MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended June 30, 2013

Date and Background

This discussion and analysis of financial position and results of operations is prepared as at August 13, 2013 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine month periods ended June 30, 2013 for GoGold Resources Inc. ("GoGold" or the "Corporation"). Those financial statements, and all other financial statements of the Corporation for periods ended after September 30, 2011 from which financial information in this document is derived, have been prepared, in Canadian dollars (except as otherwise disclosed), in accordance with International Financial Reporting Standards ("IFRS"). For periods ended on or prior to September 30, 2011, the Corporation's financial statements and the financial information in this document were prepared in accordance with Canadian generally accepted accounting principles. The Corporation's operating Mexican subsidiaries' functional currency is the Mexican peso and these statements are translated into Canadian dollars and consolidated with the Canadian corporate financial statements for presentation. Additional information relevant to the Corporation's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include the intention to complete an acquisition or disposition or financing transaction and the Corporation's plans for its mineral projects. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to obtain necessary financing, satisfy conditions under any acquisition agreement, or satisfy the requirements of the Toronto Stock Exchange ("TSX") with respect to an acquisition; consumer interest in the Corporation's services and products; competition; and anticipated and unanticipated costs. The forward-looking statements contained in this document are made as of the date of this document and the Corporation does not undertake to update publicly or revise the forward-looking information contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. These forward-looking statements should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this document. Although the Corporation has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements include exploration and development risks, the failure to establish estimated mineral resources or mineral reserves, volatility of commodity prices, variations of recovery rates and global economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation. Additional factors are noted under "Risk Factors" in the Corporation's Annual Information Form dated January 15, 2013, a copy of which may be obtained on the SEDAR website at www.sedar.com, as well as other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

Any financial outlook or future-oriented financial information in this document, as defined by applicable securities legislation, has been approved by management of the Corporation as of the date of this document. Such financial outlook or future-oriented financial information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such outlook or information should not be used for purposes other than for which it is disclosed in this document.

Mr. Terence F. Coughlan, P.Geo, President and Chief Executive Officer of the Corporation, who is a qualified person as defined by National Instrument 43-101, *Standard of Disclosure for Mineral Projects*, is responsible for, and has reviewed and approved, the scientific and technical information contained in this document.

Overall Performance and Corporation Overview

The Corporation was incorporated under the *Canada Business Corporations Act* (the "CBCA") on January 18, 2008. The head office of the Corporation is located at 2000 Barrington Street, Suite 1301, Cogswell Tower, Halifax, Nova Scotia, B3J 3K1.

On January 22, 2013, the Corporation commenced the trading of its common shares ("Common Shares") on the Toronto Stock Exchange (the "TSX") under the symbol "GGD". The Common Shares were simultaneously delisted from the TSX Venture Exchange.

Summary of Quarterly Results (in $)

	Revenue	Expenses	Net Loss	Working Capital	Total Assets	Shareholder Equity	Loss per Share
June 30, 2013	**0**	**684,609**	**630,882**	**15,284,887**	**93,797,989**	**93,492,710**	**.01**
March 31, 2013	**0**	**1,620,879**	**1,557,183**	**18,265,551**	**94,635,205**	**94,277,442**	**.01**
December 31, 2012	**0**	**754,245**	**754,245**	**21,730,823**	**94,993,318**	**94,697,439**	**.01**
September 30, 2012	**0**	**722,414**	**722,414**	**24,495,431**	**96,040,317**	**95,183,786**	**.01**
June 30, 2012	**0**	**545,754**	**545,754**	**866,978**	**21,124,489**	**20,643,348**	**.01**
March 31, 2012	**0**	**687,765**	**687,765**	**3,111,218**	**21,293,858**	**21,057,774**	**.01**
December 31, 2011	**0**	**456,882**	**456,882**	**4,884,168**	**21,592,944**	**21,339,914**	**.01**
September 30, 2011	**0**	**435,278**	**435,278**	**2,111,435**	**17,442,319**	**17,183,696**	**.01**

Note: Fully diluted loss per share equals Loss per Share

Results of Operations

During the three month period ended June 30, 2013, the Corporation continued work on the FEED (Front End Engineering and Design) study on the Parral tailings project in Chihuahua, Mexico (the "Parral Project") acquired in the acquisition of Absolute Gold Holdings Incorporated ("Absolute Gold") in July, 2012 (the "Acquisition Transaction"). The study's deliverables are being finalized at this time. In addition, exploration on the Corporation's San Diego project ("San Diego Project") has been slowed down while the Corporation compiles and reviews results obtained to date, and focuses on financing, permitting and preparing for construction at the Parral Project.

During the three month period ended June 30, 2013, and in the comparable period in 2012, the Corporation earned no revenue from operations. During the three and nine month periods ended June 30, 2013, the Corporation incurred general and administrative expenses of $530,717 and $1,757,801, respectively. The comparative figures for the comparable periods in 2012 were $430,646 and $1,309,409, respectively. The increase in these expenses is a result of increased business activity as a result of the Corporation's acquisition of Absolute Gold. During the three and nine month periods ended June 30, 2013, the Corporation also incurred marketing and public relations expenses of $153,892 and $659,501, respectively. The corresponding expenses for the corresponding periods in the previous year were $115,109 and

$372,876, respectively. The increase in the marketing and public relations expenses is due to an increased level of trade show attendance and marketing efforts due to the acquisition of Absolute Gold and the increased level of business activity. Partially offsetting these expenses were finance income of $53,727 and $190,089 for the three and nine month periods ended June 30, 2013, respectively, and $nil and $nil for the comparable 2012 periods. This income is due to interest on cash balances. These expenses resulted in a net loss prior to the foreign currency translation loss for the three and nine months ended June 30, 2013 of $630,882 and $2,942,311, respectively (2012 - $545,755 and $1,682,285).

The Corporation also incurred a foreign currency loss arising from translation of foreign subsidiaries during the three month period ended June 30, 2013 of $312,744 and a gain for the nine month period ended June 30, 2013 of $612,197 (2012 – loss of $50,692 and loss of $3,034 respectively). The reason for the difference in the current period is the recent strengthening of the US dollar versus the Canadian currency. This has been recorded under other comprehensive income (loss) for the period.

Total comprehensive loss for the three and nine months ended June 30, 2013 was $943,626 and $2,330,114, respectively (2012 - $596,447 and $1,679,251).

The Corporation's cash used in operations was $2,761,263 during the nine months ended June 30, 2013 and $1,100,015 during the comparable period in 2012. The increase is primarily due to the increased level of business activity as a result of the Parral acquisition being completed and exploration continuing on the San Diego project. These projects require higher levels of head office general and administrative expenditures incurred in Canada in the form of consulting fees, personnel, administrative work and marketing efforts. In addition, the Corporation's graduation to the TSX from the TSX Venture Exchange has resulted in increased listing and regulatory fees.

Cash used in investing activities amounted to $6,845,218 in the nine months ended June 30, 2013 (2012 - $4,265,464). The increase is due to expenditures incurred on the Parral Project and the San Diego project. A second drill was added on the San Diego project during the nine month period, which has now been removed, and a significant portion of the drilling completed during the nine month period required helicopter support. With the encouraging results obtained, a decision has been made to build a road to the Chispa South area which is expected to reduce drilling costs going forward once complete. On the Parral project, the prefeasibility study was completed and the FEED phase was commenced and the deliverables are now being finalized. In addition, land was secured on which the Corporation intends to locate the leach pads and other project infrastructure.

Finally, cash provided by financing activities totaled $nil in the three and nine months ended June 30, 2013 (2012 - $4,639,670). The difference is accounted for by the fact that no financing was completed during the current period while a private placement financing and stock options were exercised during the prior period for net proceeds of $4,639,670.

The above resulted in the Corporation's cash balance being reduced from $24,727,903 at September 30, 2012 to $15,121,422 at June 30, 2013. Total current assets were similarly reduced from $25,351,962 on September 30, 2012 to $15,590,166 on June 30, 2013.

Total non-current assets, consisting of Property, plant and equipment and Exploration and evaluation assets increased from $70,688,355 on September 30, 2012 to $78,207,823 on June 30, 2013 as a result of exploration expenditures.

On the liability side, current liabilities were reduced from $856,531 on September 30, 2012 to $305,279 on June 30, 2013 as a result of a number of trade payables being paid.

Total equity decreased from $95,183,786 on September 30, 2012 to $93,492,710 on June 30, 2013 due primarily to the net loss including an impairment charge and a stock-based compensation charge associated with the granting of incentive options.

Exploration Activities

The following table summarizes the exploration and acquisition costs incurred for the nine month period ended June 30, 2013 on the Parral, San Diego and Rambler projects:

	Balance September 30, 2012			Additions for nine months ended June 30, 2013			Balance June 30, 2013			Total June 30,
	Rambler	San Diego	Parral	Rambler	San Diego	Parral	Rambler	San Diego	Parral	2013
Property acquisition costs	$ 199,960	$ 12,679,825	$ 48,314,611	$ -	198,037	$ 93,700	$ 199,960	$12,877,862	$48,408,311	$ 61,486,133
Deferred property exploration costs:										
Assays	59,342	961,428	93,641	-	331,632	1,806	59,342	1,293,060	95,447	1,447,849
Survey and geophysics	-	358,938	81,851	-	136,328	384,086	-	495,266	465,937	961,203
Drilling and site work	158,291	2,406,036	78,327	250	1,238,726	852,930	158,541	3,644,762	931,257	4,734,561
Geological and consulting	196,651	2,109,751	39,810	-	896,708	177,223	196,651	3,006,459	217,033	3,420,143
On site accommodation	11,441	158,746	-	-	238,315	146,663	11,441	397,061	146,663	555,165
Equipment rental and fuel	15,756	770,196	-	-	125,326	1,888	15,756	895,522	1,888	913,166
Technical and professional	33,642	233,306	133,115	-	421,008	897,232	33,642	654,314	1,030,347	1,718,303
Trenching and field work	18,765	144,875	-	-			18,765	144,875	-	163,640
Management and administration	21,000	1,165,636	12,630	-	847,408	484,730	21,000	2,013,044	497,360	2,531,404
Total exploration costs	514,888	8,308,912	439,374	250	4,235,451	2,946,558	515,138	12,544,363	3,385,932	16,445,433
Cumulative effect of movements in FX rate		77,817	6,515	-	648,626	62,494	-	726,443	69,009	795,452
Impairment charge	-	-	-	(715,098)			(715,098)			(715,098)
Total property costs	$ 714,848	$ 21,066,554	$ 48,760,500	$ (714,848)	$ 5,082,114	$ 3,102,752	$ -	$26,148,668	$51,863,252	$ 78,011,920

The following table summarizes the minimum future financial commitments (in US$) as of the date of this document to keep the San Diego and Parral project in good standing:

	Fiscal year						
	2013	2014	2015	2016	2017	2018	2019
Work commitments	-	400,000	150,000	150,000	150,000	150,000	-
Property payments	$45,000	-	-	-	-	-	-
Minimum advance royalty	$90,000	938,000	938,000	938,000	938,000	938,000	768,000
Total	$135,000	1,338,000	1,088,000	1,088,000	1,088,000	1,088,000	768,000

Note: Excess work commitment expenditures in any given year can be applied against future commitments.

The Corporation's reportable segments are consistent with the geographic regions in which the Corporation operates. The Corporation aggregates both the San Diego and Parral exploration projects as the Mexico segment and the Corporation's Canadian property and corporate offices as the Canadian segment.

Parral Project

The Parral Project is located in the state of Chihuahua, Mexico and comprises dry land tailings deposited from the historical Mina la Prieta silver and base metal mine. Please see the NI 43-101 compliant technical report entitled "National Instrument 43-101 Independent Technical Report on the Parral Tailings Project Chihuahua, Mexico held by Grupo Coanzamex S.A. de C.V. (Coanzamex) a Subsidiary of GoGold Resources Incorporated (GoGold)" dated February 20, 2013, prepared by David S. Dodd, B.Sc (Hon) FSAIMM, David R. Duncan, P.Geo and Ken Kuchling, P.Eng., ("Parral Prefeasibility Study") on SEDAR for a complete description of the project. The FEED portion of the study is now roughly 95% complete. Permitting is proceeding and the Corporation is preparing for the commencement of construction.

On July 12, 2013, the Corporation announced it had reached agreement on the terms of a US$35 million financing package with Red Kite Mine Finance Funds ("Red Kite") and a US$5 million credit line with CAT Financial ("CAT") for the development and construction of the Parral Project. The Red Kite financing package includes both an equity component and a debt component. The equity investment of US$5 million is to be priced at a 5 percent premium to the 20-day volume-weighted average stock price of the Common Shares preceding the closing date. The senior secured loan component of US$30-million will bear interest at LIBOR (London interbank offered rate) plus 6.5 percent with equal quarterly payments over a three year period beginning on September 30, 2014, and is expected to provide for customary debt covenants and events of default. Red Kite will receive a fee of 2.89 percent paid in cash and two million warrants convertible into two million Common Shares at an exercise price of $1.50 per Common Share for a term of two years. The Corporation will also enter into an offtake agreement with Red Kite for 15 million ounces of silver and 150,000 ounces of gold at market terms at the time of delivery. The US$5 million CAT credit line is available to lease equipment and bears interest between 4.5 percent and 4.95 percent and is repayable over a three-year term.

The Red Kite financing package is subject to certain conditions, such as obtaining final permits for the construction and operation of the Parral Project, obtaining all required regulatory and other approvals for the financing package, completion of technical and legal due diligence, including a FEED study confirming initial capital expenditure and certain operating expenditure items, a revised block model, a mineralogical study and an additional metallurgical test described in the terms of the financing package, and other conditions consistent with a transaction of this nature. The transaction is expected to close this fiscal year.

San Diego Project

Exploration work on the San Diego project has been temporarily slowed down while results are compiled and reviewed and as the Corporation focuses on the Parral Project. Please see the NI 43-101 compliant technical report entitled "Technical Report on the San Diego Property, Durango, Mexico for GoGold Resources Inc." dated June 27, 2012, prepared by Peter Webster, P.Geo, and David Duncan, P. Geo, on SEDAR for a complete description of the project)

On April 11, 2013, the Corporation released drilling results from the recently discovered Las Europas underground target within San Diego project (see the Corporation's press release dated April 11, 2013, which is available on SEDAR). Seven exploratory holes were drilled to test below previously released trenching results (see the Corporation's press release dated February 13, 2013, which is available on SEDAR).

Highlights from recent drilling at Las Europas include hole GGS-66 with seven metres in true width of 938 grams per tonne (g/t) silver and hole GGS-71 with four metres in true width of 472 g/t silver, which correlate with the surface sampling. Mapping has identified eight main structures, with some of these structures extending up to 1.2 kilometres in length and ranging from two metres to 10 metres in width. Based on the initial trench samples previously released, high-grade zones have been identified within these structures. Highlights from previously released trenching at this new target zone include:

- Trench SDL-903, which returned 10 metres of 318.2 g/t silver and 0.62 g/t gold, including four metres of 555.2 g/t silver and 0.67 g/t gold;
- Trench SDL-904, which returned six metres of 331.5 g/t silver and 0.33 g/t gold, including four metres of 452.3 g/t silver and 0.47 g/t gold;
- Trench SDL-901, which returned six metres of 146.6 g/t silver, including four metres of 202.4 g/t silver;
- Trench SDL-909, which returned four metres of 451.5 g/t silver.

The Las Europas discovery is the third area of high importance for potential resource development within the San Diego claim group. With only about 10 per cent of the 71,495 hectares in the San Diego area systematically mapped and sampled, the discovery of three distinct zones of significant mineralization bodes well for discovery of additional areas within this prospective land package. The other two areas of confirmed significant mineralization are Chispa De Oro and Breccia Hill, areas where GoGold has released multiple silver, gold and copper drill intercepts to date.

Liquidity and Capital Resources

At June 30, 2013, the Corporation had cash of $15,121,422 (September 30, 2012 - $24,727,903).

At June 30, 2013, the Corporation had working capital of $15,284,887 (September 30, 2012 - $24,495,431).

The Corporation believes that the results of the Parral Prefeasibility Study were positive and the work to more accurately determine the level of capital costs specified in the study is nearly complete. As a result of the Red Kite transaction described above, the Corporation believes that upon closing, it will be fully funded to complete the construction of Parral and bring the project into production, taking into account the $35 million initial capital cost projected by the Parral Prefeasibility Study.

The Corporation's commitments to keep the Parral project in good standing are a US$30,000 payment per month made to the municipality and a 12% net profits interest paid on a monthly basis once the project is put into production. Also, see the table in the section of this document titled "*Overall Performance and Corporation Overview*" for information on the minimum financial commitments to keep the San Diego Project and the Parral Project in good standing. The Corporation believes that its current capital resources will be sufficient to meet these commitments and to maintain the necessary corporate and administrative functions to facilitate these activities. If additional funds are required to meet the Corporation's capital requirements, the Corporation may conduct financings consisting of equity and/or debt (subject to any requirements under the Corporation's outstanding debt at the time of financing). Future financings are dependent on market conditions and there can be no assurance the Corporation will be able to raise funds in the future.

The Corporation invests all capital that is surplus to its immediate operational needs in high interest savings accounts.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Transactions with Related Parties

Included in general and administrative expense during the three and nine month periods ended June 30, 2013 are insurance premiums amounting to $24,212 and $70,922 (2012 - $16,299 and $34,765) paid to a corporation in which a significant interest is owned by a director of the Corporation. The increase in the premiums from the prior periods is due to increased limits and additional entities being insured after the Corporation's acquisition of Absolute Gold.

The transactions were in the normal course of operations and were measured at the exchange amounts, which are the amounts agreed to by the related parties.

Critical Accounting Estimates and Significant Accounting Policies

a) Foreign currency

i) Foreign currency transactions

In preparing the financial statements of each individual corporate entity, transactions in currencies other than the 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.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for: exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from cumulative translation account to profit or loss on repayment of the monetary items.

ii) Foreign operations

The results and financial position of all the Corporation's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- shareholders' equity and intercompany loans are translated at historical rates of exchange at the reporting date;
- assets and liabilities are translated at the closing rate at the date of that 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 Accumulated Other Comprehensive Income ("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 sale.

Goodwill and 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.

Recent accounting pronouncements:

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective, and have not been applied in preparing the condensed consolidated interim financial statements of the Corporation for the three and nine month periods ended June 30, 2013.

a) Financial instruments

The IASB has issued a new standard, IFRS 9 (2010), Financial Instruments, which will ultimately replace IAS 39, Financial Instruments – Recognition and Measurement and augments the previously issued IFRS 9 (2009). The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. This standard becomes effective on January 1, 2015. The Company is currently evaluating the impact of this new standard and cannot reasonably estimate its effect.

The IASB issued IFRS 9 *Financial Instruments* ("IFRS 9") in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company will evaluate the impact of the change to its consolidated financial statements based on the characteristics of its financial instruments at the time of adoption and cannot reasonably estimate its effect.

b) Consolidated financial statements

The IASB issued IFRS 10, Consolidated Financial Statements on May 12, 2011 to replace the current IAS 27, Consolidated and Separate Financial Statements. The new standard identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This new standard is effective for fiscal years beginning on or after January 1, 2013. The Company is currently evaluating the impact of this new standard and cannot reasonably estimate its effect.

c) Joint arrangements

The IASB issued IFRS 11, Joint Arrangements on May 12, 2011 to replace the current IAS 31, Interests in Joint Ventures. The new standard classifies joint arrangements as either joint ventures or joint operations. Interests in joint ventures will be accounted for using equity accounting, eliminating the proportionate consolidation option currently available under IAS 31. This new standard is effective for fiscal years beginning on or after January 1, 2013. The Company is currently evaluating the impact of this new standard and cannot reasonably estimate its effect.

d) Disclosure of interest in other entities

On May 12, 2011 the IASB issued IFRS 12, Disclosure of Interest in Other Entities. This standard establishes disclosure requirements for interests in other entities, including joint arrangements, associates, special purpose entities and other off balance sheet entities. This new standard is effective for fiscal years beginning on or after January 1, 2013. The Company is currently evaluating the impact of this new standard and cannot reasonably estimate its effect.

e) Fair value measurement

The IASB issued IFRS 13, Fair Value Measurement on May 12, 2011. This is a comprehensive standard for fair value measurement and disclosure of fair value measurements across various IFRS standards. IFRS 13 provides a definition of fair value, sets out a single IFRS framework for measuring fair value, and outlines requirements for disclosure of fair value measurements. The new standard is effective for fiscal years beginning on or after January 1, 2013. The Company is currently evaluating the impact of this new standard and cannot reasonably estimate its effect.

f) Other standards

The IASB amended IAS 1, Presentation of Financial Statements with changes effective July 1, 2012 and IAS 19, Employee Benefits with changes effective January 1, 2013. These standards have been reviewed and they are not anticipated to have a significant impact on the Company.

Financial Instruments and Other Risks

The Corporation's financial instruments consist of cash, input taxes recoverable, prepaid expenses, accounts payable and accrued liabilities. The fair market value of these financial instruments approximates their carrying values, unless otherwise noted. For the purposes of determining fair value of its financial instruments, the Corporation classifies the inputs at a Level 1 measurement, where inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

As described above, the Corporation incurred a foreign currency loss arising from translation of foreign subsidiaries during the three month period ended June 30, 2013 of $312,744 and a gain for the nine month period ended June 30, 2013 of $612,197 (2012 – loss of $50,692 and gain of $3,034, respectively). The reason for the difference in the current period is the recent strengthening of the Mexican peso versus the Canadian currency. This has been recorded under other comprehensive income (loss) for the period.

In addition, the Corporation also received interest income during the three and nine month period ended June 30, 2013 of $53,727 and $190,089 (2012 – $nil and $nil, respectively).

Management does not believe the financial instruments held by the Corporation expose it to any significant interest, currency or credit risks, as described below.

Credit Risk
The Corporation's credit risk is primarily attributable to cash and input tax recoverable. The Corporation has no significant concentration of credit risk arising from operations. Cash consists of funds on deposit in a high interest savings account with a Canadian Schedule I bank. Input tax recoverable consists of harmonized sales tax due from the Federal Government of Canada and value added tax from the Federal Government of Mexico. Management believes that the risk of loss with respect to financial instruments included in cash and input tax recoverable to be remote.

Liquidity Risk
The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The short-term deposits are in various guaranteed investment securities with maturities of less than a year but cashable in whole or in part with interest at any time to maturity. All of the Corporation's current financial liabilities have contractual maturities of 30 days and are subject to normal trade terms.

Market Risk
(a) Interest Rate Risk
The Corporation has cash balances and no interest-bearing debt. The Corporation's current policy is to invest excess cash in Canadian bank high interest savings accounts or guaranteed notes (short-term deposits). The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign Currency Risk
The Corporation's functional currency is the Canadian dollar and major purchases are transacted in Canadian, US dollars, and Mexican Pesos. The Corporation funds certain operations, exploration and administrative expenses in Mexico on a cash call basis using US dollar and Mexican Peso currency converted from its Canadian dollar bank accounts held in Canada. Management believes that at this time the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk. The debt portion of the Red Kite financing is denominated in US dollars and the Corporation expects that significant portion of the Parral construction expenditures will be in US dollars, so in the event the financing closes and construction commences, the Corporation will effectively be hedged against significant foreign exchange movements. As described above, the Red Kite financing package is subject to certain conditions and although closing is expected this fiscal year, the Corporation cannot guarantee that closing will occur.

Development and exploration of resource properties involves risks, many of which are outside the Corporation's control. At this stage in the Corporation's development it relies on equity financing for the funds to explore its property and potentially develop any resource that may be found. Future financing could be affected by many factors outside the Corporation's control such as market or commodity price changes and general economic conditions. The Corporation may not have sufficient funds from its current financial resources to put any resource in commercial production. There is no assurance such financing will be available to the Corporation when required, or that it will be available on acceptable terms.

Additional detail on risks and uncertainties is discussed in the Corporation's Annual Information Form dated January 15, 2013, a copy of which may be obtained on the SEDAR website at www.sedar.com, as well as other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

Outstanding Share Data

As at June 30, 2013, the Corporation had a total of 128,288,331 Common Shares issued and outstanding with a recorded value of $89,703,697. Comparative figures for June 30, 2012 were 61,058,331 Common Shares and $23,328,797.

As of the date of this document, the Corporation has 128,288,331 Common Shares issued and outstanding and 144,298,331 Common Shares on a fully-diluted basis, including:

- 3,690,000 options granted under the Corporation's incentive stock option plan exercisable into 3,690,000 Common Shares;
- 12,150,000 warrants issued in connection with the Acquisition Transaction exercisable into 12,150,000 Common Shares; and
- 170,000 finder's warrants issued in connection with a private placement completed on December 23, 2011 exercisable into 170,000 Common Shares.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that material information is gathered and reported to senior management to permit timely decisions regarding public disclosure. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Corporation ceased to be a venture issuer on January 22, 2013 as a result of the listing of its common shares on the TSX. Since that date, the Corporation has developed and implemented NI 52-109 compliance for DC&P and ICFR, which have been incorporated and tested as of the date of this document.

Other Information

Additional information regarding the Corporation, including the Corporation's Annual Information Form dated January 15, 2013, is available on SEDAR at www.sedar.com.

Dated: August 13, 2013