September 30,		NINE MONTHS ENDED September 30,	
		2020	2019	2020	2019
<b>Expenses</b>					
Management and consulting fees	\$	15,000	\$ 45,000	\$ 85,000	\$ 135,000
Professional fees		29,037	(447)	92,164	3,326
Office and administration		10,240	19	40,655	89,682
Regulatory and transfer agent fees		82,054	46,052	113,064	47,875
Stock-based compensation	6	-	-	589,437	-
<b>Loss before the following items:</b>		<b>(136,331)</b>	<b>(90,624)</b>	<b>(920,3209)</b>	<b>(275,883)</b>
Gain (loss) on reversal of accounts payable and accrued liabilities		(97,544)	-	53,500	-
<b>Net loss</b>	\$	<b>(233,875)</b>	\$ (90,624)	\$ <b>(866,820)</b>	\$ (275,883)
<b>Other comprehensive income</b>					
Foreign currency translation	\$	(69,950)	\$ -	\$ -	\$ 7,011
<b>Comprehensive loss</b>	\$	<b>(303,825)</b>	\$ (90,624)	\$ <b>(866,820)</b>	\$ (268,872)
<b>Basic and diluted loss per common share</b>	\$	<b>(0.01)</b>	\$ (0.01)	\$ <b>(0.02)</b>	\$ (0.03)
<b>Basic and diluted weighted average number of common shares outstanding</b>		<b>44,802,485</b>	8,184,436	<b>34,921,616</b>	8,184,436

**QCX GOLD CORP.****(formerly FIRST MEXICAN GOLD CORP.)****Condensed Interim Consolidated Statements of Equity (Deficiency)****For the Three and Nine Months Ended September 30, 2020 and 2019****(Stated in Canadian Dollars)****(Unaudited)**

	SHARE CAPITAL		RESERVES			Share Subscriptions	Deficit	TOTAL
	NUMBER	AMOUNT	Equity settled employee benefits	Warrant	Total			
Balance, December 31, 2018	8,184,436	11,062,998	1,586,476	60,151	1,646,627	(112,500)	(14,333,545)	(1,766,568)
Share subscription received	-	-	-	-	-	112,500	-	112,500
Net loss for the period	-	-	-	-	-	-	(268,872)	(268,872)
Balance, September 30, 2019	8,184,436	11,062,998	1,586,476	60,151	1,646,627	-	(14,632,565)	(1,922,940)
Private placement	20,000,000	1,000,000	-	-	-	-	-	1,000,000
Shares issued as finders fees	156,000	-	-	-	-	-	-	-
Share issue costs – finders warrants	-	(7,200)	-	7,200	7,200	-	-	-
Shares returned to treasury	(92,792)	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	122,202	122,202
Balance, December 31, 2019	28,247,644	12,055,798	1,586,476	67,351	1,653,827	-	(14,510,363)	(800,738)
Private placement – units	6,360,961	858,730	-	-	-	-	-	858,730
Private placement – Flow-through units	6,758,722	1,141,470	-	-	-	-	-	1,141,470
Shares issued on property acquisition	5,150,000	1,387,000	-	-	-	-	-	1,387,000
Share issue cost – cash	-	(61,498)	-	-	-	-	-	(61,498)
Shares issue cost – finders warrants	-	(47,514)	-	47,514	47,514	-	-	-
Shares issue cost – broker warrants	-	(80,875)	-	80,875	80,875	-	-	-
Stock-based compensation	-	-	589,436	-	589,436	-	-	589,436
Net loss for the period	-	-	-	-	-	-	(866,820)	(866,820)
Disposition of subsidiary	-	-	-	-	-	-	204,402	204,402
<b>Balance, September 30, 2020</b>	<b>46,517,320</b>	<b>15,253,111</b>	<b>2,175,912</b>	<b>195,740</b>	<b>2,371,652</b>	<b>-</b>	<b>(15,172,781)</b>	<b>2,451,982</b>

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

<i>For nine months ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Net loss for the period	\$ (866,820)	\$ (268,872)
Items not involving cash:		
Gain on reversal of accounts payable and accrued liabilities	(53,500)	-
Stock-based compensation	589,437	-
Changes in non-cash working capital:		
Amounts receivable	(67,409)	(14,035)
Prepaid expenses	-	8
Accounts payable and accrued liabilities	133,765	86,290
Due to related parties	(77,785)	173,145
<b>Cash provided (used) in operation activities</b>	<b>(342,312)</b>	<b>(23,464)</b>
<b>Financing Activities</b>		
Capital stock issue for cash, net	1,938,702	-
Promissory note payable	-	45,562
<b>Cash provided in financing activities</b>	<b>1,938,702</b>	<b>45,562</b>
<b>Investing Activities</b>		
Addition to exploration and evaluation assets	(382,950)	(22,098)
<b>Cash used in financing activities</b>	<b>(382,950)</b>	<b>(22,098)</b>
<b>Increase (decrease) in cash</b>	<b>1,213,440</b>	<b>-</b>
<b>Cash, beginning of period</b>	<b>153,604</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 1,367,044</b>	<b>\$ -</b>

**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 exploration and evaluation assets	\$ 1,387,000	\$ -

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**Notes to Condensed Interim Consolidated Financial Statements**  
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**1. NATURE OF OPERATIONS AND GOING CONCERN**

QcX Gold Corp. (formerly First Mexican Gold Corp) (“**QcX**” 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. The Company’s head office is located at Suite 401, 217 Queen Street West, Toronto, ON M5V 0R2 and the Company’s registered and records office is located at Suite 1100, 736 Granville Street, Vancouver, BC V6Z 1G3

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, 2020, the Company had working capital of \$682,032 and an accumulated deficit of \$15,172,781. 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, 2020, 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.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2020 operations. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the interim reporting period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

**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, 2019.

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**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary - 2678581 Ontario Inc., incorporated under the laws of the Province of Ontario; hereinafter collectively referred to as the "Company". A wholly owned subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All significant inter-company balances and transactions have been eliminated upon consolidation.

**c) Basis of Measurement**

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through other comprehensive income 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.

**d) Functional Currency**

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

**e) 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 to 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.

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**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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.

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.

**3. ACCOUNTS RECEIVABLES AND ADVANCES**

	September 30, 2020		December 31, 2019	
Goods and services tax receivable	\$	76,385	\$	38,437
Quebec service tax receivable		29,461		-
<b>Total</b>	<b>\$</b>	<b>105,846</b>	<b>\$</b>	<b>38,437</b>

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**4. EXPLORATION AND EVALUATION ASSETS**

The exploration and evaluation expenditures, as at September 30, 2020, of the Company are detailed as follows:

	<b>Golden Giant</b>	<b>Fernet</b>	<b>Kali</b>	<b>Total</b>
Acquisition cost	\$ 675,000	\$ 167,000	\$ 630,000	\$ 1,472,000
Accommodation	20,825	-	-	20,825
Equipment	4,700	-	-	8,145
Field costs	105,820	-	-	105,820
Geology	28,835	-	-	28,835
Mobilization	10,650	-	-	10,650
Other	123,676	-	-	123,676
<b>Total</b>	<b>\$ 834,725</b>	<b>\$ 167,000</b>	<b>\$ 630,000</b>	<b>\$ 1,769,951</b>

**Golden Giant Property**

On April 28, 2020, the Company acquired the Golden Giant property ("**Golden Giant**" or the "**Golden Giant Project**") through the acquisition of 2678581 Ontario Inc. ("**OntCo**"). OntCo became a subsidiary of QcX by acquiring all of the issued and outstanding shares of OntCo, which holds a 100% interest in the Golden Giant Project. The Company paid \$75,000 and issued 3,000,000 common shares in the capital of the Company. The common shares were valued at \$600,000 using the trading price the day before the issuance of shares. The acquisition did not qualify as a business combination and has been accounted for as an asset acquisition. OntCo's only asset on acquisition was the Golden Giant Project.

The Golden Giant Project, comprised of the GGEast (3,377 hectares) and GGWest (5,488 hectares) properties, is underlain by felsic and mafic volcanic Archean rocks of the Wabamisk and Komo Formations, which are favourable hosts to gold mineralization in the James Bay region. Both of the properties are cut by regional fault structures, and have parallels to that of numerous other gold showings in the area, including Azimut Exploration Inc.'s Patwon discovery from which recent drill results included up to 3.15 g/t Au over 102.0m. Of particular interest is the magnetic signature underlying the GGEast property, which consists of disrupted high-magnetic felsic volcanics, which may be associated with hydrothermal alteration or the emplacement of low-magnetic felsic intrusions. Within the GGEast property, in a small block of 4 claims not held by the Company, historical prospecting and a single drill hole resulted in the discovery of the Grid A-16 gold showing. This indicates the gold-bearing potential of this highly underexplored property. The Company reported results from Phase 1 exploration work on the GGEast and GGWest properties on September 14 and September 28, respectively. Phase 1 results indicated anomalous gold in several locations across both properties, with results up to 1.71 g/t Au and 3.87 g/t Au from grab samples.

**Fernet Property**

The Company acquired 100% interest in the Fernet property ("**Fernet**" or the "**Fernet Project**"), located in northwestern Quebec. The Fernet Project covers an area of 4,480 hectares, in the northern Abitibi region of Quebec and is contiguous with Wallbridge Mining Company Limited's Fenelon project.

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

The Acquisition is being carried out in accordance with the terms of an option agreement (the "**Option Agreement**") between the Company and the vendor of the Fernet Project (the "**Vendor**") dated July 5, 2020, pursuant to which the Company will acquire a 100% interest in the Fernet Project, in consideration of: (i) the Company will pay the sum of \$82,000 to the Vendor over a period of three (3) years from the closing date of the Acquisition; (ii) issue to the Vendor an aggregate of 500,000 common shares in the capital of the Company, to be issued in several tranches (250,000 common shares issued); and (ii) grant to the Vendor a 3% net smelter returns royalty ("**NSR**") (subject to the right and option of the Company to purchase 1% of the NSR for a price equal to \$1,000,000).

The Company entered into an option agreement to acquire a 100% interest in the Fernet east property ("**Fernet East**"). The Fernet East property covers an area of 2,715 hectares in the northern Abitibi region of Quebec.

The Acquisition is being carried out in accordance with the terms of a mining claim acquisition agreement (the "**Purchase Agreement**") dated August 10, 2020, between the Company and an arm's length vendor who holds a 100% interest in the mineral claims comprising Fernet East (the "**FE Vendor**"), pursuant to which the Company will acquire a 100% interest in the Fernet Project, in consideration of: (i) the Company will pay the sum of \$68,000 to the Vendor over a period of three (3) years from the date on which QcX receives approval from the TSXV in respect of the Acquisition (\$10,000 paid); (ii) issue to the Vendor an aggregate of 300,000 common shares in the capital of the Company, to be issued in several tranches (150,000 common shares issued); and (ii) grant to the Vendor a 1.5% net smelter returns royalty ("**FE NSR**") (subject to the right and option of the Company to purchase 0.75% of the NSR for a price equal to \$500,000).

**Kali Property**

The Company acquired a 100% interest in the Kali project (the "**Kali Project**") held by Harfang Exploration Inc. ("**Harfang**"), located in the James Bay lowlands area of Quebec. The Kali Project consists of multiple prospective land parcels covering approximately 10,127 hectares.

The Kali Project is comprised of the Kali West property (7,226 hectares) ("**Kali West Property**"), the Kali Island Property (53 hectares), and the Kali East property (2,848 hectares) ("**Kali East Property**") (together referred to as the "**Properties**"). The Properties are underlain by Archean felsic to mafic volcanic rocks of the Wabamisk and Komo Formations as well as tonalitic gneisses are favourable hosts to gold mineralization in the James Bay region. The Kali West Property is contiguous with QcX's Golden Giant West Property and Dios Exploration Inc.'s K2 gold project; and shows similar structures and geology to those claims hosting gold showings in the surrounding area, including Azimut's Patwon discovery from which drill results include up to 3.15 g/t Au over 102.0 m. The Kali East Property is located on the southeastern margin of the kilometric-scale Kasapawatish batholith, which may be related to the structural framework at Azimut's Patwon which is found to the northwest of this intrusion. The Kali East Property is contiguous with properties of O3 Mining Inc. and Carat Exploration Inc. which include several historic showings of gold and zinc.

The Acquisition was carried out pursuant to the terms of an arm's-length mining claim acquisition agreement (the "**Agreement**") dated September 6, 2020, between the Company and Harfang. In accordance with the terms of the Agreement, QcX issued 1,750,000 common shares in the capital of the Company, and granted a 2.5% net smelter returns royalty in respect of the Kali Project.

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**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	September 30, 2020	December 31, 2019
Trade payables	\$ 160,395	\$ 304,531
Accrued liabilities	30,000	10,000
<b>Total</b>	<b>\$ 190,395</b>	<b>\$ 314,531</b>

During the period ended September 30, 2020, the Company wrote-off \$53,500 (December 31, 2019 - \$195,469) in accounts payable.

**6. SHARE CAPITAL AND RESERVES**

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

**Share transactions for the period ended September 30, 2020 were as follows:**

On June 15, 2020, the Company closed the first tranche of a private placement for aggregate gross proceeds of \$1,235,229.73 (the “**Offering**”) through the issuance of an aggregate of 6,360,961 units (each, a “**Unit**”) of the Company at a price of \$0.135 per Unit and an aggregate of 2,510,000 flow-through units of the Company (each, a “**FT Unit**”) at a price of \$0.15 per FT Unit.

Each Unit being comprised of one common share (each, a “**Common Share**”) in the capital of the Company and one Common Share purchase warrant (each, a “**Unit Warrant**”). Each Unit Warrant entitle the holder thereof to acquire one Common Share at a price of \$0.18 for a period of two (2) years.

Each FT Unit being comprised of one Common Share, issued on a flow-through basis (each, a “**FT Share**”) and one-half of one common share purchase warrant, issued on a non-flow-through basis (each, whole warrant a “**Warrant**”). The FT Shares qualify as “flow-through shares” within the meaning of subsection 66(15) of the *Income Tax Act* (Canada). Each Warrant partially comprising the FT Units entitle the holder thereof to purchase one additional Common Share at a price of \$0.18 for a period of two (2) years.

On June 26, 2020, the Company has closed the second and final tranche of a private placement by issuing, in the second tranche, an aggregate of 4,248,722 charity-flow through units (each, a “**Charity FT Unit**”) of the Company at a price of \$0.18 per Charity FT Unit for gross proceeds of \$764,769.96.

Each Charity FT Unit is comprised of one Common Share, issued on a flow-through basis (each, a “**Charity FT Share**”) and one-half of one Warrant, exercisable at a price of \$0.18 per Common Share for a period of two (2) years from the closing date of the second tranche of the Offering. The Charity FT Shares will qualify as “flow-through shares” within the meaning of subsection 66(15) of the *Income Tax Act* (Canada).

In connection with the Offering the Company paid certain eligible persons (each, a “**Finder**”): (i) a cash commission in the aggregate of \$61,303, being equal to 8% of the gross proceeds of the Offering for the subscribers of Units, FT Units and Charity FT Units introduced to the Company by such Finder; (ii) an aggregate of 174,320 finder warrants (each, a “**Finder Warrant**”); and (iii) an aggregate of 298,046 broker warrants (each, a “**Broker Warrant**”), being equal to 8% of the aggregate number of Units, FT Units and/or Charity FT Units, as applicable, sold by such Finder under the Offering. Each Broker Warrant is exercisable at a price of \$0.135 per Unit for a period a two (2) years from the date of issuance. Each Unit having the same composition as the Units issued under the Offering. Each Finder Warrant is exercisable at a price of \$0.18 per Common Share for a period of two (2) years from the date of issuance. The Finder Warrants and the Broker Warrants were valued using the Black-Sholes method with fair values of at \$47,514 and \$80,875, respectively.

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**6. SHARE CAPITAL AND RESERVES (Continued)**

On June 25, 2020, the Company issued 3,000,000 common shares for the Golden Giant property.

On July 14, 2020, 250,000 common shares were issued to acquire Fernet property and on September 1, 2020, the Company issued 150,000 common shares for Fernet East.

On September 21, 2020, the Company issued 1,750,000 common to acquire the Kali property.

**Share transactions for the year ended December 31, 2019 were as follows:**

On August 19, 2019, the Company completed a 10 for 1 share consolidation. All references to common shares, options, warrants, and per common share amounts have been retroactively restated to reflect this share consolidation.

On October 2, 2019, the Company cancelled 92,793 shares and paid the difference on 7,207 shares (totaling \$3,603) on October 9, 2019. This eliminated 100,000 (post consolidation) shares that were issued without exchange approval.

On November 8, 2019, the Company issued in the first tranche of the private placement, an aggregate of 7,000,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$350,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.075 for a period of two (2) years from the date of issuance. All securities issued under the first tranche of the offering are subject to a four-month and one day statutory hold period.

On December 23, 2019, the Company issued in the second tranche of the private placement, an aggregate of 11,076,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$555,000. Each unit consists comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.075 for a period of two (2) years from the date of issuance. All securities issued under the first tranche of the offering are subject to a four-month and one day statutory hold period.

On December 30, 2019, the Company issued in the final tranche of the private placement, an aggregate of 1,924,000 units of the Company at a price of \$0.05 per unit for gross proceeds of \$95,000. Each unit consists comprised of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of \$0.075 for a period of two (2) years from the date of issuance. All securities issued under the first tranche of the offering are subject to a four-month and one day statutory hold period.

In connection with the financings, the Company issued 156,000 units in lieu of a cash finder's fee payment of \$7,800. The Company also issued 156,000 finder's warrants as finder's fees. These finder's warrants entitle the holder to purchase one unit at a price of \$0.05 per unit for a period of two years from the date of issuance. Each unit is comprised of one share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.075 per share for a period of two years from the date of issuance. The finder's warrants were valued using the Black-Scholes method with a fair value of \$7,200.

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**6. SHARE CAPITAL AND RESERVES (Continued)**

**Warrants**

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2018	-	\$ -
Warrants Issued	20,156,000	0.075
Balance, December 31, 2019	<b>20,156,000</b>	<b>\$ 0.075</b>
Warrants Issued	9,740,322	0.180
Finders Warrants Issued	174,320	0.180
Broker Warrants Issued	298,046	0.135
Balance, September 30, 2020	<b>30,368,688</b>	<b>\$ 0.113</b>

There were 9,740,322 warrants issued during the period ended September 30, 2020 (December 31, 2019 – 20,000,000) as part of the issuance of units. The fair value of the warrants issued was based on the residual method having a residual value of \$nil (December 31, 2019 - \$nil).

The Finders Warrants and Broker Warrants were valued using the Black-Scholes option pricing model using the following assumptions:

	Finders Warrants	Broker Warrants
Number of warrants	174,320	298,046
Exercise price	\$ 0.135	\$ 0.180
Expected life in years	2	2
Volatility	292.21%	292.21%
Risk-free interest rate	0.29%	0.29%
Dividend yield	-	-
Grant date share price	\$ 0.28	\$ 0.28
Fair value of warrants issued	<b>\$ 47,514</b>	<b>\$ 80,875</b>

As at September 30, 2020, the weighted average remaining life of warrants outstanding was 1.36 years.

As at September 30, 2020, the following share purchase warrants issued in connection with private placements were outstanding:

Number of Warrants	Exercise Price	Expiry Date
7,000,000	\$0.075	November 4, 2021
60,000	\$0.075	November 6, 2021
11,172,000	\$0.075	December 23, 2021
1,924,000	\$0.075	December 30, 2021
6,360,961	\$0.180	June 15, 2022
1,255,000	\$0.180	June 15, 2022
2,124,361	\$0.180	June 26, 2022
174,320	\$0.180	June 26, 2022
298,046	\$0.135	June 26, 2022
<b>30,368,688</b>		

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**6. SHARE CAPITAL AND RESERVES (Continued)**

**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. Expected volatility was based on the historical volatility of the Company's share price.

Stock option transactions are summarized as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Outstanding, January 1, 2019	865,000	\$ 0.55
Expired	(220,000)	0.60
Outstanding, December 31, 2019	645,000	\$ 0.53
Granted	2,500,000	0.24
Expired	(645,000)	(0.60)
<b>Outstanding, September 30, 2020</b>	<b>2,500,000</b>	<b>\$ 0.24</b>

The following table summarizes the assumptions used in the Black-Scholes valuation model for stock options issued and outstanding as at September 30, 2020

<b>Grant date</b>	<b>June 22, 2020</b>
Number of options	2,500,000
Exercise price	\$ 0.24
Expected life in years	5
Volatility	212.00%
Risk-free interest rate	0.39%
Dividend yield	-
Grant date share price	\$ 0.24
<b>Fair value of options granted</b>	<b>\$ 589,437</b>

The following summarizes information about stock options outstanding and exercisable at September 30, 2020:

<b>Number of Shares</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
2,500,000	June 22, 2025	\$0.24
2,500,000		

All the above options vested at the date of grant. As at September 30, 2020, the options had a weighted average remaining life of 4.73 years.

**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.

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**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:

	<b>Nine Months ended September 30,</b>	
	<b>2020</b>	<b>2019</b>
Management and consulting fees	<b>\$ 20,000</b>	\$ 112,500
Stock-based compensation	<b>82,521</b>	-
<b>Total compensation of key management</b>	<b>\$ 102,521</b>	<b>\$ 112,500</b>

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the nine months ended September 30, 2020 and 2019.

**Other Transactions**

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

	<b>September 30,</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>
Due to entity with significant influence	<b>\$ 600,463</b>	\$ 663,248
Officers and Directors	-	15,000
	<b>\$ 600,463</b>	<b>\$ 678,248</b>

**8. LOSS PER SHARE**

The calculation of basic and diluted loss per share for the nine months ended September 30, 2020 was based on the loss attributable to common shareholders of \$866,820 (2019 – \$268,872) and a weighted average number of common shares outstanding of 34,921,616 (2019 – 8,184,436).

Diluted loss per share did not include the effect of 2,500,000 stock options and 30,356,688 warrants because they are anti-dilutive.

**9. 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.

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**9. MANAGEMENT OF CAPITAL** (Continued)

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.

**10. 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	FIAR VALUE THROUGH PROFIT/ LOSS	OTHER FINANCIAL LIABILITIES	TOTAL CARRYING VALUE
<b>Financial assets</b>				
Cash	1	\$ 1,367,044	\$ -	\$ 1,367,044
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	2	\$ -	(190,395)	(190,395)
Due to related parties	2	-	(600,463)	(600,463)
		\$ -	\$ (790,858)	\$ (790,858)

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the period ended September 30, 2020.

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.

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

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) 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.

b) 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.

c) 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 to 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.

d) 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.

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.

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**11. SUBSEQUENT EVENT**

Subsequent to September 30, 2020, 200,000 warrants were exercised for gross proceeds of \$15,000.