CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED

SEPTEMBER 30, 2022 AND 2021

(in thousands of United States Dollars unless stated otherwise)

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of GoGold Resources Inc.

Opinion

We have audited the consolidated financial statements of GoGold Resources Inc. (the "Entity"), which comprise:

- the consolidated statements of financial position as at September 30, 2022 and September 30, 2021
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of cash flows for the years then ended
- the consolidated statements of changes in equity for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at September 30, 2022 and September 30, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended September 30, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditors' report.

Evaluation of the recoverability of in process inventory

Description of the matter:

We draw attention to Notes 2(c) and 5 to the financial statements. The carrying amount of the in process inventory is $44,731 thousand. The Entity makes estimates of gold and silver recoverable from tailings stacked on leach pads in the determination of the carrying amount of in process inventory. The quantities of recoverable gold and silver placed on the leach pads are reconciled to the quantities of gold and silver actually recovered (metallurgical balancing), by comparing the estimate of contained ounces placed on the leach pads to actual ounces recovered. In determining the recoverability of in process inventory, the Entity's significant assumptions include future leach pad recovery rates and the grade of material stacked on the leach pads.

Why the matter is a key audit matter:

We identified the evaluation of the recoverability of in process inventory as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of in process inventory and high degree of estimation uncertainty in determining the recoverability of in process inventory. In addition, significant auditor judgment was required in evaluating the results of our audit procedures and significant assumptions used by the Entity.

How the matter was addressed in the audit:

The primary procedures we performed to address this key audit matter included the following:

We compared the recovery rates used in calculating in process inventory to the relevant technical reports.

We evaluated management's process for estimation of future leach pad recovery rates by comparing historical and current recovery rate assumptions to actual historical recoveries.

We inspected a selection of the Entity's third-party lab assay reports used to determine actual tailings grades throughout the stacking and leaching process and compared the reports to amounts used in the calculation of in process inventory.

We assessed the completeness and accuracy of production information, including tonnage stacked and processed, and compared the production information to the financial modeling and the rollforward of estimated recoverable in process inventory.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditors' report is Brittany Bartlett.

KPMG LLP

Chartered Professional Accountants

Halifax, Canada

December 21, 2022

GoGold SILVER & GOLD

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of United States dollars)

	September 30 2022	September 30 2021
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 73,344**	$ 66,837
Trade receivables	**2,515**	4,171
Input tax recoverable	**1,101**	7,294
Prepaid expenses	**354**	817
Inventories (Note 5)	**11,851**	9,221
	89,165	88,340
Non-current assets:		
Input tax recoverable	**13,203**	7,896
Inventories (Note 5)	**35,665**	24,718
Property, plant and equipment (Note 6)	**53,353**	59,088
Exploration and evaluation assets (Note 7)	**73,292**	45,278
Total assets	**$ 264,678**	$ 225,320
LIABILITIES		
Current liabilities:		
Trade and other payables	**$ 7,865**	$ 9,522
Current taxes (Note 12)	**2,435**	-
Current portion of long-term obligations (Note 8)	**964**	710
Current portion of onerous contract provision (Note 9)	**545**	478
	11,809	10,710
Non-current liabilities:		
Long-term obligations (Note 8)	**1,508**	959
Onerous contract provision (Note 9)	**3,593**	3,397
Derivative liability (Note 16(d))	**745**	975
Provision for site restoration (Note 10)	**2,040**	1,717
Deferred tax liability (Note 12)	**4,652**	1,301
Total liabilities	**24,347**	19,059
EQUITY		
Share capital (Note 11)	**264,044**	227,520
Contributed surplus	**12,110**	10,289
Accumulated other comprehensive loss	**(9,317)**	(4,350)
Deficit	**(26,506)**	(27,198)
Total equity	**240,331**	206,261
Total liabilities and equity	**$ 264,678**	$ 225,320

Commitments (Note 17)

Signed on behalf of the Board:

John Turner *George Waye*

See accompanying notes to the consolidated financial statements.

GoGold SILVER & GOLD

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

For the year ended	September 30 2022	September 30 2021
Revenue from mining operations	$ 36,054	$ 53,232
Cost of sales:		
Production costs, except amortization and depletion	22,981	28,602
Amortization and depletion	4,158	5,023
Inventory net realizable value adjustment (Note 5)	3,595	-
	30,734	33,625
General and administrative expense	8,059	7,694
Loss on onerous contract provision (Note 9)	340	3,911
Operating (loss) income	(3,079)	8,002
Finance costs	(574)	(391)
Foreign exchange gain	4,901	237
Gain on derivative liability	230	223
Interest income	5,688	310
	10,245	379
Net income before income taxes	7,166	8,381
Current income tax expense (Note 12)	2,435	-
Deferred income tax expense (Note 12)	4,039	1,301
	6,474	1,301
Net income	692	7,080
Other comprehensive (loss) income:		
Foreign currency translation differences which may subsequently be cycled through net income	(4,967)	1,780
Total comprehensive (loss) income	$ (4,275)	$ 8,860
Net income per share (Note 11(h))		
Basic	$ 0.002	$ 0.026
Diluted	$ 0.002	$ 0.025

GoGold SILVER & GOLD

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of United States dollars)

For the year ended	**September 30 2022**	September 30 2021
Cash provided by (used in) the following activities:		
Operating activities		
Net income	**$ 692**	$ 7,080
Items not involving cash:		
Amortization and depletion	**4,158**	5,023
Finance cost	**562**	391
Interest paid	**(67)**	(40)
Deferred income taxes	**4,039**	1,301
Foreign exchange gain	**(4,901)**	(237)
Gain on derivative liability	**(230)**	(223)
Inventory net realizable value adjustment (Note 5)	**3,595**	-
Loss on onerous contract provision (Note 9)	**340**	3,911
Settlement of onerous contract provision by sale of Off-Take Ounces (Note 9)	**(346)**	(97)
Stock based compensation	**1,949**	1,760
	9,791	18,869
Net change in non-cash operating working capital (Note 13)	**(10,767)**	(6,485)
Net cash (used in) provided by operating activities	**(976)**	12,384
Investing activities		
Exploration and evaluation expenditures (Note 7)	**(24,492)**	(19,424)
Purchase of property, plant and equipment	**(208)**	(280)
Net cash used in investing activities	**(24,700)**	(19,704)
Financing activities		
Net proceeds on equity issuances (Note 11)	**33,424**	21,953
Proceeds on option exercises (Note 11)	**213**	509
Payment of leases (Note 8)	**(439)**	(430)
Payment of long-term obligations (Note 8)	**(771)**	(1,580)
Net cash provided by financing activities	**32,427**	20,452
Effect of exchange rate changes on cash and cash equivalents	**(244)**	1,079
Net increase in cash and cash equivalents	**6,507**	14,211
Cash and cash equivalents, beginning of year	**66,837**	52,626
Cash and cash equivalents, end of year	**$ 73,344**	$ 66,837

GoGold SILVER & GOLD

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of United States dollars)

	Number of shares		Share capital		Contributed surplus		Accumulated other comprehensive loss		Deficit		Total equity
Balance at October 1, 2020	264,166,788	$	202,356	$	8,881	$	(6,130)	$	(34,278)	$	170,829
Net income	-		-		-		-		7,080		7,080
Other comprehensive income	-		-				1,780		-		1,780
Options exercised	1,130,579		1,090		(581)		-		-		509
Stock-based compensation (Note 11)	-		-		1,989		-		-		1,989
Shares issued, net of issuance costs (Note 11)	12,550,000		24,074		-		-		-		24,074
Balance at September 30, 2021	277,847,367		227,520		10,289		(4,350)		(27,198)		206,261
Net income	-		-		-		-		692		692
Other comprehensive loss	-		-				(4,967)		-		(4,967)
Tax recovery on share issue costs (Note 11)	-		688		-		-		-		688
Options exercised	687,639		362		(149)		-		-		213
Stock-based compensation (Note 11)	-		-		1,970		-		-		1,970
Shares issued, net of issuance costs (Note 11)	17,171,000		35,474		-		-		-		35,474
Balance at September 30, 2022	**295,706,006**	**$**	**264,044**	**$**	**12,110**	**$**	**(9,317)**	**$**	**(26,506)**	**$**	**240,331**

See accompanying notes to the consolidated financial statements.

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 silver, gold and copper primarily in Mexico.

2. BASIS OF PREPARATION

a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (''IASB'').

These financial statements were approved by the Board of Directors on December 21, 2022.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that are measured at fair value through profit or loss. These consolidated financial statements are presented in United States dollars ("US dollars", "USD").

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Corporation's management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Judgment is used mainly in determining whether a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. However, judgments and estimates are often interrelated. Actual results may differ from these estimates.

Estimates and judgments 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements as well as estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Asset acquisitions:
The Corporation applies judgment in determining whether the exploration and evaluation assets it acquires are considered to be asset acquisitions or business combinations. Key factors in this determination are whether reserves have been established; whether the project is capable of being managed as a business by a market participant, and the nature of the additional work to convert resources into reserves. The Corporation has considered all exploration and evaluation assets acquired to date to be asset acquisitions.

Commercial production:
The Corporation makes judgments about which indicators to consider when evaluating whether a project has reached commercial production, which may impact the timing and amount of amortization and depletion, the amount of revenue recognized, as well as operating expenses recognized.

Estimate of recoverability for non-financial assets:
Events or changes in circumstances may give rise to significant impairment charges or reversals of impairment in a particular year. In accordance with the Corporation's accounting policy, each non-financial asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment or impairment reversals, which would include a significant decline or increase in the asset's market value, decline in resources and/or reserves as a result of geological re-assessment or change in timing of extraction of resources and/or reserves which would result in a change in the discounted cash flow obtained from the site, and changing metal prices or input cost prices than would have been expected since the most recent valuation of the site.

If any such indication exists, a formal estimate of recoverable amount is determined and an impairment loss recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs of disposal and value in use.

If recoverability of previously recorded impairment losses is indicated a reversal of the previously recognized loss is recognized adjusted for any applicable amortization and depletion.

Value in use is generally determined as the present value of the estimated future cash flows, but only those expected to arise from the continued use of the asset in its present form and its eventual disposal. Present values are determined using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs of disposal is determined based on the present value of estimated future cash flows from each long-lived asset or cash generating unit. The assumptions used in determining the fair value less costs of disposal are typically life of mine plans, long-term commodity prices, discount rates, foreign exchange rates, and net asset value multiples.

Future cash flow estimates are based on expected production and sales volumes, mineral prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditures.

Exploration and evaluation assets:
Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for mineral properties. The technical feasibility and commercial viability is based on management's evaluation of the geological properties of an ore body based on information obtained through evaluation activities, including metallurgical testing, resource and reserve estimates and economic assessment whether the ore body can be mined economically. Once technical feasibility and commercial viability of a mineral property can be demonstrated, exploration costs will be assessed for impairment and reclassified to property, plant and equipment and subject to different accounting treatment.

Identification of functional currency:
The functional currency for the Corporation and each of its subsidiaries is the currency of the primary economic environment in which it operates. Determination of functional currency involves significant judgment in determining the primary economic environment by considering the currency and economic factors that mainly influence sales prices, production and operating costs, financing and related transactions.

Input tax recoverable
The Corporation makes estimates and judgments on the timing of the collection of value added taxes receivable from the Federal Government of Mexico which is required to determine the presentation of current and non-current input tax recoverable. Determination on the timing of the collection is based on communication with the government, past experience and management's judgment.

Inventory – in process:
The Corporation makes estimates of gold and silver recoverable from tailings stacked on leach pads in the determination of the carrying amount of in process inventory. The significant assumptions involved in determining the estimates include leach pad recovery rates and the grade of material stacked on the leach pads. The quantities of recoverable gold and silver placed on the leach pads are reconciled to the quantities of gold and silver actually recovered (metallurgical balancing), by comparing the estimate of contained ounces placed on the leach pads to actual ounces recovered. The nature of the leaching process

inherently limits the ability to precisely monitor inventory levels. As a result, the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time. The ultimate recovery of gold and silver from a leach pad, and the timing of the recovery, will not be known until the leaching process is completed.

Inventory – valuation:
The Corporation values inventory at the lower of cost and net realizable value. The calculation of net realizable value relies on forecasted metal prices, forecasted exchange rates, and estimated costs to complete the processing of in process inventory.

Onerous contract provision
The Corporation makes estimates for the timing and amount of future cash flows related to the Corporation's onerous contract. These estimates require extensive judgment regarding future silver and gold prices, future operating and capital costs, production rates, and discount rates. The calculation of this provision involves the use of estimates including, but not limited to, future silver and gold prices, future operating and capital costs, production and recovery rates, and discount rates. These actual results can vary significantly from these estimates with consequent variability in the amounts of the provision recorded. The onerous contract provision is calculated by taking the expected future costs that will be incurred directly related to the contract and deducting the estimated revenues.

Provisions for site restoration:
The Corporation makes estimates for the timing and amount of future cash flows required to settle the Corporation's reclamation provisions. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. In view of uncertainties concerning environmental rehabilitation, the ultimate costs could be materially different from the amounts estimated.

Share-based payments:
The Corporation issues equity-settled share-based payments in the form of stock options and deferred share units to certain employees, directors, and third parties outside the Corporation. Equity-settled share-based payments issued to employees and directors are measured at fair value (excluding the effect of nonmarket based vesting conditions) at the date of grant. Fair value is measured using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities and dividend yields based on information available at the time the fair value is measured. Share-based payments issued to third parties are measured at the fair value of the goods or services received, except when the fair value cannot be determined reliably, they are measured at the fair value of the equity instruments granted.

The Corporation also issues cash-settled share-based payments in the form of restricted share units to certain employees and consultants. Cash-settled share-based payments are measured at fair value (excluding the effect of nonmarket based vesting conditions) at the date of grant. As each restricted share unit is equal to the value of one common share of the Corporation, fair value is based on the value of a common share. At each reporting period, the value of the outstanding restricted share units are revalued based on the fair value with any changes in fair value recognized in profit or loss for the period.

Taxation:
The Corporation's accounting policy for taxation requires management's judgment in assessing whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, mineral prices, reserves, operating costs, restoration and rehabilitation costs, capital expenditure, dividends and other capital management transactions.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amount of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of operations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements are presented in USD and include the accounts of the Corporation and the following 100% owned subsidiaries:

Company	Principal activity	Country of incorporation	Functional currency
Mexican Gold Holdings Corporation Incorporated	Holding company	Canada	CAD
North American Gold Holdings Corporation Incorporated	Holding company	Canada	CAD
Minera Durango Dorado S.A. de C.V. (‘MDD’)	Gold and silver exploration	Mexico	USD
TMXI Resources S.A. de C.V.	Gold and silver exploration	Mexico	MXN
Absolute Gold Holdings Incorporated	Holding company	Canada	CAD
AGHI Holdings Incorporated	Holding company	Canada	CAD
Grupo Coanzamex S.A. de C.V.	Gold and silver production	Mexico	USD
Coanzamex Servicios S.A. de C.V.	Gold and silver production	Mexico	USD
Servicios de Procesamiento Manufactura y Logistica Coanzamex S.A. de C.V.	Gold and silver production	Mexico	USD
GoGold Resources Inc.	Corporate support	Canada	CAD

i) Subsidiaries

Subsidiaries are entities over which the Corporation has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Corporation controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation and cease to be consolidated from the date on which control is transferred out of the Corporation. A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

ii) Transactions eliminated on consolidation

Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

i) Foreign currency transactions

Transactions in currencies other than each entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

ii) Foreign operations

These consolidated financial statements are presented in USD. The results and financial position of all the Corporation's entities that have a functional currency different from the USD presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates; and
- all resulting exchange differences are recognized within AOCI which is a separate component of equity.

On the loss of control of a foreign operation, all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are recognized in the income statement as part of the gain or loss on loss of control.

Fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in AOCI.

c) Financial instruments

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes party to the contractual provisions of the instruments. A financial asset is derecognized either when the Corporation has transferred substantially all the risks and rewards of ownership of the financial assets or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

The Corporation classifies and measures financial assets and liabilities on initial recognition as described below:

- Cash and equivalents include cash, term deposits, treasury bills and money market investments with original maturities of less than 90 days and are classified as and measured at fair value through profit or loss.
- Trade receivables are classified as and measured at fair value through profit or loss using the effective interest method less any allowance for impairment.
- Marketable securities, including equity instruments, are designated as fair value through profit or loss and are recorded at fair value on settlement date, net of transaction costs. Subsequent to initial recognition, changes in fair value are recognized in income.
- Derivative financial instruments are recorded at fair value through profit or loss. Subsequent to initial recognition, changes in estimated fair value at each reporting date are recognized through profit or loss. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the counterparty.
- Trade and other payables, term loans and long term debt are classified and measured at amortized cost. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

d) Exploration and evaluation assets

Pre-exploration expenditures are expensed as incurred.

All direct costs related to the acquisition and exploration of resource property interests are capitalized by property. Exploration and evaluation assets include expenditures on acquisition of rights to explore, studies, exploratory drilling, trenching, sampling, and other direct costs related to the exploration or evaluation of a project. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are directly related to operational activities in a particular area of interest.

Exploration and evaluation assets are initially measured at cost and classified as tangible assets.

An impairment review of exploration and evaluation assets is performed, either individually or at the cash-generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs the excess is fully provided against, in the financial year in which this is determined. Exploration and evaluation assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions below is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

Where a project is determined to be technically viable and commercially feasible and a decision has been made to proceed with development with respect to a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is reclassified as a development asset in property, plant and equipment. A project is considered to be technically viable and commercially feasible when a full technical report is prepared, construction financing is arranged, and board approval to proceed with construction is obtained.

e) Property, plant and equipment

Recognition and measurement
Land is stated at historical cost. All items of property, plant and equipment are measured at historical cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and capitalized interest and any other costs directly attributable to bringing the assets to working condition for their intended use.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably.

The carrying amount of any replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Amortization
Amortization of plant and equipment is calculated using the straight-line method, or unit-of-production method if that is more reflective of the usage, to allocate their cost net of their residual values, over the shorter of their estimated useful lives and the life of mine. Amortization commences when the asset is fully constructed and available for use. Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate. Amortization categories and useful lives for items included in plant and equipment are as follows:

Asset	**Useful life**
Buildings & infrastructure	9 years
Office equipment	3 years
Other equipment	3 years
Process plant	Unit-of-production
Vehicles	4 years

Development assets
Development assets include costs transferred from exploration and evaluation assets once technical feasibility or commercial viability of an area of interest are demonstrable, and development assets also includes subsequent costs to develop the mine to the production phase. Once commercial production is achieved, development assets are reclassified to mining properties or plant and equipment.

Mining Properties
Mining properties include costs transferred from development assets once commercial production has been achieved for the area of interest, and mining properties also includes subsequent costs incurred in further developing the area of interest.

Depletion of mining properties is calculated on the basis of units of production and commences when the mine starts commercial production. Depletion is based on assessments of measured and indicated reserves and the portion of resources expected to be added to be reserves available to be mined by the current production equipment to the extent that such reserves are considered to be economically recoverable.

f) Impairment of non-financial assets

The net carrying amounts of property and equipment are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount, and an impairment charge is recognized in profit or loss in the fiscal year in which this is determined. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount, but so that the increased carrying amount does not exceed the carrying value that would have been determined if no impairment had previously been recognized. As a result, a reversal is recognized in profit or loss.

g) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred income tax assets and deferred income tax liabilities of the same taxable entity are offset when they relate to taxes levied by the same taxation authority and the entity has a legally enforceable right to set off current tax assets against current tax liabilities. The principal temporary differences arise from amortization and depletion on property, plant and equipment, tax losses carried forward and fair value adjustments on assets acquired in business combinations.

h) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments on the date of grant. Fair value is measured using the Black-Scholes pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed as services are rendered over the vesting period, based on the Corporation's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For share-based payment awards with non-market vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no-true-up for differences between expected and actual outcomes.

Equity-settled share-based payment transactions with parties other than employees and those providing similar services are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

i) Earnings per share

The Corporation presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Corporation by the weighted average number of common shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential common shares. All share options are currently anti-dilutive. As a result basic and diluted earnings per share are the same.

j) Reclamation liabilities

Provisions for environmental restoration are recognized when: (i) the Corporation has a present legal or constructive obligation as a result of past exploration, development or production events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) and the amount has been reliably estimated. Provisions do not include any additional obligations which are expected to arise from future disturbance.

k) Inventories

Finished goods inventory
Finished goods inventory consists of silver, gold, and copper precipitate or doré bars, and is valued at the lower of average cost and net realizable value.

Ore in process inventory
Ore in process inventory is measured at the lower of cost and net realizable value. The recovery of gold and silver is achieved through milling and heap leaching processes. Costs are added to ore on leach pads based on the current processing cost, including applicable overhead, depletion and amortization relating to mining and processing operations. Costs are removed from ore on leach pads as ounces are recovered, based on the average cost per recoverable ounce of gold and silver in ore in process inventory.

Supplies inventory
Supplies inventory consists of processing supplies and consumables used in the operation of the project, and is valued at the lower of average cost and net realizable value.

l) Revenue recognition

Revenue from the sale of gold, silver and copper contained in doré or precipitate is recognized when contracts with customers have been identified, performance obligations in the contract have been identified, transaction price is reasonably estimable, transaction price is allocated to the performance obligations in the contract, and performance obligation in the contract is satisfied. Generally, the performance obligations of the contract are met once shipments are received by the customer. Revenue is measured at the fair value of the consideration received or receivable and may be subject to adjustment once final weights and assays are determined. The Corporation has an Off-Take Agreement whereby it sells 2.4% of all the refined gold and refined silver produced at Parral over the life of the operation at a price equal to 30% of the prevailing market price.

m) Leases

At the inception of a contract, the Corporation assesses whether a contract is or contains a lease based on whether the contract conveys the right to use an asset for a period of time in exchange for consideration. Contracts identified as leases are recognized as a right-of-use asset within property, plant and equipment and corresponding lease liability as an obligation on the statement of financial position on the commencement date of the lease.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made before the commencement date, less any lease incentives received, any initial direct costs, and restoration costs expected to be incurred. The right-of-use asset is subsequently amortized on a straight-line basis over the lease-term. The corresponding lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the Corporation's incremental borrowing rate. Lease payments include any fixed payments, variable payments that are dependent on an index or a rate in effect at the time of commencement, amounts expected to be paid under residual value guarantees, and the exercise of a purchase option that are reasonably expected to be exercised. The lease liability is subsequently measured at amortized cost using the effective interest method.

n) Uncertain tax positions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expense already recorded. The Corporation establishes provisions, based on various factors and estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. Differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the country of domicile.

4. ACCOUNTING CHANGES AND RECENT PRONOUNCEMENTS

The IASB issued the following standards that have not been applied in preparing these consolidated financial statements as their effective date falls within periods beginning subsequent to the current reporting period.

IAS 1 – Presentation of Financial Statements

On January 23, 2020, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements* providing a more general approach to the classification of liabilities. The amendment clarifies that the classification of liabilities as current or non-current depends on the rights existing at the end of the reporting period as opposed to the expectations of exercising the right for settlement of the liability. The amendments further clarify that settlement refers to the transfer of cash, equity instruments, other assets, or services to the counterparty. The amendments are effective for annual periods beginning on or after January 1, 2023 (for the Corporation's annual period ended September 30, 2024) and are to be applied retrospectively, with early adoption permitted. The Corporation is currently assessing the financial impact of the amendments and expects to apply the amendments at the effective date.

IAS 16 – Property, Plant and Equipment

On May 14, 2020, the IASB issued an amendment to IAS 16 *Property, Plant and Equipment* to prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling such items, and the cost of producing those items are to be recognized in profit and loss. The amendments are effective for annual periods beginning on or after January 1, 2022 (for the Corporation's annual period ended September 30, 2023) with early adoption permitted. The amendment is to be applied retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the earliest period presented in the financial statements in the year in which the amendments are first applied. The Corporation expects there to be minimal financial impact due to the amendment and expects to apply the amendment at the effective date.

(in thousands of United States dollars unless otherwise stated)

IFRS 9 – Financial Instruments

On May 14, 2020, the IASB issued an amendment to IFRS 9 *Financial Instruments* clarifying which fees to include in the test in assessing whether to derecognize a financial liability. Only those fees paid or received between the borrower and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included. The amendment is effective for annual periods beginning on or after January 1, 2022 (for the Corporation's annual period ended September 30, 2023) with early adoption permitted. The Corporation expects there to be minimal financial impact due to the amendment and expects to apply the amendment at the effective date.

5. INVENTORIES

	September 30, 2022	September 30, 2021
Current:		
Supplies inventory	$ 1,762	$ 925
In process inventory	9,066	7,728
Finished goods inventory	1,023	568
	11,851	**9,221**
Long term:		
In process inventory	35,665	24,718
	$ 47,516	**$ 33,939**

The amount of inventory included in cost of sales was $30,734 (2021 – $33,625). An assessment of the net realizable value of in process inventory was completed at September 30, 2022 which resulted in a reduction of the carrying value of in process inventory by $3,595 (2021 – Nil), of which $410 (2021 – Nil) was related to previously capitalized amortization and depletion. The calculation of net realizable value of inventory is sensitive to fluctuations in the consensus future silver and gold prices, a change of 5% in future price would result in a change in carrying value of $2,775.

(in thousands of United States dollars unless otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Equipment	Mining Properties	Total
October 1, 2020	$ 49,882	$ 59,613	$ 109,495
Additions	245	36	281
Disposals	(14)	-	(14)
Reclamation obligation adjustments	-	102	102
At September 30, 2021	50,113	59,751	109,864
Additions	174	36	210
Reclamation obligation adjustments	-	168	168
At September 30, 2022	**$ 50,287**	**$ 59,955**	**$ 110,242**

Accumulated Amortization and Impairment	Plant & Equipment	Mining Properties	Total
At October 1, 2020	$ 23,960	$ 19,494	$ 43,454
Amortization and depletion	3,694	3,642	7,336
Disposals	(14)	-	(14)
At September 30, 2021	27,640	23,136	50,776
Amortization and depletion	2,675	3,438	6,113
At September 30, 2022	**$ 30,315**	**$ 26,574**	**$ 56,889**

Net Carrying Value	Plant & Equipment	Mining Properties	Total
At September 30, 2021	$ 22,473	$ 36,615	$ 59,088
At September 30, 2022	**$ 19,972**	**$ 33,381**	**$ 53,353**

For the year ended September 30, 2022, amortization and depletion of $1,987 (2021 - $2,311) was capitalized to in process inventory. 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, 2021	$ 41	$ 1,358	$ 1,399
Net Carrying Value – September 30, 2022	6	1,180	1,186
Amortization and depletion expensed – 2021	35	337	372
Amortization and depletion expensed – 2022	35	179	214

7. EXPLORATION AND EVALUATION ASSETS

The Corporation's exploration and evaluation assets consist of the Los Ricos property which consists of 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 project for the years ended September 30, 2022 and September 30, 2021 are as follows:

(in thousands of United States dollars unless otherwise stated)

	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	991	-	991	952	165	1,117	1,943	165	2,108
Drilling, exploration and consulting	17,366	113	17,479	1,562	2,190	3,752	18,928	2,303	21,231
At September 30, 2021	24,276	1,880	26,156	12,376	6,746	19,122	36,652	8,626	45,278
Concession requirements	2,812	-	2,812	3,086	93	3,179	5,898	93	5,991
Drilling, exploration and consulting	13,694	796	14,490	6,166	1,367	7,533	19,860	2,163	22,023
At September 30, 2022	**$ 40,782**	**$ 2,676**	**$ 43,458**	**$ 21,628**	**$ 8,206**	**$ 29,834**	**$ 62,410**	**$ 10,882**	**$ 73,292**

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 $1,290 (2021 - $1,936) in trade and other payables and additions to long term obligations of $1,912 (2021 - Nil) at September 30, 2022.

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 multiple 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 certain concessions transfer to the Corporation after completion of payments under the option agreements. Details of the remaining payments required related to these option agreements are provided in Notes 8 and 17.

8. LONG TERM OBLIGATIONS

Details of the payments during the year, accretion, foreign exchange, remaining long term obligations at September 30, 2022 along with the total annual payments are provided below:

	Concession & NSR		*Leases*		*Total*	
	Principal	Discounted Amount	Principal	Discounted Amount	Principal	Discounted Amount
At October 1, 2020	$ 1,886	$ 1,824	$ 2,279	$ 1,690	$ 4,165	$ 3,514
Principal paid	(1,580)	(1,580)	(430)	(430)	(2,010)	(2,010)
Accretion	-	54	-	111	-	165
At September 30, 2021	306	298	1,849	1,371	2,155	1,669
Principal paid	(771)	(771)	(439)	(439)	(1,210)	(1,210)
Additions	2,064	1,912	-	-	2,064	1,912
Accretion	-	8	-	93	-	101
At September 30, 2022	**$ 1,599**	**$ 1,447**	**$ 1,410**	**$ 1,025**	**$ 3,009**	**$ 2,472**

(in thousands of United States dollars unless otherwise stated)

Current:						
September 30, 2023	$ 588	$ 566	$ 410	$ 398	$ 998	$ 964
Long term:						
September 30, 2024	588	528	-	-	588	528
September 30, 2025	348	313	-	-	348	313
September 30, 2026	75	40	-	-	75	40
September 30, 2027	-	-	-	-	-	-
Subsequent to September 30, 2027	-	-	1,000	627	1,000	627
	1,011	881	1,000	627	2,011	1,508

(a) Concession Agreement and NSR Agreement

On August 15, 2019, the Corporation acquired 29 concessions within the Los Ricos project (the "Concession Agreements"). Consideration for the Concession Agreements consisted of $500 in cash upon signing, $3,220 which was non-interest bearing and payable in monthly instalments over 24 months beginning on September 15, 2019, and 9,046,968 common shares of the Corporation to be delivered in equal instalments over 24 months beginning on September 15, 2019. The final payments related to the Concession Agreements were made 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 was non-interest bearing and paid in equal instalments over 36 months from September 15, 2019 to September 15, 2022, and 4,875,012 common shares of the Corporation which were delivered in equal instalments over 18 months from September 15, 2019 to February 15, 2021.

The Corporation has recorded additional concession obligations which were entered into in the year ending September 30, 2022 and are disclosed in the table above and are non-interest bearing and discounted using the effective interest method with an effective average interest rate of 7%.

(b) Lease obligations

Upon adoption of IFRS 16 – Leases on October 1, 2019, the Corporation recorded an obligation for the land lease 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 7%. There are no restrictions or covenants included in the land lease.

The Corporation had no short-term leases nor low-value leased assets in the year ending September 30, 2022.

9. ONEROUS CONTRACT PROVISION

The Corporation has an off-take agreement ("Off-Take Agreement") which was amended on April 29, 2021. Prior to the amendment, minimum quantities representing substantially all of the production of the Parral project were subject to the Off-Take Agreement, whereby the selling price for gold and silver was based on the respective market prices for the commodities using the lowest quoted market price over a specified certain period of time prior to and following the respective transaction date. Historically, this arrangement resulted in an average of approximately 3.6% lower realized prices for gold and silver as compared to spot market pricing over the life of the Off-Take Agreement prior to amendment.

(in thousands of United States dollars unless otherwise stated)

Under the amended and restated Off-Take Agreement, the Corporation agreed to sell to the counterparty 2.4% of all the refined gold and refined silver produced ("Off-Take Ounces") at Parral over the remaining life of the operation at a price equal to 30% of the prevailing market price.

Consequently, as the Off-Take Ounces will be sold at 30% of the prevailing market price, the estimated unavoidable direct cost of meeting the obligations of the Off-Take Agreement exceeds the associated expected future net benefits and; an onerous contract provision has been recognized. The calculation of this provision involves the use of estimates including, but not limited to, future silver and gold prices, future operating and capital costs, future production and recovery rates over the life of the operation, and discount rates. The actual results can vary significantly from these estimates with consequent variability in the amounts of the provision recorded. The onerous contract provision is calculated by taking the expected future costs that will be incurred under the contract and deducting the future estimated revenues. The onerous contract provision recorded on April 29, 2021 as a result of the amended Off-Take Agreement was $3,464. Changes in the estimate of the provision are recorded in net income each period. The onerous contract provision is settled as the Off-Take Ounces are sold each period.

	September 30, 2022	September 30, 2021
Opening provision	$ 3,875	$ -
Initial recognition		3,464
Accretion expense	269	61
Settlement through sale of Off-Take Ounces	(346)	(97)
Changes in estimate	340	447
Provision, end of year	**$ 4,138**	**$ 3,875**
Current portion	$ 545	$ 478
Non-current	$ 3,593	$ 3,397

10. PROVISION FOR SITE RESTORATION

The Corporation has recorded a provision for site restoration related to the Parral project based on management's best estimate of the future cash flows associated with restoration obligations at the end of the project's life. The total undiscounted amount of estimated cash flows required to settle the obligation is $2,278 (2021 - $1,987). The cash flows have been inflated at an annual rate of 8.7% (2021 – 6.0%), and discounted using a pre-tax risk-free rate of 9.8% (2021 – 7.3%).

	September 30, 2022	September 30, 2021
Provision, beginning of year	$ 1,717	$ 1,434
Accretion expense	125	92
Foreign exchange	31	90
Inflation and discount rate	(102)	101
Revision to estimate	269	-
Provision, end of year	**$ 2,040**	**$ 1,717**

11. SHARE CAPITAL

(a) Authorized

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

(in thousands of United States dollars unless otherwise stated)

(b) Issued

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

	Shares	Value
Balance October 1, 2020	264,166,788	$ 202,356
Shares issued to consultants in exchange for services and agreements	1,050,000	2,121
Shares issued, net of issuance costs	11,500,000	21,953
Shares issued on exercise of options	1,130,579	1,090
Balance September 30, 2021	277,847,367	227,520
Shares issued to consultants in exchange for services and agreements	1,025,000	2,050
Shares issued, net of issuance costs	16,146,000	33,424
Shares issued on exercise of options	687,639	362
Tax recovery on issuance costs	-	688
Balance September 30, 2022	**295,706,006**	**$ 264,044**

On May 7, 2021, the Corporation closed a bought deal whereby a syndicate of underwriters purchased 11,500,000 common shares at a price of $2.50 CAD per share for net proceeds of $21,953 after share issuance costs of $1,748.

On March 8, 2022, the Corporation closed a bought deal whereby a syndicate of underwriters purchased 16,146,000 common shares at a price of $2.85 CAD per share for net proceeds of $33,424 after share issuance costs of $2,303.

During the year, the Corporation issued 975,000 common shares (2021 – 975,000) valued at $1,957 (2021 - $1,956) to consultants in exchange for services received related to the Los Ricos projects (Note 7), and the Corporation issued 50,000 common shares (2021 – 75,000) valued at $93 (2021 – $165) related to concession option agreements at Los Ricos.

(c) Omnibus equity incentive plan ("Omnibus Plan")

The Corporation adopted an Omnibus Plan which was approved by the shareholders of the Corporation on March 24, 2022. The Omnibus Plan provides the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, employees and consultants of the Corporation. Share-related mechanisms include incentive stock options, deferred share units ("DSUs"), restricted share units ("RSUs"), and performance share units ("PSUs"). The Omnibus Plan replaced legacy plans including a rolling 10% incentive stock option plan, DSU plan, and RSU plan (the "Legacy Plans"). Awards granted under these legacy plans remain in place under the terms of their initial issuance.

The Omnibus Plan is a fixed plan which provides that the aggregate number of common shares that may be issued upon the exercise or settlement of awards granted, together with awards outstanding under the Legacy Plans, shall not exceed 27,500,000 common shares. Sections (d), (e), and (f) below provide details on the outstanding awards under the Omnibus Plan and Legacy Plans.

(d) Incentive stock options

The Corporation has no options granted under the Omnibus Plan.

Under the Legacy Plan, the terms and conditions of each grant of options were determined by the Board of Directors. Options were granted at a price no lower than the market price of the common shares as defined in the Plan which was 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 vested over a three year period, although the vesting period was at the Board of Directors' discretion.

(in thousands of United States dollars unless otherwise stated)

The changes in incentive stock options during the years ended September 30, 2022 and 2021 were as follows:

	September 30, 2022		**September 30, 2021**	
	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance	9,949,479	CAD $ 0.73	10,091,800	CAD $ 0.58
Granted	1,030,500	3.25	1,604,412	2.00
Exercised – cashless	(350,000)	0.66	(950,000)	0.82
Exercised – cash	(406,700)	0.67	(796,733)	0.69
Closing balance	10,223,279	CAD $ 0.98	9,949,479	CAD $ 0.73
Exercisable	7,073,171	CAD $ 0.54	4,836,733	CAD $ 0.44

During the year ended September 30, 2022, a total of 280,939 (2021 – 333,846) shares were issued to option holders who exercised 350,000 (2021 – 950,000) options using the cashless manner. The average market price per common share on the days of exercise during the year ended September 30, 2022 was CAD $3.18 (2021 - $1.92).

The following table summarizes information concerning outstanding and exercisable incentive stock options at September 30, 2022:

	Outstanding		**Exercisable**	
Expiry date	Number of options	Exercise price (CAD $)	Number of options	Exercise price (CAD $)
March 27, 2023	748,367	0.45	748,367	0.45
December 28, 2023	2,766,666	0.22	2,766,666	0.22
March 29, 2024	666,667	0.40	666,667	0.40
June 21, 2024	300,000	0.45	300,000	0.45
August 27, 2024	50,000	0.70	50,000	0.70
December 23, 2024	3,066,667	0.70	2,016,667	0.70
December 28, 2025	1,594,412	2.00	524,804	2.00
December 30, 2026	1,030,500	3.25	-	-
	10,223,279	CAD $ 0.98	7,073,171	CAD $ 0.54

The compensation cost for the incentive stock options granted during the years ended September 30, 2022 and September 30, 2021 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. 30, 2021	Dec. 28, 2020
Options granted	1,030,500	1,604,412
Exercise price	CAD $ 3.25	CAD $ 2.00
Risk-free rate	1.30%	0.30%
Expected volatility of share price	65%	67%
Expected dividend yield	0.00%	0.00%
Expected life of each option	5 years	5 years
Weighted average grant date fair value	CAD $ 1.58	CAD $ 1.06

(in thousands of United States dollars unless otherwise stated)

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.

(e) Deferred share units

The Corporation's Omnibus Plan allows, and DSU Legacy Plan allowed, DSU awards which entitles the participant to receive one common share of the Corporation issued from treasury upon redemption. DSUs typically vest over a 3-year period from grant date, although the vesting period is at the Board of Directors' discretion. There have been no DSU awards granted under the Omnibus Plan to date, with all awards granted under the Legacy Plan.

The changes in DSUs for the year ended September 30, 2022 and September 30, 2021 were as follows:

	September 30, 2022	September 30 ,2021
Opening balance	4,722,500	3,850,000
Granted	140,000	872,500
Closing balance	4,862,500	4,722,500
Exercisable	3,532,500	2,108,333

Following is a summary of the DSUs outstanding at September 30, 2022:

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	$ 150	$ -
December 28, 2018	1,450,000	0.215	253	-
June 21, 2019	100,000	0.395	30	-
August 27, 2019	25,000	0.620	12	-
December 23, 2019	1,825,000	0.630	873	21
December 28, 2020	872,500	1.950	1,326	220
December 30, 2021	140,000	3.030	316	166
	4,862,500	CAD $ 0.788	$ 2,960	$ 407

(f) Restricted share units ("RSUs")

The Omnibus Plan allows for, and the RSU Legacy Plan which was approved on December 30, 2021 allowed for the award of RSUs as an alternative form of compensation for employees, officers, and directors of the Corporation. Each RSU entitles the participant to receive a cash payment equal to the value of one common share of the Corporation on the vesting date. Cash payments are to be made within 30 days of vesting of each RSU, and RSUs typically vest and become exercisable over a 3-year period from the grant date, with one-third vesting on each of the first, second and third anniversaries of the grant date.

On December 30, 2021, under the Legacy Plan, the Corporation issued 322,516 RSUs which vest over 3 years. The market price on the issue date was $3.03. At September 30, 2022, the Corporation has recorded a liability of $170 associated with RSUs which is included in trade and other payables.

(g) Stock based compensation

The Corporation has recorded total stock based compensation during the year ended September 30, 2022 and September 30, 2021 categorized as follows:

(in thousands of United States dollars unless otherwise stated)

	September 30, 2022	September 30, 2021
Cash-settled, through general and administrative expense	$ 184	$ -
Equity-settled, through general and administrative expense	1,765	1,760
Equity-settled, additions to exploration and evaluation assets	206	229
	$ 2,155	**$ 1,989**

(h) 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 September 30, 2022, 1,030,500 options (2021 – Nil) 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:

	Sept. 30 2022	Sept. 30 2021
Weighted average number of shares outstanding	287,830,885	270,101,593
Dilutive effect of weighted average DSUs outstanding	4,827,596	4,504,375
Dilutive effect of in-the-money options outstanding	6,658,563	7,128,444
Diluted weighted average number of shares outstanding	299,317,044	281,734,412

12. INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and (liabilities) are presented below:

	Year ended September 30, 2022	**Year ended September 30, 2021**
Resource properties	$ (4,729)	$ (3,659)
Non-capital loss carryforwards	12,106	10,309
Inventory	(10,480)	(9,226)
Trade and other payables	1,471	1,275
Share issuance costs	688	-
Unrealized foreign exchange gains	(3,708)	-
	$ (4,652)	$ (1,301)

The net change in deferred income taxes is reflected as $4,039 (2021 – $1,301) in deferred income tax expense and $688 (2021 - Nil) related to share issuance costs was credited to share capital.

The deferred tax benefits related to non-capital losses totaling $1,031 (2021 - $14,622), share issuance costs of $1,586 (2021 – $3,490) and trade and other payables of Nil (2021 - $118) have not been recognized in the consolidated financial statements. The non-capital losses expire from 2035 to 2041.

Income taxes vary from the amount that would be computed by applying the basic Federal and Provincial tax rate of 29% (2021 – 29%) to income before taxes as follows:

(in thousands of United States dollars unless otherwise stated)

	Year ended September 30, 2022	Year ended September 30, 2021
Income before income taxes	$ 7,166	$ 8,381
Computed expected expense	$ 2,078	$ 2,431
Foreign tax rate differential	98	161
Permanent differences	6,304	2,035
Effect of foreign exchange	(144)	(448)
Change in unrecognized temporary differences	(1,862)	(2,878)
Recorded income tax expense	**$ 6,474**	**$ 1,301**

13. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

	Year ended September 30, 2022	Year ended September 30, 2021
Trade receivables	$ 1,656	$ 597
Input tax recoverable	113	(2,965)
Prepaid expenses	439	(540)
Inventory	(14,144)	(5,556)
Current taxes payable	2,435	-
Trade and other payables	(1,266)	1,979
	$ (10,767)	**$ (6,485)**

The cash expended for exploration and evaluation for the year ended September 30, 2022 are presented net of decreases of $647 (2021 – increases of $1,379) of amounts included in trade and other payables.

14. RELATED PARTY TRANSACTIONS

Compensation to directors and officers of the Corporation:

	Year ended September 30, 2022	Year ended September 30, 2021
Directors' fees	$ 306	$ 225
Share-based expense for directors	540	518
Key management short-term benefits	2,122	2,412
Stock-based compensation expense for key management	913	846

Non-director or officer compensation expense of $2,337 (2021 - $2,646) is included in production costs for the year.

15. 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 project as the Mexico segment, and the Corporation's corporate offices as the Canadian segment.

(in thousands of United States dollars unless otherwise stated)

The following table presents information about reportable segments:	Mexico	Canada	Total
For the year ended September 30, 2021:			
Revenue	$ 53,232	$ -	$ 53,232
Amortization and depletion	5,023	-	5,023
Interest income	-	310	310
Finance costs	379	12	391
Segment net income (loss)	13,895	(6,815)	7,080
Expenditures on non-current assets	19,704	-	19,704
For the year ended September 30, 2022:			
Revenue	$ 36,054	$ -	$ 36,054
Amortization and depletion	4,158	-	4,158
Interest income	5,081	607	5,688
Finance costs	561	13	574
Segment net income (loss)	2,656	(1,964)	692
Expenditures on non-current assets	24,700	-	24,700
Reportable segment assets (September 30, 2021)	$ 160,238	$ 65,082	$ 225,320
Reportable segment liabilities (September 30, 2021)	17,333	1,726	19,059
Reportable segment assets (September 30, 2022)	$ 196,674	$ 68,004	$ 264,678
Reportable segment liabilities (September 30, 2022)	22,624	1,723	24,347

16. 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.

	September 30, 2022		September 30, 2021	
	Level 1	Level 2	Level 1	Level 2
Long-term obligations	-	$ 2,472	-	$ 1,669
Derivative liabilities	-	745	-	975

Long-term obligations are valued based on the discounted present value of the future cash flows.

Derivative liabilities are valued at fair value through profit or loss on a recurring basis. For both, the Corporation performs valuations internally and calculates a debt valuation adjustment or a credit valuation adjustment by considering the risk of non-performance 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:

(in thousands of United States dollars unless otherwise stated)

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 or debt. Potential 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 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:

	September 30, 2022	September 30, 2021
Shareholders' equity	$ 240,331	$ 206,261
Less: cash	(73,344)	(66,837)
	$ 166,987	$ 139,424

(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.

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 $70 and value added tax ("VAT") receivable from the Federal Government of Mexico of $14,234. 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 September 30, 2022, 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 two customers who the Corporation has a strong working relationship with and are reputable large international 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 ("CAD"), US dollars ("USD"), and Mexican Pesos ("MXN"). The Corporation funds certain operations, exploration and administrative expenses in Mexico using USD and MXN currency converted from its CAD and USD bank accounts. Excess cash is held predominantly in USD, although also held in CAD and MXN based on future spending requirements. The Corporation's subsidiaries in Mexico have a functional currency of USD, and therefore net monetary assets held in MXN in those entities are affected by foreign exchange fluctuations and will affect the Corporation's net income. At September 30, 2022, the Corporation had net monetary assets in MXN of approximately $17,758 (September 30, 2021 – $11,786), for which a 10% change in MXN exchange rates would change net income by approximately $1,776.

As GoGold Resources Inc., the parent corporate entity, has a functional currency of CAD, net monetary assets held in USD are affected by foreign exchange fluctuations recorded through the Corporation's net income. At September 30, 2022, GoGold Resources Inc. had net monetary assets in USD of $56,144 (September 30, 2021 – $38,994), for which a 10% change in US exchange rates would change net income by approximately $5,614. As the Corporation's reporting currency is USD, these changes to net income attributed to fluctuations in the US exchange rates would be offset by an equal opposite change to other comprehensive income. Net monetary assets held in CAD by the parent corporation are affected by foreign exchange fluctuations recorded through other comprehensive income. At September 30, 2022, the parent corporation held net monetary assets in CAD of $9,689, for which a 10% change in CAD exchange rates would change other comprehensive income by approximately $969.

(in thousands of United States dollars unless otherwise stated)

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 September 30, 2022, the Corporation had cash balances of $73,344, current input tax recoverable of $1,101, and trade receivables of $2,515 for settling current liabilities of $11,809, and therefore liquidity is expected to be sufficient to fund the operations of the Corporation for the next twelve months.

COVID-19 Risk
On May 13, 2020, the Mexican federal government decreed that mining had been deemed an essential service, and since then the Corporation has been fully operational at the Los Ricos and Parral projects. The Corporation continues to operate with additional health and safety procedures related to COVID-19 including employee education, monitoring of symptoms, masking, increased sanitization, and any other governmental directives. The duration of any future 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. While the Company cannot predict the timing or length or any suspension of operations due to COVID-19 or the adequacy of the Company's planned response, the Company would curtail non-essential expenses and would have sufficient liquidity to operate for the foreseeable future, and not less than a year.

(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 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, the variable payment portion of the 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 September 30, 2022 of $19.02 (September 30, 2021 - $21.53), as well as the historical volatility of silver market prices. The fair value of the derivative liability under this method at September 30, 2022 was $745 (September 30, 2021 - $975).

17. COMMITMENTS

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

Description	2023	2024	2025	2026	2027
Minimum royalty and land payments – Parral (Note 16(d))	$ 570	$ 570	$ 570	$ 570	$ 570
Los Ricos option payments (Note 8)	783	1,050	1,150	-	-
Los Ricos consulting payments (Note 8)	300	25	-	-	-
	$ 1,653	$ 1,645	$ 1,720	$ 570	$ 570