GoGold Resources Inc

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

QUARTER ENDED

DECEMBER 31, 2019

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

GoGold Resources Inc

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - in thousands of United States dollars)

	December 31 2019	September 30 2019
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 5,005**	$ 2,408
Marketable securities (Note 3)	**-**	4,747
Trade receivables	**3,613**	3,272
Input tax recoverable	**5,982**	2,257
Prepaid expenses	**361**	227
Inventories (Note 4)	**8,542**	8,552
	23,503	21,463
Non-current assets:		
Input tax recoverable	**5,611**	8,048
Inventories (Note 4)	**17,695**	18,251
Property, plant and equipment (Note 5)	**26,996**	24,625
Exploration and evaluation assets (Note 6)	**14,443**	12,355
Total assets	**$ 88,248**	$ 84,742
LIABILITIES		
Current liabilities:		
Trade and other payables	**$ 7,184**	$ 6,159
Current portion of long-term obligations (Note 7)	**2,360**	2,139
	9,544	8,298
Non-current liabilities:		
Long-term obligations (Note 7)	**3,005**	1,736
Provision for site restoration	**1,393**	1,348
Derivative liability (Note 11 (d))	**591**	549
Total liabilities	**14,533**	11,931
EQUITY		
Share capital (Note 8)	**148,025**	147,914
Contributed surplus	**8,123**	7,974
Accumulated other comprehensive loss	**(5,542)**	(5,651)
Deficit	**(76,891)**	(77,426)
Total equity	**73,715**	72,811
Total liabilities and equity	**$ 88,248**	$ 84,742

Commitments (Note 12)

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

GoGold Resources Inc

Condensed Consolidated Statements of Operations and Comprehensive Income

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

For the three months ended	**December 31 2019**	December 31 2018
Revenue from mining operations	**$ 9,293**	$ 3,850
Cost of sales:		
Production costs, except amortization and depletion	**6,965**	3,342
Amortization and depletion	**1,145**	963
Inventory net realizable value adjustment (Note 4)	**-**	1,132
	8,110	5,437
General and administrative	**1,023**	1,137
Operating income (loss)	**160**	(2,724)
Finance and accretion costs	**(108)**	(46)
Foreign exchange gain	**233**	373
Fair market value gain on marketable securities	**280**	452
Gain on sale of royalty (Note 3)	**-**	11,837
Loss on derivative liability	**(42)**	(76)
Interest and dividend income	**12**	227
	375	12,767
Income before income taxes	**535**	10,043
Deferred income tax expense	**-**	(1,890)
Net income	**535**	8,153
Other comprehensive income (loss):		
Foreign currency translation differences arising on translation of foreign subsidiaries which may subsequently be cycled through net income	**109**	(716)
Total comprehensive income for the period	**$ 644**	$ 7,437
Net income per share (Note 8 (e)):		
Basic	**$** 0.003	$ 0.047
Diluted	**$** 0.003	$ 0.047

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

GoGold Resources Inc

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands of United States dollars)

For the three months ended	December 31 2019	December 31 2018
Cash provided by (used in) the following activities:		
Operating activities		
Net income for the period	$ 535	$ 8,153
Items not involving cash:		
Amortization and depletion	1,145	963
Accretion	105	29
Deferred income taxes	-	1,890
Fair market value gain on marketable securities	(280)	(452)
Foreign exchange gain	(233)	(373)
Gain on sale of royalty (Note 3)	-	(11,837)
Loss on derivative liability	42	76
Inventory net realizable value adjustment (Note 4)	-	1,132
Share based compensation	149	78
	1,463	(341)
Net change in non-cash working capital (Note 9)	(674)	(2,869)
Net cash provided by (used in) operating activities	789	(3,210)
Investing activities		
Exploration and evaluation expenditures (Note 6)	(1,495)	-
Net proceeds on sale of marketable securities (Note 3)	5,041	-
Net proceeds on sale of royalty (Note 3)	-	5,837
Purchase of property, plant and equipment (Note 5)	(1,244)	(77)
Net cash provided by investing activities	2,302	5,760
Financing activities		
Payments of long term obligations	(584)	-
Net cash (used in) provided by financing activities	(584)	-
Effect of exchange rate changes on cash and cash equivalents	90	54
Net increase (decrease) in cash and cash equivalents	2,597	2,604
Cash and cash equivalents, beginning of period	2,408	8,276
Cash and cash equivalents, end of period	$ 5,005	$ 10,880

GOGOLD RESOURCES INC

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - in thousands of United States dollars)

	Number of shares		Share capital		Contributed surplus		Accumulated other comprehensive loss		Deficit		Total equity
Balance at October 1, 2018	171,776,481	$	142,465	$	7,532	$	(5,523)	$	(85,540)	$	58,934
Net income	-		-		-		-		8,153		8,153
Other comprehensive loss	-		-				(716)		-		(716)
Stock-based compensation (Note 8)	-		-		78		-		-		78
Balance at December 31, 2018	171,776,481		142,465		7,610		(6,239)		(77,387)		66,449
Balance at October 1, 2019	185,823,461		147,914		7,974		(5,651)		(77,426)		72,811
Net income	-		-		-		-		535		535
Other comprehensive loss	-		-				109		-		109
Shares issued (Note 8)	243,750		111		-		-		-		111
Stock-based compensation (Note 8)	-		-		149		-		-		149
Balance at December 31, 2019	**186,067,211**	**$**	**148,025**	**$**	**8,123**	**$**	**(5,542)**	**$**	**(76,891)**	**$**	**73,715**

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

1. NATURE OF OPERATIONS

GoGold Resources Inc. (the "Corporation") is a company domiciled in Canada. The address of the Corporation's registered office is #1301-2000 Barrington Street, Cogswell Tower, Halifax, Nova Scotia, B3J 3K1. The Corporation's common shares are listed on the Toronto Stock Exchange trading under the symbol GGD and the OTCQX market in the United States under the symbol GLGDF. The consolidated financial statements of the Corporation comprise the Corporation and its subsidiaries. The principal business of the Corporation is the exploration, development, and production of gold and silver primarily in Mexico.

2. BASIS OF PREPARATION

a) Statement of compliance

These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34").

These condensed consolidated interim financial statements do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements and accordingly should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended September 30, 2019 prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved by the directors of the Corporation on February 2, 2020.

b) Changes to accounting policies

Except as described below, these condensed consolidated interim financial statements were prepared using the same accounting policies and methods of computation and are subject to the same use of estimates and judgments, as the Corporation's consolidated financial statements for the year ended September 30, 2019.

Leases ("IFRS 16")
In January 2016, the IASB issued IFRS 16, *Leases*. This standard specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This standard replaces IAS 17, *Leases.* On October 1, 2019, the Corporation adopted this standard, which resulted in an increase to property, plant and equipment assets of $1,990 and a corresponding increase in leasing liabilities.

As a result of the adoption of IFRS 16, the Corporation adopted the following accounting policy for leases:

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

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

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

The Corporation has elected to apply the following practical expedients in accounting for leases:

i) Separable components
The Corporation has elected not to separate non-lease components from lease components and to account for each lease component and associated non-lease component as a single lease component.

ii) Short-term and leases of assets of low-value
For each class of underlying asset, the Corporation has elected to recognize the exemption for leases with a term of 12-months or less. The recognition exemption for leases of assets of low-value has been applied on a lease-by-lease basis and is comprised of office equipment. Such items are charged to general and administrative expenses over the term of the agreement as payments are made.

The following is a reconciliation of operating lease commitments as at September 30, 2019 under IAS 17 to the lease liability under IFRS 16 on October 1, 2019:

Operating lease commitments as disclosed on September 30, 2019	$ 1,728
Additional lease commitments due to inclusion of renewals on October 1, 2019	1,000
Discounted using the incremental borrowing rate at October 1, 2019	(738)
Lease liability as at October 1, 2019	$ 1,990

3. MARKETABLE SECURITIES AND SALE OF ROYALTY

On November 7, 2018, the Corporation closed the sale of a 2% net smelter royalty on the Santa Gertrudis project for $12,000 to Metalla Royalty and Streaming Ltd ("Metalla"), of which $6,000 was paid in cash and the balance was settled by 10,123,077 common shares of Metalla. Metalla is traded on the TSX-V Exchange under the symbol MTA. The market price on the closing date was CAD $0.78 per common share for a total value of $6,000 which, after transaction costs of $163, resulted in net proceeds and an equivalent pre-tax gain of $11,837, of which the cash portion was $5,837. The Metalla shares were subject to a four month hold period, which expired on March 7, 2019.

The Corporation recognized a gain on the fair market value of marketable securities of $280 (2018 - $452) during the quarter ended December 31, 2019, and proceeds of $5,041 (2018 – Nil). The Corporation was fully divested of all Metalla shares on December 18, 2019. At September 30, 2019, the Corporation held 4,761,500 Metalla shares and the market price was CAD $1.32.

4. INVENTORIES

	December 31, 2019	September 30, 2019
Current:		
Supplies inventory	$ 942	$ 1,341
In process inventory	7,173	6,854
Finished goods inventory	427	357
	8,542	8,552
Long term:		
In process inventory	17,695	18,251
	$ 26,237	$ 26,803

The amount of inventory included in cost of sales for the three months ended December 31, 2019 was $8,110 (2018 – $5,437). An assessment of the net realizable value of in process inventory was completed, and no adjustments were required for the three months ending December 31, 2019. This assessment was completed for the three months ending December 31, 2018 and resulted in a reduction of inventory carrying value $1,132, which included adjustments to amortization and depletion of $188.

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

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Plant & Equipment	Mining Properties	Total
At September 30, 2019	$ 47,940	$ 57,560	$ 105,500
IFRS 16 – Leases adoption (Note 2)	109	1,881	1,990
Additions	1,231	13	1,244
Reclamation obligation adjustments	-	(39)	(39)
Foreign exchange adjustments	-	2	2
At December 31, 2019	**$ 49,280**	**$ 59,417**	**$ 108,697**

Accumulated Amortization and Impairment	Plant & Equipment	Mining Properties	Total
At September 30, 2019	$ 26,476	$ 54,399	$ 80,875
Amortization and depletion	739	87	826
At December 31, 2019	**$ 27,215**	**$ 54,486**	**$ 81,701**

Net Carrying Value	Plant & Equipment	Mining Properties	Total
At September 30, 2019	$ 21,464	$ 3,161	$ 24,625
At December 31, 2019	**$ 22,065**	**$ 4,931**	**$ 26,996**

For the three months ended December 31, 2019, amortization and depletion expense includes amounts of $319 (2018 - $794) which were previously included in inventory. Right of use assets had a carrying amount of $101 in plant and equipment, and $1,835 in mining properties for a total of $1,936, and amortization and depletion of $8 in plant and equipment, and $45 in mining properties for a total of $53 for the three months ended December 31, 2019.

6. EXPLORATION AND EVALUATION ASSETS

On March 25, 2019, the Corporation acquired the rights to an agreement which provided the option to acquire 100% of the concessions of the Los Ricos project (the "Option Agreement"). Los Ricos is comprised of 29 concessions located in Jalisco state, Mexico. As consideration, the Corporation made a cash payment of $523 on April 1, 2019, and monthly payments totaling $60. Expenditures for exploration activities on the project prior to acquisition of the Option Agreement totalling $459 were expensed, as the Corporation did not hold the legal rights to the concessions.

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

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

In addition to the Concession Agreements, the Corporation acquired the existing 2% net smelter return royalty, through an agreement (the "NSR Agreement"), on the Los Ricos project for cash consideration of $1,000, which is non-interest bearing and paid in equal instalments over 36 months beginning September 15, 2019, and 4,875,012 common shares of the Corporation to be delivered in equal instalments over 18 months beginning on September 15, 2019.

All common shares for the Concession Agreements and NSR Agreement were issued on August 15, 2019 in the name of the vendors and were held in escrow for benefit of the vendor and will be released to the vendors in line with the instalment schedule discussed above. The closing share price on that date was CAD $0.52 and the CAD:USD exchange rate was 1.331, providing a total share consideration value of $5,439.

As part of the Corporation's ongoing program of consolidation of concessions along the Los Ricos project's mineral trend, an additional concession was acquired on the Los Ricos project on November 21, 2019 for $361, bringing the total number of concessions on the project to 30.

A summary of the additions to the Los Ricos project for the quarter ending December 31, 2019:

	Balance
Balance at September 30, 2019	$ 12,355
Share consideration	111
Cash additions	1,977
Total	**$ 14,443**

Cash additions include $854 in trade and other payables at December 31, 2019 (September 30, 2019 - $372).

7. OBLIGATIONS

(a) Concession Agreement and NSR Agreement

The remaining obligations related to the Concession Agreements and NSR Agreement, as per the details in Note 6, are recorded at the discounted amount based on estimated timing of payment and is being accreted to the principal amount over the estimated term using the effective interest method with an effective average interest rate of 5%. The Los Ricos concessions have been pledged as security for the remaining obligations.

(b) Lease obligations

Upon adoption of IFRS 16 – Leases, as per Note 2, the Corporation recorded an obligation for the land lease for the Parral project, which provides the Corporation the use of the land where the Parral heap leach and processing facilities are located until February 2028, with the Corporation's option to extend until February 2033, which the Corporation intends to exercise. Annual payments of $400 are required to be made until 2023, with an additional $500 paid in 2028 and 2029 to exercise the option. The lease is non-interest bearing and discounted using the effective interest method with an effective average interest rate of 5%. There are no restrictions or covenants included in the land lease.

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

The Corporation had no short-term leases nor low-value leased assets in the three months ending December 31, 2019.

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

Details of the remaining obligations at December 31, 2019 and the total annual payments are provided below:

	Concession & NSR		*Leases*		*Total*	
Current:	**Principal**	**Discounted Value**	**Principal**	**Discounted Value**	**Principal**	**Discounted Value**
December 31, 2020	$ 2,043	$ 1,926	$ 438	$ 434	$ 2,481	$ 2,360
Long term:						
December 31, 2021	1,240	1,204	438	393	1,678	1,597
December 31, 2022	222	218	439	359	661	577
December 31, 2023	-	-	400	305	400	305
December 31, 2024	-	-	-	-	-	-
Subsequent	-	-	1,000	526	1,000	526
	1,462	1,422	2,277	1,583	3,739	3,005
Total	**$ 3,505**	**$ 3,348**	**$ 2,715**	**$ 2,017**	**$ 6,220**	**$ 5,365**

8. SHARE CAPITAL

(a) Authorized

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

(b) Issued

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

	Shares	Value
Balance October 1, 2018	171,776,481	$ 142,465
No transactions	-	-
Balance December 31, 2018	171,776,481	$ 142,465
Balance October 1, 2019	185,823,461	$ 147,914
Shares issued	243,750	111
Balance December 31, 2019	**186,067,211**	**$ 148,025**

During the quarter ending December 31, 2019, 243,750 shares were issued to external consultants as part of the agreement as disclosed in Note 12.

(c) Incentive stock options

The Corporation has a rolling 10% incentive stock option plan (the "Plan") under which options to purchase common shares of the Corporation may be granted to directors, officers, employees and consultants of the Corporation. The number of common shares subject to options granted under the Plan is limited to 10% of the issued and outstanding common shares of the Corporation and no one person may receive in excess of 5% of the outstanding common shares of the Corporation at the time of grant (on a non-diluted basis).

Under the Plan, the terms and conditions of each grant of options are determined by the Board of Directors. Options are granted at a price no lower than the market price of the common shares as defined in the Plan which is the five day weighted average of the Corporation's common shares prior to the date of grant rounded up to the nearest cent. Options granted under the Plan typically vest over a three year period, although the vesting period is at the Board of Directors' discretion.

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

The changes in incentive stock options during the three months ended December 31, 2019 and 2018 were as follows:

	December 31, 2019		**December 31, 2018**	
	Number of incentive options	Weighted average exercise price	Number of incentive options	Weighted average exercise price
Opening balance	7,675,000	CAD $ 0.55	4,365,000	CAD $ 0.96
Granted	3,150,000	0.70	3,050,000	0.22
Expired	-	-	(400,000)	1.00
Closing balance	10,825,000	CAD $ 0.59	7,015,000	CAD $ 0.64
Exercisable	3,523,334	CAD $ 0.78	2,380,000	CAD $ 1.22

The following table summarizes information concerning outstanding and exercisable incentive stock options at December 31, 2019:

	Outstanding		**Exercisable**	
Expiry date	Number of options	Exercise price (CAD $)	Number of options	Exercise price (CAD $)
December 23, 2020	1,625,000	1.20	1,625,000	1.20
March 27, 2022	820,000	0.75	546,667	0.75
March 27, 2023	1,005,000	0.45	335,000	0.45
December 28, 2023	3,050,000	0.22	1,016,667	0.22
March 29, 2024	825,000	0.40	-	-
June 21, 2024	300,000	0.45	-	-
August 27, 2024	50,000	0.70	-	-
December 23, 2024	3,150,000	0.70	-	-
	10,825,000	CAD $ 0.59	3,523,334	CAD $ 0.78

The compensation cost for the incentive stock options granted during the three months ended December 31, 2019 and 2018 were determined based on the fair value of the options at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Option grant date	Dec. 23, 2019	Dec. 28, 2018
Options granted	3,150,000	3,050,000
Exercise price	CAD $ 0.70	CAD $ 0.22
Risk-free rate	1.65%	1.93%
Expected volatility of share price	60.81%	55.98%
Expected dividend yield	0.00%	0.00%
Expected life of each option	5 years	5 years
Weighted average grant date fair value	CAD $ 0.31	CAD $ 0.10

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

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

(d) Deferred share units

The Corporation has a deferred share unit ("DSU") plan as an alternative form of compensation for employees, officers, and directors of the Corporation. Each DSU entitles the participant to receive one common share of the Corporation issued from treasury upon redemption. The maximum number of common shares that are issuable under the DSU plan is 5,000,000. DSUs vest over a 3-year period from grant date, although the vesting period is at the Board of Directors' discretion.

The changes in DSUs for the three months ended December 31, 2019 and 2018 were as follows:

	Dec. 31, 2019	Dec. 31, 2018
Opening balance	2,025,000	475,000
Granted	1,825,000	1,550,000
Exercised	-	-
Closing balance	3,850,000	2,025,000
Exercisable	633,333	-

Following is a summary of the DSUs outstanding at December 31, 2019:

Grant date	Number of DSUs	Market price at grant date	Compensation cost over 3-year vesting term	Unrecognized portion of compensation cost
March 27, 2018	450,000	CAD $ 0.425	$ 152	$ 26
December 28, 2018	1,450,000	0.215	252	93
June 21, 2019	100,000	0.395	30	21
August 27, 2019	25,000	0.620	12	10
December 23, 2019	1,825,000	0.630	885	873
	3,850,000	CAD $ 0.444	$ 1,331	$ 1,023

The Corporation has recorded total share based compensation during the three months ended December 31, 2019 of $149 (2018 - $78).

(e) Earnings (loss) per share

Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share is based on the assumption that stock options and DSUs have been exercised on the later of the beginning of the period and the date granted. As of December 31, 2019, 5,645,000 options (2018 – 3,965,000) were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive. The weighted average basic and diluted number of shares outstanding for the three months ending December 31, 2019 were 185,903,421 (2018 – 171,776,481) and 190,698,189 (2018 – 172,309,307).

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

9. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital:

	Three months ended December 31, 2019	Three months ended December 31, 2018
Trade receivables	$ (342)	$ (335)
Input tax recoverable	(768)	352
Prepaid expenses	(129)	(59)
Inventory	249	(2,850)
Trade and other payables	316	23
	$ (674)	**$ (2,869)**

10. SEGMENTED INFORMATION

The Corporation's reportable segments are consistent with the Corporation's geographic regions in which the Corporation operates. In determining the Corporation's segment structure, the Corporation considered the basis on which management reviews the financial and operational performance and whether any of the Corporation's mining operations share similar economic, operational and regulatory characteristics. The Corporation considers the Parral project and the Los Ricos project as the Mexico segment and the Corporation's corporate offices as the Canadian segment.

The following table presents information about reportable segments:

	Mexico	Canada	Total
For the three months ended December 31, 2019:			
Amortization and depletion	$ 1,145	$ -	$ 1,145
Segment net income (loss)	976	(441)	535
Expenditures on non-current assets	2,739	-	2,739
For the three months ended December 31, 2018:			
Amortization and depletion	$ 963	$ -	$ 963
Segment net (loss) income	(3,731)	11,884	8,153
Expenditures on non-current assets	77	-	77
Reportable segment assets (December 31, 2019)	$ 83,676	$ 4,572	$ 88,248
Reportable segment liabilities (December 31, 2019)	13,431	1,102	14,533
Reportable segment assets (September 30, 2019)	$ 78,563	$ 6,179	$ 84,742
Reportable segment liabilities (September 30, 2019)	11,103	828	11,931

11. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments:

The following table provides the disclosures of the fair value and the level in the hierarchy for financial instruments valued at fair value through profit or loss on a recurring basis.

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

	December 31, 2019		September 30, 2019	
	Level 1	Level 2	Level 1	Level 2
Marketable securities	-	-	$ 4,747	-
Derivative liabilities	-	$ 591	-	$ 549

For derivative contracts, the Corporation performs valuations internally and calculates a debt valuation adjustment or a credit valuation adjustment by considering the risk of nonperformance by the counterparties and the Corporation's own credit risk. Valuations are based on forward rates considering the market price, rate of interest and volatility, and take into account the credit risk of the financial instrument, and are therefore classified within Level 2 of the fair value hierarchy.

(b) Capital management:

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

The capital of the Corporation consists of items included in shareholders' equity and debt, net of cash as follows:

	December 31, 2019	September 30, 2019
Shareholders' equity	$ 73,715	$ 72,811
Less: cash	(5,005)	(2,408)
	$ 68,710	$ 70,403

(c) Financial risks:

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

Commodity price risk
The profitability of the Corporation's mining operations will be significantly affected by changes in the market price for 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.

Credit Risk
The Corporation's credit risk is primarily attributable to cash, input tax recoverable and trade receivables. Input tax recoverable consists of harmonized sales tax due from the Federal Government of Canada of $106 and value added tax from the Federal Government of Mexico of $11,487. Exposure on trade receivables is limited as all receivables are with one customer who the Corporation has strong working relationships with and is a reputable large international company with a history of timely payment. Management believes the risk of loss with respect to financial instruments consisting of cash, input tax recoverable and trade receivables to be low.

Foreign Currency Risk
The Corporation's major purchases are transacted in Canadian dollars, US dollars, and Mexican Pesos. The Corporation funds certain operations, exploration and administrative expenses in Mexico using US dollar and Mexican Peso currency converted from its Canadian and US dollar bank accounts held in Canada. As GoGold Resources Inc., the parent corporation, has a functional currency of Canadian dollars, net liabilities held in US dollars are affected by foreign exchange fluctuations and will affect the Corporation's net income. At December 31, 2019, GoGold Resources Inc. had net monetary assets in US dollars of $759 (September 30, 2019 – $81), for which a 10% change in US exchange rates would change net income by approximately

$76. At December 31, 2019, the Corporation had net monetary assets in Mexican Pesos of approximately $8,274 (September 30, 2019 – $4,868), for which a 10% change in Mexican Peso exchange rates would change net income by approximately $827.

Interest Rate Risk
The Corporation has cash balances and current policy is to invest excess cash in Canadian bank high interest savings accounts. The Corporation has no interest bearing liabilities.

Liquidity Risk
The Corporation's general objective when managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Corporation had cash balances of $5,005, current input tax recoverable of $5,982, and trade receivables of $3,613 for settling current liabilities of $9,544, liquidity is expected to be sufficient to fund the operations of the Corporation for the next twelve months.

(d) Derivatives:

The Corporation, through its subsidiary Coanzamex, has an agreement with the Municipality of Parral, Mexico ("Town") to mine and process tailings material for precious metal recovery. The Corporation makes payments of $48 per month to the Town which increases based on the average market silver price, with payments continuing until tailings are completely mined. As the monthly royalty payment increases based on the average market silver price, from a minimum of $48 per month to a maximum of $88 per month, this obligation is accounted for as an embedded derivative liability. The fair value of the liability has been accounted for using a Monte Carlo simulation based on the spot price of silver at December 31, 2019 of $18.05 (September 30, 2019 - $17.26), as well as the historical volatility of silver market prices. The fair value of the liability under this method at December 31, 2019 was $591 (September 30, 2019 - $549).

12. COMMITMENTS

On October 4, 2019, the Corporation entered into commitments with external consultants to act as a liaison with local concession holders in the Corporation's ongoing program of consolidation of concessions along the Los Ricos project's mineral trend. In addition, the consultants will provide environmental services, community relations, and aide in surface rights negotiations. As consideration for these services, the Corporation made a payment of $160 on signing, and will make payments of 81,250 common shares and $25 per month for four years, contingent on the consultants providing the agreed upon services.

The Corporation has commitments for the Parral project of $606 per year for the life of the project, which includes the monthly payments to the Town as disclosed in Note 11 (d).