GoGold
SILVER & GOLD

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED

DECEMBER 31, 2020

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

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited – in thousands of United States dollars)

	December 31 2020	September 30 2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 56,397**	$ 52,626
Trade receivables	**3,835**	4,768
Input tax recoverable	**7,608**	6,842
Prepaid expenses	**482**	286
Inventories (Note 3)	**9,043**	9,205
	77,365	73,727
Non-current assets:		
Input tax recoverable	**5,386**	4,525
Inventories (Note 3)	**18,290**	16,867
Property, plant and equipment (Note 4)	**64,416**	66,041
Exploration and evaluation assets (Note 5)	**26,698**	21,939
Total assets	**$ 192,155**	$ 183,099
LIABILITIES		
Current liabilities:		
Trade and other payables	**$ 7,563**	$ 6,124
Current portion of long-term obligation (Note 6)	**1,637**	1,952
	9,200	8,076
Non-current liabilities:		
Long-term obligation (Note 6)	**1,496**	1,562
Provision for site restoration	**1,546**	1,434
Derivative liability (Note 10(d))	**1,417**	1,198
Total liabilities	**13,659**	12,270
EQUITY		
Share capital (Note 7)	**203,551**	202,356
Contributed surplus	**8,627**	8,881
Accumulated other comprehensive loss	**(3,641)**	(6,130)
Deficit	**(30,041)**	(34,278)
Total equity	**178,496**	170,829
Total liabilities and equity	**$ 192,155**	$ 183,099

Commitments (Note 11)

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

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

For the three months ended	December 31 2020	December 31 2019
Revenue from mining operations	**$ 14,078**	$ 9,293
Cost of sales:		
Production costs, except amortization and depletion	**7,383**	6,965
Amortization and depletion	**1,026**	1,145
	8,409	8,110
General and administrative	**1,649**	1,023
Operating income	**4,020**	160
Finance and accretion costs	**(86)**	(108)
Foreign exchange gain	**464**	233
Fair market value gain on marketable securities	**-**	280
Loss on derivative liability	**(219)**	(42)
Interest and dividend income	**58**	12
	217	375
Net income	**4,237**	535
Other comprehensive income:		
Foreign currency translation differences arising on translation of foreign subsidiaries which may subsequently be cycled through net income	**2,489**	109
Total comprehensive income for the period	**$ 6,726**	$ 644
Net income per share (Note 7(e))		
Basic	**$ 0.016**	$ 0.003
Diluted	**$ 0.015**	$ 0.003

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

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited – in thousands of United States dollars)

For the period ended	**December 31 2020**	December 31 2019
Cash provided by (used in) the following activities:		
Operating activities		
Net income for the quarter	**$ 4,237**	$ 535
Items not involving cash:		
Accretion	**81**	105
Amortization and depletion	**1,026**	1,145
Fair market value adjustment on marketable securities	**-**	(280)
Foreign exchange gain	**(464)**	(233)
Loss on derivative liability	**219**	42
Stock based compensation	**307**	149
	5,406	1,463
Net change in non-cash operating working capital (Note 8)	**457**	(674)
Net cash provided by operating activities	**5,863**	789
Investing activities		
Exploration and evaluation expenditures (Note 5)	**(3,653)**	(1,495)
Net proceeds on sale of marketable securities	**-**	5,041
Purchase of property, plant and equipment	**(25)**	(1,244)
Net cash (used in) provided by investing activities	**(3,678)**	2,302
Financing activities		
Proceeds on stock option exercises (Note 7)	**452**	-
Payment of leases (Note 6)	**(9)**	-
Payment of long-term obligations (Note 6)	**(423)**	(584)
Net cash provided by (used in) financing activities	**20**	(584)
Effect of exchange rate changes on cash and cash equivalents	**1,566**	90
Net increase (decrease) in cash and cash equivalents	**3,771**	2,597
Cash and cash equivalents, beginning of period	**52,626**	2,408
Cash and cash equivalents, end of period	**$ 56,397**	$ 5,005

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

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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		Surplus (Deficit)		Total equity
Balance at October 1, 2019	185,823,461	$	147,914	$	7,974	$	(5,651)	$	(77,426)	$	72,811
Net income	-		-		-		-		535		535
Other comprehensive income	-		-				109		-		109
Shares issued, net of issuance costs (Note 7)	243,750		111		-		-		-		111
Stock-based compensation (Note 7)	-		-		149		-		-		149
Balance at December 31, 2019	186,067,211		148,025		8,123		(5,542)		(76,891)		73,715
Balance at September 30, 2020	264,166,788		202,356		8,881		(6,130)		(34,278)		170,829
Net income	-		-		-		-		4,237		4,237
Other comprehensive income	-		-				2,489		-		2,489
Options exercised	908,846		1,013		(561)		-		-		452
Stock-based compensation (Note 7)	-		-		307		-		-		307
Shares issued, net of issuance costs (Note 7)	162,500		182		-		-		-		182
Balance at December 31, 2020	**265,238,134**	**$**	**203,551**	**$**	**8,627**	**$**	**(3,641)**	**$**	**(30,041)**	**$**	**178,496**

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 and the OTCQX market in the United States under the symbol GLGDF. 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 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, 2020 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the directors of the Corporation on February 10, 2021.

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, 2020.

3. INVENTORIES

	December 31, 2020	September 30, 2020
Current:		
Supplies inventory	$ 1,112	$ 1,169
In process inventory	7,545	7,408
Finished goods inventory	386	628
	9,043	**9,205**
Long term:		
In process inventory	18,290	16,867
	$ 27,333	**$ 26,072**

The amount of inventory included in cost of sales for the three months ended December 31, 2020 was $8,409 (2019 – $8,110). An assessment of the net realizable value of in process inventory was completed, and no adjustments were required, at December 31, 2020.

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

4. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Equipment	Mining Properties	Total
At September 30, 2020	$ 49,882	$ 59,613	$ 109,495
Additions	16	9	25
Disposals	(14)	-	(14)
Reclamation obligation adjustments	-	(46)	(46)
At December 31, 2020	**$ 49,884**	**$ 59,576**	**$ 109,460**

Accumulated Amortization and Impairment	Plant & Equipment	Mining Properties	Total
At September 30, 2020	$ 23,960	$ 19,494	$ 43,454
Amortization and depletion	654	950	1,604
Disposals	(14)	-	(14)
At December 31, 2020	**$ 24,600**	**$ 20,444**	**$ 45,044**

Net Carrying Value	Plant & Equipment	Mining Properties	Total
At September 30, 2020	$ 25,922	$ 40,119	$ 66,041
At December 31, 2020	**$ 25,284**	**$ 39,132**	**$ 64,416**

For the three months ended December 31, 2020, amortization and depletion of $578 was capitalized to in process inventory (2019 - $319 expensed from in process inventory to amortization and depletion expense). Disclosures related to right of use assets are shown in the following table:

Right of Use Assets	Plant & Equipment	Mining Properties	Total
Net Carrying Value – September 30, 2020	$ 76	$ 1,694	$ 1,771
Net Carrying Value – December 31, 2020	68	1,657	1,725
Amortization and depletion expensed	8	37	45

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

5. EXPLORATION AND EVALUATION ASSETS

The Corporation's exploration and evaluation assets consist of the Los Ricos property which is split into two projects, the Los Ricos South project and the Los Ricos North project, which are approximately 25km apart.

A summary of the additions to the Los Ricos projects for the three months ended December 31, 2020 are as follows:

	LOS RICOS NORTH			LOS RICOS SOUTH			TOTAL		
	Cash Settled	Share Settled	Total	Cash Settled	Share Settled	Total	Cash Settled	Share Settled	Total
At October 1, 2020	$ 5,919	$ 1,767	$ 7,686	$ 9,862	$ 4,391	$ 14,253	$ 15,781	$ 6,158	$ 21,939
Concession requirements	254	-	254	186	-	186	440	-	440
Drilling, exploration and consulting	3,561	-	3,561	575	183	758	4,136	183	4,319
At December 31, 2020	**$ 9,734**	**$ 1,767**	**$ 11,501**	**$ 10,623**	**$ 4,574**	**$ 15,197**	**$ 20,357**	**$ 6,341**	**$ 26,698**

Cash-settled consideration includes amounts capitalized to exploration and evaluation assets which have been or will be settled in cash, while share-settled consideration includes amounts which are settled by the issuance of common shares of the Corporation. Cash-settled consideration includes $1,294 (September 30, 2020 - $557) in trade and other payables at December 31, 2020.

Commitments

The Corporation has agreements with external consultants to act as a liaison with local concession holders in the Corporation's ongoing program of consolidation of concessions along the Los Ricos projects mineral trend. In addition, the consultants provide environmental services, community relations, and aide in surface rights negotiations. As consideration for these services, the Corporation is making payments of 81,250 common shares and $25 per month for four years, contingent on the consultants providing the agreed upon services, until October 2023.

The Corporation has entered into option agreements for certain concessions within the Los Ricos projects. During the term of the option agreements the Corporation has exclusive exploration and drilling rights on the concessions, and the Corporation has the right to terminate the agreements at any point with no further payment. The rights to the concessions transfer to the Corporation after completion of payments of the option agreement. Details of the remaining payments require related to these option agreements are provided in Note 6.

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

6. LONG TERM OBLIGATIONS

Details of the payments during the period, accretion, foreign exchange, and the remaining long term obligations at December 31, 2020 along with the total annual payments are provided below:

	Concession & NSR		*Leases*		*Total*	
	Principal	**Discounted Amount**	**Principal**	**Discounted Amount**	**Principal**	**Discounted Amount**
At September 30, 2020	$ 1,886	$ 1,824	$ 2,279	$ 1,690	$ 4,165	$ 3,514
Principal paid	(423)	(423)	(9)	(9)	(432)	(432)
Accretion	-	21	-	30	-	51
At December 31, 2020	**$ 1,463**	**$ 1,422**	**$ 2,270**	**$ 1,711**	**$ 3,733**	**$ 3,133**
Current:						
December 31, 2021	$ 1,240	$ 1,204	$ 435	$ 433	$ 1,675	$ 1,637
Long term:						
December 31, 2022	223	218	426	388	649	606
December 31, 2023	-	-	409	334	409	334
Subsequent to December 31, 2025	-	-	1,000	556	1,000	556
	223	218	1,835	1,278	2,058	1,496
Total	**$ 1,463**	**$ 1,422**	**$ 2,270**	**$ 1,711**	**$ 3,733**	**$ 3,133**

(a) Concession Agreement and NSR Agreement

On August 15, 2019, the Corporation acquired 29 concessions at Los Ricos through various agreements (the "Concession Agreements"). Consideration for the Concession Agreements consisted of $500 in cash upon signing, $3,220 which is non-interest bearing and payable in monthly instalments over 24 months ending on September 15, 2021, and 9,046,968 common shares of the Corporation to be delivered in equal instalments over 24 months ending on September 15, 2021.

In addition to the Concession Agreements, the Corporation acquired an existing 2% net smelter return royalty, through an agreement (the "NSR Agreement"), on the Los Ricos project for cash consideration of $1,000, which is non-interest bearing and paid in equal instalments over 36 months ending on September 15, 2022, and 4,875,012 common shares of the Corporation to be delivered in equal instalments over 18 months ending on March 15, 2021.
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The remaining obligations related to the Concession Agreements and NSR Agreement, are recorded at the discounted amount based on estimated timing of payment and are being accreted to the principal amount over the estimated term using the effective interest method with an effective average interest rate of 5%. The Los Ricos concessions have been pledged as security for the remaining obligations.

(b) Lease obligations

The Corporation has recorded a lease obligation related to the land for the Parral project, which provides the Corporation the use of the land where the Parral heap leach and processing facilities are located until February 2028, with the Corporation's option to extend until February 2033, which the Corporation intends to exercise. Annual payments of $400 are required to be made until 2023, with an additional $500 per year to be paid in 2028 and 2029 to extend the lease until February 2033. The lease is non-interest bearing and discounted using the effective interest method with an effective average interest rate of 5%. There are no restrictions or covenants included in the land lease.

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

The Corporation also recorded a lease obligation for the rental of the corporate office in Halifax, which is an annual obligation of $39, paid monthly, until 2022, which is non-interest bearing and discounted using the effective interest method with an effective average interest rate of 5%. There are no restrictions or covenants included in the office lease.

The Corporation had no short-term leases nor low-value leased assets in the three months endings December 31, 2020.

7. 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, 2019	185,823,461	$ 147,914
Shares issued to consultants in exchange for services	243,750	111
Balance December 31, 2019	186,067,211	$ 148,025
Balance October 1, 2020	264,166,788	$ 202,356
Shares issued to consultants in exchange for services	162,500	182
Shares issued on exercise of options	908,846	1,013
Balance December 31, 2020	**265,238,134**	**$ 203,551**

During the three months ended December 31, 2020, the Corporation issued 162,500 common shares (2019 – 243,750) valued at $182 (2019 - $111) to consultants in exchange for services received related to the Los Ricos projects, see Note 5.

(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 is 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. The Plan provides the ability to exercise options on a cashless basis. Options granted under the Plan typically vest over a three year period, although the vesting period is at the Board of Directors' discretion.

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

The changes in incentive stock options during the three months ended December 31, 2020 and 2019 were as follows:

	December 31, 2020		December 31, 2019	
	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance	10,091,800	CAD $ 0.58	7,675,000	CAD $ 0.55
Granted	1,604,412	2.00	3,150,000	0.70
Exercised	(1,525,000)	1.35	-	-
Closing balance	10,171,212	CAD $ 0.72	10,825,000	CAD $ 0.59
Exercisable	4,331,666	CAD $ 0.44	3,523,334	CAD $ 0.78

Of the 1,525,000 options exercised during the three months ended December 31, 2020, 950,000 of the options were exercised in a cashless manner whereby the company issued the number of shares equal to the market value of the difference between the average market price of the shares over the five days preceding the exercise date and the exercise price, for the 950,000 options exercised. A total of 333,846 shares were issued to the option holders who exercised using the cashless manner. The average market price per common share on the day of exercise during the three months ended December 31, 2020 was CAD $1.67.

The following table summarizes information concerning outstanding and exercisable incentive stock options at December 31, 2020:

	Outstanding		Exercisable	
Expiry date	Number of options	Exercise price (CAD $)	Number of options	Exercise price (CAD $)
March 27, 2022	530,000	0.75	530,000	0.75
March 27, 2023	878,467	0.45	543,333	0.45
December 28, 2023	2,916,666	0.22	1,899,999	0.22
March 29, 2024	825,000	0.40	275,000	0.40
June 21, 2024	300,000	0.45	100,000	0.45
August 27, 2024	50,000	0.70	16,667	0.70
December 23, 2024	3,066,667	0.70	966,667	0.70
December 28, 2025	1,604,412	2.00	-	-
	10,171,212	CAD $ 0.72	4,331,666	CAD $ 0.44

The compensation cost for the incentive stock options granted during the three months ended December 31, 2020 and December 31, 2019 were 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	Dec. 28, 2020	Dec. 23, 2019
Options granted	1,604,412	3,150,000
Exercise price	CAD $ 2.00	CAD $ 0.70
Risk-free rate	0.30%	1.65%
Expected volatility of share price	67%	61%
Expected dividend yield	0.00%	0.00%
Expected life of each option	5 years	5 years

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

Weighted average grant date fair value	CAD $ 1.06	CAD $ 0.31

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

(d) Deferred share units

The Corporation has 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 6,500,000. DSUs typically vest over a 3-year period from grant date, although the vesting period is at the Board of Directors' discretion.

The changes in DSUs for the three months ended December 31, 2020 and December 31, 2019 were as follows:

	Dec. 31, 2020	Dec. 31, 2019
Opening balance	3,850,000	2,025,000
Granted	872,500	1,825,000
Closing balance	4,722,500	3,850,000
Exercisable	1,916,667	633,333

Following is a summary of the DSUs outstanding at December 31, 2020:

Grant date	Number of DSUs	Market price at grant date	Compensation cost over 3-year vesting term	Unrecognized portion of compensation cost
March 27, 2018	450,000	CAD $ 0.425	$ 149	$ 4
December 28, 2018	1,450,000	0.215	251	27
June 21, 2019	100,000	0.395	29	8
August 27, 2019	25,000	0.620	12	4
December 23, 2019	1,825,000	0.630	873	347
December 28, 2020	872,500	1.950	1,340	1,333
	4,722,500	CAD $ 0.722	$ 2,654	$ 1,723

The Corporation has recorded total stock based compensation during the three months ended December 31, 2020 of $307 (2019 - $149).

(e) Net income per share

Basic net income per share is calculated based on the weighted average number of shares outstanding during the year. Diluted net income per share is based on the assumption that stock options and DSUs have been exercised on the later of the beginning of the period and the date granted. As of December 31, 2020, 1,604,412 options (2019 – 5,645,000) were excluded from the computation of diluted net income per share because their effect would have been anti-dilutive. Following is a reconciliation from the weighted average number of shares outstanding to the diluted weighted average number of shares outstanding:

	Dec. 31 2020	Dec. 31 2019
Weighted average number of shares outstanding	264,450,970	185,903,421
Weighted average DSUs outstanding	3,878,451	2,183,696
Weighted average in-the-money options outstanding	6,073,471	2,611,072

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

Diluted weighted average number of shares outstanding	274,402,892	190,698,189

8. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital:

	Three months ended December 31, 2020	Three months ended December 31, 2019
Trade receivables	$ 933	$ (342)
Input tax recoverable	(322)	(768)
Prepaid expenses	(187)	(129)
Inventory	(683)	249
Trade and other payables	716	316
	$ 457	**$ (674)**

9. 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 and the Los Ricos projects as the Mexico segment, and the Corporation's corporate offices as the Canadian segment.

The following table presents information about reportable segments:

	Mexico	Canada	Total
For the three months ended December 31, 2020:			
Revenue	$ 14,078	$ -	$ 14,078
Amortization and depletion	1,026	-	1,026
Interest and dividend income	-	58	58
Finance costs	82	4	86
Segment net income (loss)	6,474	(2,237)	4,237
Expenditures on non-current assets	3,678	-	3,678
For the three months ended December 31, 2019:			
Revenue	$ 9,293	$ -	$ 9,293
Amortization and depletion	1,145	-	1,145
Interest and dividend income	-	12	12
Finance costs	99	9	108
Segment net income (loss)	976	(441)	535
Expenditures on non-current assets	2,739	-	2,739
Reportable segment assets (December 31, 2020)	$ 139,726	$ 52,429	$ 192,155
Reportable segment liabilities (December 31, 2020)	11,833	1,826	13,659
Reportable segment assets (September 30, 2020)	$ 132,161	$ 50,938	$ 183,099
Reportable segment liabilities (September 30, 2020)	11,150	1,120	12,270

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

10. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments:

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 on a recurring basis.

	December 31, 2020		September 30, 2020	
	Level 1	Level 2	Level 1	Level 2
Long-term obligations	-	$ 3,133	-	$ 3,386
Provision for site restoration	-	1,546	-	1,434
Derivative liabilities	-	1,417	-	1,198

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. These activities are primarily funded through operations, 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, should the need arise. The Corporation invests all cash 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:

	December 31, 2020	September 30, 2020
Shareholders' equity	$ 178,496	$ 170,829
Less: cash	(56,397)	(52,626)
	$ 122,099	$ 118,203

(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 silver, gold and copper ("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. The Corporation has an off-take agreement for minimum quantities representing substantially all of the production of the Parral project whereby the selling price for gold and silver is based on the respective market prices for the commodities using the lowest quoted market price over a certain period of time prior to and following the respective transaction date. Management estimates that this agreement generally represents a 2% to 4% reduction in the realized price for gold and silver from spot market pricing, depending on the level of market price movements over that period.

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 $63 and value added tax ("VAT") receivable from the Federal Government of Mexico of $12,931. Timing of collection on VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. The Corporation assesses the recoverability of amounts receivable at each reporting date. Changes in these estimates can materially affect the amount recognized as VAT receivable and could result in a change in net income. As at December 31, 2020, the Corporation determined the full balance to be recoverable. Significant judgment is required to determine the presentation of current and non-current input tax recoverable. Exposure on trade receivables is limited as all receivables are with one customer who the Corporation has a strong working relationship with and is a reputable large international company 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 December 31, 2020, GoGold Resources Inc. had net monetary assets in US dollars of $32,658 (September 30, 2020 – $11,093), for which a 10% change in US exchange rates would change net income by approximately $3,266. At December 31, 2020, the Corporation had net monetary assets in Mexican Pesos of approximately $9,867 (September 30, 2020 – $9,115), for which a 10% change in Mexican Peso exchange rates would change net income by approximately $987.

Interest Rate Risk
The Corporation has cash balances and the current policy is to invest excess cash in Canadian bank high interest savings accounts, with excess cash held in CAD, USD, or MXN based on future spending requirements and consensus foreign exchange estimates. 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 December 31, 2020, the Corporation had cash balances of $56,397, current input tax recoverable of $7,608, and trade receivables of $3,835 for settling current liabilities of $9,200. Liquidity is expected to be sufficient to fund the operations of the Corporation for the next twelve months.

COVID-19 Risk
On March 11, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was classified as a global pandemic, which has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity and capital markets have also experienced significant volatility and weakness. The governments have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government's interventions. The Corporation has implemented procedures in response to the COVID-19 pandemic including employee education, monitoring of symptoms, and increased sanitization, as well as employees working remotely when possible.

While there were previously Mexican federal government temporary suspensions at the Corporation's operations, the Mexican federal government has since decreed that mining is an essential service, reducing the likelihood that the Corporation's operations will require another COVID-19 temporary suspension. However, the duration of the outbreak and economic impacts are uncertain and there may be impacts in the future on the Corporation's operations, supply chain, and cash flows, the Corporation's ability to raise financing or the pricing of such financing. The Corporation's key suppliers could be affected by the pandemic, which could affect production levels, exploration results, and costs, among other items. Impacts on the Corporation's operations and cash flows could be significant should the COVID-19 pandemic require the Corporation to cease all operations at both Parral and Los Ricos for an unknown time period. The Corporation is well positioned to endure an operation shutdown for an extended time period given the current financial position, which includes cash of $56,397 and liabilities of $13,659 at December 31, 2020.

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

(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. Pursuant to the agreement, the Corporation is currently making payments of $70 per month to the Town which varies based on the average market silver price, with payments continuing until tailings are completely mined. As the monthly royalty payment increases based on the average market 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 December 31, 2020 of $26.49 (September 30, 2020 - $23.73), as well as the historical volatility of silver market prices. The fair value of the liability under this method at December 31, 2020 was $1,417 (September 30, 2020 - $1,198).

11. COMMITMENTS

The Corporation has the following minimum annual commitments for the next five years:

Description	**2021**	**2022**	**2023**	**2024**	**2025**
Minimum royalty and land payments – Parral (Note 10(d))	$ 570	$ 570	$ 570	$ 570	$ 570
Los Ricos option payments (Note 6)	228	519	275	300	150
Los Ricos consulting payments (Note 6)	300	300	250	-	-
	$ 1,098	$ 1,389	$ 1,095	$ 870	$ 720