Condensed Consolidated Interim Financial Statements
(Unaudited)

(Stated in Canadian Dollars)

Mexican Gold Corp.

For the three months ended September 30, 2019

NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's external auditors have not performed a review of these condensed consolidated interim financial statements.

(Incorporated under the laws of Ontario)

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(Stated in Canadian Dollars)
(Unaudited)

As at	September 30 2019 $	June 30 2019 $
ASSETS		
Current assets		
Cash	1,435,834	318,553
Short-term investments	2,000,000	-
Amounts receivable *[note 5]*	66,870	287,825
Prepaids and deposits	50,337	114,778
Total current assets	3,553,041	721,156
Total assets	3,553,041	721,156
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	261,807	436,503
Convertible note *[note 6]*	-	450,000
Total current liabilities	261,807	886,503
EQUITY		
Share capital *[note 8]*	30,564,912	26,564,912
Reserves *[note 8]*	4,217,539	3,743,013
Foreign currency translation	(10,409)	(3,472)
Deficit	(31,480,808)	(30,469,800)
Total equity	3,291,234	(165,347)
Total liabilities and equity	3,553,041	721,156

Nature of Business and Going Concern [note 1]
Commitment [note 10]
Subsequent events [note 13]
See accompanying notes to the condensed consolidated interim financial statements.

These financial statements are authorized for issue by the Board of Directors on November 27, 2019.

They are signed on the Corporation's behalf by:

"Philip O'Neill" Director

"Ali Zamani" Director

(Incorporated under the laws of Ontario)

CONSOLIDATED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED SEPTEMBER 30

(Stated in Canadian Dollars)
(Unaudited)

	2019 $	2018 $
EXPENSES		
Exploration and evaluation *[note 7]*	132,175	98,436
General and administrative *[note 9]*	304,007	253,494
Professional fees	109,214	6,050
Share-based payments *[note 8]*	474,526	94,086
Total expenses	1,019,922	452,066
Other income		
Interest income	8,914	-
Loss for the period	(1,011,008)	(452,066)
Exchange differences on translation of foreign operations	(6,937)	4,496
Comprehensive loss for the period	(1,017,945)	(447,570)
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	95,733,062	42,626,758

See accompanying notes to the condensed consolidated interim financial statements

(Incorporated under the laws of Ontario)

CONSOLIDATED INTERIM STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDED SEPTEMBER 30

(Stated in Canadian Dollars)
(Unaudited)

	2019 $	2018 $
OPERATING ACTIVITIES		
Loss for the period	(1,011,008)	(452,066)
Add charges to earnings not involving a current payment of cash		
Share-based payments	474,526	94,086
	(536,482)	(357,980)
Changes in non-cash working capital balances related to operations		
Amounts receivable	220,955	14,576
Prepaids and deposits	64,441	157,371
Accounts payable and accrued liabilities	(174,696)	58,278
Cash used in operating activities	(425,782)	(127,755)
INVESTING ACTIVITIES		
Purchase of short-term investments	(2,000,000)	-
Cash used in investing activities	(2,000,000)	-
FINANCING ACTIVITIES		
Repayment of convertible note	(450,000)	-
Proceeds from private placement	4,000,000	-
Share issue costs	-	(12,906)
Cash provided by (used in) financing activities	3,550,000	(12,906)
Increase(decrease) in cash during period	1,124,218	(140,661)
Cash, beginning of period	318,553	185,658
Effect of exchange rate on cash held	(6,937)	4,496
Cash, end of period	1,435,834	49,493
Supplemental cash flow information		
Cash paid for interest	-	-
Cash paid for income taxes	-	-

See accompanying notes to the condensed consolidated interim financial statements

(Incorporated under the laws of Ontario)

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(Stated in Canadian Dollars)
(Unaudited)

	Share Capital		Reserves				
Issued and outstanding:	Number of Shares	Share Capital	Warrants	Equity Settled Employee Benefits	Foreign currency translation	Deficit	Total Equity
Balance as at June 30, 2018	42,626,758	$24,590,926	$166,960	$3,244,806	$(33,100)	$(27,324,413)	$645,179
Share-based payments	-	-	-	94,086	-	-	94,086
Share issue costs	-	(12,906)	-	-	-	-	(12,906)
Comprehensive loss for the period	-	-	-	-	4,496	(452,066)	(447,570)
Balance as at September 30, 2018	42,626,758	24,578,020	166,960	3,338,892	(28,604)	(27,776,479)	278,789
Share-based payments	-	-	-	188,704	-	-	188,704
Private placement *[note 8]*	10,715,000	2,143,000	-	-	-	-	2,143,000
Share issue costs	-	(156,108)	48,457	-	-	-	(107,651)
Comprehensive loss for the period	-	-	-	-	25,132	(2,693,321)	(2,668,189)
Balance as at June 30, 2019	53,341,758	26,564,912	215,417	3,527,596	(3,472)	(30,469,800)	(165,347)
Share-based payments	-	-	-	474,526	-	-	474,526
Private placement *[note 8]*	50,000,000	4,000,000	-	-	-	-	4,000,000
Comprehensive loss for the period	-	-	-	-	(6,937)	(1,011,008)	(1,017,945)
Balance as at September 30, 2019	103,341,758	$30,564,912	$215,417	$4,002,122	$(10,409)	$(31,480,808)	$3,291,234

See accompanying notes to the condensed consolidated interim financial statements

(Incorporated under the laws of Ontario)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars, Unless Otherwise Noted)
(Unaudited)

For the three months ended September 30, 2019
(with comparative figures for the year ended June 30, 2019)

1. NATURE OF BUSINESS AND GOING CONCERN

Mexican Gold Corp. (formerly Source Exploration Corp.) (the "Corporation") was incorporated under the Business Corporation's Act (Alberta) on October 5, 2006, and on January 17, 2011 the Corporation was continued as an Ontario corporation under the Business Corporations Act in the province of Ontario. The address of the Corporation's registered office is 25th floor, 700 West Georgia Street, Vancouver, BC, Canada, V7Y 1B3.

The Corporation is a mineral exploration company engaged in the acquisition, exploration and evaluation of mineral properties in Mexico. The Corporation is in the process of exploring and evaluating its mineral properties and, on the basis of the information to date, has not yet determined whether any of the properties contain economically recoverable reserves. The recovery of expenditures on the mineral properties is dependent upon the existence of economically recoverable mineralization, the Corporation securing and maintaining title and beneficial interest in the properties, and the ability of the Corporation to obtain the necessary financing to complete the exploration and development and future profitable production or, alternatively, on the sufficiency of proceeds from disposition.

Going concern

As at September 30, 2019, the Corporation had not yet achieved profitable production, had accumulated losses of $31,480,808 and shareholder's equity of $3,291,234. In addition, the Corporation has working capital of $3,291,234 consisting primarily of cash and short-term investments of $3,435,834 and negative cash flow from operating activities of $425,782 and expects to incur further losses in the development of its business. These circumstances indicate the existence of material uncertainties that may create significant doubt about the Corporation's ability to continue as a going concern. The Corporation will require additional financing in order to complete its planned work programs on its mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they become due and there is no assurance that these initiatives will be successful. These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

Statement of Compliance

The Corporation's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standards 34 "Interim Financial Reporting".

These condensed consolidated interim financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2019, which have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB") and included in Part I of the Handbook of the Chartered Professional Accountants of Canada.

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

(Incorporated under the laws of Ontario)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Stated in Canadian Dollars, Unless Otherwise Noted)
(Unaudited)

For the three months ended September 30, 2019
(with comparative figures for the year ended June 30, 2019)

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Corporation and its wholly-owned subsidiary as follows:

	Percentage of ownership	Jurisdiction	Principal activity
Roca Verde Exploracion Mexico, S.A. de C.V. ("Roca Verde")	100%	Mexico	Mineral exploration

Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Significant Accounting Estimates and Judgments

The preparation of these condensed consolidated interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

These condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at year end that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

(i) Critical accounting estimates

- The valuation of share based payments. The fair value of common share purchase options granted and finder's warrants issued are determined at the issue date using the Black-Scholes pricing model.

(ii) Critical accounting judgments

- Presentation of the condensed consolidated interim financial statements as a going concern which assumes that the Corporation will continue in operation for the foreseeable future, obtain additional financing as required, and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

- The analysis of the functional currency for each entity of the Corporation. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary Corporation, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Corporation operates. As no single currency was clearly dominant the Corporation also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

3. RECENT ACCOUNTING PRONOUNCEMENTS

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements have been prepared on the basis of all IFRS and interpretations effective as at September 30, 2019.

Accounting standards issued and effective July 1, 2019

The International Accounting Standards Board ("IASB") has issued new and amended standards and interpretations which have not yet been adopted by the Corporation. The following is a brief summary of the new and amended standards and interpretations:

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The mandatory effective date of IFRS 16 for the Corporation is for the annual period beginning on or after October 1, 2019. The Corporation has completed an assessment on the impact of IFRS 16 and has determined that the Corporation's lease for office space is of low value and has no impact to the financial statements.

(Stated in Canadian Dollars, Unless Otherwise Noted)

4. SEGMENTED INFORMATION

The Corporation currently operates in one operating segment, the exploration of mineral properties in Mexico. Management of the Corporation makes decisions about allocating resources based on the one operating segment. A geographic summary of identifiable assets and liabilities by country is as follows:

September 30, 2019	Canada $	Mexico $	Total $
Current Assets	3,300,489	252,552	3,553,041
Current Liabilities	(251,939)	(9,868)	(261,807)
Total	3,048,550	242,684	3,291,234

June 30, 2019	Canada $	Mexico $	Total $
Current Assets	452,223	268,933	721,156
Current Liabilities	(845,066)	(41,437)	(886,503)
Total	(392,843)	227,496	(165,347)

5. AMOUNTS RECEIVABLE

	September 30, 2019 $	June 30, 2019 $
HST recoverable (i)	17,803	5,083
VAT receivable (ii)	41,505	226,457
Interest receivable	7,562	56,285
Total current assets	66,870	287,825

(i) Canadian Harmonized Sales Tax receivable.
(ii) Mexican Value-Added Tax receivable.

6. CONVERTIBLE NOTE

On June 17, 2019, the Corporation entered into a letter agreement for the assignment of royalty rights ("Letter Agreement") (see note 7 - Exploration and Evaluation) with 1198578 B.C. Ltd. ("BC Co.") whereby, as part of entering into the Letter Agreement, B.C. Co. would advance to the Corporation a cash loan in the amount of $450,000 (the “Loan”) pursuant to the terms of a promissory note ("Promissory Note"). The Promissory Note shall be unsecured, and non-interest bearing and will mature and become due and payable on the first date, following execution of the Letter Agreement, on which the Corporation completes an equity financing for aggregate proceeds of not less than $1,000,000 (the “Equity Financing”). Furthermore, the Corporation also received $50,000 from B.C. Co. in exchange for the Corporation’s right of first refusal on the Las Minas royalties.

At any time on or after the date that is six (6) months after the date of the Promissory Note, BC Co. may, subject to the approval of the TSX Venture Exchange (the “Exchange”), elect on written notice (the “Settlement Notice”) to settle (the “Settlement”) the entire outstanding amount of the Loan in exchange for in the capital of the Corporation. Each unit will be comprised of:

(Stated in Canadian Dollars, Unless Otherwise Noted)

(a) one common share of the Corporation, at a price per common share (the "Share Price") equal to a 10% discount to the applicable closing Market Price (as defined in the policies of the Exchange) of the Corporation's common shares on the Exchange on the date that BC Co. delivered the Settlement Notice to the Corporation, subject to a minimum price of $0.05 per common shares; and

(b) one share purchase warrant exercisable to acquire one common share of the Corporation at a price equal to 150% of the Share Price for a period of two years from the date of issuance.

During the three months ended September 30, 2019, the Corporation repaid the convertible note.

7. EXPLORATION AND EVALUATION

The following table summarizes the accumulated costs incurred to date with respect to the Corporation's interest in mineral properties owned, leased or under option that the Corporation continues to explore:

	Las Minas $	Three months ended September 30, 2019 $	Year ended June 30, 2019 $	Inception to date total $
Analytical	-	-	-	376,149
Geological and consulting	20,937	20,937	251,338	4,115,031
Transportation and accommodation	-	-	-	177,174
Drilling	-	-	-	6,333,021
Geophysical	-	-	-	97,498
Operational support	32,032	32,032	103,009	544,431
Resource estimation	79,205	79,205	-	79,205
Other	-	-	-	402,026
Subtotal	132,175	132,175	354,347	12,124,536
Acquisition costs / Option payments	-	-	1,204,439	3,209,127
Total expenditures	132,175	132,175	1,558,786	15,333,663

Las Minas Project

On October 13, 2010, the Corporation's 100% owned Mexican subsidiary Roca Verde Exploracion de Mexico entered into exclusive letters of intent to acquire the Las Minas and La Miqueta properties, collectively named the Las Minas Project. The project is comprised of five privately held mineral concessions in the core of the Las Minas district in the State of Veracruz, Mexico.

Pursuant to the terms of the original Las Minas property agreement the Corporation was granted the right to enter into an exclusive purchase and sale agreement to earn a 100% interest in three concessions by making staged cash payments totaling US$190,000 plus VAT over the next 36 months and a final payment of US$1,000,000 plus VAT upon exercising the option. The Vendors retained a 1.5% Net Smelter Return ("NSR") subject to an exclusive buyback provision allowing the Corporation to purchase one third or a 0.5% NSR for US$500,000. The Corporation retained a Right of First Refusal to buy the remaining 1.0 % NSR. The Corporation also agreed to complete a work program which required $200,000 in expenditures to maintain the concessions in good standing during the three year term of the agreement.

Pursuant to the terms of the original La Miqueta property agreement the Corporation was granted the right to enter into an exclusive purchase and sale agreement to earn a 100% interest in three concessions by making staged cash payments totaling US$95,000 plus VAT over 36 months beginning October 13, 2010 and a final payment of US$500,000 plus VAT upon exercising the option. The Vendors retained a 1.5% NSR subject to an exclusive buyback provision that allowed the Corporation to purchase one third or a 0.5% NSR for US$500,000. The Corporation retained a Right of First Refusal to buy the remaining 1.0 % NSR. The Corporation also agreed to keep the property in good standing with respect to concession taxes. During 2012, an extension agreement was executed to extend the deadline for the final payment by 12 months.

Option agreement extended to 2016

On June 6, 2013, the Corporation extended the option agreement to acquire the Pepe, Pepe Tres, and San Jose concessions located at the Las Minas property in Veracruz State, Mexico, and further revised on November 20, 2013. The amended agreement extended the term of the option agreement by an additional two years to December 5, 2015. Scheduled payments as per the terms of the amended agreement were US $130,000 over a 6 month period ending May 5, 2014, US $150,000 on December 5, 2014, with a final payment of US $1,300,000 on December 5, 2015. All payments are subject to VAT. The Corporation also retained the right to exercise the option at the latest on December 5, 2013 upon payment of US $1,000,000 as per the terms of the original option agreement on October 13, 2010.

On October 1, 2015, the Corporation announced the successful negotiation of a one year extension to its option agreement to acquire the Pepe, Pepe Tres and San Jose concessions located at its Las Minas property. These concessions are part of the six concessions held under option or wholly owned by Mexican Gold at Las Minas, Veracruz State, Mexico.

The new agreement extended the term of the option agreement by an additional one year to December 5, 2016. The payment for granting the extension was US$165,000, payable in equal monthly installments over a six month period and commencing at the latest on December 7, 2015.

On November 21, 2016, the Corporation announced another successful negotiation of a one year extension to its option agreement to acquire the Pepe, Pepe Tres and San Jose concessions located at its Las Minas property.

The new agreement extends the term of the option agreement by an additional one year to December 5, 2017 for consideration equal to US$180,000, payable in equal monthly installments over a six month period and commencing no later than December 7, 2016 ($246,482).
All other terms of the original agreement of November 30, 2010 and prior extension agreement of May 21, 2013 remained unchanged.

Extension of Las Minas option agreement to 2017

On April 23, 2015, the Corporation signed a two year extension to its option agreement to acquire the Pueblo Nuevo and La Luz 1 concessions located at its Las Minas property. These concessions are part of the concessions held under option or wholly owned by Roca Verde, (the wholly owned subsidiary of Mexican Gold) at Las Minas, Veracruz State, Mexico.

The new agreement extends the term of the option agreement by an additional two years to May 3, 2017. Scheduled payments per the terms of the agreement are as follows:

- US$12,500 (paid) cash consideration and $12,500 (issued) in common shares of Mexican Gold as soon as is practicable following acceptance of the extension of the option agreement by the TSXV;

- US$12,500 (paid) cash consideration and US $12,500 (issued) in common shares of Mexican Gold on April 22, 2016; and
- Final option payment due on May 3, 2015 extended to May 3, 2017 and reduced from US$500,000 to US$150,000 (paid) (CAD$195,723).

All payments are subject to VAT. All other terms of the original agreement remain unchanged.

Acquisition of Pepe, Pepe Tres and San Jose concessions

On June 8, 2017, the Corporation through its wholly-owned subsidiary, Roca Verde, entered into a definitive purchase and sale agreement (the "Purchase Agreement") to acquire a 100% interest in the Pepe, Pepe Tres and San Jose concessions (the "Concessions") at its Las Minas property from the current owners (the "Owners"). The Concessions form the core of the Las Minas property and encompass six highly mineralized zones, including the El Dorado/Juan Bran and Santa Cruz zones.

Pursuant to the terms of the Purchase Agreement, Roca Verde has agreed to acquire the Concessions in consideration for the following payments to the Owners:

- an initial payment of US$433,333 (CAD$553,288) plus Value Added Tax, payable upon execution of the Purchase Agreement (the "Initial Payment") (paid);
- six equal payments of US$22,000 plus Value Added Tax, payable monthly commencing on December 5, 2017 with the final payment due on May 7, 2018 (the "Monthly Payments") (paid); and
- a final payment of US$866,666 plus Value Added Tax, payable on or before December 5, 2018 (the "Final Payment" and, together with the Initial Payment and the Monthly Payments, the "Consideration") (paid).

In December 2018, the Corporation's subsidiary Roca Verde completed the final payment of the Purchase Agreement to acquire the 100% interest in the Pepe, Pepe Tres, and San Jose concessiona at the Las Minas property.

Pursuant to the terms of the Purchase Agreement, upon the transfer of the Concessions, the Owners shall retain a 1.5% NSR (the "Royalty"), of which one third may be purchased by Roca Verde for US$500,000 plus Value Added Tax. Roca Verde has a right of first refusal on the Royalty in the event that the Owners intend to transfer all or part of the Royalty.

Assignment of Royalty Rights - Letter Agreement

On June 17, 2019, the Corporation entered into a letter agreement ("Letter Agreement") pursuant to which Mexican Gold Corp. caused its wholly owned subsidiary, Roca Verde Exploracion de Mexico S.A. de C.V., to sell and assign (the “Assignment”) the Royalty Rights (as defined below) to 1198578 B.C. Ltd. (“BC Co”), and pursuant to which BC Co advanced a Loan (see note 6 - Convertible Note) to the Corporation.

Royalty Rights

Pursuant to an agreement dated June 5, 2017 (the “Property Agreement”), on December 18, 2018, Roca acquired a 100% interest (subject only to the Royalty, as defined below) in the mineral concessions located the State of Veracruz, Mexico, known as the Las Minas property(the“Property”).

Pursuant to the terms of the Property Agreement, Roca granted the vendors of the Property (the “Vendors”) a 1.5% Net Smelter Royalty (plus Value Added Tax) (the “Royalty”) on the income received from the sale of minerals, metals or concentrate obtained from the Property. Pursuant to the Property Agreement the Vendors granted Roca:

1. a right of first refusal to acquire rights to the Royalty (subject to the Acquisition Right, as defined below) in the event that the Vendors intend to transfer all or any part of the Royalty to any third party, on the same terms under which the Vendors offer it to such third party (the "ROFR"); and
2. an exclusive right to repurchase one third of the Royalty (0.5% of net smelter returns) from the Vendors for an acquisition price of US$500,000 (the "Acquisition Right").

The ROFR and the Acquisition Right are referred to herein collectively as the "Royalty Rights".

Terms of Assignment

The Corporation and Roca agreed to irrevocably assign, transfer and sell the Royalty Rights to BC Co for the following consideration (the "Consideration"), payable within five (5) calendar days after signing this Letter Agreement:

a. BC Co making a cash payment of CAD $50,000 direct to Roca (paid);
b. BC Co advancing the Loan (see note 6 - Convertible Note) to the Corporation;
c. BC Co depositing CAD $500,000 (the "Escrow Funds") into escrow with the Corporation's legal counsel, Farris LLP, as escrow agent(paid).

Within ninety (90) calendar days after the date hereof (the "Assignment Deadline"), the Corporation shall use its best efforts to cause Roca to enter into an assignment agreement (the "Local Assignment") with BC Co, or its affiliate, which shall be governed under applicable Mexican law and which shall constitute an irrevocable and legally binding assignment by Roca of the Royalty Rights to BC Co, or its affiliate. the Corporation Shall use its best efforts to cause Roca to make all necessary filings and registrations and to provide all requisite notices in all applicable local mining and government registries necessary to give legal and binding effect to the Local Assignment under applicable Mexican laws. Notwithstanding any future commitment or promise made in this paragraph, the parties acknowledged and agreed that it is the intent of the parties that the sale and assignment of the Royalty Rights pursuant to this Letter Agreement to be binding and irrevocable obligations of the parties.

Equity Financing

BC Co agreed that it would use the Escrow Funds to subscribe to and participate in the Equity Financing completed on July 15, 2019 (see note 8 – Capital and Reserves), for a minimum subscription amount of:

a. if the Settlement has not been completed and the Loan remains outstanding, $950,000, inclusive of the Escrow Funds, a portion of which funds will be used by the Corporation to repay the Loan; or
b. if the Settlement has been completed and the Loan has been settled and repaid, $500,000, inclusive of the Escrow Funds.

Exercise of Royalty Rights

In the event that BC Co exercises the ROFR prior to the Corporation's board of directors making a decision to commence production on any portion of the Property (a "Production Decision"), then at the time that a Production Decision is made, the Corporation must pay BC Co US$500,000 (the "Payment Obligation"), which BC Co must use to exercise the Acquisition Right.

In the event that the Corporation, proposes to sell, transfer, assign or dispose of any portion of the Property prior to a Production Decision having been made, the Corporation must first ensure that any prospective purchaser or transferee of the Property must agree in writing to be bound, in favour of BC Co to:

a. satisfy payment of the Payment Obligation in the event that a Production Decision is made; and
b. that it shall not to sell, transfer, assign or dispose of any portion of the Property, unless and until the prospective purchaser or transferee of the Property agrees in writing to be bound, in favour of BC Co to satisfy payment of the Payment Obligation in the event that a Production Decision is made.

8. CAPITAL AND RESERVES

i. Authorized

As at September 30, 2019, the Corporation is authorized to issue an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

ii. Details of share issuances

Fiscal 2020

On July 15, 2019, the Corporation closed a non-brokered private placement comprised of 50,000,000 units of the Corporation (the “Units”) at an issue price of $0.08 per Unit for aggregate gross proceeds of $4,000,000 (the “Offering”). Each Unit consists of one common share in the capital of the Corporation (a "Common Share") and one transferable Common Share purchase warrant (a "Warrant"), with each Warrant entitling the holder thereof to acquire an additional Common Share at an exercise price of $0.12 per Common Share for a period of five years, expiring July 15, 2024. All securities to be issued in connection with the private placement will be subject to a hold period expiring November 16, 2019.

Fiscal 2019

On March 13, 2019, the Corporation closed the second and final tranche of non-brokered private placement of 400,000 common shares (each a "Unit") at a price of $0.20 for gross proceeds of $80,000. Each Unit consists of one common share of the Corporation and once common share purchase warrant, exercisable at a price of $0.30 for a period of thirty-six months, subject to the Corporation's option to accelerate the expiry date of the Warrants on notice to the holders of the Warrants, if at any time after four months and one date from the closing date of the Private Placement, the closing price of its Common Shares on a stock exchange in Canada is greater than $0.45 per Common Share for a period of 20 consecutive trading days (the "Acceleration Option"). Share issue costs of $169,014 were deducted from equity.

On November 22, 2018, the Corporation closed the first tranche of non-brokered private placement of 10,315,000 common shares (each a "Unit") at a price of $0.20 for gross proceeds of $2,063,000. Each Unit consists of one common share of the Corporation and once common share purchase warrant, exercisable at a price of $0.30 for a period of thirty-six months, subject to the Corporation's option to accelerate the expiry date of the Warrants on notice to the holders of the Warrants, if at any time after four months and one date from the closing date of the Private Placement, the closing price of its Common Shares on a stock exchange in Canada is greater than $0.45 per Common Share for a period of 20 consecutive trading days (the "Acceleration Option"). In connection with the closing of the first tranche, the Corporation paid to certain eligible finders $76,510 in cash fees in the aggregate and issued a total of 356,300 compensation warrants which are exercisable at a price of $0.30 per Common Share for thirty-six months, subject to the Corporation's Acceleration Option.

(Stated in Canadian Dollars, Unless Otherwise Noted)

iii. Warrants

The following table reflects the continuity of warrants as at September 30, 2019:

Expiry Date	Exercise Price $	Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	Closing Balance #
April 10, 2021	0.600	3,489,833	-	-	-	**3,489,833**
November 22, 2021	0.300	10,315,000	-	-	-	**10,315,000**
November 22, 2021*	0.300	356,300	-	-	-	**356,300**
March 13, 2022	0.300	400,000	-	-	-	**400,000**
July15, 2024	0.120	-	50,000,000	-	-	**50,000,000**
		14,561,133	50,000,000	-	-	**64,561,133**
Weighted average exercise price		0.370	0.120	-	-	**0.180**

* Finder's warrants.

The following table reflects the continuity of warrants as at June 30, 2019:

Expiry Date	Exercise Price $	Opening Balance #	Warrants Issued #	Warrants Exercised #	Warrants Expired #	Closing Balance #
November 30, 2018	0.250	4,197,812	-	-	(4,197,812)	**-**
November 30, 2018*	0.250	270,920	-	-	(270,920)	**-**
March 03, 2019	0.250	8,213,068	-	-	(8,213,068)	**-**
March 03, 2019*	0.250	72,000	-	-	(72,000)	**-**
May 15, 2019	2.000	1,025,717	-	-	(1,025,717)	**-**
May 15, 2019*	2.000	51,738	-	-	(51,738)	**-**
May 25, 2019	0.450	5,990,270	-	-	(5,990,270)	**-**
May 25, 2019*	0.450	75,950	-	-	(75,950)	**-**
April 10, 2021	0.600	3,489,833	-	-	-	**3,489,833**
November 22, 2021	0.300	-	10,315,000	-	-	**10,315,000**
November 22, 2021*	0.300	-	356,300	-	-	**356,300**
March 13, 2022	0.300	-	400,000	-	-	**400,000**
		23,387,308	11,071,300	-	(19,897,475)	**14,561,133**
Weighted average exercise price		0.340	0.300	-	0.41	**0.370**

* Finder's warrants.

The fair value of the finder's warrants were estimated using the Black-Scholes option pricing model, with the following assumptions:

	September 30, 2019	**June 30, 2019**
Risk-free interest rate	**-**	1.5979%
Annualized volatility**	**-**	170.32%
Expected dividend	**-**	NIL
Expected warrant life in years	**-**	5

** Volatility was estimated based on the historical share price of the Corporation.

(Stated in Canadian Dollars, Unless Otherwise Noted)

iv. Share purchase option compensation plan

The Corporation has a share incentive plan (the "Plan") which is restricted to directors, officers, key employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan (and under all other management options and employee stock purchase plans) is limited to 10% in the aggregate and 5% with respect to any one optionee of the number of issued and outstanding common shares of the Corporation at the date of the grant of the option. Options issued under the Plan may be exercised during a period determined by the Board of Directors which cannot exceed ten years.

The following table reflects the stock options outstanding as at September 30, 2019:

Expiry Date	Exercise Price $	Opening Balance #	Granted #	Exercised #	Expired/ Cancelled #	Closing Balance #
March 20, 2020	0.800	184,000	-	-	(61,000)	123,000
May 24, 2022	0.350	400,000	-	-	(400,000)	-
May 29, 2022	0.360	100,000	-	-	(100,000)	-
July 17, 2024	0.105	-	4,150,000	-	-	4,150,000
September 1, 2024	0.115	-	650,000	-	-	650,000
March 07, 2027	0.300	1,250,000	-	-	(575,000)	675,000
May 29, 2027	0.360	950,000	-	-	(600,000)	250,000
May 29, 2027	0.550	250,000	-	-	-	250,000
November 20, 2027	0.360	200,000	-	-	(200,000)	-
December 12, 2027	0.350	167,466	-	-	(167,466)	-
April 20, 2028	0.390	174,000	-	-	(110,000)	64,000
May 16, 2028	0.370	100,000	-	-	(100,000)	-
		3,775,466	4,800,000	-	(2,313,466)	6,262,000
Weighted average exercise price		0.370	0.110	-	0.360	0.180

The following table reflects the stock options outstanding as at June 30, 2019:

Expiry Date	Exercise Price $	Opening Balance #	Granted #	Exercised #	Expired/ Cancelled #	Closing Balance #
June 20, 2019	1.350	290,000	-	-	(290,000)	-
March 20, 2020	0.800	184,000	-	-	-	184,000
May 24, 2022	0.350	400,000	-	-	-	400,000
May 29, 2022	0.360	100,000	-	-	-	100,000
March 07, 2027	0.300	1,250,000	-	-	-	1,250,000
May 29, 2027	0.360	950,000	-	-	-	950,000
May 29, 2027	0.550	250,000	-	-	-	250,000
November 20, 2027	0.360	200,000	-	-	-	200,000
December 12, 2027	0.350	167,466	-	-	-	167,466
April 20, 2028	0.390	174,000	-	-	-	174,000
May 16, 2028	0.370	100,000	-	-	-	100,000
		4,065,466	-	-	(290,000)	3,775,466
Weighted average exercise price		0.440	-	-	1.350	0.370

(Stated in Canadian Dollars, Unless Otherwise Noted)

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, $474,526 was recorded as compensation for the options vested during the period, of which $395,494 relates to the July 17, 2024 options that vested, $67,779 relates to the September 1, 2024 options that vested, $6,603 relates to the April 20, 2028 options that vested, and $4,650 relates to the May 16, 2028 options that vested (2018- $94,086 was recorded as compensation during the period). As of September 30, 2019 there are 42,667 unvested stock options (June 30, 2019- 305,155 unvested).

The weighted average remaining life of the outstanding stock options is 5.33 years (June 30, 2019 - 3.03 years).

The weighted average fair value of share purchase options granted during the three months ended September 30, 2019 is $0.097 (September 30, 2018 - $Nil).

For purposes of the options granted, the fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model, with the following assumptions:

	September 30, 2019	June 30, 2019
Risk-free interest rate	1.41%	-
Annualized volatility*	148.96%	-
Expected dividend	NIL	NIL
Expected option life in years	5	-
Grant date share price	$0.106	-

*Volatility was estimated based on the historical share price of the Corporation.

9. RELATED PARTY TRANSACTIONS

Key management personnel compensation

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

During the three months ended September 30, 2019, key management personnel compensation totaled $484,502 (September 30, 2018 - $126,925) comprised of salaries and wages of $57,500 paid to the Chief Executive Officer and current Chief Financial Officer, $8,654 paid to the former Chief Financial Officer, $9,086 paid to a company controlled by the former Chief Financial Officer for accounting and management services, $3,750 paid to the Corporate Secretary, $8,500 paid to directors and share-based compensation of $389,554 relating to 4,050,000 stock options granted to directors and officers of the Corporation and $7,458 relating to the vesting of previously granted stock options to directors and officers of the Corporation.

(i) As at September 30, 2019, the directors were owed $66,667 (June 30, 2019 - $224,026) and this amount was included in accounts payable and accrued liabilities.

10. COMMITMENT

	1 Year $	2 Years $	3 Years $	4-5 Years $	More than 5 Years $
Office Lease	12,850	11,565	-	-	-

11. FINANCIAL INSTRUMENTS AND RELATED RISKS

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

[a] Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation does not have financial instruments that potentially subject the Corporation to credit risk. Overall the Corporation's credit risk has not changed significantly from the prior year. The Corporation places its cash and short-term investments with financial institutions with high credit ratings, the credit risk is minimal.

[b] Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation has in place a planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operating and growth objectives. The Corporation has historically relied on issuance of shares to fund exploration programs and may require doing so again in the future.

The Corporation has $261,807 in accounts payable and accrued liabilities that are due within one year of the date of the statement of financial position.

[c] Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As the Corporation deposits its short-term investments into fixed rate guaranteed investment certificates with one year maturities or less, the Corporation is not exposed to interest rate risk.

[d] Currency risk
The Corporation is exposed to the financial risk related to the fluctuation of foreign exchange rates. The functional and reporting currency of the Corporation is the Canadian dollar. The functional currency of the subsidiary is the Mexican Peso. As at September 30, 2019, there are no significant financial instruments denominated in Mexican Pesos. Changes in the currency exchange rates between the Canadian dollar relative to Mexican Pesos could have an effect on the Corporation's results of operations, financial position or cash flows. The Corporation has not hedged its exposure to currency fluctuations. At September 30, 2019 a 100 basis point decrease/increase in the Mexican Peso would result in a foreign exchange gain/loss of $2,315.

The Corporation does not invest in derivatives to mitigate these risks.

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

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

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

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

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

The Corporation's financial assets consist of cash and short-term investments. The carrying values of cash, short-term investments, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

12. MANAGEMENT OF CAPITAL RISK

The Corporation manages its common shares, stock options and warrants as capital. The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going-concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Corporation may attempt to acquire or dispose of mineral properties, issue new shares, issue new debt or repay debt. In order to maximize ongoing exploration efforts, the Corporation does not pay out dividends. The Corporation's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with short-term maturities, selected with regard to the expected timing of expenditures from continuing operations.

The Corporation is not subject to any capital requirements imposed by any regulator.

There were no changes in the Corporation's approach to capital management during the three months ended September 30, 2019.

13. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, 275,000 stock options with a weighted average exercise price of $0.35 expired.