



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the quarter ended December 31, 2019**

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*This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations is prepared as at February 2, 2020 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended December 31, 2019 and the notes thereto for GoGold Resources Inc. (the "Corporation"), as well as in conjunction with the Corporation's annual MD&A and audited consolidated financial statements for the year ended September 30, 2019.*

*The Corporation's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2019 have been prepared in accordance with IAS 34. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in thousands of United States dollars ("USD"), with the exception of per ounce costs which are quoted in United States dollars. Additional information relevant to the Corporation's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

*This MD&A contains certain Forward-Looking Statements as disclosed on page 18 of this document, and Non-IFRS measures including cash cost per silver ounce, cash cost per silver equivalent ounce, and all in sustaining cost ("AISC") which are reconciled to IFRS on page 17 of this document.*

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## **OVERVIEW**

GoGold Resources Inc. is a Canadian company principally engaged in the exploration, development, and production of gold and silver primarily in Mexico. 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 Corporation operates the Parral Tailings Project ("Parral") located in the state of Chihuahua, Mexico, and the Los Ricos exploration property ("Los Ricos") located in the state of Jalisco, Mexico.

## **STRATEGIC UPDATE**

On December 30, 2019, the Corporation filed an NI 43-101 Technical Report on the Los Ricos project which is a partial summary of work completed in the 2019 drilling program and will be followed up by the completion of an NI 43-101 compliant Mineral Resource Estimate in 2020. P&E Mining Consultants Inc. was engaged to prepare a Qualified Person's Review and National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") Technical Report for the Los Ricos Project located in the State of Jalisco, Mexico for GoGold.

The Technical Report concludes that GoGold's diamond drilling program is continuing to intersect wide zones of silver and gold mineralization hosted by the Los Ricos quartz vein from surface to vertical depths of 300m. The Los Ricos Deposit is open along strike to the north and with depth. The southern extension is offset by faulting. The silver and gold assays are restricted to the quartz vein; hence the assay model conforms to the geological model. High-grade portions of the vein have been mined out by the historical underground mining operations, however, wide intervals of Los Ricos Vein carrying silver-gold mineralization are potentially amenable to surface mining methods. The Technical Report recommends that the diamond drilling program be continued during 2020 with four drill rigs working to further define the potential of the Project Mineral Resources. A budget of US\$5.3 million is proposed for the upcoming 12-month period, which the Corporation intends to proceed with. Additional details regarding the project are given in the Los Ricos section below.

The Parral project set a production record in the quarter ending December 31, 2019 ("Q1 2020"), the fifth consecutive quarter of production increases. Details are given in the Operational Update below. The newly constructed SART (Sulfidization, Acidification, Recycling and Thickening) plant has begun cold commissioning with motor testing, electrical checks, and going through final instrumentation installation and

adjustments as part of final electrical completion. The SART plant is expected to bring important economic and technical benefits to the Parral facility. The main economic drivers are the recovery of a high-grade saleable copper sulfide product and the re-generation of cyanide, which is the largest single operating cost at Parral, and improve the leaching efficiency of the heap.

## OPERATIONAL UPDATE

### Parral

Production in Q1 2020 was a record 584,988 silver equivalent ounces, compared to 325,148 in the quarter ending December 31, 2018 ("Q1 2019"), an increase of 80%. Production has increased each quarter for the last five quarters, since the operation began stacking properly on the second lift, and new production records have been set for the past four quarters.

Tailings stacked in Q1 2020 were 331,279 tonnes, down 7% from Q1 2019, but an increase of 10% from the quarter ending September 30, 2019 ("Q4 2019") of 300,263. Stacked tonnage is lower compared to mid-2019 as a result of material being sourced from an area which has clay in it, which takes additional time to screen and stack than other sandier areas.

Following are key performance indicators of Parral's operations:

Key performance indicator:	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Fresh tailings placed on leach pad	60,598	477,561	519,643	300,263	331,279
Tailings rehandled	295,015	1,313	-	-	-
Total tonnes placed and rehandled	355,613	478,874	519,643	300,263	331,279
Recoverable silver equivalent ounces stacked <sup>1,2</sup>	54,000	640,000	680,000	465,000	483,000
Silver equivalent production (oz) <sup>1</sup>	325,148	424,210	451,011	580,711	584,988
Silver production (oz)	167,974	288,693	250,073	326,625	379,082
Gold production (oz)	1,858	1,613	2,281	2,921	2,407
Cash cost (per silver equivalent oz) <sup>3</sup>	\$15.80	\$10.75	\$10.72	\$11.62	\$12.54
Adjusted cash cost (per silver equivalent oz) <sup>3,4</sup>	\$12.32	\$10.11	\$10.72	\$11.62	\$12.54
Cash cost (per silver oz) <sup>3</sup>	\$17.29	\$8.37	\$7.87	\$7.27	\$10.02
Adjusted cash cost (per silver oz) <sup>3,4</sup>	\$10.09	\$7.39	\$7.87	\$7.27	\$10.02
AISC per silver equivalent ounce	\$20.25	\$14.08	\$13.61	\$13.78	\$14.59
Adjusted AISC per silver equivalent ounce <sup>4</sup>	\$16.77	\$13.44	\$13.61	\$13.78	\$14.59

1. "Silver equivalent production" include gold ounces produced and sold converted to a silver equivalent based on a ratio of the average market metal price for each period. The ratio for each of the periods presented was: Q1 2019 – 85, Q2 2019 – 84, Q3 2019 – 88, Q4 2019 – 87, Q1 2020 - 88
2. Excluding ounces included in rehandled tailings.
3. Non-IFRS measure, reconciliation on page 17.
4. For comparability purposes, adjusted costs are calculated excluding net realizable value of inventory adjustments to cash production costs, as they are out of period costs. See page 17.

Cash costs per silver equivalent ounce were \$12.54 in Q1 2020, which is comparable to Q1 2019's adjusted cash costs of \$12.32, after accounting for a negative net realizable value inventory adjustment of \$3.48 per silver equivalent ounce in Q1 2019. Cash costs in Q1 2020 were up from \$11.62 in Q4 2019, which is attributed to the decrease in stacked recoverable ounces in Q4 2019 and Q1 2020 which has resulted in an

increase in the carrying cost per recoverable ounce of in process inventory, and is raising the cash costs per ounce. As some input costs associated with stacking fewer tonnes on the leach pad also decrease such as trucking and cement, certain costs, most significantly cyanide, have stayed at similar or higher levels resulting in an increased cost per ounce stacked attributed to cyanide.

All in sustaining costs ("AISC") were \$14.59 in Q1 2020, compared to \$20.25 in Q1 2019, with the variance mainly attributed to the inventory write off in Q1 2019, as well as an increase in production while general and administrative costs have remained relatively constant. AISC for the last four quarters has been fairly consistent, between \$13.61 and \$14.59.

## LOS RICOS

The Los Ricos property is made up of 30 concessions and covers over 22,000 hectares and is home to several historical mining operations. The property is located roughly 100 km northwest of the city of Guadalajara and is easily accessible by paved road. There are 65 historical drill holes on the property from 2003 and 2004, and the majority of them intercepted mineralization from near surface. There are numerous historical underground workings on the property, which date as far back as early Spanish colonial times, but are primarily from operations in the early twentieth century when Marcus Daly Jr., the son of the founder of the Anaconda Copper Company, developed it into a modern mine producing up to 500 tonnes of ore per day by the time it closed in 1930.

### Drilling Program

The Corporation is carrying out a diamond drilling program of HQ size core in conjunction with a field program of geological mapping, sampling and trenching on the property. In calendar 2019, the Corporation completed 112 diamond drill holes totaling 17,373.3m of HQ size diamond drill core since starting the Los Ricos drilling program in March 2019. The majority of the holes and metres were drilled at the Main Mine. Twenty short holes were drilled on the Cerro Colorado area. The drilling program continues in 2020 and will continue to test the strike and depth extensions of the Main Mine and other targets on the property.

As of the date of this document, the Corporation has received the results of the following diamond drill core holes. The drilling program has provided strong results with numerous high grade intercepts as shown below in the table showing all of the Corporation's drilling results to date.

Hole ID	Comment	From (m)	To (m)	Length <sup>1</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>2</sup> (g/t)	AgEq <sup>3</sup> (g/t)
LRGG-19-001	<b>Main</b>	<b>71</b>	<b>106.5</b>	<b>35.5</b>	<b>1.24</b>	<b>284.7</b>	<b>5.04</b>	<b>378</b>
	HW zone	71	81	10	1.27	249.1	4.59	344.3
	Open Stope <sup>4</sup>	81	82.5	1.5	*	*	*	*
	FW zone including	82.5 91.5	106.5 98	24 6.5	1.31 3.32	317.3 905.8	5.54 15.39	415.5 1154.3
LRGG-19-002	<b>Main</b>	<b>26.5</b>	<b>54.1</b>	<b>27.6</b>	<b>1.56</b>	<b>159</b>	<b>3.68</b>	<b>276.0</b>
	including	28.4	34	5.6	5.52	525	12.52	939.0
LRGG-19-003	<b>Main</b>	<b>145</b>	<b>165.4</b>	<b>20.4</b>	<b>2.21</b>	<b>318.7</b>	<b>6.45</b>	<b>483.8</b>
	including	145	155.5	10.5	4.26	608	12.36	927.0
	including	146	153.2	7.2	6.17	869.5	17.77	1332.8
LRGG-19-004	<b>Main</b>	<b>96.5</b>	<b>99</b>	<b>2.5</b>	<b>0.04</b>	<b>27.2</b>	<b>0.4</b>	<b>30.0</b>
LRGG-19-005	<b>Main</b>	<b>121</b>	<b>131.8</b>	<b>10.8</b>	<b>0.19</b>	<b>53.8</b>	<b>0.91</b>	<b>68.3</b>
LRGG-19-006	<b>Main</b>	<b>107.1</b>	<b>132</b>	<b>25</b>	<b>0.33</b>	<b>35.7</b>	<b>0.81</b>	<b>60.8</b>

Hole ID	Comment	From (m)	To (m)	Length <sup>1</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>2</sup> (g/t)	AgEq <sup>3</sup> (g/t)
	including	119.7	122.5	2.8	1.41	52.6	2.11	158.3
LRGG-19-007	<b>Main</b>	<b>149.5</b>	<b>161.2</b>	<b>11.7</b>	<b>0.68</b>	<b>88.8</b>	<b>1.87</b>	<b>140.3</b>
	including	163	169.1	6.1	0.58	141.9	2.47	185.3
LRGG-19-008	<b>Main</b>	<b>109.4</b>	<b>131.7</b>	<b>22.4</b>	<b>4.13</b>	<b>182.1</b>	<b>6.55</b>	<b>491.3</b>
	including	127.5	130.5	3	25.08	533.9	32.2	2415.0
	and	134.7	147.6	12.9	0.17	31.5	0.59	44.3
LRGG-19-009	<b>Main</b>	<b>34.5</b>	<b>55.7</b>	<b>21.2</b>	<b>7.66</b>	<b>1270.2</b>	<b>24.6</b>	<b>1845.0</b>
	including	37.8	44.7	6.9	21.97	3717.6	71.54	5365.5
LRGG-19-010	Open Stope <sup>4</sup>	97.5	99	1.5	*	*	*	*
	<b>Main</b>	<b>99</b>	<b>117.8</b>	<b>18.8</b>	<b>0.37</b>	<b>67.9</b>	<b>1.27</b>	<b>95.3</b>
	including	102.2	106.7	4.5	0.96	119.5	2.55	191.3
LRGG-19-011	<b>Main</b>	<b>253</b>	<b>271.5</b>	<b>18.5</b>	<b>1.2</b>	<b>140.3</b>	<b>3.07</b>	<b>230.3</b>
	including	261.8	270.3	8.4	2.16	227.8	5.19	389.3
LRGG-19-012	<b>Main</b>	<b>220.3</b>	<b>238</b>	<b>17.8</b>	<b>0.59</b>	<b>82.7</b>	<b>1.69</b>	<b>126.8</b>
	including	224.5	238	13.5	0.77	100.4	2.11	158.3
	including	228.5	235.5	7	1.16	131.9	2.92	219.0
LRGG-19-013	<b>Main</b>	<b>163.9</b>	<b>179.5</b>	<b>15.6</b>	<b>0.78</b>	<b>194.7</b>	<b>3.38</b>	<b>253.5</b>
	including	166	174.8	8.8	1.3	296.5	5.25	393.8
	including	166	168.2	2.2	2.09	331.7	6.52	489.0
LRGG-19-014	<b>Main</b>	<b>204.3</b>	<b>218.5</b>	<b>14.2</b>	<b>1.1</b>	<b>126.8</b>	<b>2.79</b>	<b>209.3</b>
	including	208.3	216	7.7	1.94	209.3	4.73	354.8
	and	224.5	228	3.5	0.16	26.5	0.51	38.3
LRGG-19-015	<b>Main</b>	<b>23.4</b>	<b>40.5</b>	<b>17.1</b>	<b>0.71</b>	<b>67.9</b>	<b>1.62</b>	<b>121.5</b>
	including	27	32.6	5.6	1.68	137.2	3.51	263.3
	Open Stope <sup>4</sup>	40.5	43.7	3.2	*	*	*	*
	<b>Main</b>	<b>43.7</b>	<b>54</b>	<b>10.3</b>	<b>1.19</b>	<b>85</b>	<b>2.33</b>	<b>174.8</b>
	including	43.7	49	5.3	2.02	138.1	3.87	290.3
LRGG-19-016	<b>Main</b>	<b>80.8</b>	<b>85.8</b>	<b>5</b>	<b>0.52</b>	<b>160.6</b>	<b>2.66</b>	<b>199.5</b>
	Open Stope <sup>4</sup>	85.8	88.3	2.5	*	*	*	*
	including	91.7	98.1	6.3	2.14	336.7	6.63	497.3
LRGG-19-017	<b>Main</b>	<b>83.2</b>	<b>115.2</b>	<b>32</b>	<b>0.8</b>	<b>178.8</b>	<b>3.18</b>	<b>238.5</b>
	including	83.2	94.5	11.3	1.46	347.8	6.1	457.5
LRGG-19-018	<b>Main</b>	<b>258.5</b>	<b>279.9</b>	<b>21.4</b>	<b>0.81</b>	<b>170.1</b>	<b>3.08</b>	<b>231.0</b>
	including	263.2	276	12.9	1.24	262.4	4.74	355.5
	including	268.5	276	7.5	1.78	342.4	6.35	476.3
LRGG-19-019	<b>Main</b>	<b>23</b>	<b>27.5</b>	<b>4.5</b>	<b>1.5</b>	<b>196.6</b>	<b>4.13</b>	<b>309.8</b>
	Open Stope <sup>4</sup>	27.5	29.7	2.2	*	*	*	*
	<b>Main</b>	<b>29.7</b>	<b>43.5</b>	<b>13.8</b>	<b>0.63</b>	<b>86</b>	<b>1.78</b>	<b>133.5</b>
	including	29.7	33.9	4.2	1.52	198.3	4.17	312.8
LRGG-19-020	<b>Main</b>	<b>43.8</b>	<b>58.7</b>	<b>14.9</b>	<b>1.78</b>	<b>106.4</b>	<b>3.2</b>	<b>240.0</b>
	including	45	52	7	3.48	155.6	5.55	416.3

Hole ID	Comment	From (m)	To (m)	Length <sup>1</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>2</sup> (g/t)	AgEq <sup>3</sup> (g/t)
LRGG-19-021	<b>Main</b>	<b>9</b>	<b>16.5</b>	<b>7.5</b>	<b>0.09</b>	<b>18.1</b>	<b>0.33</b>	<b>24.8</b>
	Open Stope <sup>4</sup>	16.5	22.5	6	*	*	*	*
	<b>Main</b> including	<b>22.5</b> 22.5	<b>38.1</b> 29	<b>15.6</b> 6.5	<b>1.15</b> 2.38	<b>113.5</b> 236.5	<b>2.67</b> 5.54	<b>200.3</b> 415.5
LRGG-19-022	<b>Main</b>	<b>170.4</b>	<b>193.7</b>	<b>23.3</b>	<b>1.78</b>	<b>201.5</b>	<b>4.47</b>	<b>335.3</b>
	including	171.5	181.5	10	3.58	389.6	8.78	658.5
LRGG-19-023	<b>Main</b>	<b>34</b>	<b>58</b>	<b>24</b>	<b>0.61</b>	<b>126</b>	<b>2.29</b>	<b>171.8</b>
	including	34	48.7	14.7	0.93	200.8	3.61	270.8
LRGG-19-024	<b>Main</b>	<b>25</b>	<b>30</b>	<b>5</b>	<b>0.36</b>	<b>30.8</b>	<b>0.77</b>	<b>57.8</b>
LRGG-19-025	<b>Main</b>	<b>34.9</b>	<b>59.5</b>	<b>24.6</b>	<b>1.3</b>	<b>135</b>	<b>3.1</b>	<b>232.5</b>
	including	34.9	50.4	15.5	2	203.3	4.71	353.3
LRGG-19-026	<b>Main</b>	<b>4</b>	<b>9.7</b>	<b>5.7</b>	<b>1.29</b>	<b>201.1</b>	<b>3.98</b>	<b>298.5</b>
	Open Stope <sup>4</sup>	9.7	11.3	1.6	*	*	*	*
	<b>Main</b>	<b>11.3</b>	<b>29.5</b>	<b>18.2</b>	<b>0.16</b>	<b>34.5</b>	<b>0.62</b>	<b>46.5</b>
LRGG-19-027	<b>Main</b>	<b>38.3</b>	<b>51</b>	<b>12.7</b>	<b>1.08</b>	<b>169.8</b>	<b>3.34</b>	<b>250.5</b>
	including	38.3	45	6.7	1.83	268.1	5.4	405.0
	and	60	65	5.1	0.28	23.4	0.59	44.3
LRGG-19-028	<b>Main</b>	<b>34.5</b>	<b>62</b>	<b>27.5</b>	<b>1.21</b>	<b>133.5</b>	<b>2.99</b>	<b>224.3</b>
	including	35.1	46	11	2.93	293.9	6.85	513.8
LRGG-19-029	<b>Main</b>	<b>28.5</b>	<b>31.5</b>	<b>3</b>	<b>0.99</b>	<b>157.1</b>	<b>3.09</b>	<b>231.8</b>
	Open Stope <sup>4</sup>	31.5	34.1	2.6	*	*	*	*
	<b>Main</b>	<b>34.1</b>	<b>34.7</b>	<b>0.6</b>	<b>1.64</b>	<b>300.3</b>	<b>5.64</b>	<b>423.0</b>
	Open Stope <sup>4</sup>	34.7	39	4.3	*	*	*	*
	<b>Main</b>	<b>39</b>	<b>41</b>	<b>2</b>	<b>0.12</b>	<b>19.4</b>	<b>0.38</b>	<b>28.5</b>
LRGG-19-030	<b>San Juan</b>	<b>128.7</b>	<b>145.5</b>	<b>16.9</b>	<b>0.54</b>	<b>67.8</b>	<b>1.45</b>	<b>108.8</b>
	including	138	143	5	1.46	147.9	3.43	257.3
LRGG-19-031	<b>Main</b>	<b>25.5</b>	<b>31.7</b>	<b>6.2</b>	<b>1.17</b>	<b>157.8</b>	<b>3.27</b>	<b>245.3</b>
LRGG-19-032	<b>Main</b> <sup>5</sup>	<b>38.5</b>	<b>56</b>	<b>15.5</b>	<b>0.53</b>	<b>84.2</b>	<b>1.66</b>	<b>124.5</b>
	including	38.5	47.2	8.7	0.75	94.3	2.01	150.8
	including	42.3	45	2.7	2.04	216.6	4.93	369.8
LRGG-19-033	<b>Main</b> <sup>6</sup>	<b>31</b>	<b>53.5</b>	<b>17.1</b>	<b>1.59</b>	<b>364.2</b>	<b>6.45</b>	<b>483.8</b>
	including	31	36.6	5.6	3.81	818.1	14.72	1104.0
	including	43	53.5	10.5	0.52	142.5	2.42	181.5
LRGG-19-034	<b>Main</b> <sup>7</sup> Including	<b>103.5</b> 105	<b>126</b> 109.9	<b>20.1</b> 4.9	<b>0.92</b> 3.41	<b>177.2</b> 620.7	<b>3.28</b> 11.68	<b>246.0</b> 876.0
LRGG-19-035	<b>Main</b> including	<b>119.9</b> 124.7	<b>144.3</b> 134.5	<b>24.4</b> 9.8	<b>1.29</b> 3	<b>127.4</b> 258	<b>2.99</b> 6.44	<b>224.3</b> 483.0
LRGG-19-036	<b>Main</b>	<b>78</b>	<b>98</b>	<b>20</b>	<b>0.28</b>	<b>102.9</b>	<b>1.65</b>	<b>123.8</b>
LRGG-19-037	<b>Main</b> including	<b>73</b> 76	<b>91.6</b> 80.8	<b>18.6</b> 4.8	<b>0.33</b> 0.77	<b>53.7</b> 117.8	<b>1.05</b> 2.34	<b>78.8</b> 175.5
LRGG-19-038	<b>Main</b> <sup>8</sup>	<b>99.0</b>	<b>124.5</b>	<b>21.2*</b>	<b>0.72</b>	<b>164.7</b>	<b>2.92</b>	<b>219.0</b>

Hole ID	Comment	From (m)	To (m)	Length <sup>1</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>2</sup> (g/t)	AgEq <sup>3</sup> (g/t)
	Including	100.5	110.7	10.2	1.33	302.2	5.36	402.0
LRGG-19-040	<b>Main<sup>9</sup></b> including	<b>42.0</b> 42.0	<b>63.6</b> 46.5	<b>17.5*</b> 4.5	<b>0.40</b> 0.89	<b>115.0</b> 281.5	<b>1.93</b> 4.64	<b>144.8</b> 348.0
LRGG-19-041	<b>Main<sup>10</sup></b> including	<b>97.5</b> 99.8	<b>126.0</b> 105.2	<b>23.3</b> 5.5	<b>1.14</b> 4.60	<b>115.5</b> 398.0	<b>2.68</b> 9.91	<b>201.0</b> 743.3
LRGG-19-042	<b>Main<sup>11</sup></b> including	<b>28.0</b> 31.0	<b>58.5</b> 37.7	<b>29.2*</b> 6.7	<b>0.47</b> 1.65	<b>69.5</b> 223.9	<b>1.40</b> 4.63	<b>105.0</b> 347.3
LRGG-19-044	<b>San Juan</b> including	<b>31.8</b> 35.5	<b>50.5</b> 39.0	<b>18.8</b> 4.5	<b>0.29</b> 0.50	<b>33.4</b> 27.4	<b>0.73</b> 0.86	<b>54.8</b> 64.5
LRGG-19-045	<b>San Juan</b> including	<b>61.0</b> 67.5	<b>81.0</b> 71.0	<b>20.0</b> 3.5	<b>0.59</b> 2.92	<b>33.7</b> 90.9	<b>1.04</b> 4.13	<b>78.0</b> 309.8
LRGG-19-046	<b>San Juan</b> including	<b>99.5</b> 129.0	<b>135.5</b> 134.5	<b>36.0</b> 5.5	<b>0.36</b> 1.30	<b>62.2</b> 220.5	<b>1.19</b> 4.24	<b>89.3</b> 318.0
LRGG 19-047	<b>San Juan</b>	<b>83.5</b>	<b>97.5</b>	<b>14</b>	<b>0.16</b>	<b>23.5</b>	<b>0.47</b>	<b>35.3</b>
LRGG 19-047	<b>San Juan</b> including including	<b>89.1</b> 89.1 91	<b>110.1</b> 99 96	<b>21</b> 9.9 5	<b>1.38</b> 2.76 4.36	<b>145.9</b> 258.6 436.2	<b>3.33</b> 6.21 10.17	<b>249.8</b> 465.8 762.8
LRGG 19-048	<b>Main</b> <b>Main</b> including	<b>7.9</b> <b>39.0</b> 40.2	<b>20.1</b> <b>51.0</b> 47.5	<b>12.2</b> <b>12.0</b> 7.3	<b>0.1</b> <b>0.76</b> 1.02	<b>47.3</b> <b>108.4</b> 155.6	<b>0.73</b> <b>2.21</b> 3.10	<b>54.8</b> <b>165.8</b> 232.5
LRGG-19-050	<b>San Juan</b> including including	<b>15.0</b> 37.5 48.0	<b>60.3</b> 54.2 54.2	<b>45.3</b> 16.7 6.2	<b>0.39</b> 0.84 1.01	<b>76.3</b> 147.4 241.7	<b>1.41</b> 2.81 4.23	<b>105.8</b> 210.8 317.3
LRGG-19-051	<b>San Juan</b> <b>San Juan</b> including	<b>0.0</b> <b>45.7</b> 47.8	<b>24.0</b> <b>70.0</b> 54.0	<b>24.0</b> <b>24.3</b> 6.2	<b>0.40</b> <b>0.58</b> 1.67	<b>86.4</b> <b>51.0</b> 86.2	<b>1.55</b> <b>1.26</b> 2.82	<b>116.3</b> <b>94.5</b> 211.5
LRGG-19-052	<b>San Juan<sup>12</sup></b> Including <sup>12</sup> Including	<b>83.5</b> 84.5 91.0	<b>108.0</b> 94.0 94.0	<b>22.5</b> 7.5 3.0	<b>0.32</b> 0.87 0.68	<b>64.4</b> 125.8 226.6	<b>1.18</b> 2.55 3.70	<b>88.5</b> 191.3 277.5
LRGG-19-053	<b>El Troce</b> Including	<b>130.9</b> 135.0	<b>141.0</b> 137.8	<b>10.1</b> 2.8	<b>1.53</b> 5.22	<b>164.3</b> 489.5	<b>3.72</b> 11.75	<b>279.0</b> 881.3
LRGG-19-054	<b>San Juan<sup>13</sup></b> Including	<b>25.0</b> 37.5	<b>43.0</b> 41.6	<b>16.5</b> 4.1	<b>0.74</b> 2.78	<b>93.5</b> 233.1	<b>1.98</b> 5.89	<b>148.5</b> 441.8
LRGG-19-055	<b>Main<sup>14</sup></b>	<b>290.1</b>	<b>307.5</b>	<b>14.4</b>	<b>0.58</b>	<b>75.1</b>	<b>1.59</b>	<b>119.3</b>
LRGG-19-056	<b>Main<sup>15</sup></b> including	<b>296.0</b> 312.0	<b>325.0</b> 316.0	<b>26.0</b> 4.0	<b>0.50</b> 1.89	<b>185.5</b> 920.0	<b>2.97</b> 14.16	<b>222.8</b> 1,062.1
LRGG-19-057	<b>Main</b> including	<b>230.4</b> 237.8	<b>244.5</b> 243.0	<b>14.1</b> 5.3	<b>0.91</b> 2.14	<b>130.6</b> 252.5	<b>2.65</b> 5.50	<b>199.1</b> 412.8
LRGG-19-058	<b>El Troce</b>	<b>32.3</b>	<b>45.0</b>	<b>12.8</b>	<b>0.16</b>	<b>35.7</b>	<b>0.64</b>	<b>47.8</b>
LRGG-19-059	<b>El Troce<sup>16</sup></b> Including <sup>17</sup>	<b>10.5</b> 14.3	<b>24.6</b> 19.0	<b>11.0</b> 3.5	<b>0.94</b> 1.95	<b>133.7</b> 277.2	<b>2.72</b> 5.65	<b>204.2</b> 423.4



Hole ID	Comment	From (m)	To (m)	Length <sup>1</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>2</sup> (g/t)	AgEq <sup>3</sup> (g/t)
LRGG-19-060	<b>El Troce</b> Including	<b>0.0</b> 9.0	<b>16.0</b> 12.0	<b>16.0</b> 3.0	<b>0.32</b> 0.83	<b>65.5</b> 161.8	<b>1.19</b> 2.98	<b>89.5</b> 223.8
LRGG-19-061	<b>Main<sup>18</sup></b> including	<b>324.4</b> 337.7	<b>349.2</b> 340.8	<b>18.0</b> 3.1	<b>0.08</b> 0.04	<b>54.2</b> 108.5	<b>0.80</b> 1.49	<b>60.3</b> 111.9
LRGG-19-062	<b>San Juan</b> including	<b>88.5</b> 90.0	<b>106.5</b> 93.0	<b>18.0</b> 3.0	<b>0.20</b> 0.63	<b>45.1</b> 118.0	<b>0.80</b> 2.20	<b>59.7</b> 165.3
LRGG-19-063	<b>Main</b> including	<b>98.0</b> 103.5	<b>122.5</b> 108.9	<b>24.5</b> 5.3	<b>0.53</b> 1.90	<b>85.3</b> 228.8	<b>1.67</b> 4.96	<b>125.1</b> 371.6
LRGG-19-064	<b>Main</b>	<b>112.0</b>	<b>127.5</b>	<b>15.5</b>	<b>0.25</b>	<b>52.4</b>	<b>0.95</b>	<b>71.2</b>
LRGG-19-065	<b>Main<sup>19</sup></b> including	276.0 281.0	291.0 286.4	13.1 5.4	0.23 0.50	83.9 154.7	1.35 2.57	101.1 192.4
LRGG-19-066	<b>San Juan</b>	<b>140.5</b>	<b>155.5</b>	<b>15.0</b>	<b>0.32</b>	<b>44.8</b>	<b>0.91</b>	<b>68.5</b>
LRGG-19-067	<b>San Juan</b>	<b>88.5</b>	<b>101.5</b>	<b>13.0</b>	<b>0.15</b>	<b>30.7</b>	<b>0.56</b>	<b>41.9</b>
LRGG-19-068	<b>Main South</b> including	<b>161.9</b> 162.8	<b>169.7</b> 166.0	<b>7.8</b> 3.2	<b>0.92</b> 2.14	<b>161.1</b> 361.4	<b>3.07</b> 6.96	<b>230.1</b> 521.7
LRGG-19-069	<b>San Juan<sup>20</sup></b> including	<b>107.0</b> 120.8	<b>128.5</b> 123.8	<b>16.3</b> 3.0	<b>1.11</b> 3.56	<b>103.0</b> 351.2	<b>2.48</b> 8.24	<b>186.1</b> 618.0
LRGG-19-070	<b>Main South</b>	<b>119.1</b>	<b>128.7</b>	<b>9.6</b>	<b>0.02</b>	<b>14.3</b>	<b>0.21</b>	<b>15.6</b>
LRGG-19-071	<b>San Juan</b>	<b>101.6</b>	<b>120.8</b>	<b>19.2</b>	<b>0.28</b>	<b>53.8</b>	<b>1.00</b>	<b>75.0</b>
LRGG-19-072	<b>Main South</b>	<b>101.6</b>	<b>120.8</b>	<b>19.2</b>	<b>0.28</b>	<b>53.8</b>	<b>1.00</b>	<b>75.0</b>
LRGG-19-073	<b>San Juan<sup>21</sup></b> Including Including	<b>59.8</b> 64.5 86.0	<b>96.5</b> 74.0 89.0	<b>33.5</b> 9.5 3.0	<b>1.12</b> 3.01 1.81	<b>116.7</b> 183.9 291.4	<b>2.67</b> 5.47 5.70	<b>200.4</b> 409.9 427.4
LRGG-19-074	<b>Main<sup>22</sup></b>	<b>346.2</b>	<b>383.9</b>	<b>34.3</b>	<b>0.23</b>	<b>62.6</b>	<b>1.06</b>	<b>79.8</b>
LRGG-19-075	<b>Main South</b>	<b>153.8</b>	<b>160.0</b>	<b>6.2</b>	<b>0.23</b>	<b>15.3</b>	<b>0.43</b>	<b>32.4</b>
LRGG-19-076	<b>San Juan</b> including including	<b>106.5</b> 122.4 136.0	<b>145.0</b> 128.2 142.0	<b>38.5</b> 5.8 6.0	<b>0.73</b> 1.70 1.58	<b>123.4</b> 260.3 220.0	<b>2.38</b> 5.17 4.51	<b>178.2</b> 387.5 338.5
LRGG-19-077	<b>San Juan</b> including	<b>112.5</b> 115.5	<b>138.5</b> 119.8	<b>26.0</b> 4.3	<b>1.03</b> 4.28	<b>94.5</b> 241.1	<b>2.29</b> 7.49	<b>171.7</b> 561.9
LRGG-19-078	<b>Main South</b>	<b>178.2</b>	<b>200.1</b>	<b>22.0</b>	<b>0.22</b>	<b>59.9</b>	<b>1.01</b>	<b>76.6</b>
LRGG-19-079	<b>Main</b> including including and	<b>128.2</b> 129.2 137.5 150.8	<b>144.7</b> 134.0 143.7 161.5	<b>16.5</b> 4.8 6.2 10.7	<b>4.29</b> 3.90 8.16 0.08	<b>335.8</b> 782.0 212.5 22.7	<b>8.77</b> 14.32 11.00 0.38	<b>657.8</b> 1,074.4 824.2 28.7
LRGG-19-080	<b>Main</b> and <sup>23</sup>	<b>274.3</b> 325.5	<b>279.5</b> 342.0	<b>5.2</b> 13.5	<b>1.10</b> 0.87	<b>68.6</b> 214.8	<b>2.01</b> 3.73	<b>151.0</b> 279.8
LRGG-19-081	<b>Main</b> including	<b>189.7</b> 201.0	<b>207.1</b> 207.1	<b>17.4</b> 6.1	<b>0.77</b> 2.07	<b>152.4</b> 373.0	<b>2.80</b> 7.05	<b>209.8</b> 528.6
LRGG-19-082	<b>Main South<sup>24</sup></b> including	<b>169.7</b> 180.0	<b>196.5</b> 183.0	<b>23.5</b> 3.0	<b>0.17</b> 0.79	<b>43.5</b> 137.8	<b>0.75</b> 2.63	<b>56.5</b> 197.0

Hole ID	Comment	From (m)	To (m)	Length <sup>1</sup> (m)	Au (g/t)	Ag (g/t)	AuEq <sup>2</sup> (g/t)	AgEq <sup>3</sup> (g/t)
LRGG-19-083	<b>Main</b>	Abandoned in Hanging Wall above Los Ricos Vein						
LRGG-19-084	<b>Main</b>	<b>218.0</b>	<b>225.5</b>	<b>7.5</b>	<b>0.29</b>	<b>29.3</b>	<b>0.68</b>	<b>51.1</b>
LRGG-19-085	<b>Stope</b>	342.0	354.0	12.0	Historical working – backfilled stope			
	<b>Main</b>	<b>354.0</b>	<b>370.8</b>	<b>16.8</b>	<b>0.36</b>	<b>86.1</b>	<b>1.51</b>	<b>113.1</b>
LRGG-19-086	<b>El Troce</b>	<b>194.6</b>	<b>209.9</b>	<b>15.3</b>	<b>0.06</b>	<b>12.1</b>	<b>0.22</b>	<b>16.6</b>
	Including	195.2	196.5	1.3	0.27	44.4	0.86	64.8
LRGG-19-087	<b>Main</b>	<b>219.4</b>	<b>236.4</b>	<b>17.1</b>	<b>0.21</b>	<b>60.0</b>	<b>1.01</b>	<b>76.0</b>
	including	220.5	225.0	4.5	0.60	103.8	1.99	148.9
LRGG-19-088	<b>Main</b>	<b>218.1</b>	<b>237.0</b>	<b>18.9</b>	<b>2.01</b>	<b>496.4</b>	<b>8.63</b>	<b>647.0</b>
	including	227.3	232.3	5.0	7.30	1833.4	31.74	2,380.8
LRGG-19-089	<b>Main</b>	<b>168.4</b>	<b>191.0</b>	<b>22.7</b>	<b>0.63</b>	<b>64.9</b>	<b>1.49</b>	<b>112.0</b>
	including	171.2	177.9	6.7	1.76	113.8	3.28	245.7
LRGG-19-090	<b>Main</b>	<b>194.4</b>	<b>207.3</b>	<b>12.9</b>	<b>0.57</b>	<b>96.5</b>	<b>1.86</b>	<b>139.4</b>
	including	195.4	202.0	6.5	1.08	174.9	3.41	256.0
LRGG-19-091	<b>Main</b>	<b>185.9</b>	<b>199.8</b>	<b>13.9</b>	<b>0.62</b>	<b>80.1</b>	<b>1.69</b>	<b>126.8</b>
	including	185.9	191.7	5.8	1.34	141.2	3.23	242.1
LRGC-19-001	<b>Cerro Colorado</b>	<b>23.3</b>	<b>27.2</b>	<b>3.9</b>	<b>1.59</b>	<b>177.3</b>	<b>3.95</b>	<b>296.3</b>
LRGC-19-001	<b>Cerro Colorado</b>	<b>23.3</b>	<b>27.2</b>	<b>3.9</b>	<b>1.59</b>	<b>177.3</b>	<b>3.95</b>	<b>296.3</b>
LRGC-19-002	<b>Cerro Colorado</b>	<b>0</b>	<b>3.5</b>	<b>3.5</b>	<b>3.27</b>	<b>90.4</b>	<b>4.47</b>	<b>335.3</b>
LRGC-19-003	<b>Cerro Colorado</b>	<b>2</b>	<b>8.5</b>	<b>6.5</b>	<b>1.38</b>	<b>39</b>	<b>1.9</b>	<b>142.5</b>
LRGC-19-004	<b>Cerro Colorado</b>	<b>6.5</b>	<b>18</b>	<b>11.5</b>	<b>1.28</b>	<b>107.2</b>	<b>2.71</b>	<b>203.3</b>
	including	7.3	11	3.7	3.36	294.6	7.29	546.8
LRGC-19-005	<b>Cerro Colorado</b>	<b>30</b>	<b>37</b>	<b>7</b>	<b>0.18</b>	<b>11.5</b>	<b>0.33</b>	<b>24.8</b>
	and	43.5	56.5	13	0.12	16.4	0.34	25.5
LRGC-19-006	<b>Cerro Colorado</b>	<b>0</b>	<b>11.5</b>	<b>11.5</b>	<b>0.56</b>	<b>10.3</b>	<b>0.7</b>	<b>52.5</b>
LRGC-19-007	<b>Cerro Colorado</b>	<b>53.8</b>	<b>56</b>	<b>2.2</b>	<b>0.28</b>	<b>27.3</b>	<b>0.64</b>	<b>48.0</b>
	and	68.5	77	8.5	0.06	15.7	0.27	20.3

1. Not true width
2. AuEq converted using a silver to gold ratio of 75:1
3. AgEq converted using a gold to silver ratio of 75:1
4. Voids from historical underground workings, no sample
5. Excludes 2.0m of open stopes from historical underground workings
6. Excludes 5.4m of open stopes from historical underground workings
7. Excludes 2.4m of open stopes from historical underground workings
8. Excludes 4.3m of open stopes from historical underground workings
9. Excludes 4.1m of open stopes from historical underground workings
10. Excludes 5.2m of open stopes from historical underground workings
11. Excludes 1.4m of open stopes from historical underground workings
12. Excludes 2.0m of open stopes from historical underground workings
13. Excludes 1.5m of open stopes from historical underground workings
14. Excludes 3.0m of open stopes from historical underground workings
15. Excludes 3.0m of open stopes from historical underground workings
16. Excludes 3.1m of open stopes from historical underground workings
17. Excludes 1.8m of open stopes from historical underground workings
18. Excludes 6.8m of open stopes from historical underground workings
19. Excludes 1.9m of open stopes from historical underground workings
20. Excludes 5.3m of open stopes from historical underground workings
21. Excludes 3.3m of open stopes from historical underground workings
22. Excludes 3.5m of open stopes from historical underground workings
23. Excludes 3.0m of open stopes from historical underground workings
24. Excludes 3.4m of open stopes from historical underground workings

## Process

The diamond drill core (HQ size) is geologically logged, photographed and marked for sampling. When the sample lengths are determined, the full core is sawn with a diamond blade core saw with one half of the core

being bagged and tagged for assay. The remaining half portion is returned to the core trays for storage and/or for metallurgical test work.

The sealed and tagged sample bags are transported to the ActLabs facility in Zacatecas, Mexico. ActLabs crushes the samples and prepares 200-300 gram pulp samples with ninety percent passing Tyler 150 mesh (106µm). The pulps are assayed for gold using a 50 gram charge by fire assay (Code 1A2-50) and over limits greater than 10 grams per tonne are re-assayed using a gravimetric finish (Code 1A3-50). Silver and multi-element analysis is completed using total digestion (Code 1F2 Total Digestion ICP). Over limits greater than 100 grams per tonne silver are re-assayed using a gravimetric finish (Code 8-Ag FA-GRAV Ag).

Quality assurance and quality control ("QA/QC") procedures monitor the chain-of-custody of the samples and includes the systematic insertion and monitoring of appropriate reference materials (certified standards, blanks and duplicates) into the sample strings. The results of the assaying of the QA/QC material included in each batch are tracked to ensure the integrity of the assay data. All results stated above have passed the Corporation's QA/QC protocols.

**Trenching**

In addition to the drilling program described above, the Corporation completed trenching in other areas of the property, including the Cerro Colorado area, which is approximately 1.5km south of the Main area of the project. Highlights of the trenching program at Cerro Colorado include Composite 2, at an estimated true length of 16.0m and gold equivalent grade of 5.02 g/t, and Composite 5 at a length of 18.0m and gold equivalent grade of 4.45 g/t. (See press release dated May 30, 2019 for full details).

**Expenditures**

During the quarter ended December 31, 2019, the Corporation capitalized \$2,088 to the Los Ricos project, including share consideration of \$111 and cash expenditures of \$1,977. Cash expenditures include the acquisition of an additional concession on November 21, 2019 for \$361, bringing the total number of concessions on the project to 30. The share consideration is attributed to 243,750 common shares issued to external consultants in line with the commitment disclosed on page 13. The cash expenditures included drilling, geological consulting, assays, consulting payments, and other associated costs. At December 31, 2020, the Corporation has a remaining principal obligation of \$2,043 (discounted value - \$1,926) associated with the acquisition of the project, the full details of which are included in the condensed consolidated interim financial statements.

**SUMMARY OF QUARTERLY RESULTS**

Quarter ending	Revenue	Cost of Sales	General and Admin.	Net Income (Loss) from Continuing Operations	Net Income (Loss) from Discontinued Operations	Net Income (Loss)	Shareholder's Equity	Net Income (Loss) per Share
Dec 31, 2019 (Q1-20)	\$ 9,293	\$ 8,110	\$ 1,023	\$ 535	\$ -	\$ 535	\$ 73,715	\$ 0.003
Sept 30, 2019 (Q4-19)	9,709	8,505	1,200	751	-	751	72,811	0.004
Jun 30, 2019 (Q3-19)	6,383	6,062	1,224	(3,227)	-	(3,227)	66,568	(0.019)
Mar 31, 2019 (Q2-19)	7,030	6,678	1,139	2,437	-	2,437	69,386	0.014
Dec 31, 2018 (Q1-19)	3,850	5,437	1,137	8,153	-	8,153	66,449	0.048
Sept 30, 2018 (Q4-18)	3,492	25,610	971	(67,915)	(605)	(68,520)	58,934	(0.399)
Jun 30, 2018 (Q3-18)	6,289	8,588	1,032	(3,626)	-	(3,626)	127,240	(0.021)
Mar 31, 2018 (Q2-18)	5,403	5,030	1,083	(41)	-	(41)	130,458	(0.000)

In Q1 2020, the Corporation recorded revenue of \$9,293 on 555,298 silver equivalent ounces sold at an average realized price of \$16.75, compared to sales of \$3,850 on 271,211 silver equivalent ounces sold at an average realized price of \$14.20 in Q1 2019. The 555,298 ounces sold is comparable to the ounces produced

in the quarter, while the increase in the average sales price is attributed to the increase in the market price of silver. Market silver prices were \$14.55 in Q1 2019, compared to \$17.31 in Q4 2019. The difference between the average market price and the average realized price is attributed to the Corporation's offtake agreement. Details of revenue for the past 5 quarters are provided in the table at the end of this section.

Cost of sales in Q1 2020 were \$8,110, compared to \$5,437 in Q1 2019. Components of costs of sales in Q1 2020 included \$6,965 of cash costs, or \$12.54 per ounce, and \$1,145 of depreciation. Cash costs per ounce were previously discussed in the operating results section above. Costs in Q1 2019 included cash costs of \$3,342, or \$12.32 per ounce, depreciation of \$963, and a negative adjustment to the net realizable value of inventory of \$1,132. There were no similar adjustments in Q1 2020. General and administrative expenses decreased from \$1,137 in Q1 2019 to \$1,023 in Q1 2020 as a result in decreases of professional fees and compensation.

The Corporation generated net income of \$535 in Q1 2020, which is principally attributed to operating income, net of general and administrative expense, of \$160, gains on marketable securities of \$280 and foreign exchange gains of \$233, offset by finance and accretion costs of \$108. Net income decreased from \$8,153 in Q1 2019, which was principally attributed to the 2019 gain of \$11,837 on the sale of the Santa Gertrudis royalty, offset by operating losses of \$2,724 and deferred tax expense of \$1,890. Comparing to the prior quarter, while operating income increased from \$4 in Q4 2019 to \$160 in Q1 2020, net income decreased from \$751 in Q4 2019 to \$535 in Q1 2020, mainly due to a larger gain on marketable securities of \$1,179 in Q4 2019 compared to \$280 in Q1 2020.

Shareholders' equity was \$72,811 at September 30, 2019 and increased to \$73,715 at December 31, 2019 due to net income of \$535, other comprehensive income for the period of \$109, stock based compensation of \$149 and \$111 of shares issued.

<b>Revenue:</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>
Silver ounces sold	131,119	311,602	245,706	317,473	356,769
Gold ounces sold	1,657	1,953	2,185	2,958	2,317
Silver equivalent ounces sold	271,211	475,921	438,740	572,435	555,298
Realized price per ounce	\$14.20	\$14.77	\$14.55	\$16.96	\$16.75
<b>Revenue</b>	<b>3,850</b>	<b>7,030</b>	<b>6,383</b>	<b>9,709</b>	<b>9,293</b>

### Cash Flows

<b>Cash flows (to) from:</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>
Operating activities before change in non-cash working capital	\$ (341)	\$ 752	\$ 604	\$ 1,959	\$ 1,463
Non-cash working capital	(2,869)	(5,312)	(4,194)	(2,463)	(674)
Operating activities	(3,210)	(4,560)	(3,590)	(504)	789
Investing activities	5,760	(372)	861	(331)	2,302
Financing activities	-	-	-	-	(584)
Effect of foreign exchange	54	47	3	(26)	90
<b>Net increase (decrease)</b>	<b>\$ 2,604</b>	<b>\$ (4,885)</b>	<b>\$ (2,726)</b>	<b>\$ (861)</b>	<b>\$ 2,597</b>

The Corporation generated cash from operations in Q1 2020 of \$789, compared to a decrease in cash of \$3,210 from operations in Q1 2019. The increased production in Q1 2020 drove the increase in cash from operating activities before changes in non-cash working capital. The difference in changes in non-cash working capital is attributed primarily to net changes in inventory – last year inventory used cash of \$2,850,

compared to providing cash of \$249 in the current year, which is again tied to the production increase, as Parral produced more ounces than were stacked on the heap in the Q1 2020, whereas stacked ounces were higher than produced in the previous year. The increase attributed to inventory was offset by changes in input tax recoverable, which was a use of cash of \$768 in Q1 2020, compared to providing cash of \$352 in Q1 2019.

Investing activities in Q1 2019 included the net cash proceeds of \$5,837 from the sale of the Santa Gertrudis royalty, while investing in Q1 2020 included net cash proceeds of \$5,041 on the sale of marketable securities, offset by Los Ricos exploration and evaluation expenditures of \$1,495 and property, plant and equipment costs of \$1,244, which were predominantly the costs of the SART construction.

Financing expenditures of \$584 in Q1 2020 were attributed to payments on the concession and NSR obligations of Los Ricos. There were no financing activities in Q1 2019.

## 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 funds from operations. 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:

	Dec 31, 2019	Sept 30, 2019
Current assets	\$ 23,503	\$ 21,463
Current liabilities	(9,544)	(8,298)
Working capital	<b>\$ 13,959</b>	<b>\$ 13,165</b>

Working capital increased in the period due to the change in cash as described above, increases to trade payables at both Los Ricos and Parral, a decrease in marketable securities as they were all sold in the quarter, and offset by an increase in trade receivables. The working capital of \$13,959 is expected to be sufficient to fund the operations of the Corporation for the upcoming twelve months.

## CONTRACTUAL OBLIGATIONS

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 Municipality of Parral as disclosed on page 17.

## **OUTSTANDING SHARE DATA**

As at December 31, 2019, the Corporation had a total of 186,067,211 common shares issued and outstanding with a carrying amount of \$148,025, 10,825,000 stock options, and 3,850,000 deferred share units issued and outstanding. At December 31, 2019, 11,330,816 common shares were held in escrow for benefit of the vendors of Los Ricos and will be released to the vendors at a rate of 647,791 per month until February 2021, and 376,957 per month from March 2021 until August 2021. Comparative figures for December 31, 2018 were 171,776,481 common shares with a carrying amount of \$142,465, 7,015,000 stock options, and 2,025,000 deferred share units issued and outstanding.

As of the date of this document, there were 186,229,711 common shares, 10,825,000 stock options, and 3,850,000 deferred share units issued and outstanding.

## **OFF-BALANCE SHEET ARRANGEMENTS**

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

## **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.

The critical estimates and judgments applied in the preparation of the Corporation's Condensed Consolidated Interim Financial Statements for the three months ended December 31, 2019 are consistent with those applied and disclosed in the Corporation's Consolidated Financial Statements for the year ended September 30, 2019. For details of these estimates and judgments please refer to the Corporation's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended September 30, 2019, which are available on the Corporation's website at [www.gogoldresources.com](http://www.gogoldresources.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Change in 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.

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.

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
<u>Discounted using the incremental borrowing rate at October 1, 2019</u>	<u>(738)</u>
Lease liability as at October 1, 2019	\$ 1,990

## FINANCIAL INSTRUMENTS AND OTHER RISKS

### Financial Instruments

The following table provides the disclosures of the fair value and the level in the hierarchy for financial instruments recorded at fair value:

	December 31, 2020		September 30, 2019	
	Level 1	Level 2	Level 1	Level 2
Marketable securities	-	-	\$ 4,747	-
Derivative liabilities	-	\$ 591	-	\$ 549

For derivative contracts, the Corporation obtains a valuation of the contracts from counterparties of those contracts or performs valuations internally. The Corporation assesses the reasonableness of these valuations through internal methods and third party valuations. The Corporation then 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.

## **Risk**

The Corporation is exposed to a number of risks and uncertainties that are common to other mineral exploration and development companies. The mining industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks.

Additional detail on risks and uncertainties is discussed in the Corporation's Annual Information Form dated December 30, 2019, a copy of which may be obtained on the SEDAR website at [www.sedar.com](http://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:

### *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 the 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.

### 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).

### NON-IFRS MEASURES

The following provides a reconciliation of cash cost per silver equivalent ounce, cash cost per silver ounce net of gold credits, and all in sustaining costs per silver equivalent ounce to the unaudited condensed consolidated interim financial statements. Cash costs and all in sustaining costs are calculated in line with guidance provided by the World Gold Council in November 2018. These non-IFRS measures are used as these terms are typically used by mining companies to assess the level of gross margin available by subtracting these costs from the unit price realized during the period. These non-IFRS terms are also used to assess the ability of a mining company to generate cash flow from operations. There may be some variation in the method of computation of these metrics as determined by the Corporation compared with other mining companies.

<b>Cash Cost Reconciliation</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>
Production costs, except amortization and depletion	\$ 3,342	\$ 4,812	\$ 4,702	\$ 6,652	\$ 6,965
Net realizable value adjustment	1,132	357	-	-	-
Less: non-cash portion of NRV adjustment	(188)	(54)	-	-	-
<b>Cash costs</b>	<b>4,286</b>	<b>5,115</b>	<b>4,702</b>	<b>6,652</b>	<b>6,965</b>
Silver equivalent ounces sold	271,211	475,921	438,740	572,435	555,298
<b>Cash cost per silver equivalent ounce</b>	<b>\$15.80</b>	<b>\$10.75</b>	<b>\$10.71</b>	<b>\$11.62</b>	<b>\$12.54</b>
Net realizable value cash adjustment on inventory <sup>1</sup>	(944)	(303)	-	-	-
<b>Adjusted cash cost</b>	<b>3,342</b>	<b>4,812</b>	<b>4,702</b>	<b>6,652</b>	<b>6,965</b>
<b>Adjusted cash cost per silver equivalent ounce<sup>1</sup></b>	<b>\$12.32</b>	<b>\$10.11</b>	<b>\$10.71</b>	<b>\$11.62</b>	<b>\$12.54</b>
Cash costs, per above	4,286	5,115	4,702	6,652	6,965
Gold sales	(2,019)	(2,507)	(2,769)	(4,343)	(3,389)
<b>Total cash costs, net of gold sales</b>	<b>2,267</b>	<b>2,608</b>	<b>1,933</b>	<b>2,309</b>	<b>3,576</b>
Silver ounces sold	131,119	311,602	245,706	317,472	356,769
<b>Cash cost per silver ounce, net of gold credits</b>	<b>\$17.29</b>	<b>\$8.37</b>	<b>\$7.87</b>	<b>\$7.27</b>	<b>\$10.02</b>

<b>Cash Cost Reconciliation</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>
Net realizable value cash adjustment on inventory <sup>1</sup>	(944)	(303)	-	-	-
Adjusted cash cost, net of gold sales	1,323	2,305	1,933	2,309	3,576
<b>Adjusted net cash cost per silver ounce<sup>1</sup></b>	<b>\$10.09</b>	<b>\$7.39</b>	<b>\$7.87</b>	<b>\$7.27</b>	<b>\$10.02</b>
Cash costs, per above	4,286	5,115	4,702	6,652	6,965
General and administrative costs	1,137	1,139	1,224	1,200	1,023
Sustaining capital expenditures	41	417	14	6	12
Accretion expense	29	29	29	29	105
All in sustaining costs	5,493	6,699	5,969	7,887	8,105
Silver equivalent ounces sold	271,211	475,921	438,740	572,435	555,298
<b>AISC per silver equivalent ounce</b>	<b>\$20.25</b>	<b>\$14.08</b>	<b>\$13.61</b>	<b>\$13.78</b>	<b>\$14.59</b>
Net realizable value cash adjustment on inventory <sup>1</sup>	(944)	(303)	-	-	-
Adjusted all in sustaining costs	4,549	6,396	5,969	7,887	8,105
<b>Adjusted AISC per silver equivalent ounce<sup>1</sup></b>	<b>\$16.77</b>	<b>\$13.44</b>	<b>\$13.61</b>	<b>\$13.78</b>	<b>\$14.59</b>

- Adjusted costs are calculated excluding net realizable value adjustments to inventory to provide a comparison to prior quarters for costs associated with the quarter and exclude the adjustment which includes out of period costs.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Corporation's internal controls over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

## FUTURE OUTLOOK

The Corporation intends to focus on efficiently operating Parral, continuing with the drilling program at Los Ricos, and 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, the Corporation's plans for its mineral projects, and reference to the Corporation's internal forecasts. 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, 2019, a copy of which may be obtained on the SEDAR website at [www.sedar.com](http://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. Robert Harris, P. Eng, 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 pertaining to Parral.

Mr. David Duncan, P. Geo. 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 pertaining to Los Ricos.

## **OTHER INFORMATION**

Additional information regarding the Corporation, including the Corporation's Annual Information Form dated December 30, 2019, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Dated: February 2, 2020