

AZTECA GOLD CORP.
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

To the Shareholders:
Azteca Gold Corp.

NOTICE TO READER

The interim consolidated balance sheet of Azteca Gold Corp. as at March 31, 2009, the interim consolidated statements of operations and deficit and the interim consolidated statements of cash flow for the three months ended March 31, 2009 and March 31, 2008 have been compiled by management.

No audit or review to verify the accuracy or completeness of such information has been performed.

May 29, 2009

AZTECA GOLD CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – prepared by management)

FOR THE THREE MONTHS ENDED MARCH 31,	2009	2008
EXPENSES		
Stock-based compensation	\$ 36,413	\$ 516,774
General and administrative	136,670	274,355
Management fees (note 6(b))	135,350	112,328
Amortization	29,826	161,229
Professional fees	77,203	60,858
Listing and agent fees	19,483	8,558
Warrant expense	-	-
Shareholder reporting	11,733	4,657
Interest and bank charges	807	389
	447,485	1,139,148
LOSS BEFORE THE FOLLOWING ITEMS:	(447,485)	(1,139,148)
OTHER ITEMS		
Rental income	-	59,968
Gain (loss) on foreign exchange	(2,880)	4,094
Interest income	21	16,688
Loss on sale of equipment	-	(90,405)
	(450,344)	(1,148,803)
NET AND COMPREHENSIVE LOSS	(450,344)	(1,148,803)
DEFICIT, beginning of period	(11,906,492)	(1,251,282)
DEFICIT, end of period	\$ (12,356,836)	\$ (2,400,085)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.003)	\$ (0.011)

AZTECA GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – prepared by management)

FOR THE THREE MONTHS ENDED MARCH 31,	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net and comprehensive loss	\$ (450,344)	\$ (1,148,803)
Items not affecting cash		
Stock-based compensation	36,413	516,774
Loss on sale of equipment	-	90,405
Amortization	29,826	161,229
	(384,105)	(380,395)
Changes in non-cash working capital items		
Accounts receivable	(1,494,408)	(171,626)
Prepaid expenses	76	36,387
Accounts payable and accrued liabilities	369,972	59,009
Subscriptions received	580,645	-
Taxes payable	(7,366)	-
Minority interest	(7,173)	-
	(942,359)	(456,625)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property, plant and equipment	-	137,171
Purchase of property, plant and equipment	(3,428)	-
Purchase and exploration of mineral properties	(1,616,344)	(1,330,717)
Changes in non-cash working capital items		
Accounts payable	1,191,181	(752,167)
	(428,591)	(1,945,713)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	1,134,244	-
Advances from (to) shareholder	76,037	(10,680)
	1,210,281	(10,680)
CHANGE IN CASH POSITION	(160,669)	(2,413,018)
CASH, beginning of period	183,233	3,765,560
CASH, end of period	\$ 22,564	\$ 1,352,542

Non-cash transactions:

There were no non-cash transactions during the first quarter 2009 and 2008.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. NATURE OF OPERATIONS

Azteca Gold Corp. (the "Company") was incorporated in Ontario on March 26, 1957 and continued under the Business Corporations Act (Alberta) on February 25, 1980 as Hansa Corporation. On December 1, 2006 the Company changed its name from Hansa Corporation to Azteca Gold Corp. The Company is a development stage company engaged in the acquisition, exploration and development of gold and silver properties in Mexico and the United States.

The business of exploring resource properties involves a high degree of risk and therefore there is no assurance that current exploration programs will result in profitable operations. The recoverability of the investment in the mining properties is dependent upon the discovery of economically recoverable ore reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain the necessary financing to complete exploration and subsequent development of its properties, and upon future profitable production or proceeds from disposition of its properties.

The Company will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The mining properties represent net costs and write-offs to date, and do not necessarily represent present or future values.

Although the Company has taken steps to verify the title to the mining properties, in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title.

Property title may be subject to unregistered prior agreements and noncompliance with regulatory requirements, transfer of native land claims and title may be affected by undetected defects.

2. FUTURE OPERATIONS

The accompanying consolidated financial statements have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. As at the date of issue of these consolidated financial statements, the Company is in a deficit position from accumulated operating losses and is experiencing a negative cash flow from ongoing operations and, therefore, its ability to meet future commitments on mining properties is not assured.

Continuation of the Company as a going concern is dependent upon obtaining additional capital and/or achieving profitable operations. The consolidated financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern.

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3. **SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared using the historical cost basis in accordance with Canadian generally accepted accounting principles. These financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized as follows:

Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Minera Azteca de Oro y Plata, S.A de C.V. (Mexico incorporation), Azteca Gold US (Nevada incorporation) and Azteca Gold Corp. (Washington incorporation). Also included is Coronado Mines LLC, in which the Company holds a 50% interest. All inter-company balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable, property, plant and equipment, mineral exploration properties, accounts payable and accrued liabilities and stock-based compensation.

Foreign exchange

The Company's subsidiaries are considered integrated foreign operations and the balances have been translated into Canadian dollars using the temporal method. Under this method monetary assets and liabilities have been translated at the year-end exchange rates. Non-monetary assets have been translated at the rate of exchange prevailing at the date of the transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets. Translation gains and losses are reflected in income or loss in the year they occur.

Cash

Cash consists of balances with financial institutions and lawyer's trust accounts. Interest earned on the Company's cash accounts are calculated using a floating interest rate based on the market treasury bill rates.

Mineral exploration properties

Costs of acquisition and development of mineral properties are capitalized on an area of interest basis. General and administrative costs are charged to expense in the year incurred. Costs capitalized together with the costs of production equipment will be amortized on a unit of production basis, based on estimated proven reserves of minerals of the areas, should such reserves be found.

Senior management regularly reviews the carrying amount of mineral properties and deferred exploration and development costs to assess whether there has been any impairment in value or if any impairment test is necessary due to various indicators being present. Properties are

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abandoned either when the lease expires or when management determines that no further work will be performed on the property since it has no value to the Company. When significant properties in an area of interest are abandoned, the costs related thereto are charged to income on a pro rata basis to the total costs to date included in the area, in the year of abandonment. The proceeds received from a partial disposition or an option payment are credited against the costs.

In addition, if there has been a delay in development activity for several successive years, a write down of those project capitalized costs will be charged to income.

Asset retirement obligation

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred discounted to its present value using the Company's credit-adjusted risk-free interest rate. The fair value of the estimated obligation is recorded as a long-term liability, with a corresponding increase in the carrying amount of the related asset. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depletion, depreciation and amortization of the underlying asset. The liability amount is increased in each reporting period due to passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the retirement obligation are charged against the obligation to the extent of the liability recorded. The likelihood of the overall effect upon the Company for any obligations is not predictable at this time, as it has not yet conducted activities that would trigger any obligations, such as commercial production.

Stock-based compensation

The Company has a stock based compensation plan, which is described in note 8. Awards of options under this plan are expensed based on the fair value of the options at the grant date. The amount is credited to contributed surplus. Fair values are determined using the Black-Scholes option-pricing model. If the options are subject to a vesting period, the expense is recognized over this period. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital plus the amounts originally recorded as contributed surplus.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Equipment and automotive	20%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5-year	straight line method

Half of the year's amortization is taken in the year of acquisition. The Company regularly reviews its property and equipment to eliminate obsolete items.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, the Company records future income taxes for the effect of any difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Accumulated future income tax balances are adjusted to reflect changes in income tax rates that are substantively enacted with the adjustment being recognized in earnings in the period that the change occurs. Future tax assets are recognized to the extent

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that they are more likely than not to be realized.

Revenue recognition

Interest income is recognized in the period it is earned and when payment is reasonably assured. Rental income is recognized in the period in which it is earned.

Loss per share

The calculation of basic loss per share is based on net earnings divided by the weighted average number of common shares outstanding.

The treasury stock method of calculating diluted per share amounts is used whereby any proceeds from the exercise of stock options or other dilutive instruments are assumed to be used to purchase common shares at the average market price during the period. In addition, diluted common shares also include the effect of the potential exercise of any outstanding warrants.

Financial Instruments

The Company has classified financial instruments as follows:

- Cash, cash equivalents, and marketable securities are classified as held for trading. They are measured at fair value and the gains and losses resulting from re-measurement at the end of each period are recognized in net income.
- Accounts receivable are classified as loans and receivables. They are measured at fair value and the gains and losses resulting from re-measurement at the end of each period are recognized in net income.
- Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at fair value and the gains and losses resulting from re-measurement at the end of each period are recognized in net income.

4. **PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated Amortization	2009 Net
Equipment and automotive	\$ 1,144,820	\$ 733,367	\$411,453
Computer equipment	49,666	27,083	22,583
Furniture and fixtures	7,344	2,514	4,830
Leasehold improvements	52,481	38,266	14,215
	1,254,311	801,230	453,081
Land	128,543	-	128,543
	\$ 1,382,854	\$ 801,230	\$ 581,624

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	Cost	Accumulated Amortization	2008 Net
Equipment and automotive	\$ 3,158,870	\$ 473,840	\$ 2,685,030
Furniture and fixtures	7,344	1,204	6,140
Computer equipment	45,139	17,829	27,310
Leasehold improvements	52,481	23,432	29,049
	3,263,834	516,305	2,747,529
Land	128,543	-	128,543
	<u>\$ 3,392,377</u>	<u>\$ 516,305</u>	<u>\$ 2,876,072</u>

5. **MINERAL EXPLORATION PROPERTIES**

	2009	2008
Acquisition costs	\$ 9,777,840	\$ 14,150,460
Exploration costs	9,392,071	5,501,026
	<u>\$ 19,169,911</u>	<u>\$ 19,651,486</u>

Consists of:

Guerra al Tirano - Reyna de Oro	\$ 4,379,239	\$ 3,024,945
Tres de Mayo	2,184,684	1,982,295
Matilde	1,872,377	1,348,483
Marietta	3,777,986	3,622,884
Bunker Hill	-	6,353,335
Two Mile	5,708,476	2,222,696
Orange	252,503	-
Clayton	33,434	-
Geroe Creek	961,212	1,096,848
	<u>\$ 19,169,911</u>	<u>\$ 19,651,486</u>

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6. DUE TO RELATED PARTIES

a) Advances from shareholders

	2009	2008
Due to Matt Russell	\$ 81,163	\$ 225,716
Due to Randy Squires	553	-
Due to Jon Slizza	3,598	-
Due to Joseph Green	(576)	-
	\$ 84,738	\$ 225,716

The amounts due to the shareholders are non-interest bearing, unsecured and have no set repayment terms.

- b) Total management fees paid during first quarter 2009 were \$135,350 (2008-\$112,328). Management fees paid were to Matthew Russell (President and CEO), Randy Squires (CFO), and Jon Slizza (VP of Finance and Investor Relations).

7. MINORITY INTEREST

The consolidated financial statements include the accounts of Coronado Mines LLC in which the Company holds a 50% interest. Coronado Mines LLC holds title to the Matilde property. The following adjustments were made in the year 2008 to reflect the net assets and net loss from operations attributable to the non-controlling interests:

Net assets attributable to minority interest	\$ 7,173
Net and comprehensive loss attributable to minority interest	\$ 1,447

Net asset value has become negative for the first quarter 2009 therefore no adjustment has been made to the non-controlling interest.

8. SHARE CAPITAL

Authorized

- Unlimited number of common shares
- Unlimited number of first preferred shares
- Unlimited number of second preferred shares

Common shares issued

	Number	Amount
Balance December 31, 2007	107,399,247	\$ 17,119,600
Private placements issued for cash	50,708,793	2,603,046
Less fair market value of warrants issued	-	(823,536)
Issued as consideration for properties purchased	2,000,000	100,000
Balance December 31, 2008	160,108,040	\$ 18,999,110

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Private placements issued for cash	9,847,867	492,393
Less fair market value of warrants issued		(155,009)
Exercise of warrants	4,391,250	658,687
Plus fair market value of warrants issued		923,227
Share issuance costs		(16,838)
Balance March 31, 2009	174,347,157	\$ 20,901,570

On September 30, 2008 there was a private placement of 27,042,749 units at a price of \$0.0525 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant has a two-year term and is exercisable for \$0.25 per share. The total proceeds of the transaction were \$1,419,743 of which \$506,725 has been allocated to the fair value of the warrants.

On December 5, 2008, 2,000,000 shares were issued at a deemed value of \$100,000 as consideration for the Matilde property.

Between December 11, 2008 and December 31, 2008 the Company received funds pursuant to a private placement of 23,666,044 units at a price of \$0.05 per unit. Each unit consisted of one common share and one-half share purchase warrant. Each warrant has a two-year term and is exercisable for \$0.25 per share. The total proceeds of the transaction were \$1,183,303 of which \$316,811 has been allocated to the fair value of the warrants.

On January 10, 2009 there was a private placement of 9,847,867 units at a price of \$0.05 per unit. Each unit consisted of one common share and one-half share purchase warrant. Each warrant has a two-year term and is exercisable for \$0.25 per share. The total proceeds of the transaction were \$492,393 of which \$155,009 has been allocated to the fair value of the warrants.

On March 3, 2009, 4,391,250 shares were issued with respect to the exercise of warrants for total proceeds of \$658,687.

Stock options

The total number of shares optioned according to the Employee Stock Option Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting. The option price per share shall be determined by the Board of Directors at the time that the option is granted in compliance with Circular No. 6 as amended, by the TSX Venture Exchange.

During 2008, 900,000 stock options were granted to directors of the Company at exercise prices ranging between \$0.25 and \$0.50 which expire five years from the date of issue. The fair value of the options issued totals \$42,210 which will be recorded in contributed surplus and expensed as stock compensation expense as the options vest. The amount calculated was based on the fair value of the options, which was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate; 0.9%, expected life; 5 years, vesting period; varies, future dividend yield; nil, expected volatility; 198%.

During 2008, 3,300,000 stock options granted to a senior officer and consultants of the Company expired. The options were at exercise prices ranging from CDN \$0.35 and CDN \$0.77.

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	2009		2008	
	Number of options	Weighted average share price	Number of options	Weighted average share price
Outstanding options at beginning and end of period	7,800,656	\$ 0.57	10,200,656	\$ 0.61

Options outstanding	Exercise price	Options exercisable at March 31, 2009	Expiry date
297,365	USD 0.40	297,365	August 31, 2009
103,291	0.88	103,291	November 9, 2009
3,900,000	0.50	3,900,000	December 28, 2011
1,000,000	0.75	400,000	July 31, 2012
600,000	USD 0.70	400,000	September 6, 2012
1,000,000	0.77	1,000,000	September 25, 2012
300,000	0.50	100,000	December 16, 2013
600,000	0.25	600,000	December 16, 2013
7,800,656		6,800,656	

Warrants

On September 30, 2008, 27,042,749 share purchase warrants were issued as part of a private placement on the same day. The warrants have an exercise price of \$0.25 per share, and expire on September 30, 2010. The fair value of the warrants issued totaled \$506,725. On December 31, 2008, 11,833,023 share purchase warrants were issued as part of a private placement on the same day. The warrants have an exercise price of \$0.25 per share, and expire on December 31, 2010. The fair value of the warrants issued totaled \$316,811. The fair values were debited to share capital with corresponding credits to contributed surplus. The fair value of the warrants was estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate; 0.9%; expected life is two years; and expected volatility; 198%.

On November 17, 2008 an extension was granted on the expiry date of 17,182,165 warrants issued December 11, 2006 and 2,437,500 warrants issued March 11, 2007. The expiry date has been extended from December 11, 2008 and March 11, 2009 respectively to June 15, 2009. The fair value of the warrants was recalculated based off of the new warrant expiry date and a warrant expense of \$33,060 was recognized and credited to contributed surplus.

On January 10, 2009, 4,923,934 share purchase warrants were issued as part of a private placement on the same day. The warrants have an exercise price of \$0.25 per share and expire on January 09, 2011. The fair value of the warrants issued totaled \$155,009.

On March 3, 2009, 4,391,250 warrants were exercised at a price of \$0.15 as a result of a temporary re-price.

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A summary of the Company's warrants at March 31, 2009 is presented below:

	Warrants Outstanding	Average Exercise Price
Balance as at December 31, 2007	37,967,445	\$ 0.642
Issued with private placements	38,875,772	0.25
Balance as at December 31, 2008	76,843,217	0.444
Issued with private placements	4,923,934	0.25
Exercise of warrants	(4,391,250)	0.15
Balance as at March 31, 2009	77,375,901	\$ 0.42

9. SUBSEQUENT EVENTS

On April 17, 2009 the Company issued by way of private placement 3,525,807 units for gross proceeds of \$705,161. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for \$0.35 until April 17, 2011.

On May 14, 2009 the Company issued by way of private placement 2,046,600 units for gross proceeds of \$409,320. Commissions of \$3,853 were paid. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one common share for \$0.35 until May 13, 2011.

On May 29, 2009, the Company was evaluating loan agreements totaling US \$275,000 for drilling and assaying expenses with the expectation of additional funds up to US \$600,000 to be secured within the second quarter. Loan terms provide for the payment of interest at 6% and the granting of share purchase warrants on the basis of 150,000 warrants for each US \$100,000 in principal. Each warrant shall entitle the holder to subscribe for one Azteca share for CDN \$0.35 for a period of 2 years from the advance of the funds. It is expected that the majority of the loan agreements will be with management of the Company.

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