



(formerly First Mexican Gold Corp.)

Condensed Interim Consolidated Financial Statements

For the Three Months Ended March 31, 2022 and 2021

(Stated in Canadian Dollars)

(Unaudited)

Under National Instrument 51-102, part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of QcX Gold Corp. (formerly First Mexican Gold Corp.) have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

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

	Note	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Assets			
Current			
Cash		\$ 83,491	\$ 111,036
Amounts receivable	3	202,877	213,288
Prepaid expenses		26,490	39,519
		312,858	363,843
Exploration and evaluation assets	4	3,872,824	3,871,248
TOTAL ASSETS		\$ 4,185,682	\$ 4,235,091
Liabilities			
Current			
Accounts payable and accrued liabilities	5 & 8	\$ 80,098	\$ 85,002
Deferred gain on sale of flow-through rights	6	-	5,810
Due to related parties	8	103,366	103,366
Total liabilities		183,464	194,178
Equity			
Share Capital	7	16,946,856	16,946,856
Reserves	7	2,545,095	2,545,095
Deficit		(15,489,733)	(15,451,038)
Total equity		4,002,218	4,040,913
TOTAL LIABILITIES AND EQUITY		\$ 4,185,682	\$ 4,235,091

Nature of Operations and Going Concern (Note 1)

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 16, 2022:

“Kelly Malcolm”
Director

“Daniel Nauth”
Director

The accompanying notes are integral part of these unaudited condensed interim financial statements.

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

		Three months ended March 31,	
	Note	2022	2021
Expenses			
Management and consulting fees		\$ 15,000	\$ 15,000
Professional fees		9,875	19,641
Office and administration		6,665	11,111
Regulatory and transfer agent fees		12,965	22,977
Loss before the following items:		(44,505)	(68,729)
Gain on sale of flow-through rights	7	5,810	-
Net loss and comprehensive loss		\$ (38,695)	\$ (68,729)
Basic and diluted loss per common share	10	\$ (0.00)	\$ (0.00)
Basic and diluted weighted average number of common shares outstanding		65,586,312	60,302,539

The accompanying notes are integral part of these unaudited condensed interim financial statements.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Condensed Interim Consolidated Statements of Equity (Deficiency)
(Stated in Canadian Dollars)
(Unaudited)

	SHARE CAPITAL		Equity settled employee benefits	Warrant	Total	Deficit	TOTAL
	Number	Amount					
Balance, December 31, 2020	60,065,318	16,188,669	2,252,473	237,285	2,489,758	(15,293,763)	3,384,664
Exercise of warrants	350,000	26,250	-	-	-	-	26,250
Net loss for the period	-	-	-	-	-	(68,729)	(68,729)
Balance, March 31, 2021	60,415,318	16,214,919	2,252,473	237,285	2,489,758	(15,362,492)	3,342,185
Private placement – Flow-through units	3,733,333	560,000	-	-	-	-	560,000
Shares issued on property acquisition	150,000	19,500	-	-	-	-	19,500
Shares issued on exercise of warrants	287,661	30,663	-	(3,017)	(3,017)	-	27,646
Shares issued on exercise of options	1,000,000	275,382	(125,382)	-	(125,382)	-	150,000
Flow-through feature on shares issued	-	(96,788)	-	-	-	-	(96,788)
Share issue cost – cash	-	(39,981)	-	-	-	-	(39,981)
Share issue costs – broker warrants	-	(16,839)	-	16,839	16,839	-	-
Stock-based compensation	-	-	166,897	-	166,897	-	166,897
Net loss for the period	-	-	-	-	-	(88,546)	(88,546)
Balance, December 31, 2021	65,586,312	16,946,856	2,293,988	251,107	2,545,095	(15,451,038)	4,040,913
Net loss for the period	-	-	-	-	-	(38,695)	(38,695)
Balance, March 31, 2022	65,586,312	16,946,856	2,293,988	251,107	2,545,095	(15,489,733)	4,002,218

The accompanying notes are integral part of these unaudited condensed interim financial statements.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Condensed Interim Consolidated Statements of Cash Flows
(Stated in Canadian Dollars)
(Unaudited)

	Three months ended March 31,	
	2022	2021
Cash provided by (used in):		
Operating Activities		
Net loss for the period	\$ (38,695)	\$ (68,729)
Items not involving cash:		
Gain on sale of flow-through rights	(5,810)	-
Changes in non-cash working capital:		
Amounts receivable	10,411	(54,157)
Prepaid expenses	13,029	10,004
Accounts payable and accrued liabilities	(4,904)	(73,746)
Cash used in operating activities	(25,969)	(186,628)
Financing Activities		
Capital stock issue for cash, net	-	26,250
Cash provided in financing activities	-	26,250
Investing Activities		
Addition to exploration and evaluation assets	(1,576)	(439,713)
Cash used in investing activities	(1,576)	(439,713)
Decrease in cash	(27,545)	(600,091)
Cash, beginning of period	111,036	1,899,712
Cash, end of period	\$ 83,491	\$ 1,299,621

**SUPPLEMENTAL CASH FLOW DISCLOSURE AND NON-CASH
FINANCING AND INVESTING ACTIVITY:**

Cash paid for income taxes	\$ -	\$ -
Amortization capitalized to mineral properties	\$ -	\$ -

The accompanying notes are integral part of these unaudited condensed interim financial statements.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

QcX Gold Corp. (formerly First Mexican Gold Corp) ("**QcX**" or the "**Company**"), was incorporated under the *Business Corporations Act* (British Columbia) on August 9, 2007. The Company is engaged principally in the acquisition, exploration and development of mineral properties. The Company's head office is located at Suite 401, 217 Queen Street West, Toronto, ON M5V 0R2 and the Company's registered and records office is located at Suite 1100, 736 Granville Street, Vancouver, BC V6Z 1G3.

The Company is in the process of exploring and evaluating its exploration and evaluation assets. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. The amounts shown as exploration and evaluation assets do not necessarily represent present or future values.

At March 31, 2022, the Company had working capital of \$129,394 (December 31, 2021 - \$169,665) and an accumulated deficit of \$15,489,733 (December 31, 2021 - \$15,451,038). The Company will require additional financing or outside participation to undertake further exploration and subsequent development of its mineral property interests. The Company's ability to continue as a going-concern is dependent on the ability of the Company to raise equity financing in the future to fund further exploration work and to fund continuing operating losses, and ultimately on the attainment of profitable operations to meet the Company's liabilities as they become payable.

These financial statements have been prepared on a going-concern basis, which assumes the realization of assets and settlement of liabilities in the normal course of business. As at March 31, 2022, the Company had not yet achieved profitable operations and expects to incur further losses in the development of its business plan. The Company plans on raising sufficient funds in order to finance ongoing exploration and administrative expenses through additional equity financing however, there can be no assurance that such financing will be available or be available on favorable terms. All of these factors may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments for the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going-concern.

The COVID-19 pandemic has not resulted in any material impact on operations and the Company currently does not expect it will impact its 2022 operations. Preventative measures are in place to ensure the well-being of employees and contractors and no risks were noted at the end of the interim reporting period. Management continues to monitor the situation at the site and corporate office to identify any issues that may affect operational or financial reporting activities.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements.

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's annual financial statements for the year ended December 31, 2021.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of Measurement

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

These consolidated financial statements have also been prepared using the accrual basis of accounting, except for cash flow information.

c) Basis of Consolidation

The consolidated financial statements as at and for period ended March 31, 2022 include the accounts of the Company for the period and those of its wholly owned subsidiary - 2678581 Ontario Inc., incorporated under the laws of the Province of Ontario. The consolidated entity is hereinafter collectively referred to as the "Company". All significant inter-company balances and transactions have been eliminated upon consolidation.

d) Functional Currency

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

e) Critical Accounting Judgments and Estimates

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

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

Critical Judgments

- The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
- Management's capitalization of exploration and evaluation costs and assumptions regarding the future recoverability of such costs are based on, among other things, the Company's estimate of current mineral reserves and resources which are based on engineering and geological estimates, estimated gold and silver prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Critical Accounting Judgments and Estimates (continued)

- The analysis of the functional currency for each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and its subsidiary companies, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates. As no single currency was clearly dominant the Company also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.
- Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

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

Estimates

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

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

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

QcX GOLD CORP.**(formerly FIRST MEXICAN GOLD CORP.)****Notes to the Condensed Interim Consolidated Financial Statements****Three Months Ended March 31, 2022 and 2021****(Stated in Canadian Dollars)****(Unaudited)****3. AMOUNTS RECEIVABLE**

		March 31, 2022		December 31, 2021
Goods and services tax receivable	\$	3,605	\$	14,173
Quebec service tax receivable		199,272		199,115
Total	\$	202,877	\$	213,288

4. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation expenditures, as at March 31, 2022, of the Company are detailed as follows:

	Balance as at December 31, 2021	Additions			Balance as at March 31, 2022
		Golden Giant	Fernet	Kali	
Acquisition cost	\$ 1,453,000	\$ -	\$ -	\$ -	\$ 1,453,000
Drilling	436,167	-	-	-	436,167
Accommodation	20,825	-	-	-	20,825
Transport and equipment	399,311	-	-	-	399,311
Field costs	125,956	-	-	-	125,956
Geology	293,211	149	1,427	-	294,787
Mobilization	13,000	-	-	-	13,000
Other	1,129,778	-	-	-	1,129,778
Total	\$ 3,871,248	\$ 149	\$ 1,427	\$ -	\$ 3,872,824

Golden Giant Property

On April 28, 2020, the Company acquired the Golden Giant property ("Golden Giant" or the "Golden Giant Project") through the acquisition of 2678581 Ontario Inc. ("OntCo"). OntCo became a subsidiary of QcX by acquiring all of the issued and outstanding shares of OntCo, which holds a 100% interest in the Golden Giant Project. The Company paid \$75,000 and issued 3,000,000 common shares in the capital of the Company. The common shares were valued at \$450,000 using the trading price the day before the issuance of shares. The acquisition did not qualify as a business combination and has been accounted for as an asset acquisition. OntCo's only asset on acquisition was the Golden Giant Project.

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

This indicates the gold-bearing potential of this highly underexplored property. The Company reported results from Phase 1 exploration work on the GGEast and GGWest properties on September 14 and September 28, 2020, respectively. Phase 1 results indicated anomalous gold in several locations across both properties, with results up to 1.71 g/t Au and 3.87 g/t Au from grab samples. The Company is committed to pay 3% net smelter returns royalty ("NSR") (subject to the right and option of the Company to purchase 1% of the NSR for a price equal to \$1,000,000).

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Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
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4. EXPLORATION AND EVALUATION ASSETS (continued)

Fernet Property

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

The Acquisition is being carried out in accordance with the terms of an option agreement (the "Option Agreement") between the Company and the vendor of the Fernet Project (the "Vendor") dated July 5, 2020, pursuant to which the Company will acquire a 100% interest in the Fernet Project, in consideration of: (i) the Company will pay the sum of \$82,000 to the Vendor over a period of three (3) years from the closing date of the Acquisition (\$16,000 paid during the year ended December 31, 2020 and \$16,000 for the year ended December 31, 2021); (ii) issue to the Vendor an aggregate of 500,000 common shares in the capital of the Company, to be issued in several tranches (250,000 common shares during the year ended December 31, 2020 and 250,000 common shares remain to be issued in 2022 to satisfy option agreement); and (iii) grant to the Vendor a 3% net smelter returns royalty ("NSR") (subject to the right and option of the Company to purchase 1% of the NSR for a price equal to \$1,000,000).

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

The Acquisition is being carried out in accordance with the terms of a mining claim acquisition agreement (the "Purchase Agreement") dated August 10, 2020, between the Company and an arm's length vendor who holds a 100% interest in the mineral claims comprising Fernet East (the "FE Vendor"), pursuant to which the Company will acquire a 100% interest in the Fernet Project, in consideration of: (i) the Company will pay the sum of \$68,000 to the Vendor over a period of three (3) years from the date on which QcX receives approval from the TSXV in respect of the Acquisition (\$10,000 paid during the year ended December 31, 2020 and \$12,000 paid for the year ended December 31, 2021); (ii) issue to the Vendor an aggregate of 300,000 common shares in the capital of the Company, to be issued in several tranches (150,000 common shares issued during the year ended December 31, 2020 and 150,000 paid for the year ended December 31, 2021); and (iii) grant to the Vendor a 1.5% net smelter returns royalty ("FE NSR") (subject to the right and option of the Company to purchase 0.75% of the NSR for a price equal to \$500,000).

Kali Property

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

The Kali Project is comprised of the Kali West property (7,226 hectares) ("Kali West Property"), the Kali Island Property (53 hectares), and the Kali East property (2,848 hectares) ("Kali East Property") (together referred to as the "Properties"). The Properties are underlain by Archean felsic to mafic volcanic rocks of the Wabamisk and Komo Formations as well as tonalitic gneisses are favourable hosts to gold mineralization in the James Bay region.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (continued)

Kali Property (continued)

The Kali West Property is contiguous with QcX's Golden Giant West Property and Dios Exploration Inc.'s K2 gold project; and shows similar structures and geology to those claims hosting gold showings in the surrounding area, including Azimut's Patwon discovery from which drill results include up to 3.15 g/t Au over 102.0 m. The Kali East Property is located on the southeastern margin of the kilometric-scale Kasapawatish batholith, which may be related to the structural framework at Azimut's Patwon which is found to the northwest of this intrusion. The Kali East Property is contiguous with properties of O3 Mining Inc. and Carat Exploration Inc. which include several historic showings of gold and zinc.

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
Trade payables	\$ 98	\$ 12,502
Accrued liabilities	80,000	72,500
Total	\$ 80,098	\$ 85,002

6. DEFERRED GAIN ON SALE OF FLOW-THROUGH RIGHTS

	March 31, 2022	December 31, 2021
Balance -beginning of period/year	\$ 5,810	\$ 183,667
Deferred gain on sale of flow-through rights	-	96,788
Recognition of deferred gain on sale of flow-through rights	(5,810)	(274,645)
	\$ -	\$ 5,810

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended December 31, 2020, the Company received an aggregate of \$1,901,470 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium on flow-through shares of \$228,842. During the year ended December 31, 2020, the Company recognized from this deferred amount a gain on sale of flow-through rights of \$45,175 related to exploration and evaluation expense renounced during the year.

On September 7, 2021, the Company received an aggregate \$560,000 from the issuance of flow-through shares at a premium to the market price and recognized a deferred premium of flow-through shares of \$96,788. During the year ended December 31, 2021, the Company recognized from the deferred amount a gain on sale of flow-through rights in the amount of \$274,645.

During the three months ended March 31, 2022, the Company recognized from the deferred amount a gain on sale of flow-through rights in the amount of \$5,810.

QcX GOLD CORP.
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Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
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7. SHARE CAPITAL AND RESERVES

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

Share transactions for the period ended December 31, 2021 were as follows:

On September 3, 2021, the Company issued 150,000 common shares for Fernet East.

On September 17, the Company closed a non-brokered private placement offering of an aggregate of 3,733,333 flow-through units (a "FT Unit") of the Company at a price of \$0.15 per FT Unit for gross proceeds of \$560,000 (the "Offering").

Each FT Unit is comprised of one common share in the capital of the Company, issued on a "flow-through" basis (each, a "FT Share"), and one-half of one common share purchase warrant (each whole warrant, a "Warrant"). The FT Shares will qualify as "flow-through shares" within the meaning of subsection 66(15) of the Income Tax Act (Canada). Each Warrant entitles the holder thereof to acquire one additional common share ("Common Share") of the Company, to be issued on a non-flow-through basis, at an exercise price of \$0.20 until September 17, 2023.

The gross proceeds derived from the sale of the FT Units under Offering will be used for general exploration expenditures on the Company's mineral properties located in Quebec. In connection with the Offering the Company paid certain eligible persons: (i) a cash commission in the aggregate of \$23,400 and (ii) an aggregate of 139,999 broker warrants (each a "Broker Warrant"). Each Broker Warrant entitles the holder thereof to acquire one Common Share at an exercise price of \$0.20 until September 17, 2023.

The Broker Warrants were valued using the Black-Sholes method with fair values of at \$16,839.

A portion of the net proceeds from the unit issuances above of \$96,788 was deferred as a flow-through premium. For the year ended December 31, 2021, the Company recognized \$90,978 of this amount as a gain on sale of flow through rights upon the renunciation of exploration and evaluation expenses.

On October 22, 2021, the Company issued 1,000,000 common shares on the exercise of options for gross proceeds of \$150,000.

During the year ended December 31, 2021, the Company issued an aggregate of 637,661 common shares on the exercise of warrants for gross proceeds of \$53,896.

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Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
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7. SHARE CAPITAL AND RESERVES (continued)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2020	24,891,723	\$ 0.130
Warrants Issued	1,866,666	0.200
Broker Warrants Issued	139,999	0.200
Finders Warrants exercised	(3,240)	0.180
Broker Warrants exercised	(10,421)	0.180
Warrants exercised	(50,000)	0.180
Broker Warrants exercised	(12,000)	0.075
Warrants exercised	(562,000)	0.075
Expired warrants	(11,232,000)	0.075
Balance, March 31, 2022 and December 31, 2021	15,028,727	\$ 0.182

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

	Broker Warrants	Broker Warrants	Finders Warrants	Broker Warrants
Number of warrants	139,999	274,037	174,320	298,046
Exercise price	\$ 0.20	\$ 0.180	\$ 0.135	\$ 0.180
Expected life in years	2	2	2	2
Volatility	265.12%	277.70%	292.21%	292.21%
Risk-free interest rate	0.44%	0.20%	0.29%	0.29%
Dividend yield	-	-	-	-
Grant date share price	\$ 0.13	\$ 0.16	\$ 0.28	\$ 0.28
Fair value of warrants issued	\$ 16,839	\$ 41,546	\$ 47,514	\$ 80,875

As at March 31, 2022, the weighted average remaining life of warrants outstanding was 0.48 years.

As at March 31, 2022, the following share purchase warrants issued were outstanding:

Number of Warrants	Exercise Price	Expiry Date
6,310,961	\$0.180	June 15, 2022
1,255,000	\$0.180	June 15, 2022
2,124,361	\$0.180	June 26, 2022
171,080	\$0.180	June 26, 2022
298,046	\$0.135	June 26, 2022
2,533,998	\$0.180	December 30, 2022
65,000	\$0.180	December 30, 2022
263,616	\$0.180	December 30, 2022
1,866,666	\$0.200	September 17, 2023
139,999	\$0.200	September 17, 2023
15,028,727		

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

7. SHARE CAPITAL AND RESERVES (continued)

Stock Options

For stock options granted to employees, officers, directors, consultants and charitable organizations, the Company recognizes as an expense the estimated fair value of the stock options granted. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility was based on the historical volatility of the Company's share price.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2020	3,100,000	\$ 0.22
Granted	1,300,000	0.15
Exercised	(1,000,000)	0.15
Outstanding, March 31, 2022 and December 31, 2021	3,400,000	\$ 0.22

The following table summarizes the assumptions used in the Black-Scholes valuation model for stock options issued and outstanding:

Grant date	September 17, 2021	December 8, 2020	June 22, 2020
Number of options	1,300,000	600,000	2,500,000
Exercise price	\$ 0.15	\$ 0.15	\$ 0.24
Expected life in years	5	5	5
Volatility	225.13%	212.76%	212.00%
Risk-free interest rate	0.86%	0.47%	0.39%
Dividend yield	-	-	-
Grant date share price	\$ 0.13	\$ 0.13	\$ 0.24
Fair value of options granted	\$ 166,897	\$ 76,561	\$ 589,436

The following summarizes information about stock options outstanding and exercisable at March 31, 2022:

Number of Shares	Expiry Date	Exercise Price
2,500,000	June 22, 2025	\$0.24
600,000	December 8, 2025	\$0.15
300,000	September 17, 2026	\$0.15
3,400,000		

All the above options vested at the date of grant. As at March 31, 2022, the options had a weighted average remaining life of 3.42 years.

Nature and Purpose of Reserves

The "Equity Settled Employee Benefits Reserve" is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation. The Warrants Reserve issued to recognize the fair value of warrants issued in consideration for completed equity financing.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

8. DUE TO RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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

Compensation of Key Management Personnel

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

	Three Months ended March 31,	
	2022	2021
Consulting fees	\$ 15,000	\$ 15,000
Total compensation of key management	\$ 15,000	\$ 15,000

Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the three months ended March 31, 2022 and 2021.

Other Transactions

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

	March 31,	December 31,
	2022	2021
Due to a related party	\$ 103,366	\$ 103,366
	\$ 103,366	\$ 103,366

9. LOSS PER SHARE

The calculation of basic and diluted loss per share for the three months ended March 31, 2022 was based on the loss attributable to common shareholders of \$38,695 (2021 – \$68,729) and a weighted average number of common shares outstanding of 65,586,312 (2021 – 60,302,539).

Diluted loss per share did not include the effect of 3,400,000 stock options and 15,028,727 warrants because they are anti-dilutive.

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue its operations, so that it can bring its exploration projects to commercial production and provide returns for shareholders and benefits for other stakeholders.

The Company relies mainly on equity issuances to raise new capital. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The capital structure of the Company currently consists of common shares.

The Company's investment policy is to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated without interest or penalty. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, or sell assets to fund operations.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

10. MANAGEMENT OF CAPITAL (continued)

There were no changes to the Company's approach to capital management during the year.

Neither the Company nor its subsidiary are subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy as at March 31, 2022:

	LEVEL	FAIR VALUE THROUGH PROFIT/ LOSS	OTHER FINANCIAL LIABILITIES	TOTAL CARRYING VALUE
Financial assets				
Cash	1	\$ 83,491	\$ -	\$ 83,491
Financial liabilities				
Accounts payable and accrued liabilities	2	-	(80,098)	(80,098)
Due to related parties	2	-	(103,366)	(103,366)
		\$ -	\$ (183,464)	\$ (183,464)

The following table sets for the Company's financial assets measured at fair value by level within the fair value hierarchy as at March 31, 2021:

	LEVEL	FAIR VALUE THROUGH PROFIT/ LOSS	OTHER FINANCIAL LIABILITIES	TOTAL CARRYING VALUE
Financial assets				
Cash	1	\$ 1,299,621		\$ 1,299,621
Financial liabilities				
Accounts payable and accrued liabilities	2		(39,847)	(39,847)
Due to related parties	2	-	(78,366)	(78,366)
		\$ -	\$ (118,213)	\$ (118,213)

There have been no transfers between levels 1 and 2, or transfers in or out of level 3 for the period ended March 31, 2022.

QcX GOLD CORP.
(formerly FIRST MEXICAN GOLD CORP.)
Notes to the Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022 and 2021
(Stated in Canadian Dollars)
(Unaudited)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk and interest rate risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

a) Credit Risk

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

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has sufficient cash to meet its obligations and liquidity risk is therefore considered minimal. The Company manages liquidity risk through the management of its capital resources as outlined in note 9.

c) Interest Rate Risk

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

d) Environmental Risk

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

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

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