

FIRST MEXICAN GOLD CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FORM 51-102F1
For the Year ended December 31, 2019

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A"), should be read in conjunction with the audited annual financial statements of First Mexican Gold Corp. for the year ended December 31, 2019 and related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated. All references to "common shares" refer to the common shares in our capital stock. This MD&A has been prepared as of April 20, 2020.

As used in this report, the terms "we", "us", "our", the "Company", "FMG" and "First Mexican" mean First Mexican Gold Corp., First Mexican Resources and our wholly-owned Mexican subsidiary Cornelius Exploration S. de R.L. de C.V. ("Cornelius") unless otherwise indicated.

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

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

OVERVIEW

First Mexican Gold Corp. (formerly Auric Development Corporation) (the "Company"), was incorporated under the Business Corporations Act (British Columbia) on August 9, 2007. The Company was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange. Effective December 29, 2010, the Company completed its Qualifying Transaction and acquired all of the outstanding common shares of First Mexican Resources Inc. ("FMR") in exchange for consolidating its common shares on the basis of 1.1376 old shares for every new share issued, changing its name from Auric Development Corporation to First Mexican Gold Corp., issuing one post-consolidation share for every common share of FMR tendered, issuing 6,000,000 special warrants to the FMR shareholders on a pro rata basis and exchanging all of the outstanding warrants of FMR for warrants of the Company on the same terms and conditions.

The Company changed its name to First Mexican Gold Corp. on December 29, 2010. The Company is engaged principally in the acquisition, exploration and development of mineral properties through its wholly owned subsidiary Cornelius Exploration S. de R.L. de C.V., in Mexico. The Company has interests in several silver-gold exploration projects in the Yécora Municipality, State of Sonora, Mexico.

In September 2019, the Company completed the consolidation of its common shares on ten (10) for one (1). The consolidation reduced the number of outstanding common shares to 8,184,429.

In October 2019, the Company appointed a new CEO and a new board of directors. The new management of the Company is pursuing a different direction than the previous management. The Company will no longer attempt to pursue small scale mining operations as it does not believe it is in the best interests of the Company.

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Management is in the process of completing a full review of its assets. As mentioned, the Company acknowledges that it is in default of the certain option agreements and is attempting to negotiate a new option agreement for the properties. There are no assurances that the company will be successful in obtaining an extension. Management will also review the remaining properties to ensure they are in good standing also. Once completed, the Company plans to initiate a work program on those properties.

At the same time, the Company is looking at alternative assets in more stable jurisdictions that can be funded in these equity markets.

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

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

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

In connection with the financings, the Company issued 156,000 units in lieu of a cash finder's fee payment of \$7,800. The Company also issued 156,000 finders warrants as finders's fees. These finder's warrants entitles the holder to purchase one unit at a price of \$0.05 per unit for a period of two years from the date of issuance. Each unit is comprised of one share and one warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of \$0.075 per share for a period of two years from the date of issuance. The finders warrants were valued using the black- scholes method with a fair value of \$7,200. As of December 31, 2019, the 156,000 finders warrants are still outstanding.

SELECTED ANNUAL INFORMATION

The following financial data are derived from the Company's financial statements for the fiscal years ended December 31, 2019, 2018 and 2017:

	Year Ended December 31,		
	2019	2018	2017
Net Loss and comprehensive loss	\$ (146,670)	\$ (2,554,510)	\$ (394,899)
Net Loss per share Basic	(0.02)	(0.31)	(0.00)
Working Capital (Deficiency)	(800,738)	(1,766,568)	(1,220,312)
Mineral property interests	-	-	1,733,601
Total assets	192,041	27,541	1,810,866

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RESULTS OF OPERATIONS

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

At December 31, 2019, the Company had not yet achieved profitable operations and has accumulated losses of \$14,510,363 since inception, including the net loss for the year ended December 31, 2019 of \$146,670.

The review of results of operation should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2019, and 2018. Results of operations are summarized as follows:

	Year Ended December 31,		
	2019	2018	2017
Management and consulting fees	\$ 120,000	\$ 250,000	\$ 209,000
Salaries	30,000	40,000	30,000
Office and administration	177,749	175,943	119,285
Professional fees	16,505	24,187	45,486
Share based compensation	0	186,606	-
Other expenses (income)	(197,584)	(1,877,774)	(8,872)
Net Loss	\$ 146,670	\$ 2,554,510	\$ 394,899

All areas of expenditures have decreased as compared to 2018, due to the decrease in activity from 2018 when there was an expectation of increased activity due to the anticipating of receiving the credit loan facility, which did not happen.

Share based compensation – The fair value of options granted is recognized as an expense upon grant. Nil options were issued during the year (2018 – 4,700,000).

Other expenses variance is mainly due to the Mineral property and building and equipment impairment. In addition, there is the effect of the fluctuation in exchange rates.

SELECTED QUARTERLY INFORMATION

	Quarter ended Dec 31, 2019	Quarter ended Sept 30, 2019	Quarter ended June 30, 2019	Quarter ended Mar 31, 2019
Total assets	192,041	41,568	35,588	31,595
Working capital (deficit)	(800,738)	(1,945,038)	(1,966,914)	(1,887,770)
Interest income(expense)	-	-	-	-
Net income (loss)	122,202	(90,624)	(57,046)	(121,202)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

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	Quarter ended Dec 31, 2018	Quarter ended Sept 30, 2018	Quarter ended June 30, 2018	Quarter ended Mar 31, 2018
Total assets	27,541	1,830,992	1,821,950	1,817,917
Working capital (deficit)	(1,766,568)	(1,518,729)	(1,458,903)	(1,350,669)
Interest income(expense)	-	-	-	-
Net income (loss)	(1,669,487)	(59,826)	(694,840)	(130,357)
Basic and diluted loss per share	(0.03)	(0.00)	(0.00)	(0.00)

FOURTH QUARTER

Three Months Ended December 31, 2019 compared to Three Months Ended December 31, 2018

Net income for the three months ended December 31, 2019 increased primarily due the write off of accounts payables. A fluctuation in exchange rate resulting an exchange gain of \$2,115 (2018 – \$30,148).

LIQUIDITY AND CAPITAL RESOURCES

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

As of December 31, 2019 the Company had cash – held in trust of \$153,604 and a working capital deficit of \$800,738 and is not considered sufficient to finance budgeted exploration, general and administrative expenses, and acquisition commitments for the twelve months ending December 31, 2020. The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral property interests.

OFF-BALANCE SHEET TRANSACTIONS

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

TRANSACTIONS WITH RELATED PARTIES

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

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

	December 31,	
	2019	2018
During the year:		
Management fees expensed	\$90,000	\$170,000
Salaries	30,000	40,000
Share Based Payments	-	166,754

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Balance owing at year end:		
Due to an entity with significant influence	663,248	-
Officers, and directors	15,000	1,175,595

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended December 31, 2019 and 2018.

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

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates, which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision may affect both the period of revision and future periods.

Significant assumptions about the future and other sources of judgments and estimates that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical Judgments

- The assessment of the Company's ability raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- Management's capitalization of exploration and evaluation costs and assumptions regarding the future recoverability of such costs are based on, among other things, the Company's estimate of current mineral reserves and resources which are based on engineering and geological estimates, estimated gold and silver prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.
- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

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- Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

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

Estimates

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

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

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

CHANGES IN ACCOUNTING POLICIES

New Standards, Interpretations and Amendments Not Yet Effective

The following accounting standards were adopted by the Company during the period with no significant impact on the consolidated financial statements:

IFRS 16 – Leases:

The Company recently adopted IFRS 16, Leases ("IFRS 16"), which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (lessee) and the supplier (lessor). This standard replaces IAS 17, Leases ("IAS 17") and related Interpretations. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduced a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value, and depreciation of lease assets is reported separately from interest on lease liabilities in the statement of loss. Under IFRS 16, lessor accounting for operating and finance leases

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remains substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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

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

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

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

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

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the years ended December 31, 2019 and 2018.

OTHER MD&A REQUIREMENTS

Risks

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

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that the Company's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.

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By becoming a part of the North American Free Trade Agreement (NAFTA), Mexico has reduced the political and sovereign risk of Canadian companies operating in Mexico. The Company believes Mexico is one of the most attractive regulatory and business environments for a junior mining company.

COVID-19

The Company's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the U.S., and infections have been reported globally. The extent to which the coronavirus impacts the Company's business, for the year ended December 31, 2019 Management's Discussion and Analysis, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact the Company's business including without limitation, employee health, workforce productivity, limitations on travel, the availability of industry experts and personnel, restrictions to exploration and drill programs and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on its business, financial condition and results of operations. The Company will continue to monitor and stay informed of the progress of the pandemic and is taking action wherever and whenever possible to mitigate the impact of the pandemic on the staff and operations of the Company.

Currency Risk

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

Credit Risk

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at December 31, 2019, the Company has insufficient cash to meet its obligations and resulting in considerable liquidity risk. The Company manages liquidity risk through the management of its capital resources as outlined in Note 12.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because they are generally held to maturity. The Company's current policy is to invest excess cash to investment-grade short-term deposit certificates issued by its banking institutions. Interest rate risk is not significant to the Company as it has no cash equivalents at year end. As

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at December 31, 2019, with other variables unchanged, a 1% change in the variable interest rates would not have had a significant impact on the loss of the Company.

Environmental Risk

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

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

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

Political and other risks

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

Outstanding share data

As at April 20 , 2020

Authorized	Unlimited
Issued and outstanding	28,247,637
Options outstanding	645,000
Warrants outstanding	20,156,000

Additional Information

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

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