GOGOLD
RESOURCES INC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED

JUNE 30, 2018

(in thousands of United States Dollars unless stated otherwise)
(Unaudited)

GoGold Resources Inc

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - in thousands of United States dollars)

	June 30 2018	September 30 2017
ASSETS		
Current assets:		
Cash	**$ 11,921**	$ 4,606
Trade receivables	**418**	757
Input tax recoverable	**6,548**	4,548
Prepaid expenses	**338**	233
Assets held for sale (Note 3)	**-**	24,092
Inventories (Note 4)	**25,518**	24,517
	44,743	58,753
Non-current assets:		
Input tax recoverable	**2,823**	2,945
Deferred income taxes	**182**	7,363
Inventories (Note 4)	**11,815**	13,358
Property, plant and equipment (Note 5)	**75,005**	77,791
Total assets	**$ 134,568**	$ 160,210
LIABILITIES		
Current liabilities:		
Term loan (Note 6)	**$ -**	$ 7,500
Trade and other payables	**4,345**	14,467
Income taxes payable	**661**	15
Liabilities held for sale (Note 3)	**-**	822
Current portion of long term debt (Note 7)	**-**	46,309
	5,006	69,113
Non-current liabilities:		
Provision for site restoration	**1,326**	1,818
Deferred income taxes	**654**	989
Derivative liability (Note 11(d))	**342**	464
Total liabilities	**7,328**	72,384
EQUITY		
Share capital (Note 8)	**142,465**	141,904
Contributed surplus	**7,467**	7,297
Accumulated other comprehensive loss	**(7,215)**	(19,528)
Deficit	**(15,477)**	(41,847)
Total equity	**127,240**	87,826
Total liabilities and equity	**$ 134,568**	$ 160,210

Commitments (Note 12)

See accompanying notes to the unaudited condensed consolidated interim financial statements.

GOGOLD RESOURCES INC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited - in thousands of United States dollars, except per share amounts)

	Three months ended		Nine months ended	
	June 30 2018	June 30 2017	**June 30 2018**	June 30 2017
Revenue from mining operations	**$ 6,289**	$ 4,651	**$ 17,524**	$ 12,601
Cost of sales:				
Production costs, except amortization and depletion	**6,348**	2,753	**14,236**	6,986
Amortization and depletion	**2,240**	1,171	**5,447**	3,010
	8,588	3,924	**19,683**	9,996
General and administrative	**1,032**	902	**3,163**	2,119
Operating (loss) income	**(3,331)**	(175)	**(5,322)**	486
Exploration costs	**(239)**	-	**(239)**	-
Finance costs	**(32)**	(547)	**(688)**	(1,523)
Foreign exchange (loss) gain	**(251)**	1,185	**113**	892
Gain on derivative liability	**35**	185	**122**	489
Interest income	**44**		**64**	-
	(443)	823	**(628)**	(142)
Income (loss) before taxes from continuing operations	**(3,774)**	647	**(5,950)**	344
Current income tax recovery (expense)	**171**	(980)	**379**	(1,913)
Deferred income tax (expense) recovery	**(23)**	1,318	**243**	1,527
	148	338	**622**	(386)
Net (loss) income from continuing operations	**(3,626)**	985	**(5,328)**	(42)
Net (loss) income from discontinued operations (Note 3)	**-**	(1,340)	**31,698**	958
Net (loss) income	**(3,626)**	(355)	**26,370**	916
Other comprehensive (loss) income:				
Foreign currency translation differences arising on translation of foreign subsidiaries which may subsequently be cycled through net income	**(199)**	(261)	**(2,222)**	915
Reclassification of foreign exchange loss on translation into net income due to discontinued operations	**-**	-	**14,535**	-
Total comprehensive (loss) income for the period	**$ (3,825)**	$ (616)	**$ 38,683**	$ 1,831
Per share, basic and fully diluted (Note 8):				
Net (loss) income from continuing operations	**$ (0.02)**	$ 0.01	**$ (0.03)**	$ (0.00)
Net income (loss) from discontinued operations	**$ 0.00**	$ (0.01)	**$ 0.19**	$ 0.01
Net (loss) income	**$ (0.02)**	$ 0.00	**$ 0.15**	$ 0.01
Weighted average number of common shares outstanding (Note 8):	**171,539,118**	171,376,481	**171,430,693**	171,376,481

See accompanying notes to the unaudited condensed consolidated interim financial statements.

GOGOLD RESOURCES INC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of United States dollars)

	Three months ended June 30 2018	Three months ended June 30 2017	Nine months ended June 30 2018	Nine months ended June 30 2017
Cash provided by (used in) the following activities:				
Operating activities				
Net (loss) income for the period	**$ (3,626)**	$ (355)	**$ 26,370**	916
Items not involving cash:				
Amortization and depletion	**2,240**	1,175	**5,447**	3,058
Amortization of deferred financing fees and accretion	**32**	87	**253**	244
Deferred income taxes	**23**	(1,318)	**6,846**	(1,527)
Foreign exchange loss (gain)	**251**	(1,188)	**(113)**	(862)
Gain on derivative liability	**(35)**	(185)	**(122)**	(489)
Gain on disposition of Santa Gertrudis (Note 3)	**-**	-	**(54,344)**	-
Net realizable value adjustment on inventory, excluding amortization and depletion (Note 4)	**2,412**	-	**2,599**	-
Stock based compensation	**81**	75	**208**	212
Reclassification of foreign exchange loss on translation from other comprehensive income	**-**	-	**14,535**	-
	1,378	(1,709)	**1,679**	1,552
Net change in non-cash working capital (Note 9)	**(2,090)**	3,008	**(14,678)**	(5,729)
Net cash (used in) provided by operating activities	**(712)**	1,299	**(12,999)**	(4,177)
Investing activities				
Exploration and evaluation expenditures	-	(1,621)	-	(2,865)
Proceeds on sale of Santa Gertrudis, net of transaction costs (Note 3)	**-**	-	**76,770**	-
Purchase of property, plant and equipment	**(541)**	(3,226)	**(2,969)**	(4,451)
Net cash (used in) provided by investing activities	**(541)**	(4,847)	**73,801**	(7,316)
Financing activities				
Proceeds from warrant exercises (Note 8(e))	**523**	-	**523**	-
Repayment of term loan (Note 6)	**-**	-	**(7,500)**	-
Proceeds from long term debt (Note 7)	-	4,000	-	11,000
Repayment of long term debt (Note 7)	**-**	-	**(46,500)**	-
Net cash provided by (used in) financing activities	**523**	4,000	**(53,477)**	11,000
Effect of exchange rate changes on cash	**(29)**	-	**(10)**	(114)
Net (decrease) increase in cash and cash equivalents	**(759)**	452	**7,315**	(607)
Cash and cash equivalents, beginning of period	**12,680**	1,032	**4,606**	2,091
Cash and cash equivalents, end of period	**$ 11,921**	$ 1,484	**$ 11,921**	$ 1,484

See accompanying notes to the unaudited condensed consolidated interim financial statements.

GoGold Resources Inc

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - in thousands of United States dollars)

	Number of shares		Share capital		Contributed surplus		Accumulated other comprehensive loss		Deficit		Total equity
Balance at October 1, 2016	171,376,481	$	140,885	$	6,994	$	(18,518)	$	(41,263)	$	88,098
Net income	-		-		-		-		916		916
Other comprehensive income	-		-		-		915		-		915
Stock-based compensation (Note 8)	-		-		223		-		-		223
Balance at June 30, 2017	171,376,481	$	140,885	$	7,217	$	(17,603)	$	(40,347)	$	90,152
Balance at October 1, 2017	171,376,481	$	141,904	$	7,297	$	(19,528)	$	(41,847)	$	87,826
Net income	-		-		-		-		26,370		26,370
Other comprehensive income	-		-		-		12,313		-		12,313
Warrant exercise (Note 8)	400,000		561		(38)		-		-		523
Stock-based compensation (Note 8)	-		-		208		-		-		208
Balance at June 30, 2018	171,776,481	$	142,465	$	7,467	$	(7,215)	$	(15,477)	$	127,240

See accompanying notes to the unaudited condensed consolidated interim financial statements.

(Unaudited – in thousands of United States dollars unless otherwise stated)

1. NATURE OF OPERATIONS

GoGold Resources Inc. (the "Corporation") is a company domiciled in Canada. The address of the Corporation's registered office is #1301-2000 Barrington Street, Cogswell Tower, Halifax, Nova Scotia, B3J 3K1. The Corporation's common shares are listed on the Toronto Stock Exchange trading under the symbol GGD. The consolidated financial statements of the Corporation comprise the Corporation and its subsidiaries. The principal business of the Corporation is the exploration, development, and production of gold and silver primarily in Mexico.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"). These condensed consolidated interim financial statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments, as the Corporation's consolidated financial statements for the year ended September 30, 2017.

These condensed consolidated interim financial statements do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended September 30, 2017 prepared in accordance with IFRS.

b) Accounting changes

The Corporation adopted IAS 7 *Statement of Cash flows* effective October 1, 2017, with no impact on the condensed consolidated interim financial statements.

3. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On September 5, 2017, the Corporation entered into an agreement with Agnico Eagle Mines Limited ("Agnico") to sell the Santa Gertrudis project. At September 30, 2017, the assets and liabilities of Santa Gertrudis were classified as held for sale on the statement of financial position and operational results from Santa Gertrudis were classified as discontinued operations for the year ended September 30, 2017.

On November 2, 2017, the Corporation completed the sale of the Santa Gertrudis property through the sale of 100% of the outstanding common shares of Animas Resources Ltd. ("Animas"). The transaction proceeds were cash of $80,000, less a working capital adjustment of $380 and transaction costs of $2,850 for net cash proceeds of $76,770, plus a retained 2% net smelter royalty, where 2% of all future revenues from the Santa Gertrudis property will be paid out to the Corporation, less allowable deductions including refining, assay, and transportation charges. Transaction costs of $493 were expensed in the year ended September 30, 2017.

The cash proceeds from the sale were used to fully repay and discharge both the senior revolving credit facility and the term loan on November 2, 2017. Details of the immediate use of cash proceeds are as follows:

Proceeds, net	$ 76,770
Repayment of senior revolving credit facility	(46,500)
Interest on senior revolving credit facility	(75)
Repayment of term loan	(7,500)
Interest on term loan	(121)
Remaining funds	$ 22,574

(Unaudited – in thousands of United States dollars unless otherwise stated)

Assets and liabilities held for sale:
Assets and liabilities held for sale were disposed of on November 2, 2017 with the closing of the transaction. The major classes of assets and liabilities of Santa Gertrudis at September 30, 2017 were as follows:

Current Assets	
Cash	$ 12
Input tax recoverable	1,268
Prepaid expenses	167
Mining properties	341
Exploration and evaluation assets	22,304
	$ 24,092
Current Liabilities	
Trade and other payables	**$ 822**

Upon completion of the transaction on November 2, 2017, there was an adjustment to current assets held for sale which resulted in a decrease of $351 to $23,741.

Discontinued operations
Following are the results of discontinued operations for the three and nine months ended June 30, 2018 and June 30, 2017:

	Three months ended		Nine months ended	
	June 30 2018	June 30 2017	**June 30 2018**	June 30 2017
Revenue from mining operations	**$ -**	$ 369	**$ -**	$ 6,386
Production costs, except amortization and depletion	-	(2,284)	-	(4,873)
Amortization and depletion	-	(4)	-	(48)
General and administrative	-	-	-	(23)
Operating (loss) income	-	(1,919)	-	1,442
Foreign exchange gain (loss)	-	4	-	(30)
(Loss) income before income taxes	-	(1,915)	-	1,412
Current income tax recovery (expense)	-	575	-	(454)
Net (loss) income prior to disposition	-	(1,340)	-	958
Cash proceeds on sale of Santa Gertrudis	-	-	**80,000**	-
Net working capital adjustment	-	-	**(380)**	-
Assets held for sale	-	-	**(23,741)**	-
Liabilities held for sale	-	-	**822**	-
Gain on disposition	-	-	**56,701**	-
Transaction costs	-	-	**(2,357)**	-
Gain on disposition, net of transaction costs	-	-	**54,344**	-
Current income tax expense	-	-	**(1,023)**	-
Deferred income tax expense	-	-	**(7,088)**	-
Reclassification of foreign exchange loss on translation from other comprehensive income	-	-	**(14,535)**	-
Net (loss) income from discontinued operations	**$ -**	$ (1,340)	**$ 31,698**	$ 958

Reclassification of foreign exchange loss on translation from other comprehensive income includes $6,017 associated with the Santa Gertrudis disposal, and $8,518 associated with the disposal of the San Diego operation in the three months ending December 31, 2017. In 2015, the Corporation recorded an impairment charge in connection with decisions to cease exploration activities at the San Diego operation. Since that time, no significant exploration has been done and claims have been allowed to lapse. During the current period the final claims were abandoned resulting in a conclusion that the project has been disposed of. Consequently, $8,518 of accumulated foreign exchange translation losses recorded in accumulated other comprehensive income have been recorded as a component of income for discontinued operations in the three months ending December 31, 2017.

(Unaudited – in thousands of United States dollars unless otherwise stated)

The results of discontinued operations included in the consolidated statements of cash flows for the three and nine months ended June 30, 2018 and 2017 were as follows:

	Three months ended		Nine months ended	
	June 30 2018	June 30 2017	**June 30 2018**	June 30 2017
Cash flow from (used in):				
Operating activities	**$ -**	$ 1,439	**$ -**	$ 381
Investing activities	**-**	(1,620)	**76,770**	(2,773)
Net change in cash from discontinued operations	**$ -**	$ (181)	**$ 76,770**	$ (2,392)

4. INVENTORIES

	June 30, 2018	**September 30, 2017**
Current:		
Supplies inventory	$ 703	$ 835
In process inventory	23,561	21,726
Finished goods inventory	1,254	1,956
	25,518	**24,517**
Long term:		
In process inventory	11,815	13,358
	$ 37,333	**$ 37,875**

The amount of inventory included in cost of sales for the three and nine months ended June 30, 2018 was $8,588 and $19,683 (2017 – $3,924 and $9,996). An assessment of the net realizable value of the in process inventory resulted in a reduction of inventory carrying value in the three and nine months ending June 30, 2018 of $3,201 and $3,704 (2017 – $Nil and $Nil), which was recorded as a charge to production costs of $2,412 (nine months ended - $2,599) and amortization and depletion of $789 (nine months ended - $1,105).

(Unaudited – in thousands of United States dollars unless otherwise stated)

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Equipment	Mining Properties	Total
At September 30, 2017	$ 44,651	$ 57,603	$ 102,254
Additions	1,089	442	1,531
Disposals	(52)	-	(52)
Reclamation obligation adjustments	-	(448)	(448)
Reclassification	335	(335)	-
Foreign exchange adjustments	(10)	-	(10)
At June 30, 2018	**$ 46,013**	**$ 57,262**	**$ 103,275**

Accumulated Amortization	Plant & Equipment	Mining Properties	Total
At September 30, 2017	$ 12,726	$ 11,737	$ 24,463
Amortization and depletion	2,538	1,283	3,821
Disposals	(8)	-	(8)
Foreign exchange adjustments	(6)	-	(6)
At June 30, 2018	**$ 15,250**	**$ 13,020**	**$ 28,270**

Carrying Value	Plant & Equipment	Mining Properties	Total
At September 30, 2017	$ 31,925	$ 45,866	$ 77,791
At June 30, 2018	**$ 30,763**	**$ 44,242**	**$ 75,005**

For the nine months ended June 30, 2018, amortization and depletion includes $5,447 (2017 - $3,010) which was previously capitalized to in process inventory.

6. TERM LOAN

On September 5, 2017, the Corporation entered into a term loan agreement with Agnico for $7,500, bearing interest at 10% per annum repayable on the maturity date of February 28, 2018. The loan was fully repaid on November 2, 2017 in connection with the sale of Santa Gertrudis (Note 3).

7. LONG TERM DEBT

Long term debt consisted of a $50,000 senior revolving credit facility which was entered into on July 21, 2015 with a Canadian chartered bank ("the Bank"). The facility bore interest at LIBOR plus 2.00% to 3.25%, depending on the leverage ratio of the Corporation, and was to mature on July 21, 2018. No principal payments under the facility were due until the maturity date. The credit facility was secured by a first charge over all the Corporation's assets.

During the nine months ended June 30, 2017, the Corporation drew $11,000 under the facility. As of September 30, 2017, the Corporation had drawn $46,500.

On November 2, 2017, the Corporation fully repaid the credit facility, and the security was fully discharged.

(Unaudited – in thousands of United States dollars unless otherwise stated)

Finance costs for the three and nine months ended June 30, 2018 includes cash interest expense payments of $Nil and $453 (2017 - $460 and $1,299).

8. SHARE CAPITAL

(a) Authorized

An unlimited number of common shares, without nominal or par value.

(b) Issued

The following table summarizes the changes in issued common shares of the Corporation:

	Shares	Value
Balance October 1, 2016	171,376,481	$ 140,885
No transactions	-	-
Balance June 30, 2017	171,376,481	$ 140,885
Balance October 1, 2017	171,376,481	$ 141,904
Shares issued on exercise of warrants	400,000	561
Balance June 30, 2018	**171,776,481**	**$ 142,465**

The weighted average number of common shares outstanding for the three and nine months ending June 30, 2018 was 171,539,118 and 171,430,693 (2017 – 171,376,481).

(c) Incentive stock options

The Corporation has a rolling 10% incentive stock option plan (the "Plan") under which options to purchase common shares of the Corporation may be granted to directors, officers, employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Corporation and no one person may receive in excess of 5% of the outstanding common shares of the Corporation at the time of grant (on a non-diluted basis).

Under the Plan, the terms and conditions of each grant of options are determined by the Board of Directors. Options are granted at a price no lower than the market price of the common shares as defined in the Plan which is the five day weighted average of the Corporation's common shares prior to the date of grant rounded up to the nearest cent. Options granted under the Plan typically vest over a three year period, although the vesting period is at the Board of Directors' discretion.

The changes in incentive stock options during the nine months ended June 30, 2018 and June 30, 2017 were as follows:

	June 30, 2018		**June 30, 2017**	
	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance	3,965,000	CAD $ 1.15	4,025,000	CAD $ 1.33
Granted	1,025,000	0.45	1,020,000	0.75
Expired	(625,000)	1.35	(325,000)	1.53
Closing balance	4,365,000	CAD $ 0.96	4,720,000	CAD $ 1.19
Exercisable	2,221,667	CAD $ 1.19	2,566,667	CAD $ 1.35

(Unaudited – in thousands of United States dollars unless otherwise stated)

The following table summarizes information concerning outstanding and exercisable incentive stock options at June 30, 2018:

	Outstanding		**Exercisable**	
Expiry date	Number of options	Exercise price (CAD $)	Number of options	Exercise price (CAD $)
December 9, 2018	400,000	1.00	400,000	1.00
February 12, 2019	100,000	1.50	100,000	1.50
March 17, 2019	325,000	1.60	325,000	1.60
July 9, 2019	50,000	1.60	33,333	1.60
December 23, 2020	1,625,000	1.20	1,083,333	1.20
March 27, 2022	840,000	0.75	280,000	0.75
March 27, 2023	1,025,000	0.45	-	-
	4,365,000	CAD $ 0.96	2,221,667	CAD $ 1.19

The compensation cost for the incentive stock options granted during the nine months ended June 30, 2018 and June 30, 2017 was determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Option grant date	Mar. 27, 2018	Mar. 27, 2017
Options granted	1,025,000	1,020,000
Exercise price	CAD $ 0.45	CAD $ 0.75
Risk-free rate	2.01%	0.95%
Expected volatility of share price	56.26%	53.04%
Expected dividend yield	0.00%	0.00%
Expected life of each option	4.6 years	3.9 years
Weighted average grant date fair value	CAD $ 0.20	CAD $ 0.27

The expected volatility was determined based on the historical share price volatility prior to the date of the grant over a period of time equal to the expected life of the option. The expected forfeiture rate was nil.

(d) Deferred share units

On March 24, 2016 the Corporation approved a deferred share unit (“DSU”) plan as an alternative form of compensation for employees, officers, and directors of the Corporation. Each DSU entitles the participant to receive one common share of the Corporation issued from treasury upon redemption. The maximum number of common shares that are issuable under the DSU plan is 5,000,000, and when combined with the incentive stock option plan shall not exceed 10% of the issued and outstanding common shares. On March 27, 2018, 475,000 DSUs were issued with a 3 year vesting period, the share price on the issuance date was $0.425. Unrecognized compensation cost of $202 will be recognized over the 3 year vesting period. At June 30, 2018, there is unrecognized compensation cost of $177 remaining.

The Corporation has recorded total share based compensation during the three and nine months ended June 30, 2018 of $81 and $208 (2017 - $75 and $223), which has been recorded as compensation expense of $81 and $208 (2017 - $75 and $212) and as additions to exploration and evaluation assets of $Nil (2017 - $Nil and $11).

(Unaudited – in thousands of United States dollars unless otherwise stated)

(e) Warrants

On June 7, 2016, in connection with a bought deal financing, the Corporation issued 4,280,539 warrants with an exercise price of CAD $1.70 and an expiration date of June 7, 2018. On July 12, 2016, 200,000 warrants with an exercise price of CAD $1.50 and an expiration date of June 30, 2018 were issued. The fair value of the warrants was determined using the Black-Scholes pricing model.

The warrants which were issued on June 7, 2016 are publicly traded on the Toronto Stock Exchange under the symbol GGD.WT until expiration on June 7, 2018 at which point they were delisted.

The warrants balances during the nine months ended June 30, 2018 and 2017 were as follows:

	June 30, 2018			June 30, 2017		
	Number of warrants	Weighted average exercise price	Remaining contractual life (years)	Number of warrants	Weighted average exercise price	Remaining contractual life (years)
Opening balance	4,480,539	CAD $ 1.69	0.69	4,480,539	CAD $ 1.69	1.69
Exercised	(400,000)	1.70	0.04	-	-	-
Expired	(4,080,539)	1.69	-			
Closing balance	-	-	-	4,480,539	CAD $ 1.69	0.94
Exercisable	-	-	-	4,480,539	CAD $ 1.69	0.94

The market share price on the date of exercise, May 24, 2018, was $0.48.

(f) Earnings (loss) per share

Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share is based on the assumption that stock options and warrants have been exercised on the later of the beginning of the period and the date granted. As of June 30, 2018, 4,365,000 options (2017 – 4,720,000) and Nil warrants (2017 – 4,480,539) were excluded from the computation of diluted earnings (loss) per share because their effect would have been anti-dilutive.

9. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended		Nine months ended	
	June 30 2018	June 30 2017	**June 30 2018**	June 30 2017
Change in non-cash operating working capital:				
Trade receivables	**$ 452**	$ 3,080	**$ 339**	$ (1,177)
Input tax recoverable	**(504)**	(460)	**(2,638)**	(11)
Prepaid expenses	**(18)**	59	**(113)**	(52)
Inventories	**(2,512)**	(3,000)	**(3,700)**	(8,693)
Trade and other payables	**663**	2,924	**(9,212)**	1,837
Income taxes payable	**(171)**	405	**646**	2,367
	$ (2,090)	$ 3,008	**$ (14,678)**	$ (5,729)

(Unaudited – in thousands of United States dollars unless otherwise stated)

10. SEGMENTED INFORMATION

The Corporation's reportable segments are consistent with the Corporation's geographic regions in which the Corporation operates. In determining the Corporation's segment structure, the Corporation considered the basis on which management reviews the financial and operational performance and whether any of the Corporation's mining operations share similar economic, operational and regulatory characteristics. The Corporation considers the Parral project as the Mexico segment, the Corporation's corporate offices as the Canadian segment, and the Santa Gertrudis and San Diego properties as discontinued operations.

The following table presents information about reportable segments:

	Mexico	Canada	Continuing Operations	Discontinued Operations	Total
For the three months ended June 30, 2018:					
Amortization and depletion	$ 2,240	$ -	$ 2,240	$ -	$ 2,240
Segment net income (loss)	(3,289)	(337)	(3,626)	-	(3,626)
Expenditures on non-current assets	541	-	541	-	541
For the three months ended June 30, 2017:					
Amortization and depletion	$ 1,171	$ -	$ 1,171	$ 4	$ 1,175
Segment net income (loss)	1,518	(533)	985	(1,340)	(355)
Expenditures on non-current assets	3,226	-	3,226	1,621	4,847
For the nine months ended June 30, 2018:					
Amortization and depletion	$ 5,447	$ -	$ 5,447	$ -	$ 5,447
Segment net income (loss)	(3,245)	(2,083)	(5,328)	31,698	26,370
Expenditures on non-current assets	2,969	-	2,969	-	2,969
For the nine months ended June 30, 2017:					
Amortization and depletion	$ 3,010	$ -	$ 3,010	$ 48	$ 3,058
Segment net income (loss)	3,552	(3,594)	(42)	958	916
Expenditures on non-current assets	4,451	-	4,451	2,865	7,316
Reportable segment assets (June 30, 2018)	$ 122,900	$ 11,668	$ 134,568	$ -	$ 134,568
Reportable segment liabilities (June 30, 2018)	7,055	273	7,328	-	7,328
Reportable segment assets (September 30, 2017)	$ 124,420	$ 11,698	$ 136,118	$ 24,092	$ 160,210
Reportable segment liabilities (September 30, 2017)	16,363	55,199	71,562	822	72,384

Included in segment net loss in Canada for the three and nine months ended June 30, 2018 are foreign exchange gains of $209 and losses of $1,429 (2017 – gains of $1,132 and $652).

11. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments:

The fair values of the Corporation's financial instruments are considered to approximate the carrying amounts. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable or unobservable, as follows:

(Unaudited – in thousands of United States dollars unless otherwise stated)

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3 inputs are unobservable (supported by little or no market activity).

The following table provides the disclosures of the fair value and the level in the hierarchy for financial instruments valued at fair value through profit or loss.

	June 30, 2018		September 30, 2017	
	Level 1	Level 2	Level 1	Level 2
Cash	$ 11,921	-	$ 4,606	-
Derivative liabilities	-	$ 342	-	$ 464

For derivative contracts, the Corporation performs valuations internally and calculates a debt valuation adjustment or a credit valuation adjustment by considering the risk of nonperformance by the counterparties and the Corporation's own credit risk. Valuations are based on forward rates considering the market price, rate of interest and volatility, and take into account the credit risk of the financial instrument, and are therefore classified within Level 2 of the fair value hierarchy.

(b) Capital management:

The Corporation's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and operation of resource properties and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and debt. Future financings are dependent on market conditions and there can be no assurance the Corporation will be able to raise funds in the future. The Corporation invests all capital that is surplus to its immediate operational needs in high interest savings accounts.

The capital of the Corporation consists of items included in shareholders' equity and debt, net of cash as follows:

	June 30, 2018	September 30, 2017
Shareholders' equity	$ 127,240	$ 87,826
Long term debt	-	53,809
	127,240	141,635
Less: cash	(11,921)	(4,606)
	$ 115,319	$ 137,029

(c) Financial risks:

The Corporation's financial risk exposures and the impact on the Corporation's financial instruments are summarized below:

Commodity price risk
The profitability of the Corporation's mining operations will be significantly affected by changes in the market price for gold and silver ("Metal"). Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the Corporation's control. The supply and demand for Metal, the level of interest rates, the rate of inflation, investment decisions by large holders of Metal, including governmental reserves, and the stability of exchange rates can all cause significant fluctuations in Metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, and political developments.

Credit Risk
The Corporation's credit risk is primarily attributable to cash, input tax recoverable and trade receivables. Input tax recoverable consists of harmonized sales tax due from the Federal Government of Canada of $106 and value added tax from the Federal Government of Mexico of $9,265. Exposure on trade receivables is limited as all receivables are with customers who the Corporation has strong working relationships with, and are reputable large companies with a history of timely payment.

Management believes the risk of loss with respect to financial instruments consisting of cash, input tax recoverable and trade receivables to be low.

Foreign Currency Risk
The Corporation's major purchases are transacted in Canadian dollars, US dollars, and Mexican Pesos. The Corporation funds certain operations, exploration and administrative expenses in Mexico using US dollar and Mexican Peso currency converted from its Canadian and US dollar bank accounts held in Canada. As GoGold Resources Inc., the parent corporation, has a functional currency of Canadian dollars, net liabilities held in US dollars are affected by foreign exchange fluctuations and will affect the Corporation's net income. At June 30, 2018, GoGold Resources Inc. had net monetary assets in US dollars of $11,117 (September 30, 2017 – liabilities of $53,809), for which a 10% change in US exchange rates would change net income by approximately $1,112. At June 30, 2018, the Corporation had net monetary assets in Mexican Pesos of approximately $5,511 (September 30, 2017 – liabilities of $1,080), for which a 10% change in Mexican Peso exchange rates would change net income by approximately $551.

Interest Rate Risk
The Corporation has cash balances and current policy is to invest excess cash in Canadian bank high interest savings accounts. The Corporation has no interest bearing liabilities.

Liquidity Risk
The Corporation's general objective when managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Corporation had cash balances of $11,921 for settling current liabilities of $5,006, liquidity is expected to be sufficient to fund the operations of the Corporation for the next twelve months.

(d) Derivatives:

The Corporation, through its subsidiary Coanzamex, has an agreement with the Municipality of Parral, Mexico ("Town") to mine and process tailings material for precious metal recovery. The Corporation makes payments of $48 per month to the Town which increases based on the market average silver price, with payments continuing until tailings are completely mined. As the monthly royalty payment increases based on the market average silver price, from a minimum of $48 per month to a maximum of $88 per month, this obligation is accounted for as an embedded derivative liability. The fair value of the liability has been accounted for using a Monte Carlo simulation based on the spot price of silver at June 30, 2018 of $16.03 (September 30, 2017 - $16.86), as well as the historical volatility of silver market prices. The fair value of the liability under this method at June 30, 2018 was $342 (September 30, 2017 - $464).

12. COMMITMENTS

The Corporation has annual commitments of $1,006 for the next five years related to the Parral project, which includes minimum royalty payments and land lease payments.