MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended September 30, 2014

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This Management's Discussions and Analysis ("MD&A") of the financial position and results of operations is prepared as at December 22, 2014 and should be read in conjunction with the audited consolidated financial statements for the years ended September 30, 2014 and 2013 and the notes thereto for GoGold Resources Inc. (the "Corporation").

The Corporation's consolidated financial statements for the year ended September 30, 2014 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Corporation's activities can be found on SEDAR at www.sedar.com.

This MD&A contains certain Forward-Looking Statements as disclosed on page 177 of this document.

OVERVIEW

GoGold Resources Inc. is a Canadian company principally engaged in the discovery, exploration and development of gold, silver, and copper deposits primarily in Mexico. The Corporation's common shares are listed on the Toronto Stock Exchange trading under the symbol GGD.

The Corporation's significant projects include the Parral Tailings Project located in the state of Chihuahua, Mexico, which is in the commissioning stage of development, as well as the Santa Gertrudis and San Diego exploration projects, both located in Mexico.

COMMISSIONING UPDATE

The Corporation's Parral Tailings Project is currently in the commissioning phase, with construction completed on time and under budget and the first silver-gold bar poured in June. Commissioning has been ongoing since then, with production rates consistently increasing. As of September 30, 2014, 264,834 tonnes of tailings have been deposited on the heap leach pad with 108,035 silver ounces and 174 gold ounces produced. Commissioning has been proceeding as expected, with cash costs lower than the project's prefeasibility study had estimated. Following is a summary of the key performance indicators related to the project:

Key performance indicator:	Pre-July	July	August	September
Total tailing tonnes placed on leach pad	34,697	68,289	76,990	84,858
Gold production (oz)	8	31	66	69
Silver production (oz)	3,591	17,138	40,788	46,518
Silver equivalent production (oz)	4,087	19,107	45,119	51,440

The Corporation has been pleased with the progress and with the monthly increases in metal production and tonnage placed. The Corporation's definition of commercial production states that commercial production will be achieved once metal production achieves 60% of the designed output of 200,000 ounces per month, as well as a monthly average exceeding 60% of the designed stacking rate of 5,000 tonnes per day deposited on the leach pad. Neither indicator was met in September, and it is management's expectation that commercial production will be achieved before the end of calendar year 2014 or early in calendar year 2015.

SELECTED ANNUAL INFORMATION

Fiscal Periods ended September 30	2014	2013	2012	2011
Revenues	-	-	-	-
Expenses	$ 3,141,612	$ 3,860,410	$ 2,404,699	$ 1,327,438
Net Loss	7,206,897	3,642,722	2,404,699	1,327,438
Basic and diluted net loss per share	0.04	0.03	0.03	0.04
Total assets	150,935,287	112,448,680	96,040,317	17,442,319
Total long-term liabilities	23,121,711	12,825,601	-	-
Cash dividends per common share	-	-	-	-
Tonnes placed on leach pad	264,834	-	-	-
Silver production (oz)	108,035	-	-	-
Gold production (oz)	174	-	-	-

The Corporation has recorded losses in both fiscal 2014 and 2013 and expects to commence recording revenue from precious metal sales in fiscal 2015.

The Corporation has recorded no revenue for the years ended September 30, 2014 or September 30, 2013, though there have been metal sales in 2014 of $2,400,001 (2013 - $Nil) recorded as an offset to development costs capitalized to the Parral project, as the project has yet to achieve commercial production.

Expenses decreased from $3,860,410 in 2013 to $3,141,612 in 2014, with the majority of the decrease attributed to an impairment on the Rambler property of $715,098 recorded in 2013, and no impairments recorded during the year ended September 30, 2014. The impairment charge incurred was equal to the entire value of the Rambler project in Newfoundland as the Corporation had suspended work on the project and deferred plans for the future of the project. Also included in expenses are general and administrative costs of $1,988,270 in 2014 compared to $2,193,547 in the prior year, with the decrease being predominantly attributed to decreased share-based compensation, which decreased from $640,894 in 2013 to $308,887 in 2014. Marketing and public relations expenses increased from $730,418 in the prior year to $973,806 in the year ended September 30, 2014 mainly due to marketing associated with having an additional project as the Santa Gertrudis project was purchased during the year. Regulatory expenses were $179,536 in the current year as opposed to $221,347 in the prior year, with the decrease attributed to additional costs in 2013 related to the listing of the Corporation on the Toronto Stock Exchange.

As a result of new tax legislation enacted by the Mexican Government, in the future the Company will not be permitted to deduct prior capital expenditures on the San Diego exploration project and therefore has a significant increase in deferred tax expense of $2,300,164 in 2014 as compared to $15,184 in the prior year. This tax does not apply to the Parral project as the Company is not the concession holder.

During the year, the Corporation also recorded a charge of $826,886 as a result of an early warrant exercise incentive program. This value is the ascribed value of the incentive offered to all warrant holders to participate in the program. The fair market value of the incentive was determined using the Black-Scholes option pricing model. The Corporation offered warrant holders an additional 0.1 share for every warrant exercised within the program period (see the Outstanding Share Data section for more information). There was no comparable program in the prior year. Also included in other items are foreign currency losses of $657,926 (2013 - $Nil), which is the net effect of translating the long term debt owed to Orion denominated in US dollars and the US dollar cash balances to Canadian dollars. The Corporation also recorded a loss on derivative liability of $280,309 (2013 - $Nil) which represents the change in the fair value of the US dollar warrants, mainly attributed to the gradual decreasing term remaining until the warrants expire on September 27, 2015.

The items discussed in the previous paragraph, as well as the tax expense and the expenses discussed previously contribute to the increased net loss in the current year of $7,206,897, as compared to the prior

year's net loss of $3,642,722. The prior year's net loss was composed principally of the expenses in the prior year, offset by finance income ($232,872) of which there was none in the current year.

Total assets increased to $150,935,287 as of September 30, 2014 from $112,448,680 as of September 30, 2013. The increase in assets is attributed to $35,532,481 of costs capitalized to the Parral project within developments assets, the acquisition of the Santa Gertrudis project for $13,633,175 as well as additions of $4,292,597 to the project within exploration and evaluation assets, offset by a decrease in current assets from $31,551,951 in the prior year to $14,186,085 in the current year. Total long term liabilities increased to $23,121,711 in the current year from $12,825,601 principally due to an additional $20,197,887 of debt, of which $6,835,963 is long term, an increase of $2,198,838 in deferred income taxes, and the recording of a provision for site restoration of $1,650,000 related to the Parral project.

The year ended September 30, 2014 saw the first metals produced for the Corporation, all production is from the Parral tailings project. As previously stated, the project has yet to enter commercial production, but produced 108,035 ounces of silver and 174 ounces of gold from 264,834 tonnes deposited on the heap leach pad during the year. As the project was under construction in the prior year, there was no production in the prior year from the project.

Summary of Quarterly Results (in dollars)

Quarter ending	Revenue	Expenses	Net Loss	Total Assets	Shareholder's Equity	Loss per Share
Sep 30, 2014	-	920,658	2,632,307	150,935,287	109,189,376	.02
Jun 30, 2014	-	685,094	376,178	152,747,897	111,126,819	-
Mar 31, 2014	-	696,555	1,272,969	142,459,416	103,822,697	.01
Dec 31, 2013	-	839,305	2,925,443	113,110,800	94,677,601	.02
Sep 30, 2013	-	728,009	700,412	112,448,680	96,744,092	.01
Jun 30, 2013	-	684,609	630,882	93,797,989	93,492,710	.01
Mar 31, 2013	-	1,620,879	1,557,183	94,635,205	94,277,442	.01
Dec 31, 2012	-	826,913	754,245	94,993,318	94,697,439	.01

Expenses during the quarter ending September 30, 2014 ("Q4") were $920,658 as compared to $685,094 for the quarter ending June 30, 2014 ("Q3"). The increase in expenses is due mainly to increased marketing and promotion in Q4 including attendance at trade shows and conferences. The increase in net loss in Q4 to $2,632,307 from $376,178 in Q3 is due principally to the change in foreign exchange and warrant incentive expense. In Q3, there was a foreign exchange gain of $1,093,802 as compared to Q4 showing a foreign exchange loss of $1,647,411. The foreign exchange gains and losses are mainly a function of the differences in the US dollar compared to the Canadian dollar as the Corporation's debt is denominated in US dollars. See page 15 for additional discussion around foreign exchange risk. In Q3, there was warrant incentive expense of $826,886 in connection with the warrant incentive program which did not reoccur in Q4.

Expenses during the quarter ending September 30, 2014 ("Q4 2014") were $920,658 as compared to $728,009 for the quarter ending September 30, 2013 ("Q4 2013"). The increase in expenses is due mainly to increased marketing and promotion in Q4 2014 as compared to Q4 2013. The increase in net loss in Q4 2014 to $2,632,307 from $700,412 in Q4 2013 is due principally to the change in foreign exchange. In Q4 2013, there was a foreign exchange gain of $29,301 as compared to Q4 2014 showing a foreign exchange loss of $1,647,411, the significant increase is due to the fact that the proceeds of the debt were received near the end of September 2013, and as a result there were only nominal foreign exchange changes.

Total assets decreased from $152,747,897 in Q3 to $150,935,287 in Q4 – a decrease of $1,812,610. The decrease is due mainly to the decrease in cash from $12,987,980 in Q3 to $3,820,877 in Q4 which was used to fund development and exploration assets, and payment of trade and other payables. The decrease in cash is offset by the increase in receivables, inventory and non-current assets. Shareholder's equity decreased

from $111,126,819 in Q3 to $109,189,376 in Q4 as a function of the net loss of $2,379,468 for the quarter offset by foreign currency translation differences of $462,028 in the quarter arising on translation of foreign subsidiaries which were recorded to other comprehensive income, with the remaining balance attributed to warrant and option exercises.

DEVELOPMENT AND EXPLORATION ACTIVITIES

The following table summarizes the exploration and acquisition costs incurred for the year ended September 30, 2014 on the Company's significant projects:

	Exploration		*Development*[1]
	San Diego	**Santa Gertrudis**	**Parral**
Cost at September 30, 2012	$ 21,066,554	-	$ 48,760,500
Additions	5,045,846	-	5,780,587
Foreign exchange adjustments	164,921	-	(119,520)
Cost at September 30, 2013	26,277,321	-	54,421,567
Additions	797,044	$ 4,292,597	35,532,481
Acquisitions	-	13,633,175	-
Foreign exchange adjustments	953,502	2,207	630,438
Cost at September 30, 2014	$ 28,027,867	$ 17,927,979	$ 90,584,486

1. Parral was reclassified from exploration to development in September 2013 as the project was deemed technically and commercially feasible.

Parral Project

The Corporation announced on February 21, 2013 that it had completed the Parral Prefeasiblity Study on its Parral tailings project in Chihuahua state, Mexico, which defined a reserve of 35 million silver-equivalent ounces and a pretax internal rate of return of 80 percent (dollar amounts are in U.S. dollars). The study projected an initial capital cost of $35-million and a life of mine (LOM) of 12 years with an average annual production of 1.8 million silver-equivalent ounces (1.2 million ounces of silver and 11,000 ounces of gold). The mine production is planned at 5,000 tonnes per day on a conventional heap leach with sustaining capital of $27.5-million over the LOM. The study included a LOM reserve average silver grade of 38.4 grams per tonne silver and 0.31 g/t gold and a recovery of 58 per cent for silver and 64 per cent for gold and cash operating cost for silver of $6.48 an ounce using gold as a byproduct credit. The Parral Prefeasibility Study on the Parral tailings project in Chihuahua, Mexico, was prepared by the MDM Group of South Africa, in accordance with the requirements of National Instrument 43-101.

The Corporation, after having received the required permits, commenced construction in 2013, and entered the commissioning phase in June 2014, when the first silver-gold bar was poured. As of September 30, 2014, 264,834 tonnes of tailings have been deposited on the heap leach pad with 108,035 silver ounces and 174 gold ounces produced. All of the produced metal was sold in the current year for proceeds of $2,400,001 which was recorded as an offset to the additions to the project, as the project has yet to achieve commercial production.

The Corporation's definition of commercial production states that commercial production will be achieved once metal production achieves 60% of the designed output of 200,000 ounces per month, as well as a monthly average exceeding 60% of the designed stacking rate of 5,000 tonnes per day deposited on the leach pad is achieved. As neither indicator was met in September, the project was not deemed to have achieved commercial production.

Additions to the project for the year are $35,532,481, net of sales credits, as compared to $5,780,587 in the prior year. The majority of the current year additions are the costs associated with construction of the leach

pad and the Merrill Crowe process facility, with costs attributed to the commissioning phase of the project included as well. All costs associated with the operation of the project are included as commissioning costs. Included in additions to the project for the year is an asset for $1,650,000 which is equal to the provision for site restoration related to the project. The valuation of the asset was determined based on the present value of management's best estimate of the future cash flows associated with restoration obligations at the end of the project's life.

Foreign exchange adjustments of $630,438 (2013 - $(119,520)) have also been recorded to the project. As the Parral project is held in a subsidiary of the Corporation whose functional currency is the Mexican peso, there are adjustments which arise upon translation into the Canadian Dollar presentation currency. These adjustments are charged to other comprehensive income.

Santa Gertrudis Project

On February 28, 2014, the Corporation acquired 60,187,546 common shares of Animas Resources Ltd. ("Animas" or the "Animas Shares"), representing approximately 81.74% of Animas' issued and outstanding shares. The principal asset of Animas is a 100% interest in the Santa Gertrudis Property located in the Santa Teresa District, Cucurpe, Sonora State, Mexico. Each Animas shareholder received 0.0851 common shares of the Corporation and $0.07 in cash for each Animas Share held. Cash of $4,213,128 was paid and a total of 5,121,960 common shares of the Corporation were issued in exchange for the Animas Shares, and 664,881 common shares of the Corporation were issued in exchange for all of Animas' 12,500,000 outstanding share purchase warrants ("Animas Warrants"). The transaction was accounted for as a purchase of assets.

On April 23, 2014, the Corporation acquired the remaining 13,443,338 common shares of Animas under the same terms as the initial investment. Cash of $941,034 was paid and a total of 1,144,020 common shares of the Corporation were issued to acquire the remaining Animas common shares. The Corporation also issued 5,319 common shares of the Corporation for all of the outstanding in-the-money options of Animas. As the market price of the Animas shares had increased to $0.19 per share from the initial valuation date, a corresponding adjustment to deficit of $403,353 was recorded.

The total purchase price of the initial purchase on February 28, 2014 of $12,956,501 was allocated to the assets acquired and the liabilities assumed based on the fair values of the net assets acquired, of which $13,633,175 was allocated to the Santa Gertrudis exploration project. Total purchase consideration was determined based on the market price of the 73,630,884 Animas Shares of $0.16 that were issued and outstanding on the closing date.

The Santa Gertrudis Project is located in northern Sonora State, Mexico. The property is 100% held by Coanzamex Santa Gertrudis, S.A. de C.V., First Silver Reserve, S.A. de C.V., and Recursos Escondidos, S.A. de C.V., all Mexican subsidiary companies wholly-owned by GoGold.

The Santa Gertrudis Project contains several former producing gold mines. Approximately 565,000 ounces of gold were produced in the district from what is now part of the property between 1991 and 2000. A total of 8,244,000 tonnes at an average recovered grade of approximately 2.13 g/t Au were open pit mined from 22 sedimentary-rock-hosted, disseminated gold deposits. This mining included production by Phelps Dodge Mining Company ("Phelps Dodge") and Campbell Red Lake Resources Inc. ("Campbell") from the Santa Gertrudis Mine and production at the Amelia Mine, one of the concessions that form part of the Santa Gertrudis Project.

The additions of $4,292,597 to the project during the year were mainly due to costs associated with upgrading the previous historic resources and preparing a preliminary economic assessment ("PEA") for the project. In September 2014, GoGold released the results of the Santa Gertrudis PEA that upgraded the previous historic resource estimate to 810,000 ounces of gold indicated (23.3 Mt at 1.08 g/t Au) and 255,000 ounces gold inferred (7.7 Mt at 1.02 g/t Au). As a past producer, the Santa Gertrudis Project has infrastructure in place including numerous pits already worked with haul roads in place to facilitate the commencement of mining

activities. GoGold is continuing its exploration of the Santa Gertrudis Project and there is potential to extend mineralization and identify additional exploration targets. GoGold intends to make a production decision with respect to the Santa Gertrudis Project by the first half of 2015 with the goal of reinstating mining as soon as possible.

San Diego Project

The San Diego project is located in Durango, Mexico. The property is 100% held by Minera Durango Dorada S.A. de C.V., which is a wholly-owned subsidiary of GoGold. The project contains multiple geological exploration targets which GoGold has performed work on and numerous unexplored targets remain, providing potential for long-term exploration upside. This well-established mining region features supportive local inhabitants, cooperative local and district governments, and existing infrastructure including local workforce, power to property, road access, accommodations and water.

Exploration work on the San Diego project during fiscal 2013 focused on sampling, mapping and drilling the Chispa De Oro and Las Europas areas. Due to the Corporation's focus on Parral and Santa Gertrudis, there was reduced exploration on the property during 2014, with additions of $797,044 as compared to $5,045,846 in the prior year.

The Company is currently focused on commissioning the Parral Mine and doing the work necessary to make a production decision at Santa Gertrudis Project. The Company believes the San Diego Property has the potential to hold one or more economic mineral deposits and plans to devote more significant resources to the project after the Santa Gertrudis production decision.

LIQUIDITY AND CAPITAL RESOURCES

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

Working Capital

A summary of the Corporation's working capital is as follows:

	Sept. 30, 2014	Sept. 30, 2013
Current assets	$ 14,186,085	$ 31,551,951
Current liabilities	18,624,200	2,878,987
Working capital	$ (4,438,115)	$ 28,672,964

At September 30, 2014, the Corporation has a working capital deficiency of $4,438,115. As the Parral tailings project is now producing silver and gold, there are cash inflows associated with the project, and management expects this amount of working capital, along with the equity funds received subsequent to year end, to be sufficient to complete commissioning and fund the operations of the Corporation. Included in current liabilities is $14,611,924 of the current portion of the senior secured debt payments, which are weighted towards the end of fiscal 2015, when it is expected that the Parral project will be in commercial production and generating significant positive cash flows to fund their payment.

Subsequent to year end, on December 3, 2014 the Corporation received net proceeds of approximately $18.6 million associated with an equity issuance (see page 16 for additional details). Management intends to use the net proceeds, subject to discretion to change, with approximately $10 million to advance the

Corporation's mineral interests in Mexico and the remaining $8.9 million to be used for working capital and general corporate purposes.

Debt

Orion Mine Finance ("Orion") has provided the Corporation with $30-million (USD) in senior secured debt, the proceeds were received in a $15-million (USD) tranche in September 2013 and a $15-million (USD) tranche in February 2014. The debt bears interest at London interbank offered rate (LIBOR) plus 6.5 per cent, with a minimum rate of 7.5%, with the principal repayable in quarterly instalments over a three-year period commencing in September 2014. On September 30, 2014 an amending agreement between the Corporation and Orion was signed which deferred the first principal payment for one year. The debt is secured by a first charge over all Company assets. Estimated principal repayments due to maturity on the long-term debt are 2015 - $14,611,924, 2016 - $11,689,539, and 2017 - $8,781,187, based on a foreign exchange rate of $1 USD = $1.12 CAD.

In addition, in September 2013, Orion purchased 4,693,563 Common Shares of the Corporation through a non-brokered private placement for gross aggregate proceeds of $5-million (U.S.), representing a purchase price of approximately $1.103 (Canadian) per common share, which is a 5-per-cent premium to the volume-weighted average share price of the common shares on the Toronto Stock Exchange for the 20 trading days ended September 13, 2013. Orion also received two million common share purchase warrants. Each whole warrant entitles Orion to acquire one common share at a price of US$1.50 for a period of two years from the closing date. The common shares and the warrants, and the common shares issuable on exercise of the warrants, were subject to a four-month hold period from the exercise date. Orion has the right to purchase additional common shares and/or participate in future securities offerings by the Corporation in order to maintain its ownership share.

GoGold and Orion Mine Finance have also entered into a definitive off-take agreement ("Off-Take Agreement"), together with GoGold's indirect wholly-owned subsidiary, Grupo Coanzamex S.A. de C.V. ("Coanzamex"), which took effect on September 27, 2013. Under the Off-Take Agreement, Coanzamex has agreed to sell and Orion Mine Finance has agreed to purchase all of the refined gold and refined silver produced from the Parral tailings project, up to an aggregate of 180,000 ounces of refined gold and 18 million ounces of refined silver. The selling price for the refined gold and refined silver under the agreement is based on the respective market prices for the commodities using the lowest quoted market price over a certain period of time prior to and following the respective transaction date. Management estimates this to represent a 1.5 – 3% reduction in the realized sale price of metal produced at Parral over the life of the project.

The Corporation and Orion agreed to an amended calculation of the debt service coverage ratio covenant on September 30, 2014 so there was no breach on this date. On December 19, 2014, the parties signed a waiver and amending agreement that waives the quarterly debt service ratio covenant until the June 30, 2015 reporting period. In addition, a November 2014 debt covenant related to the declaration of commercial production was in breach, which was remedied by obtaining an amendment on December 19, 2014 from Orion deferring the requirement for commercial production to January 2015. In exchange for receiving the waivers and amendments, the Corporation increased the aggregate ounces of refined gold by 30,000 ounces and 3 million ounces of refined silver to the quantities disclosed in the preceding paragraph.

Contractual Obligations

A summary of the Corporation's contractual obligations at September 30, 2014 is as follows:

	2015	2016	2017	2018	2019
Work commitments - San Diego	$ 178,000	$ 178,000	$ 178,000	$ 178,000	$ 8,000
Minimum royalty and rent - Parral	760,000	760,000	760,000	760,000	760,000
Work commitments - Santa Gertrudis	76,092	37,092	37,092	37,092	37,092
Senior secured debt principal payments	14,611,924	11,689,539	8,781,187	-	-
Trade and other payables	3,193,220	-	-	-	-
Income taxes	150,056	-	-	-	-
Derivative liability	669,000	-	-	-	-
	$ 19,598,292	$ 12,664,631	$ 9,756,279	$ 975,092	$ 805,092

Outstanding Share Data

As at September 30, 2014, the Corporation had a total of 147,831,030 common shares issued and outstanding with a recorded value of $116,389,552. Comparative figures for September 30, 2013 were 132,981,894 and $94,241,134.

During the year, the Corporation initiated an early warrant exercise incentive program for the common share purchase warrants exercisable for common shares of the Corporation which were issued on July 27, 2012 in connection with the Company's acquisition of Absolute. The program took place between June 24, 2014 and July 4, 2014. Warrants exercised during that period entitled the holder to acquire 1.1 common shares upon the exercise of each warrant at the exercise price of $1.50 per warrant. In conjunction with the warrant incentive program, 6,087,960 warrants were exercised for 6,696,756 common shares. Warrants not exercised during the period continue to entitle the holder to acquire one common share at the exercise price of $1.50 until January 24, 2015 in accordance with its terms and the terms of the warrant indenture.

As of the date of this document, the Corporation has 161,772,580 common shares outstanding and 172,879,170 fully diluted shares outstanding.

Off-Balance Sheet Arrangements

At the date of this document, the Corporation had no material off-balance sheet arrangements.

Transactions with Related Parties

Included in general and administrative expense during the year ended September 30, 2014 are insurance premiums amounting to $62,202 (2013 - $69,508), as well as premiums of $124,515 (2013 - $Nil) included in development assets paid to a corporation where a significant interest was owned by a director of the Corporation. As the director ceased to own a significant interest in the corporation as of July 2, 2014, only insurance premiums paid up to this date are deemed a related party transaction.

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 Change in Accounting Policies

Accounting Estimates

The preparation of the 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. Judgement 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, judgement 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. The 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:

a) Asset acquisitions:

The Corporation applies judgement 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.

b) Commercial production:

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

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

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 risk-adjusted tax-discount rate appropriate to the risks and inherent in the asset.

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

d) Exploration and evaluation assets:

Management is required to apply judgment in determining whether technical feasibility and commercial viability can be demonstrated for resource properties. Once technical feasibility and commercial viability of a resource property can be demonstrated, exploration costs will be reclassified to property, plant and equipment and subject to different accounting treatment. As at September 30, 2013, the Parral Tailings project was determined to be development stage and has been reclassified to property, plant and equipment.

e) Inventory – ore in process:

The Corporation makes estimates of gold and silver recoverable from ore stacked on leach pads in the determination of ore 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. 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 pad will not be known until the leaching process is completed. Leach pad recovery estimates are used in the determination of the Corporation's inventories.

f) Inventory – valuation:

The Corporation values inventory at the lower of cost and net realizable value. The calculation of net realizable value relies on forecasted gold prices, forecasted exchange rates, and estimated costs to complete the processing of ore inventory.

g) 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 judgement 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.

h) Share-based payments:

The Corporation issues equity-settled share-based payments to certain employees and third parties outside the Corporation. Equity-settled share-based payments issued to employees 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.

i) 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 balance sheet 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.

Change in Accounting Policies

The Corporation adopted the following accounting standards and amendments to accounting standards, effective October 1, 2013:

a) Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements, replaces the consolidated financial statements section of IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special Purposes Entities in its entirety. IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities, regardless of the nature of relationship. The new standard introduces a revised definition of control, and provides additional guidance on how to apply the control principle in a number of situations. There was no impact on the Corporation's consolidated financial statements upon the adoption of this standard.

b) Joint Arrangements

IFRS 11, Joint Arrangements, replaces IAS 31, Interests in Joint Ventures, and requires the Corporation to classify its interest in a joint arrangement as either a joint operation or a joint venture. For a joint venture, the Corporation will account for its interest in the net assets of the joint venture using the equity method of accounting. The Corporation will no longer have the option to proportionately consolidate its share of the net assets, revenues and expenses of joint ventures. There was no impact on the Corporation's consolidated financial statements upon the adoption of this standard.

c) Disclosure of Interests in Other Entities

IFRS 12, Disclosure of Interests in Other Entities, outlines the disclosures required surrounding an entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities, to enable users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for periods that precede the first annual period for which IFRS 12 is applied. Therefore, the additional disclosures about interests in other entities that are required by this standard are provided in these consolidated financial statements.

d) Fair Value Measurement

IFRS 13, Fair Value Measurement, is a single source of fair value measurement guidance under IFRS. This new IFRS clarifies the definition of fair value, provides a clear framework for measuring fair value, and enhances the disclosures about fair value measurements. IFRS 13 is not only limited to financial instruments, but also applies to fair value measurement in other IFRS, such as impairment and employee future benefits. The Corporation's financial statements reflect the required disclosure.

e) Financial Instruments

IFRS 7, Financial Instruments: Disclosures and IAS 32, Financial Instruments: Presentation, were amended to address the issue of offsetting financial assets and financial liabilities in the financial statements. The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or that are subject to master netting arrangements or similar arrangements. There was no impact on the Corporation's consolidated financial statements upon adoption of this amendment.

f) Presentation of Financial Statements

IAS 1, Presentation of Financial Statements, was amended to revise the presentation of other comprehensive income, requiring entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently, with subtotals for each group. The Corporation has updated the presentation of other comprehensive income on the face of the consolidated statements of operations and comprehensive loss.

Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations under IFRS, are not yet effective for the year ending September 30, 2014, and have not been applied in preparing the consolidated financial statements.

a) Levies

The IASB issued IFRIC 21, Levies in May 2013, which provides guidance on accounting for levies in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Corporation intends to adopt IFRIC 21 in its financial statements for the annual period beginning October 1, 2014. The Corporation does not expect the amendments to have a material impact on the financial statements.

b) Recoverable amount disclosures for non-financial assets

In May 2013 the IASB issued amendments to IAS 36 to reverse the unintended requirement in IFRS 13 Fair Value Measurement, to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. The Corporation intends to adopt the amendments in its financial statements for the annual period beginning October 1, 2014. As the amendments impact certain disclosure requirements only, the Corporation does not expect the amendments to have a material impact on the financial statements.

c) Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for fiscal years ending on or after December 31, 2017 and is available for early adoption. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

d) Financial instruments

IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instruments: Disclosures. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The IASB has determined the revised effective date for IFRS 9 will be for annual periods beginning on or after January 1, 2018. The Corporation will evaluate the impact of the change to the consolidated financial statements based on the characteristics of financial instruments outstanding at the time of adoption.

Financial Instruments and Other Risks

Financial Instruments

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 inputs are based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3 inputs are unobservable (supported by little or no market activity).

The following table provides the disclosures of the fair value and the level in the hierarchy:

	September 30, 2014		**September 30, 2013**	
	Level 1	Level 2	Level 1	Level 2
Cash	$ 3,820,877	-	$ 31,114,102	-
Financial liabilities at fair value through profit and loss:				
Derivative liability	-	$ 669,000	-	$ 388,691

The fair value of the derivative liabilities are measured using the Black Sholes model.

Risk

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 and debt financing for the funds to explore its properties and develop any resource that exists. 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 and implement its business plan. 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 December 18, 2014, 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.

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

a) Commodity price risk

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

b) Credit Risk

The Corporation's credit risk is primarily attributable to cash, input tax recoverable and trade receivables. Cash consists of funds on deposit in accounts with a Canadian Schedule I bank. Input tax recoverable consists of harmonized sales tax due from the Federal Government of Canada of $75,611 and value added tax from the Federal Government of Mexico of $5,529,276. Exposure on trade receivables is limited as all receivables are with Orion who has provided the Corporation with senior secured debt. Management believes that the risk of loss with respect to financial instruments included in cash, input tax recoverable and trade receivables to be low.

c) 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 and US dollar bank accounts held in Canada. Management believes the foreign exchange risk

derived from currency conversions is not significant to its long term operations and therefore does not hedge its foreign exchange risk. At September 30, 2014, the Corporation had net liabilities in US dollars of approximately $34,832,203 (September 30, 2013 - $13,671,726), for which a 10% appreciation in US exchange rates would affect net loss by approximately $3,483,220. To mitigate this, in addition to the fact that future Metal revenues are transacted in US dollars, management is holding the majority of the cash received from the subsequent financing (Note 17) in US dollars. At September 30, 2014, the Corporation had net liabilities in Mexican Pesos of approximately $1,745,525 (September 30, 2013 - $848,864), for which a 10% appreciation in Mexican Peso exchange rates would affect net loss by approximately $174,553.

d) Interest Rate Risk

The Corporation has cash balances and interest-bearing debt. The Corporation's current policy is to invest excess cash in Canadian bank high interest savings accounts. The Corporation periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. A 10% increase or decrease in the LIBOR interest rate would have no effect on the Orion debt interest due to the agreement requiring a minimum of 7.5% interest to be paid.

e) Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2014, the Corporation had cash balances of $3.8 million (September 30, 2013 - $31.1 million) for settling current liabilities of $18.6 million (September 30, 2013 - $2.9 million. The September 30, 2013 cash balance includes short-term deposits which 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. Of the Corporation's current financial liabilities, $3.2 million (2013 - $1.6 million) have contractual maturities of 30 days and are subject to normal trade terms, and $14.6 million (2013 - $1.3 million) are the current portion of long term debt due within one year as outlined in the Contractual Obligations section.

Internal Controls over Financial Reporting

Management is responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Corporation, including its consolidated subsidiaries, is made known to the Corporation's certifying officers. The Corporation's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Corporation's disclosure controls and procedures as at September 30, 2014, in compliance with NI 52-109, and have concluded that these controls and procedures are effective.

The Corporation's management, under the supervision of its Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting 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's Chief Executive Officer and Chief Financial Officer have each evaluated the effectiveness of the Corporation's internal control over financial reporting as at September 30, 2014, in compliance with NI 52-109, and have concluded that these controls and procedures are effective.

Events After the Reporting Period

On December 3, 2014, the Corporation closed a bought deal where a syndicate of underwriters purchased 13,333,500 common shares of the Corporation at a price of $1.50 per share for net proceeds, after share issuance costs, to the Corporation of approximately $18.6 million. In addition, the Corporation agreed to grant to the underwriters an option to purchase up to an additional 15% of the number of shares sold at a price of $1.50 per share, exercisable at any time, in whole or in part, until January 2, 2015.

Future Outlook

Given the current state of the capital markets and commodity prices, the Corporation intends to focus on completing process and equipment commissioning and achieving commercial production at Parral. Simultaneously, the Corporation intends to continue its exploration of the Santa Gertrudis Project and to determine if there is potential to extend mineralization and identify additional exploration targets. The Corporation intends to make a production decision with respect to the Santa Gertrudis Project by the first half of 2015 with the goal of reinstating mining as soon as possible. As well, the Corporation intends to continue investigating projects that meet its criteria of being advanced, capable of producing at a low all-in cost and of being developed in a short time frame.

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 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 for the year ended September 30, 2014, 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.

Technical Information

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.

Other Information

Additional information regarding the Corporation, including the Corporation's Annual Information Form dated December 22, 2014, is available on SEDAR at www.sedar.com.

Dated: December 22, 2014