



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED

DECEMBER 31, 2022

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



SILVER & GOLD

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited – in thousands of United States dollars)

	December 31 2022	September 30 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 62,643	\$ 73,344
Trade receivables	3,815	2,515
Input tax recoverable	1,164	1,101
Prepaid expenses	376	354
Inventories (Note 3)	<u>13,752</u>	<u>11,851</u>
	81,750	89,165
Non-current assets:		
Input tax recoverable	15,366	13,203
Inventories (Note 3)	35,191	35,665
Property, plant and equipment (Note 4)	52,306	53,353
Exploration and evaluation assets (Note 5)	<u>79,541</u>	<u>73,292</u>
Total assets	<u>\$ 264,154</u>	<u>\$ 264,678</u>
LIABILITIES		
Current liabilities:		
Trade and other payables	\$ 7,504	\$ 7,865
Current taxes	4,378	2,435
Current portion of long-term obligations (Note 6)	998	964
Current portion of onerous contract provision	<u>532</u>	<u>545</u>
	13,412	11,809
Non-current liabilities:		
Long-term obligations (Note 6)	1,475	1,508
Onerous contract provision	3,600	3,593
Derivative liability (Note 10(d))	1,195	745
Provision for site restoration	2,214	2,040
Deferred tax liability	<u>3,273</u>	<u>4,652</u>
Total liabilities	<u>25,169</u>	<u>24,347</u>
EQUITY		
Share capital (Note 7)	264,403	264,044
Contributed surplus	12,548	12,110
Accumulated other comprehensive loss	(8,569)	(9,317)
Deficit	<u>(29,397)</u>	<u>(26,506)</u>
Total equity	<u>238,985</u>	<u>240,331</u>
Total liabilities and equity	<u>\$ 264,154</u>	<u>\$ 264,678</u>

Commitments (Note 11)
Subsequent event (Note 7)

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



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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

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

	<u>December 31</u> <u>2022</u>	<u>December 31</u> <u>2021</u>
For the three months ended		
Revenue from mining operations	<u>\$ 8,478</u>	<u>\$ 8,854</u>
Cost of sales:		
Production costs, except amortization and depletion	5,309	5,419
Amortization and depletion	918	1,034
Inventory net realizable value adjustment (Note 3)	<u>2,538</u>	<u>-</u>
	<u>8,765</u>	<u>6,453</u>
General and administrative expense	<u>1,955</u>	<u>1,827</u>
Operating (loss) income	<u>(2,242)</u>	<u>574</u>
Finance costs	(174)	(130)
Foreign exchange (loss) gain	(59)	77
Loss on derivative liability	(450)	(128)
Interest income	<u>598</u>	<u>56</u>
	<u>(85)</u>	<u>(125)</u>
Net (loss) income before income taxes	(2,327)	449
Current income tax expense	1,943	-
Deferred income tax (recovery) expense	<u>(1,379)</u>	<u>944</u>
	<u>564</u>	<u>944</u>
Net loss	(2,891)	(495)
Other comprehensive income:		
Foreign currency translation differences which may subsequently be cycled through net income	<u>748</u>	<u>245</u>
Total comprehensive loss	<u>\$ (2,143)</u>	<u>\$ (250)</u>
Net loss per share (Note 7(h))		
Basic	\$ (0.010)	\$ (0.002)
Diluted	\$ (0.009)	\$ (0.002)

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



CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited – in thousands of United States dollars)

	December 31	December 31
	2022	2021
For the three months ended		
Cash provided by (used in) the following activities:		
Operating activities		
Net loss	\$ (2,891)	\$ (495)
Items not involving cash:		
Amortization and depletion	918	1,034
Finance cost	174	130
Interest paid	(4)	(4)
Deferred income taxes	(1,379)	944
Foreign exchange loss (gain)	59	(77)
Loss on derivative liability	450	128
Inventory net realizable value adjustment (Note 3)	2,538	-
Settlement of onerous contract provision by sale of Off-Take Ounces	(78)	(84)
Stock based compensation	552	479
	<u>339</u>	<u>2,055</u>
Net change in non-cash operating working capital (Note 8)	<u>(4,585)</u>	<u>(6,639)</u>
Net cash used in operating activities	<u>(4,246)</u>	<u>(4,584)</u>
Investing activities		
Exploration and evaluation expenditures (Note 5)	(6,408)	(6,627)
Purchase of property, plant and equipment	(9)	(140)
Net cash used in investing activities	<u>(6,417)</u>	<u>(6,767)</u>
Financing activities		
Proceeds on option exercises (Note 7)	5	101
Payment of leases (Note 6)	(9)	(10)
Payment of long-term obligations (Note 6)	(147)	(83)
Net cash (used in) provided by financing activities	<u>(151)</u>	<u>8</u>
Effect of exchange rate changes on cash and cash equivalents	<u>113</u>	<u>273</u>
Net decrease in cash and cash equivalents	(10,701)	(11,070)
Cash and cash equivalents, beginning of year	<u>73,344</u>	<u>66,837</u>
Cash and cash equivalents, end of year	<u>\$ 62,643</u>	<u>\$ 55,767</u>



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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	Deficit	Total equity
Balance at October 1, 2021	277,847,367	\$ 227,520	\$ 10,289	\$ (4,350)	\$ (27,198)	\$ 206,261
Net loss	-	-	-	-	(495)	(495)
Other comprehensive income	-	-	-	245	-	245
Options exercised	210,000	142	(41)	-	-	101
Stock-based compensation (Note 7)	-	-	540	-	-	540
Shares issued, net of issuance costs (Note 7)	243,750	621	-	-	-	621
Balance at December 31, 2021	278,301,117	228,283	10,788	(4,105)	(27,693)	207,273
Balance at October 1, 2022	295,706,006	264,044	12,110	(9,317)	(26,506)	240,331
Net loss	-	-	-	-	(2,891)	(2,891)
Other comprehensive income	-	-	-	748	-	748
Options exercised	97,255	20	(15)	-	-	5
Stock-based compensation (Note 7)	-	-	453	-	-	453
Shares issued, net of issuance costs (Note 7)	243,750	339	-	-	-	339
Balance at December 31, 2022	296,047,011	\$ 264,403	\$ 12,548	\$ (8,569)	\$ (29,397)	\$ 238,985

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(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 silver, gold and copper primarily in Mexico.

2. BASIS OF PREPARATION

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, 2022 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the directors of the Corporation on February 13, 2023.

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, 2022.

3. INVENTORIES

	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current:		
Supplies inventory	\$ 2,242	\$ 1,762
In process inventory	10,420	9,066
Finished goods inventory	1,090	1,023
	<u>13,752</u>	<u>11,851</u>
Long term:		
In process inventory	35,191	35,665
	<u>\$ 48,943</u>	<u>\$ 47,516</u>

The amount of inventory included in cost of sales for the three months ended December 31, 2022 was \$8,765 (2021 – \$6,453). An assessment of the net realizable value of in process inventory was completed at December 31, 2022 which resulted in a reduction of the carrying value of in process inventory by \$2,538 (2021 – Nil), of which \$327 (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 \$2,830.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2022

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

4. PROPERTY, PLANT AND EQUIPMENT

Cost	<u>Plant & Equipment</u>	<u>Mining Properties</u>	<u>Total</u>
At September 30, 2022	\$ 50,287	\$ 59,955	\$ 110,242
Additions	106	9	115
Disposals	(109)	-	(109)
Reclamation obligation adjustments	-	32	32
At December 31, 2022	<u>\$ 50,284</u>	<u>\$ 59,996</u>	<u>\$ 110,280</u>

Accumulated Amortization	<u>Plant & Equipment</u>	<u>Mining Properties</u>	<u>Total</u>
At September 30, 2022	\$ 30,315	\$ 26,574	\$ 56,889
Amortization and depletion	476	718	1,194
Disposals	(109)	-	(109)
At December 31, 2022	<u>\$ 30,682</u>	<u>\$ 27,292</u>	<u>\$ 57,974</u>

Net Carrying Value	<u>Plant & Equipment</u>	<u>Mining Properties</u>	<u>Total</u>
At September 30, 2022	\$ 19,972	\$ 33,381	\$ 53,353
At December 31, 2022	<u>\$ 19,602</u>	<u>\$ 32,704</u>	<u>\$ 52,306</u>

For the three months ended December 31, 2022, amortization and depletion of \$275 (2021 - \$943) was capitalized to in process inventory. Additions for the three months ended December 31, 2022 included \$106 (2021 – Nil) of non-cash right of use assets. Disclosures related to right of use assets are shown in the following table:

Right of Use Assets	<u>Plant & Equipment</u>	<u>Mining Properties</u>	<u>Total</u>
Net Carrying Value – September 30, 2022	\$ 6	\$ 1,180	\$ 1,186
Net Carrying Value – December 31, 2022	106	1,150	1,256
Amortization and depletion expensed – 2021	8	61	69
Amortization and depletion expensed – 2022	6	30	36

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2022

(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 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 three months ended December 31, 2022 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 September 30, 2022	\$ 40,782	\$ 2,676	\$ 43,458	\$ 21,628	\$ 8,206	\$ 29,834	\$ 62,410	\$ 10,882	\$ 73,292
Concession requirements	595	169	764	793	169	962	1,388	338	1,726
Drilling, exploration and consulting	1,050	22	1,072	3,429	22	3,451	4,479	44	4,523
At December 31, 2022	\$42,427	\$2,867	\$45,294	\$25,850	\$8,397	\$34,247	\$68,277	\$11,264	\$79,541

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 \$749 (2021 - \$1,264) in trade and other payables at December 31, 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 and acquisition 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 and acquisition agreements are provided in Notes 6 and 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2022

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

6. LONG TERM OBLIGATIONS

Details of the payments during the year, accretion, foreign exchange, remaining long term obligations at December 31, 2022 along with the total annual payments are provided below:

	<i>Concession</i>		<i>Leases</i>		<i>Total</i>	
	Principal	Discounted Amount	Principal	Discounted Amount	Principal	Discounted Amount
At October 1, 2022	\$ 1,599	\$ 1,447	\$ 1,410	\$ 1,025	\$ 3,009	\$ 2,472
Principal paid	(147)	(147)	(9)	(9)	(156)	(156)
Additions	-	-	120	109	120	109
Accretion	-	25	-	23	-	48
At December 31, 2022	\$ 1,452	\$ 1,325	\$ 1,521	\$ 1,148	\$ 2,973	\$ 2,473
Current:						
December 31, 2023	\$ 588	\$ 566	\$ 436	\$ 432	\$ 1,024	\$ 998
Long term:						
December 31, 2024	564	507	39	36	603	543
December 31, 2025	300	251	40	34	340	285
December 31, 2026	-	-	3	3	3	3
December 31, 2027	-	-	-	-	-	-
Subsequent to December 31, 2027	-	-	1,000	644	1,000	644
	864	758	1,082	717	1,946	1,475

(a) Concession Agreements

The Corporation has obligations related to various concession agreements which are disclosed in the table above, are non-interest bearing and discounted using the effective interest method with an effective average interest rate of 7%.

(b) Lease obligations

The Corporation has 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 three months ending December 31, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2022

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

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, 2021	277,847,367	\$ 227,520
Shares issued to consultants in exchange for services and agreements	243,750	621
Shares issued on exercise of options	210,000	142
Balance December 31, 2021	278,301,117	\$ 228,283
Balance October 1, 2022	295,706,006	\$ 264,044
Shares issued to consultants in exchange for services and agreements	243,750	339
Shares issued on exercise of options	97,255	20
Balance December 31, 2022	296,047,011	\$ 264,403

During the three months ended December 31, 2022, the Corporation issued 243,750 common shares (2021 – 243,750) valued at \$339 (2021 - \$621) to consultants in exchange for services received related to the Los Ricos projects, see Note 5.

On February 8, 2023 the Corporation closed a bought deal whereby a syndicate of underwriters purchased 28,900,000 common shares at a price of \$2.25 CAD per share for net proceeds of \$45,456 after share issuance costs of \$2,962. The syndicate of underwriters holds an option to purchase up to an additional 4,335,000 common shares at a price of C\$2.25 per common share, exercisable in whole or in part, on or before March 10, 2023.

(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 options granted under the Omnibus and Legacy Plans. For both, 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 plans typically vested over a three year period, although the vesting period was at the Board of Directors’ discretion.

The changes in incentive stock options during the three months ended December 31, 2022 and 2021 were as follows:



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended December 31, 2022

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

Plan	December 31, 2022		December 31, 2021	
	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance	10,223,279	CAD \$ 0.98	9,949,479	CAD \$ 0.73
Granted Omnibus	1,450,100	2.25	-	-
Granted Legacy	-	-	1,030,500	3.25
Cancelled Legacy	(75,000)	2.42	-	-
Exercised – cashless Legacy	(108,333)	0.40	-	-
Exercised – cash Legacy	(16,700)	0.45	(210,000)	0.61
Closing balance	11,473,346	CAD \$ 1.13	10,769,979	CAD \$ 0.96
Exercisable	8,834,776	CAD \$ 0.75	7,228,204	CAD \$ 0.56

During the three months ended December 31, 2022, a total of 80,555 (2021 – nil) shares were issued to option holders who exercised 108,333 (2021 – nil) options using the cashless manner. The average market price per common share on the days of exercise during the year ended December 31, 2022 was CAD \$1.48 (2021 – CAD \$3.03).

The following table summarizes information concerning outstanding and exercisable incentive stock options at December 31, 2022:

Expiry date	Plan	Outstanding		Exercisable	
		Number of options	Exercise price (CAD \$)	Number of options	Exercise price (CAD \$)
March 27, 2023	Legacy	731,667	0.45	731,667	0.45
December 28, 2023	Legacy	2,766,666	0.22	2,766,666	0.22
March 29, 2024	Legacy	558,334	0.40	558,334	0.40
June 21, 2024	Legacy	300,000	0.45	300,000	0.45
August 27, 2024	Legacy	50,000	0.70	50,000	0.70
December 23, 2024	Legacy	3,066,667	0.70	3,066,667	0.70
December 28, 2025	Legacy	1,544,412	2.00	1,026,275	2.00
December 30, 2026	Legacy	1,005,500	3.25	335,167	3.25
December 27, 2027	Omnibus	1,450,100	2.25	-	-
		11,473,346	CAD \$ 1.13	8,834,776	CAD \$ 0.75

The compensation cost for the incentive stock options granted during the three months ended December 31, 2022 and December 31, 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. 27, 2022	Dec. 30, 2021
Options granted	1,450,100	1,030,500
Exercise price	CAD \$ 2.25	CAD \$ 3.25
Risk-free rate	3.37%	1.30%
Expected volatility of share price	66%	65%
Expected dividend yield	0.00%	0.00%
Expected life of each option	5 years	5 years
Weighted average grant date fair value	CAD \$ 1.19	CAD \$ 1.58

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(Unaudited – 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. The options granted on December 27, 2022 were granted through the Omnibus Plan, which allows settlement of the option either by the issuance of common shares, cash, or a combination thereof, at the election of the Corporation. As the Corporation does not have a stated intent of which settlement method will be used, the options were accounted for based on past practice, whereby all options have been settled through the issuance of shares.

(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. DSUs issued under the Omnibus Plan allow settlement of the DSU by the issuance of common shares, cash equal to the market value of the common shares at settlement, or a combination thereof, at the election of the Corporation. As the Corporation does not have a stated intent of which method will be used, the DSUs issued on December 27, 2022 were accounted for based on past practice, whereby all DSUs have been settled through the issuance of common shares.

The changes in DSUs for the three months ended December 31, 2022 and December 31, 2021 were as follows:

	December 31, 2022	December 31, 2021
Opening balance	4,862,500	4,722,500
Granted	235,000	140,000
Closing balance	<u>5,097,500</u>	<u>4,862,500</u>
Exercisable	<u>4,478,333</u>	<u>3,490,833</u>

Following is a summary of the DSUs outstanding at December 31, 2022:

Grant date	Plan	Number of DSUs	Market price at grant date	Compensation cost over 3-year vesting term	Unrecognized portion of compensation cost
March 27, 2018	Legacy	450,000	CAD \$ 0.425	\$ 150	\$ -
December 28, 2018	Legacy	1,450,000	0.215	253	-
June 21, 2019	Legacy	100,000	0.395	30	-
August 27, 2019	Legacy	25,000	0.620	12	-
December 23, 2019	Legacy	1,825,000	0.630	873	-
December 28, 2020	Legacy	872,500	1.950	1,329	138
December 30, 2021	Legacy	140,000	3.030	316	121
December 27, 2022	Omnibus	235,000	2.105	364	361
		<u>5,097,500</u>	<u>CAD \$ 0.788</u>	<u>\$ 3,327</u>	<u>\$ 620</u>

(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, which is to be made within 30 days of vesting of each RSU. RSUs under the Legacy Plan are required to be settled in cash, while RSUs under the Omnibus Plan can be settled by the issuance of common shares, cash, or a combination thereof, at the election of the Corporation. As the Corporation does not have a stated intent of which method will be used, the RSUs issued on December 27, 2022 were accounted for based on past practice, whereby all RSUs have been settled by cash. RSUs typically

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For the three months ended December 31, 2022

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

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.

The changes in RSUs for the three months ended December 31, 2022 and December 31, 2021 were as follows:

	December 31, 2022	December 31, 2021
Opening balance	322,516	-
Granted	524,514	322,516
Closing balance	847,030	322,516
Exercisable	107,505	-

Following is a summary of the RSUs and the associated liability outstanding, which is included in trade and other payables, based on the market closing price of \$2.17 per common share at December 31, 2022:

Grant date	Plan	Number of RSUs	Market price at grant date	Outstanding liability (USD)
December 30, 2021	Legacy	322,516	CAD \$ 3.03	\$ 315
December 27, 2022	Omnibus	524,514	2.11	1
		847,030	CAD \$ 2.46	\$ 316

(g) Stock based compensation

The Corporation has recorded total stock based compensation during the three months ended December 31, 2022 and December 31, 2021 categorized as follows:

	December 31, 2022	December 31, 2021
Cash-settled, through general and administrative expense	\$ 144	\$ 1
Equity-settled, through general and administrative expense	408	479
Equity-settled, additions to exploration and evaluation assets	45	60
	\$ 597	\$ 540

(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 December 31, 2022, 4,000,012 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:

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

	Dec. 31 2022	Dec. 31 2021
Weighted average number of shares outstanding	295,871,429	277,927,367
Dilutive effect of weighted average DSUs outstanding	4,872,717	4,725,543
Dilutive effect of in-the-money options outstanding	<u>5,536,993</u>	<u>7,578,279</u>
Diluted weighted average number of shares outstanding	<u>306,281,140</u>	<u>290,231,189</u>

8. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in non-cash operating working capital:

	Three months ended December 31, 2022	Three months ended December 31, 2021
Trade receivables	\$ (1,300)	\$ (49)
Input tax recoverable	(1,553)	(1,924)
Prepaid expenses	(22)	189
Inventory	(3,687)	(5,243)
Current taxes payable	1,943	-
Trade and other payables	34	388
	<u>\$ (4,585)</u>	<u>\$ (6,639)</u>

The cash expended for exploration and evaluation for the three months ended December 31, 2022 are presented net of decreases of \$541 (2021 – \$672) of amounts included in trade and other payables.

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 project 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, 2021:			
Revenue	\$ 8,854	\$ -	\$ 8,854
Amortization and depletion	1,034	-	1,034
Interest income	-	56	56
Finance costs	126	4	130
Segment net income (loss)	1,007	(1,502)	(495)
<u>Expenditures on non-current assets</u>	<u>6,767</u>	<u>-</u>	<u>6,767</u>
For the three months ended December 31, 2022:			
Revenue	\$ 8,478	\$ -	\$ 8,478
Amortization and depletion	912	6	918

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For the three months ended December 31, 2022

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

The following table presents information about reportable segments:

	Mexico	Canada	Total
Interest income	-	598	598
Finance costs	173	1	174
Segment net loss	(1,477)	(1,414)	(2,891)
Expenditures on non-current assets	6,417	-	6,417
Reportable segment assets (September 30, 2022)	\$ 196,674	\$ 68,004	\$ 264,678
Reportable segment liabilities (September 30, 2022)	22,624	1,723	24,347
Reportable segment assets (December 31, 2022)	\$ 201,698	\$ 62,456	\$ 264,154
Reportable segment liabilities (December 31, 2022)	22,991	2,178	25,169

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, 2022		September 30, 2022	
	Level 1	Level 2	Level 1	Level 2
Long-term obligations	-	\$ 2,473	-	\$ 2,472
Derivative liabilities	-	1,195	-	745

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:

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:

	December 31, 2022	December 31, 2021
Shareholders' equity	\$ 238,985	\$ 240,331
Less: cash	(62,643)	(73,344)
	\$ 176,342	\$ 166,987



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For the three months ended December 31, 2022

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

(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 \$85 and value added tax ("VAT") receivable from the Federal Government of Mexico of \$16,445. 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, 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 December 31, 2022, the Corporation had net monetary assets in MXN of approximately \$12,799 (September 30, 2022 – \$17,758), for which a 10% change in MXN exchange rates would change net income by approximately \$1,280.

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 December 31, 2022, GoGold Resources Inc. had net monetary assets in USD of \$51,011 (September 30, 2022 – \$56,144), for which a 10% change in US exchange rates would change net income by approximately \$5,101. 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 December 31, 2022, the parent corporation held net monetary assets in CAD of \$11,445 (September 30, 2022 - \$9,689), for which a 10% change in CAD exchange rates would change other comprehensive income by approximately \$1,144.

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, 2022, the Corporation had cash balances of \$62,643, current input tax recoverable of \$1,164, and trade receivables of \$3,815 for settling current liabilities of \$13,412, and therefore liquidity is expected to be sufficient to fund the operations of the Corporation for the next twelve months.



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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 December 31, 2022 of \$23.95 (September 30, 2022 - \$19.02), as well as the historical volatility of silver market prices. The fair value of the derivative liability under this method at December 31, 2022 was \$1,195 (September 30, 2022 - \$745).

11. 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 10(d))	\$ 570	\$ 570	\$ 570	\$ 570	\$ 570
Los Ricos option payments (Note 5)	1,025	1,300	150	-	-
Los Ricos consulting payments (Note 5)	250	-	-	-	-
	<u>\$ 1,845</u>	<u>\$ 1,870</u>	<u>\$ 720</u>	<u>\$ 570</u>	<u>\$ 570</u>