



**(formerly FIRST MEXICAN GOLD CORP.)
MANAGEMENT DISCUSSION AND ANALYSIS
FORM 51-102F1
For the Year Ended December 31, 2020**

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the audited consolidated financial statements of QcX Gold Corp. (formerly First Mexican Gold Corp.) for the year ended December 31, 2020 and 2019 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. All references to "common shares" refer to the common shares in our capital stock. This MD&A has been prepared as of April 27, 2021.

As used in this report, the terms "we", "us", "our", the "Company", "QcX" mean QcX Gold Corp.

This MD&A contains forward-looking statements. These statements relate to future events or our future financial performance. Forward-looking information involves, but is not limited to, (i) success of exploration and permitting activities; (ii) currency fluctuations; (iii) the sufficiency of working capital; (iv) requirements for additional capital; (v) and the statements about future production, future operating and capital costs. In some cases, you can identify forward-looking statements by terminology such as "intends", "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk and uncertainties" that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

OVERVIEW

QcX Gold Corp. (formerly First Mexican Gold Corp.) (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 changed its name from First Mexican Gold Corp. to its current name, QcX Gold Corp. on July 8, 2020.

On May 19, 2020, the Company acquired the Golden Giant property 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 \$450,000 using the trading price the day before the issuance of shares. The acquisition of OntCo 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 property.

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.



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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 \$0.18 per Unit for a period 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 \$0.135 per Common Share for a period of two (2) years from the date of issuance.

On December 31, 2020, The Company closed a non-brokered private placement offering of an aggregate of 5,067,997 flow-through units (a "FT Unit") of the Company at a price of \$0.15 per FT Unit for gross proceeds of \$760,200 (the "Offering").

Each FT Unit is comprised of one common share in the capital of the Company, issued on a "flow-through" basis (each, a “FT Share”), and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). The FT Shares will qualify as “flow-through shares” within the meaning of subsection 66(15) of the *Income Tax Act* (Canada). Each Warrant entitles the holder thereof to acquire one additional common share ("Common Share") of the Company, to be issued on a non-flow-through basis, at an exercise price of \$0.18 until December 30, 2022.

The gross proceeds derived from the sale of the FT Units under Offering will be used for general exploration expenditures on the Company's mineral properties located in Quebec. In connection with the Offering the Company paid certain eligible persons: (i) a cash commission in the aggregate of \$21,306; (ii) an aggregate of 274,037 broker warrants (each a "Broker Warrant"); and (iii) an aggregate of 130,000 units (a "Broker Unit") in lieu of cash commission. Each Broker Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.18 until December 30, 2022. Each Broker Unit is comprised of one Common Share and one-



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half Warrant, each Warrant comprising the Broker Units having the same terms as the Warrants comprising the FT Units.

The Broker Warrants were valued using the Black-Sholes method with fair values of at \$41,546 and the Broker Units were valued at \$19,500 using the same price as the financing.

On January 6, 2020, the Company subsidiary, First Mexican Resources Ltd., was dissolved by the British Columbia Registry Service for failure to file annual returns. As a result, the Company has lost control of that subsidiary and that company's subsidiary, Cornelius Exploration S. de R.L. de C.V., effective January 6, 2020.

During the year ended December 31, 2020, the Company issued 8,350,000 common shares in connection with warrant exercises for gross proceeds of \$626,250.

On January 29, 2021, 350,000 common shares were issued on the exercise of warrants for gross proceeds of \$26,250.

EXPLORATION AND EVALUATION ACTIVITIES

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. As at December 31, 2020, the Company incurred \$525,000 of acquisition cost and \$367,308 in exploration expenses.

Following the acquisition of the Golden Giant project and subsequent financing, the Company undertook a first phase exploration program consisting largely of prospecting and geological mapping. This helicopter-assisted program began on June 10, 2020, and lasted approximately 3 weeks. A total of 550 samples were collected for geochemical analyses, targeting gold, silver, and base metal mineralization.

In Phase 1, 425 samples out of the total of 550 grab and channel samples collected were taken from GGEast. Of these, 35, or 8.2% of the total samples analyzed, returned anomalous values greater than 20 ppb Au. 12 samples, or 2.8% of the total samples analyzed, returned greater than 0.1 g/t Au, with the highest grab sample returning 1.71 g/t Au. Of particular importance is the identification of a northeast-trending zone of anomalous gold samples, spanning approximately 5 km and roughly following the southern portion of a cherty banded iron formation unit. A second gold trend occurs in the southern portion of the GGEast property, which is again coincident with the cherty iron formation unit. Gold in iron formations make excellent exploration targets due to their scalability, and correlation with high magnetic geophysical anomalies. In this case the gold mineralization has a correlation with silver and copper, and is weakly correlated with zinc, antimony and/or arsenic. Gold mineralization occurs in a variety of settings, including: anomalous gold values of 425 ppb, 215 ppb, 160 ppb, 149 ppb, and 143 ppb obtained from a series of samples of quartz-chlorite veins in the East Block; 1.7 ppm Au obtained from one sample of quartz-tourmaline vein with 1% of fine disseminated pyrite and traces of chalcopyrite crosscutting a tuff sequence and proximal to contact with pillowed andesite; 263 ppb and 217 ppb Au from samples of sheared and chlorite-garnet altered tuff with traces of chalcopyrite and 2% pyrite along the margins of a 40 cm wide quartz vein; 341 ppb Au from a sub-horizontal centimetric-thick quartz vein in felsic tuff with 3% pyrite; and 227 ppb, 107 ppb, and 101 ppb Au from samples of mineralized bands (5-30 cm wide) of chert with locally up to 20% pyrite.



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In Phase 1, 125 samples out of the total of 550 grab and channel samples collected were taken from GGWest. Ten samples returned gold value over the limit of detection. The more significant gold mineralization identified to date occurs as: sheared amphibolite associated with up to 3% pyrite returned the highest gold value of 3.87 g/t Au, along with 0.8 g/t Ag, and 0.02% Cu; angular quartz vein boulder containing 5-7% pyrite and traces of chalcopyrite returned 37 ppb Au; and a block of in-situ amphibolite containing 5-8% pyrite and quartz chlorite veins returned 16 ppb Au.

The Company has completed a Phase 2 work program on the Golden Giant project. A total of 424 grab and channel samples were taken from GGEast in the Phase 2 exploration program. Of these, 24, or 5.7% of the total samples analyzed, returned anomalous values greater than 200 ppb Au. 12 samples, or 2.8% of the total samples analyzed, returned greater than 0.5 g/t Au, with the highest grab sample returning 4.6 g/t Au. A total of 68 samples were taken from GGWest. 15 samples, or 22.1% of the total samples analyzed, returned gold value over 30 ppb Au. The more significant gold mineralization identified to date occurs as: Continuous rusty bands ~50 centimetres thick with up to 15% very fine-grained pyrite in an amphibolite. Highest grading sample here from Phase 1 returned 3.87 ppm Au. Multiple samples were taken to follow-up during Phase 2. The best gold results were 18.9 ppm Au, 565 ppb Au and 271 ppb Au. Another similar rusty band a further 135 metres to the east was found with results of 1.79 ppm Au and 398 ppb Au. Additionally, two other rusty bands 180 metres north-east and 310 metres east from Phase 1's 3.87 ppm result were found with results of 382 ppb Au and 305 ppb Au respectively; and a silicified breccia in an amphibolite host showing 5% disseminated pyrite, with results of 167 ppb Au and 85 ppb Au.

The Company initiated a high-resolution magnetic survey in January 2021 covering the GGEast, GGWest, and Kali blocks. A number of magnetic anomalies and structural features were identified, with partial results on the GGWest and GGEast properties announced on March 24, 2021.

The Company initiated an induced polarization survey in February of 2021 on the GGEast and GGWest properties, focused on areas with known gold mineralization. The Company has received the data which is currently being interpreted by an outside consultant.

Fernet Property

The Company entered into an option agreement to acquire a 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. In addition, the Company entered into an option agreement to acquire 100% interest in the Fernet east property ("**Fernet East**"). The Fernet East property covers 2,715 hectares in northern Abitibi region. The Company incurred \$173,000 of acquisition costs and \$44,323 in exploration as at December 31, 2020. The Company completed a first pass evaluation of the Fernet Project consisting of a crew of geologists and technicians who completed preliminary mapping and prospecting of the area. Due to swampy conditions, the Company determined that the best evaluation method would be to utilize geophysics in the winter months.

The Company initiated a high-resolution magnetic survey covering the Fernet West project in January 2021. Results are currently being interpreted by an outside consultant.



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Kali Property

The Company acquired a 100% interest in the Kali project located in the James Bay lowlands area of Quebec. The Kali Project consists of multiple prospective land parcels covering approximately 10,127 hectares. As at December 31, 2020, the Company incurred \$665,000 of acquisition cost and \$1,362 in exploration expenses.

As described in the Golden Giant section above, the Company completed a high-resolution airborne magnetics survey on the Kali project in January of 2021. Results are currently being interpreted by an outside consultant.

	Golden Giant	Fernet	Kali	Total
Acquisition cost	\$ 525,000	\$ 173,000	\$ 665,000	\$ 1,363,000
Accommodation	20,825	-	-	20,825
Equipment	8,145	-	-	8,145
Field costs	105,820	-	-	105,820
Geology	67,785	24,030	-	91,815
Mobilization	10,650	2,350	-	13,000
Other	154,083	17,943	1,362	173,388
Total	\$ 892,308	\$ 217,323	\$ 666,362	\$ 1,775,993

TECHNICAL INFORMATION

Kelly Malcolm, P.Geo., is the “qualified person” within the meaning of NI-43,101, who has approved all scientific and technical information disclosed in this MD&A.

SELECTED ANNUAL INFORMATION

The following financial data are derived from the Company’s financial statements for the fiscal years ended December 31, 2020 and 2019:

	2020	2019
Net Loss and comprehensive loss	\$ (783,400)	\$ (146,670)
Net Loss per share Basic	(0.02)	(0.02)
Working Capital (Deficiency)	1,608,671	(800,738)
Exploration and evaluation assets	1,775,993	-
Total assets	3,760,290	192,041
Total liabilities	375,626	992,779



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RESULTS OF OPERATIONS

The Company's projects are at the exploration stage and have not generated any revenues.

At December 31, 2020, the Company had not yet achieved profitable operations and has accumulated losses of \$15,293,763 since inception, including the net loss for the year ended December 31, 2020 of \$783,400.

The review of results of operation should be read in conjunction with the financial statements of the Company for the three and twelve months ended December 31, 2020 and 2019. Results of operations are summarized as follows:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Management and consulting fees	\$ (25,000)	\$ 15,000	\$ 60,000	\$ 150,000
Professional fees	29,594	13,179	121,758	16,505
Bad debt	112,500	-	112,500	-
Office and administration	(35,551)	(4,823)	5,104	84,859
Stock-based compensation	76,560	-	665,997	-
Regulatory and transfer agent fees	33,005	(14,840)	146,069	33,035
Mineral property costs	40,000	59,855	40,000	59,855
Gain on sale of flow-through shares	(45,175)	-	(45,175)	-
Foreign exchange (gain) loss	(1,126)	4,896	(1,126)	(2,115)
Gain on reversal of accounts payable and accrued liabilities	(268,227)	(195,469)	(321,727)	(195,469)
Net loss (income)	\$ (83,420)	\$ (122,202)	\$ 783,400	\$ 146,670

Twelve months ended December 31, 2020 vs. December 31, 2019

For the twelve months ended December 31, 2020, management and consulting fees decreased to \$60,000 compared to \$150,000 in the previous year. The decrease is due to lower number of management and consultants working for the Company.

Professional fees increased to \$121,758 in the twelve months ended December 31, 2020 compared to \$16,505 in 2019. The increase is attributed to legal fees incurred related to expansion of listing available in US Market.

Office and administration decreased by \$79,755 to \$5,104 during the twelve months ended December 31, 2020 from \$84,859 for the twelve months ended December 31, 2019.

The Company recorded a bad debt amount of \$112,500 During the twelve-month period ended December 31, 2020 (2019 - \$nil).



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Share-based compensation – the fair value of options granted is recognized as an expense upon grant. 3,100,000 options were granted during the year (2019 – nil). The fair value of those options was calculated using the Black-Scholes option pricing model being \$665,997 (2019 - \$nil).

Regulatory and transfer agent fees increased to \$146,069 during the twelve months ended December 31, 2020 compared to \$33,035 in 2019. The increase is attributable to the property acquisition, financing and filing and listing fees.

Mining property costs during the twelve-month period ended December 31, 2020 was \$40,000 compared to \$59,855 during the same period in 2019. This cost relates to the expenses associated with the former subsidiary's property.

During the twelve-month period ended December 31, 2020, the Company recognized on the sale of flow-through rights in the amount of \$45,175 (2019 - \$nil).

During the twelve-month period ended December 31, 2020, the Company gained \$321,727 (2019 - \$195,469) due the reversal of old accounts payable and accrued liabilities.

Three months ended December 31, 2020 vs. December 31, 2019

For the three months ended December 31, 2020, management and consulting fees decreased to a gain of \$25,000 compared to \$15,000 in the previous year. The decreased was due the reclassification of some of the consulting expenses to reversal of accounts payable and accrued liabilities.

Professional fees increased to \$29,594 in the three months ended December 31, 2020 compared to \$13,179 in 2019. The decrease is attributed to the reclassification of legal expenses to cost of issuance as those expenses was incurred due to the financings in the current year.

The Company recorded a bad debt amount of \$112,500 During the three-month period ended December 31, 2020 (2019 - \$nil).

Office and administration decrease to a gain of \$35,551 during the three months ended December 31, 2020 from a gain of \$4,823 for the three months ended December 31, 2019.

Share-based compensation – the fair value of options granted is recognized as an expense upon grant. 600,000 options were granted during the three months ended December 31, 2020 (2019 – nil). The fair value of those options was calculated using the Black-Scholes option pricing model being \$76,561 (2019 - \$nil).

Regulatory and transfer agent fees increased to \$33,005 during the three months ended December 31, 2020 compared to a gain of \$14,840 in 2019. The increase is attributable to the property acquisition, financing and filing and listing fees.



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Mining property costs during the three-month period ended December 31, 2020 was \$40,000 compared to \$59,855 during the same period in 2019. This cost relates to the expenses associated with the former subsidiary's property.

During the three-month period ended December 31, 2020, the Company recognized on the sale of flow-through rights in the amount of \$45,175 (2019 - \$nil).

During the three-month period ended December 31, 2020, the Company gained \$268,227 (2019 - \$195,469) due the reversal of old accounts payable.

SELECTED QUARTERLY INFORMATION

	Quarter ended Dec 31, 2020	Quarter ended Sept 30, 2020	Quarter ended June 30, 2020	Quarter ended Mar 31, 2020
Total assets	3,760,290	3,242,840	2,708,046	38,934
Working capital (deficit)	1,608,671	982,032	929,681	(822,646)
Comprehensive income (loss)	83,720	(303,825)	(541,087)	(22,208)
Basic and diluted loss per share	(0.00)	(0.01)	(0.01)	(0.00)

	Quarter ended Dec 31, 2019	Quarter ended Sept 30, 2019	Quarter ended June 30, 2019	Quarter ended Mar 31, 2019
Total assets	192,041	41,568	35,588	31,595
Working capital (deficit)	(800,738)	(1,945,038)	(1,966,914)	(1,887,770)
Comprehensive income (loss)	122,202	(90,624)	(57,046)	(121,202)
Basic and diluted loss per share	0.02	(0.01)	(0.01)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

To date the Company has not generated significant revenues from its operations and is considered to be in the exploration stage. The Company's long-term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable. All of the Company's resource property agreements are option agreements and the exercise thereof are at the discretion of the Company. To earn its interest in the properties, the Company must incur certain expenditures in accordance with the agreements. At present the Company is dependent on equity or debt financing for additional funding if required. Should one of the Company's projects proceed to the mine development stage, it is expected that a combination of debt and equity financing would be available

As of December 31, 2020, the Company had cash of \$1,899,712 (December 31, 2019 - \$153,604) and a working capital of \$1,608,671 (December 31, 2019 – working capital deficiency of \$800,738) and may not be sufficient to finance budgeted exploration, general and administrative expenses, and acquisition commitments. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its exploration and evaluation assets.



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OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet arrangements except for contractual obligation noted above.

TRANSACTIONS WITH RELATED PARTIES

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.

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

	Year ended December 31,	
	2020	2019
Management and consulting fees	\$ 75,000	\$ 120,000
Stock-based compensation	146,323	-
Total compensation of key management	\$ 221,323	\$ 120,000

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the year ended December 31, 2020 and 2019.

Related party transactions are summarized in Note 8 to the audited consolidated financial statements for the year ended December 31, 2020 and 2019.

Other Transactions

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

	December 31, 2020	December 31, 2019
Due to a related party	\$ 78,366	\$ 663,248
Officers and Directors	-	15,000
	\$ 78,366	\$ 678,248

All related party payable balances are unsecure, non-interest bearing, and have no fixed term of repayment



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PROPOSED TRANSACTIONS

There are no proposed transactions that will materially affect the performance of the Company.

CRITICAL ACCOUNTING 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.
- 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



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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 accordingly, no deferred income tax assets have been recognized in the consolidated financial 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.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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-or-loss and measured at fair value. Note payable, 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.



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The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy as at December 31, 2020:

	LEVEL	FAIR VALUE THROUGH PROFIT/ LOSS	OTHER FINANCIAL LIABILITIES	TOTAL CARRYING VALUE
Financial assets				
Cash	1	\$ 1,899,712	\$ -	\$ 1,899,712
Financial liabilities				
Accounts payable and accrued liabilities	2	\$ -	(113,593)	(113,593)
Due to related parties	2		(78,366)	(78,366)
		\$ -	\$ (191,959)	\$ (191,959)

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy as at December 31, 2019:

	LEVEL	FAIR VALUE THROUGH PROFIT/ LOSS	OTHER FINANCIAL LIABILITIES	TOTAL CARRYING VALUE
Financial assets				
Cash	1	\$ 153,604	\$ -	\$ 153,604
Financial liabilities				
Accounts payable and accrued liabilities	2	\$ -	(314,531)	(314,531)
Due to related parties	2		(678,248)	(678,248)
		\$ -	\$ (992,779)	\$ (992,779)

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the twelve months ended December 31, 2020 and 2019.

OTHER MD&A REQUIREMENTS

Risks

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.

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as particular attributes of the deposit such as size, grade and proximity to infrastructure,



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as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

COVID-19

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2021 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 year. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

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.

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 11.

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 year end. As at December 31, 2020, with other variables unchanged, a 1% change in the variable interest rates would not have had a significant impact on the loss of the Company.

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.



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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.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

As the Company has not had significant revenue from operations, the table below provides a breakdown of material components of expensed research and development costs, in accordance with Section 5.3 of National Instrument 51-102 – Continuous Disclosure Obligations:

	December 31, 2020	December 31, 2019
General and administrative expenses	\$ 1,151,428	\$ 344,254
Gain on sale of flow-through rights	45,175	-
Gain on reversal of accounts payable and accrued liabilities	321,727	195,469
Foreign exchange gain	1,126	2,115
Total assets	3,760,290	192,041
Total liabilities	375,626	992,779

	For the year ended	
General and administrative expenses	December 31, 2020	December 31, 2019
Consulting fees	\$ 60,000	\$ 150,000
Professional fees	121,758	16,505
Bad debt	112,500	-
Office and administrative expenses	5,104	84,859
Regulatory and transfer agent fees	146,069	33,035
Mineral property cost	40,000	59,855
Share-based compensation	665,997	-



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Outstanding share data

As at the date of this report:

Authorized	Unlimited
Issued and outstanding	60,415,318
Options outstanding	3,100,000
Warrants and agent warrants outstanding	24,541,723

Additional Information

The Company continues to seek funding through a number of different parties and vehicles that will provide shareholders value.

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