MEXICAN GOLD CORP

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Form 51-102F1

For the three and six months ended December 31, 2017

(Stated in Canadian Dollars)

(Unaudited)

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
For the six months ended December 31, 2017

Date of Report: February 21, 2018

General

The following Management's Discussion and Analysis (“MD&A”) of Mexican Gold Corp. (the “Corporation”) should be read in conjunction with the unaudited condensed interim financial statements for the six months ended December 31, 2017 with a comparative period for the year ended June 30, 2017, and the notes thereto. The Corporation's unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars. This MD&A was prepared as of February 21, 2018, and all information is current as of such date. Readers are encouraged to read the Corporation's public information filings on SEDAR at www.sedar.com.

This discussion provides management's analysis of the Corporation's historical financial and operating results and provides estimates of the Corporation's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, reliance should not be placed on forward-looking statements. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, if any, that the Corporation's will derive there from. The Corporation's disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable law.

Corporate Overview

Mexican Gold Corp. (the “Corporation”) (formerly Source Exploration Corp.) was incorporated under the Business Corporation's Act (Alberta) on October 5, 2006, and is engaged in the acquisition, exploration, and evaluation of mineral properties. On January 17, 2011 the Corporation received all necessary approvals to continue into the jurisdiction of Ontario.

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.

Operational Highlights Q2 2018

Mexican Gold Corp. is engaged in the exploration and development of mineral properties in North America. Highlights from the first quarter are:

Exploration Highlights at Las Minas Property

- Successful completion of 3,000 metre diamond drilling program to expand the initial mineral resource for El Dorado/ Juan Bran zone.
- Discovery and delineation of high ï grade mineralization over significant widths at Eldorado Dike Contact Zone.
- Extended western boundary of the Eldorado/ Juan Bran zone mineralization by a further by 65 metres along a strike length of 230 metres.
- Extended Cinco Senores mineralized zone by a further 220 metres on trend.
- Geophysical surveys identified multiple high-priority drill targets at the El Dorado/ Juan Bran, Cinco Senores and Las Minillas zones..

Successful Completion of 3,000 Metre Diamond Drilling program

During the quarter, the Company successfully completed a 3,000 metre drill program designed to expand the initial mineral resource at the El Dorado / Juan Bran Zone and further test for extensions to mineralization at the Cinco Senores zone. The drilling was guided by ground magnetic and moving loop TDEM (Time Domain Electromagnetic) surveys at the El Dorado/Juan Bran, Cinco Senores and Las Minillas zones. The TDEM survey identified several conductors at the El Dorado/Juan Bran, Cinco Senores and Las Minillas zones.

The drill program led to the discovery and delineation of high- grade mineralization at the El Dorado Dike Contact zone. The high-grade mineralization is located on both sides of a 75 metre wide diorite vertical dike that bisects the El. Dorado zone. The dike extends for a known strike length of 330 metres on the west dike contact and 140 metres on the east dike contact. The east and west contact zones remain open for expansion.

Drilling along the western boundary of the El Dorado/ Juan Bran zone initial resource footprint extended mineralization by 65 metres to the west over mineable widths. The mineralization was intersected for some 230 metres along strike and remains open along strike and down dip.

Drilling at the Cinco Senores zone targeted extensions to known zones of mineralization and geophysical targets outlined by the ground domain and TDEM survey. The drilling extended the flat lying mineralized zone intersected by previous drilling by a further 220 metres on trend.

Discovery and Delineation of High- Grade Eldorado Dike Contact Zone

The newly discovered El Dorado Dike Contact zone was a top-priority drill target during the second quarter. The zone was initially intersected by hole LM-17-ED-40, which cut a cumulative 94.35 metres high-grade mineralization in three separate zones. The hole was drilled on the west contact of the dike and intersected a 21 metre interval of chalcopyrite, bornite and magnetite mineralization at a depth of 83.0 metres and continuing to 104 metres. A second 56.2 metre interval, starting at 123.6 metres and continuing to 179.8 metres, contained stronger mineralization. The upper 21 metre mineralized interval is located outside the boundary of the initial mineral resource estimate, and the lower intersection extended the mineralization a further 23 metres below the resource lower constraint. The true widths of the mineralized intervals are approximately 94% of the reported intersections.

To date, 13 holes have been drilled on both sides of the dike totaling 1,929 metres.

Drilling highlights include:

LM-17- ED- 40

- 9.24 grams per tonne gold equivalent (g/t Au Eq) over 38.0 metres in the main zone
- 3.99 g/t Au Eq over 11.35 metres in the middle zone
- 5.33 g/t Au Eq over 5.0 metres in the upper zone

LM-17-ED-41

- 7.18 g/t Au Eq over 14.0 metres

LM-17 ï ED- 42

- 5.16 g/t Au Eq over 22.0 metres

LM-17-ED- 43

- 3.63 g/t Au Eq over 18.0 metres

LM-17-ED- 22A

- 4.53 g/t Au Eq over 14.0 metres

Extension of Western Boundary of El Dorado Zone

The ground magnetic and TDEM geophysical surveys identified a high-priority conductor extending to the west of the El Dorado /Juan Bran resource footprint. Step-out drilling along the western boundary extended the mineralized zone by an additional 65 metres to the west over a strike distance of 395 metres. The zone remains open on strike and down dip.

Highlights Step ï Out Drilling Western Boundary El Dorado Zone

LM-17-JB-19

- 4.01 g/t Au Eq over 5.00 metres in upper zone and 3.45 g/t Au Eq over 9.00 metres in the lower zone

LM-17-JB-20

- 3.12 g/t Au Eq over 4.00 metres

LM -17-JB-21

- 2.89 g/t Au Eq over 12.80 metres

Geophysical Surveys Identify High - Priority Drill Targets at El Dorado/ Juan Bran, Cinco Senores and Las Minillas

Ground magnetic and moving loop Time Domain Electromagnetic (TDEM) were completed at the El Dorado/ Juan Bran, Cinco Senores and Las Minillas mineralized zones. The TDEM method was selected for its ability to identify buried concentrations of metallic minerals, which have been suggested by magnetic responses and by interpolation of geological mapping. The primary targets of flat-lying El Dorado zone type skarn mineralization are particularly suitable for moving-loop TDEM. Infilling and some cross-line coverage of the existing ground magnetic survey were also performed to increase the resolution of the most complex features.

El Dorado/ Juan Bran Zone Results

The TDEM survey indicated a full-length extension on the open western limit of the Juan Bran zone. A deeper conductor was also identified to the south-west of the current mineral resource estimate outline, indicative of potential extension in that direction.

Cinco Senores Zone Results

Multiple line responses in the Cinco Senores area showed flat-lying conductors very similar to the El Dorado/ Juan Bran zone orientation. Some of these responses were located at the west end of the grid, as far as 600 metres from recent drill intersections. Several additional strong conductors were also identified by the TDEM survey. A two-line conductor just off the historic mine area was outlined and will be a priority drill target. An extensive, strong four-line conductor was outlined in the south-central portion of the grid, warranting drilling based on its size and intensity.

Las Minillas Zone Results

The Las Minillas zone is the site of the historical San Jose del Oro mine, which was operational in the 1930s. A high resolution ground magnetic survey carried out over the Las Minillas zone in 2011 delineated a large magnetic - high anomaly measuring approximately 1,000 metres by 750 metres and located next to the underground workings of the historical San Jose del Oro gold mine.

The TDEM responses obtained by the survey show several strong conductors of limited size, which fit the geological model for the San Jose del Oro Mine. These conductors are all in areas of full overburden cover, and most will be tested by drilling in the present drill program.

As previously disclosed, the Corporation through its Mexican subsidiary Roca Verde, S.A. de C.V. (Roca Verde) filed a response as a third party of interest after receiving notification of an appeal by the heir of one of the five co-owners of a neighbouring concession (the “Neighbouring Concession Co-owner”) to an earlier decision by the General Bureau of Mining (“GBM”) located in Mexico regarding an overlapping area of its Las Minas property. The overlapping area comprises approximately 11% of the Las Minas project. The Corporation’s interest in the Las Minas Project is held through Roca Verde, which owns six concessions, including the Pepe and Pepe Tres mining concessions (Collectively the “Pepe Concessions”). In 2016, Roca Verde received notice from the Regional Court of Tlaxcala of the Federal Tribunal of Administrative Justice advising that Neighbouring Concession Co-owner has appealed (the “2016 Appeal”) against the General Bureau of Mining’s decision to nullify a portion of the area of the concession that overlaps a portion of the Pepe Concessions. The Corporation after consulting its Mexican legal counsel is of the view that the appeal is without merit and that the February 28, 2014 decision by the General Bureau of Mining was correct in all material respects based on the review of the title documents relating to the Pepe Concessions and the neighbouring concessions, and both the former owners of the Pepe Concessions (from whom Roca Verde had acquired the Pepe Concessions) and currently Roca Verde have valid ownership to the overlapping area under applicable Mexican law. The Corporation believes that the 2016 Appeal will be denied in due course.

In early 2017, the above Neighbouring Concession Co-owner filed another petition with the General Bureau of Mining in Mexico requesting the cancellation of Roca Verde’s Pepe mining concession. The GBM indicated that it would not review the petition until the 2016 Appeal is resolved. In 2017, the Neighbouring Concession Co-owner filed an appeal (the “2017 Appeal”) in the Regional Court of Tlaxcala of the Federal Tribunal of Administrative Justice against the decision of the GBM as well. The Corporation after consulting its Mexican legal counsel is of the view that the 2017 Appeal is also without merit and believes that the 2017 Appeal will be denied in due course. Based on a review of the title documents relating to the Pepe Concessions and the neighbouring concession and having consulted with Mexican legal counsel, the Corporation believes that both the former owners of the Pepe Concessions and now Roca Verde have valid ownership to the overlapping area under applicable Mexican law

Environmental Contingency

The Corporation's mining and exploration activities are subject to various laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and are generally becoming more restrictive. As of December 31, 2018, the Corporation does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Off-Balance Sheet Arrangements

As of the date of this filing, the Corporation does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Corporation including, without limitation, such considerations as liquidity and capital resources that have not previously been discussed.

Overall Objective

The Corporation’s business objective is to generate superior returns for our shareholders by acquiring high potential precious metals exploration properties in safe jurisdiction and adding significant value by carrying out focused exploration and development programs

Results of Operations

The following table provides selected financial information and should be read in conjunction with the Corporation's audited consolidated financial statements for the periods below.

	Year ended June 30, 2017 $	Year ended June 30, 2016 $	Year ended June 30, 2015 $
Operations			
Total revenue	**16,151**	3,430	4,208
Comprehensive loss for the year	**(3,119,945)**	(953,168)	(1,310,925)
Basic and diluted loss per share	**(0.17)**	(0.11)	(0.01)
Balance Sheet			
Working capital	**1,258,630**	(654,070)	268,970
Total assets	**1,394,819**	71,892	468,996
Total liabilities	**(136,189)**	(716,105)	(178,152)

Summary of Quarterly Results

The following table sets out selected quarterly financial data for the most recently completed interim quarters:

Three Months Ended	**Total Assets $**	**Total Revenue $**	**Net Loss**	
December 31, 2017	**1,094,305**	**-**	**Total (965,856)(1)**	**Per Share (10)(11) 0.03**
September 30, 2017	1,422,645	908	(595,809)(2)	$(0.01)
June 30, 2017	1,394,819	-	(2,020,168)(3)	(0.11)
March 31, 2017	1,403,352	-	(686,981) (4)	(0.04)
December 31, 2016	489,834	-	(238,095) (5)	(0.02)
September 30, 2016	53,152	-	(199,759) (6)	(0.02)
June 30, 2016	71,892	-	(224,517) (7)	(0.03)
March 31, 2016	106,754	-	(282,827) (8)	(0.03)
December 31, 2015	276,175	-	(154,687) (9)	(0.02)

1. Net loss of $965,856 includes administrative and general of $431,744, exploration and evaluation expenditures of $448,649, and share-based payments of $181,746. All other items were for working capital purposes.

2. Net loss of $686,981 includes administrative and general of $224,232, exploration and evaluation expenditures of $175,587 and share based payments of $178,823. All other items were for working capital purposes.

3. Net loss of $2,020,168 includes administrative and general of $326,226, exploration and evaluation expenditures of $1,325,915, and share-based payments of $251,812. All other items were for working capital purposes.

4. Net loss of $686,981 includes administrative and general of $182,006, exploration and evaluation expenditures of $418,901 and VAT of $39,241. All other items were for working capital purposes.

5. Net loss of $238,095 includes administrative and general of $143,590 and exploration and evaluation expenditures of $71,285. All other items were for working capital purposes.

6. Net loss of $199,759 includes administrative and general of $142,510 and exploration and evaluation expenditures of $41,535 offset by recovery of VAT of $7,976. All other items were for working capital purposes.

7. Net loss of $224,517 includes administrative and general of $106,187, exploration and evaluation expenditures of $122,850 and professional fees of $3,973 offset by recovery of VAT of $11,145. All other items were for working

capital purposes.

8. Net loss of $282,827 includes administrative and general of $116,800, exploration and evaluation expenditures of $139,216 and professional fees of $6,518 offset by recovery of VAT of $11,145. All other items were for working capital purposes.

9. Net loss of $154,687 includes administrative and general of $113,781, exploration and evaluation expenditures of $45,528 and professional fees of $11,634 offset by recovery of VAT of $11,145. All other items were for working capital purposes.

10. Basic and diluted.

11. Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Discussion of Operations

Financial Highlights Q2 - 2018

The Corporation's net loss for the for the three months ended December 31, 2017 totaled $965,856 , with basic and diluted loss per share of $0.03. This compares with a net loss of $238,095 for the period ended December 31, 2016. The increase in net loss of $727,761 was principally because:

- Exploration and evaluation expenditures for the three months ended December 31, 2017 were $448,649 (the period ended December 31, 2016 – $71,285). The current year expenses relate to general exploration on the Corporation's mineral properties and acquisition costs and option payments. The increase in exploration and evaluation expenditures is primarily due to the commencement of the drilling program on the properties during the current year.
- General and administrative for the three months ended December 31, 2017 increased to $431,744 the period ended December 31, 2016 – $143,590) is primarily due to increased investor relations and corporate activity during the year.
- The Corporation incurred an increase in share-based payments of $181,746 for the three months ended December 31, 2017, compared to the the period ended December 31, 2016, due to the timing of vesting of options during the current year compared the prior year.
- Professional fees for the three months ended December 31, 2017 were $4,784 (the period ended December 31, 2016 – $15,517) which were comparable to the prior period.

Liquidity and Financial Position

As at December 31, 2017, the Corporation had working capital of $904,119, compared to a working capital deficit of $335,429 at December 31, 2016. The Corporation had $737,516 in cash available to fund its ongoing operations compared to $460,400 in cash at December 31, 2016. Current liabilities at December 31, 2017 were $190,186 compared to $820,782 at December 31, 2016. The Corporation's cash is sufficient to continue the day to day operations. The Corporation intends to keep discretionary spending to a minimum to conserve its cash.

Cash used in operating activities was $925,496 for the six months ended December 31, 2017. Operating activities were affected non-cash charges related to share-based payments of $360,569, and the net change in non-cash working capital balances of $351,053 because of an decrease in accounts receivable of $112,504, decrease in prepaids and deposits of $185,004 and increase in accounts payable and accrued liabilities of $53,545.

Cash provided by financing activities was $923,500 for the three months ended December 31, 2017. Financing activities consisted of the proceeds of exercise of share purchase warrants.

The Corporation has no operating revenues, and depends on debt and/or equity financing to fund its operations. As of December 31, 2017, and to the date of this MD&A, the cash resources of the Corporation are held with one Canadian chartered bank. The Corporation has no debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

During fiscal 2017, the Corporation's corporate head office costs are estimated to average $200,000 per quarter, it was higher this quarter due to increased investor relations expenses and consulting fees. Head office costs include professional fees, reporting issuer costs, business development costs and general and administrative costs. Head office costs exclude property research and area selection costs. The cost of acquisition and work commitments on the new acquisitions cannot be accurately estimated.

Based on the Corporation's working capital of $904,119 at December 31, 2017 (December 31, 2016 – deficit of $335,429), the Corporation will have to raise additional equity capital in fiscal 2018 in amounts sufficient to fund both planned exploration work and working capital requirements. The major variables are expected to be the size, timing and results of the Corporation's exploration program and its ability to continue to access capital to fund its ongoing operations. The Corporation's cash at December 31, 2017 is not anticipated to be sufficient to fund its budgeted exploration activities of $700,000, accounts payable and accrued liabilities of $190,186 and the estimated operating expenses of $1,700,000 for fiscal 2018.

Overall Performance

Forward-looking statements	Assumptions	Risk factors
Potential of the Corporation's properties to contain economic deposits of gold and/or other metals (as described under the headings "Description of Business"	Financing will be available for future exploration of the Corporation's properties; the actual results of the Corporation's exploration activities will be favourable; operating and exploration costs will not exceed the Corporation's expectations; the Corporation will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Corporation, and applicable political and economic conditions will be favourable to the Corporation; the price of gold and/or other applicable metals and applicable interest and exchange rates will be favourable to Mexican Gold; no title disputes exist with respect to the Corporation's properties.	Gold and/or other metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Corporation's expectations; availability of financing for and actual results of the Corporation's exploration activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Corporation's ability to retain and attract skilled staff; availability of permits.
The Corporation's estimated head office costs for fiscal 2018 and the need to raise capital in order to meet its working capital needs (as described under the heading "Liquidity and Financial Position").	The operating and exploration activities of the Corporation on a going forward basis, and the costs associated therewith, will be consistent with the Corporation's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions will be favourable to the Corporation; availability of financing.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions and planned operations.

Exploration and evaluation activities

Accumulated costs with respect to the Corporation's interest in mineral properties owned, leased or under option, consist of the following:

	Las Minas and La Miqueta $	Period ended December 31, 2017 $	Year ended June 30, 2017 $	Inception to date total $
Analytical	**-**	**-**	1,288	376,149
Geological and consulting	**212,181**	**212,181**	307,996	3,471,664
Transportation and accommodation	**23,920**	**23,920**	22,123	201,094
Drilling	**292,806**	**292,806**	434,540	5,906,786
Geophysical	**22,819**	**22,819**	-	97,498
Operational support	**43,285**	**43,285**	-	319,251
Other	**1,067**	**1,067**	96,196	402,026
Subtotal	**596,078**	**596,078**	862,143	10,774,468
Acquisition costs / Option payments	**28,158**	**28,158**	995,493	1,864,856
Total expenditures	**624,236**	**624,236**	1,857,636	12,639,324

Las Minas and La Miqueta

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 covering approximately 1,271 hectares in the core of the Las Minas district in the State of Veracruz, Mexico. The Project is located approximately 270 kilometres east of Mexico City and is accessible by road.

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% Net Smelter Return (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 (Cdn$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 (see note 5(ii)); and
- Final option payment due on May 3, 2015 extended to May 3, 2017 and reduced from US $500,000 to US $150,000 (Cdn$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 (Cdn$553,288) plus Value Added Tax, payable upon execution of the Purchase Agreement (the "Initial Payment");
- 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"); 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").

The Initial Payment has been paid in full. If the Final Payment is made prior to the date on which any of the Monthly Payments are due, any Monthly Payment that would have been due after the date upon which the Final Payment is made shall no longer be payable. Upon payment of the Consideration, ownership and full title to the Concessions shall be automatically transferred to Roca Verde.

Pursuant to the terms of the Purchase Agreement, upon the transfer of the Concessions, the Owners shall retain a 1.5% NSR royalty (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.

Share issuances

(i) On November 30, 2016, the Corporation closed the first tranche of a non-brokered private placement of 5,192,500 units of the Corporation (the "Units") at a price of $0.15 per Unit for gross proceeds of $778,875. Each Unit consists of one common share of the Corporation and one common share purchase warrant ("Warrant"). Each Warrant entitled the holder to purchase one common share at a price of $0.25 per common share until November 30, 2018.

In connection with the private placement, the Corporation paid an aggregate of $42,438 in finder's fees to certain arm's length parties, representing 8% of the proceeds received from subscribers that were introduced by such parties, and issued 270,920 finder's warrants ("Finder's Warrants") on the same terms as the Warrants.

Pursuant to the terms of the Warrants and the Finder's Warrants, the Corporation has the right to accelerate the expiry date of the Warrants and the Finder's Warrants on notice to the holders of the Warrants and the Finder's Warrants, if at any time after March 31, 2017 the closing price of its common shares on a stock exchange in Canada is greater than $0.40 per common share for a period of 10 consecutive trading days, in which case the Warrants and the Finder's Warrants will expire 30 days after the date on which such notice is given. The securities issued under this tranche of the private placement are subject to a hold period under applicable Canadian securities laws which will expire on March 31, 2017.

(ii) On February 14, 2017, the Corporation closed the second tranche of a non-brokered private placement of 12,333,333 Units of the Corporation at a price of $0.15 per Unit for gross proceeds of up to $1,850,000. Each Unit consists of one common share of the Corporation and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one common share at a price of $0.25 per common share until March 3, 2019.

In connection with the private placement, the Corporation paid an aggregate of $57,724 in finder's fees to certain arm's length parties, representing 8% of the proceeds received from subscribers that were introduced by such parties, and issued 72,000 Finder's Warrants on the same terms as the Warrants.

Pursuant to the terms of the Warrants and the Finder's Warrants, the Corporation has the right to accelerate the expiry date of the Warrants and the Finder's Warrants on notice to the holders of the Warrants and the Finder's Warrants, if at any time after July 4, 2017 the closing price of its common shares on a stock exchange in Canada is greater than $0.40 per common share for a period of 10 consecutive trading days, in which case the Warrants and the Finder's Warrants will expire 30 days after the date on which such notice is given. The securities issued under this tranche of the private placement are subject to a hold period under applicable Canadian securities laws which will expire on July 4, 2017.

(iii) On May 10, 2017, the Corporation issued an aggregate of 1,052,129 common shares at a deemed price of $0.31 per common share and an aggregate of 611,000 common shares at a deemed price of $0.25 per common share to certain of its officers and/or directors in settlement of outstanding debt in the aggregate amount of $478,910.

(iv) On May 25, 2017, the Corporation closed a non-brokered private placement of 5,990,270 units of the Corporation at a price of $0.30 per Unit for gross proceeds of up to $1,797,081. Each Unit consists of one common share of the Corporation and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one common share at a price of $0.45 per common share until May 25, 2019.

In connection with the private placement, the Corporation paid an aggregate of $22,785 in finder's fees to certain arm's length parties, representing 7% of the proceeds received from subscribers that were introduced by such parties, and issued 75,950 Finder's Warrants on the same terms as the Warrants. The securities issued under the private placement are subject to a hold period under applicable Canadian securities laws which will expire on September 26, 2017.

Stock Option Grants

(i) On March 7, 2017, the Corporation granted 1,450,000 options to officers, directors and consultants of the Corporation at a price of $0.30 per share and an expiry date of March 7, 2027. The options will vest one-third after twelve, eighteen and twenty-four months respectively from the date of the grant.

(ii) On May 24, 2017, the Corporation granted 400,000 options to a consultant of the Corporation at a price of $0.35 per share and an expiry date of May 24, 2022. The options will vest quarterly over twelve months from the date of the grant.

(iii) On May 29, 2017, the Corporation granted a total of 1,050,000 stock options to certain officers, directors and consultants of the Corporation at a price of $0.36. 950,000 of the options have an expiry date of May 29, 2027 and vest one-third after twelve, eighteen and twenty-four months from the effective date of the grant. 100,000 of the options have an expiry date of May 29, 2022 and vested immediately. Additionally, the Corporation granted 250,000 stock options to an officer and director of the Corporation at a price of $0.55 per share, an expiry date of May 29, 2027 and vested immediately.

(iv) On November 20, 2017, the Corporation granted 200,000 options to officers, directors and consultants of the Corporation at a price of $0.36 per share and an expiry date of November 20, 2027. The options will vest one-third after twelve, eighteen and twenty-four months respectively from the date of the grant.

(v) On December 12, 2017, the Corporation granted 167,466 options to officers, directors and consultants of the Corporation at a price of $0.35 per share and an expiry date of December 12, 2027. The options will vest one-third after twelve, eighteen and twenty-four months respectively from the date of the grant.

Appointment and Resignation of Directors

(i) On February 23, 2017, the Corporation announced the appointment of Mr. Ali Zamani to the Board of Directors of the Corporation. Mr. Zamani brings extensive experience in business, finance, and governance of private and publicly-traded companies. He has served as the Managing Partner of Overlook Investments LLC since January 2016.

(ii) On March 15, 2017, the Corporation announced the appointment of Mr. Brian Robertson, P.Eng., as Chairman, effective immediately. Mr. Robertson currently serves as President and Chief Executive Officer of the Corporation and is also a director. In his new role as Chairman, Mr. Robertson replaces Mr. David Baker, previously Executive Chairman, who will remain on the Board as an independent director.

(iii) On May 12, 2017, the Corporation announced that Mr. Earl Terris resigned as a director of the Corporation for personal reasons, effective May 12, 2017.

(iv) On May 26, 2017, the Corporation announced the appointments of Mr. Ali Zamani as Chairman of the Board of Directors and Mr. John Anderson as Director, effective immediately. Mr. Zamani replaces Mr. Brian Robertson who continues in his role as President and CEO.

Change of Name

On April 21, 2017, the Corporation announced that it filed Articles of Amendment to change its name to Mexican Gold Corp. The Corporation's shareholders approved a special resolution to change the name of the Corporation at the Corporation's special meeting of shareholders held on April 12, 2017. Effective at the start of trading on April 26, 2017, the Corporation commenced trading on the TSX Venture Exchange under the new name and the new stock symbol "MEX".

Outstanding share data

Common Shares

The Corporation's authorized share capital consists of an unlimited number of common shares without par value. As at February 21, 2018, 38,271,325 common shares were issued and outstanding.

Warrants

The following table reflects the share purchase warrants outstanding as at February 21, 2018:

Expiry Date	Exercise Price $	Warrants Outstanding #
November 30, 2018	0.25	4,911,172
November 30, 2018	0.25	270,920
March 03, 2019	0.25	8,277,368
March 03, 2019	0.25	72,000
May 15, 2019	2.00	1,025,717
May 15, 2019	2.00	51,738
May 25, 2019	0.45	5,990,270
May 25, 2019	0.45	75,950
		20,675,135

Stock Options

The following table reflects stock options outstanding and that have vested as at February 21, 2018:

Expiry Date	Exercise Price $	Options Granted #	Options Vested #
June 20, 2019	1.35	290,000	290,000
March 20, 2020	0.80	184,000	184,000
May 24, 2022	0.35	400,000	200,000
May 29, 2022	0.36	100,000	100,000
March 07, 2027	0.30	1,250,000	-
May 29, 2027	0.36	950,000	-
May 29, 2027	0.55	250,000	250,000
November 20, 2017	0.36	200,000	-
December 12, 2017	0.35	167,466	-
		3,791,466	1,024,000

The Corporation applies the fair value method of accounting for all stock based compensation awards and accordingly, $360,569 was recorded as compensation for the options (2016 - $Nil was recorded as compensation for the period). As of December 31, 2017 there were 2,767,466 unvested stock options (2016 - no unvested stock options).

Related Party Transactions

The Corporation's related parties include directors and key management personnel and entities over which they have control or significant influence as described below.

	Nature of transactions
DRAX Services Limited	Corporate secretarial and filing services

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

The following are the related party transactions, recorded at the exchange amount as agreed to by the parties:

(a) Included in general and administrative expenses are amounts totaling $7,500 (2016 - $2,133) for corporate secretarial and filing services provided by DRAX Services Limited, a company related to the Corporation through Shaun Drake, Corporate Secretary of the Corporation.

Transactions with key management personnel

Key management personnel remuneration includes the following expenses:

	December 31, 2017 $	December 31, 2016 $
Salary and wages	**63,416**	41,031
Share-based payments	**327,552**	-
Other compensation	**2,488**	2,833
	393,456	43,864

(i) As at December 31, 2017, the directors and key management were owed $79,824 (June 30, 2017 $79,824) and this amount was included in accounts payable and accrued liabilities.

(ii) On May 10, 2017, the Corporation issued an aggregate of 1,052,129 common shares at a deemed price of $0.31 per common share and an aggregate of 611,000 common shares at a deemed price of $0.25 per common share to certain of its officers and/or directors in settlement of outstanding debt in the aggregate amount of $478,910.

To the knowledge of the directors and senior officers of the Corporation, as a December 31, 2017, no person or corporation beneficially owns or exercises control or direction over common shares of the Corporation carrying more than 10% of the voting rights attached to all of the common shares of the Corporation other than as set out below:

	Number of common shares	Percentage of outstanding shares
Palisade Global Investments Ltd.	5,501,100	14.46%

The remaining 85.54% of the shares are widely held, which includes various small holdings which are owned by directors and officers of the Corporation. The holding can change at any time at the discretion of the owner.

Commitments

The Corporation has commitments relating to property payments related to the Concessions held by the Corporation's subsidiary. The annual payments for the next fiscal years are as follow:

	$
2017	143,138
2018	1,127,672
	1,270,810

Financial Instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, investments, and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying value due to the short term to maturity, unless otherwise noted.

Risk Factors

An investment in the Corporation involves a number of risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating the Corporation and its business before making any investment decision in regards to the common shares of the Corporation. The Corporationsô business, operating and financial condition could be harmed due to any of the following risks. The risks described below are not the only ones facing the Corporation. Additional risks not presently known to us may also impair business operations.

Exploration and Mining Risks

The Corporation is engaged in mineral exploration and development activities. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of our operations will be in part directly related to the cost and success of our exploration programs, which may be affected by a number of factors beyond our control.

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Corporation has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage.

Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fire, power outages, labour disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable machinery, equipment or labour are involved in mineral exploration, development and operation. We may become subject to liability for pollution, cave-ins or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material, adverse effect on our financial position.

The Corporation relies upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations in the grade of ore mined, fluctuations in metal markets, allowable production, importing and exporting of minerals and environmental protection.

Financing Risks

The Corporation is limited in financial resources, and as a mineral exploration company has no source of operating cash flow. The Corporation has no assurance that additional funding will be available to us for further exploration and development of our projects or to fulfil our obligations under any applicable agreements. There can be no assurance that we will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and development of our projects with the possible loss of such properties.

Regulatory Requirements

Even if our mineral properties are proven to host economic reserves of mineral resources, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits or repatriation of profits. The Corporation may acquire other properties in other jurisdictions or countries. Any changes in regulations or shifts in political conditions are beyond the control of the Corporation and may adversely affect our business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Corporation may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Corporation.

No Assurance of Titles

It is possible that any of our properties may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects.

Permits and Licenses

The operations of the Corporation may require licenses and permits from various governmental authorities. There can be no assurance that such licenses and permits as may be required to carry out exploration, development and mining operations at our projects will be granted.

Competition

The mineral industry is intensely competitive in all its phases. We compete with many companies possessing greater financial resources and technical facilities than the Corporation for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Corporation may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, 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 the Corporation not receiving an adequate return on invested capital or losing our investment capital.

Environmental Regulations

Our operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations.

Stage of Development

The Corporation is in the business of exploring for, with the ultimate goal of producing, mineral resources from our mineral exploration properties. None of our properties have commenced commercial production and we have no history of earnings or cash flow from our operations. As a result of the foregoing, there can be no assurance that we will be able to develop any of our properties profitably or that our activities will generate positive cash flow. We are unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. A prospective investor in the Corporation must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of our management in all aspects of the development and implementation of our business activities.

Markets for Securities

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Corporation. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

Reliance on Key Individuals

Our success depends to a certain degree upon certain key members of the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Corporation.

Geopolitical Risks

The Corporation may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploitation and production, price controls, export controls, currency availability, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on mineral exports, increased financing costs, and site safety. In addition, legislative enactments may be delayed or announced without being enacted and future political action that may adversely affect the Corporation cannot be predicted. Any changes in regulations or shifts in political attitudes that may result, among other things, in significant changes to mining laws or any other national legal body of regulations or policies are beyond the control of the Corporation and may adversely affect its business. The possibility that future governments may adopt substantially different policies, which might extend to the expropriation of assets, cannot be ruled out.

Financial instruments and related risks

The Corporation's operations include the acquisition and exploration of mineral properties in Canada. 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

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Corporation by those counterparties, less any amounts owed to the counterparty by the Corporation where a legal right of off-set exists and also includes the fair values of contracts with individual counterparties which are recorded in the financial statements.

i) Trade credit risk
The Corporation is in the exploration stage and has not yet commenced commercial production or sales. Therefore, the Corporation is not exposed to significant credit risk and overall the Corporation's credit risk has not changed significantly from the prior year.

ii) Cash and cash equivalents
In order to manage credit and liquidity risk the Corporation invests only in highly rated investment grade instruments that have maturities of six months or less and are cashable at any time. Limits are also established based on the type of investment, the counterparty and the credit rate.

iii) Derivative financial instruments

As at December 31, 2017, the Corporation has no derivative financial instruments. It may in the future enter into derivative financial instruments in order to manage credit risk, it will only enter into derivative financial instruments with highly rate investment grade counterparties.

[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 manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

[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 Corporation will realize a significant loss as a result of a decline in the fair market value is limited as the Corporation holds all of its funds in cash and guaranteed investment certificates.

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 issue new shares and, acquire or dispose of assets.

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 expects that it will continue to seek out financing options in order to have the cash sufficient to carry out its exploration plans and operations through 2018.

Subsequent event

There were no subsequent events.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements.

Changes in Internal Control over Financial Reporting (“ICFR”)

No changes occurred in the current period of the Corporation's ICFR that have materially affected, or are reasonably likely to materially affect the Corporation's ICFR.

Controls and Procedures

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings, the Corporation's management, including Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the operating effectiveness of the Corporation's internal control over financial reporting. Management of the Corporation is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under, the supervision of, the CEO and CFO and effected by management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2017. Based on this assessment, management believes that, as of December 31, 2017, the Corporation's internal control over financial reporting is designed effectively.

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding annual and interim financial statement disclosure. Management believes these disclosure controls and procedures have been effective during the period ending December 31, 2017.

Additional Information

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

Mr. Brian Robertson, President, CEO of Mexican Gold Corp. is the Qualified Person for the information contained in this MD&A and is a Qualified Person defined by National Instrument 43-101.

(Signed) Gavin Nelson, CPA, CA
Chief Financial Officer

Thunder Bay, Canada
February 21, 2018