GoGold Resources Inc

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended December 31, 2017

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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 12, 2018 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended December 31, 2017 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, 2017.

The Corporation's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2017 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.

This MD&A contains certain Forward-Looking Statements as disclosed on page 11 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 10 of this document.

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.

The Corporation operates the Parral Tailings Project ("Parral") located in the state of Chihuahua, Mexico, and sold the Santa Gertrudis project "Santa Gertrudis", located in the state of Sonora, Mexico, on November 2, 2017 for a pre-tax gain of $54 million.

STRATEGIC UPDATE

The Corporation sold Santa Gertrudis on November 2, 2017 to Agnico Eagle Mines Limited ("Agnico") for cash consideration, net of transaction costs, of $76,770, which resulted in a pre-tax gain, after deducting the $22,919 net carrying value of the assets and excluding $493 of transaction costs expensed in the year ending September 30, 2017, of $54,344 on the project which was initially acquired in 2014. The Corporation retained a 2% net smelter royalty on the Santa Gertrudis property, for which no value has been ascribed in the transaction. The proceeds of the sale were used to repay in full the $46,500 senior revolving credit facility and the $7,500 term loan, and interest of $196. The completion of the transaction leaves the Corporation with a debt free balance sheet which positions the Corporation well as the Parral Tailings project ramps up to its full production potential. The Corporation is actively pursuing other opportunities in Mexico.

OPERATIONAL UPDATE

During the quarter ended December 31, 2017 the Corporation's net working capital improved by $54,619 to $44,259 from a deficiency at September 30, 2017 of $10,360. At the current production levels and costs from Parral, the operations generated $443 in positive cash flow which was used to fund capital expenditures of $1,730 associated with the emergency overflow pond and heap leach pad expansion. Management has budgeted less than $1,000 in capital expenditures associated with Parral for the remainder of fiscal 2018.

Parral

Following are key performance indicators of Parral's operations:

Parral key performance indicator:	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Tailing tonnes placed on leach pad	233,699	360,326	293,047	122,717	-
Tailings rehandled	-	-	-	157,000	361,934
Total tonnes placed	233,699	360,326	293,047	279,717	361,934
Recoverable silver equivalent ounces stacked[1,2]	273,000	425,000	356,000	162,000	-
Gold production (oz)[3]	1,539	2,008	2,137	2,021	1,708
Silver production (oz)[3]	91,022	137,606	145,467	149,025	261,693
Silver equivalent production (oz)[1,3]	200,063	278,230	301,539	324,726	392,406
Cash cost (per silver equivalent oz)[4]	$ 8.61	$ 9.00	$ 9.62	$ 38.88	$ 11.69
Adjusted cash cost (per silver equivalent oz)[4,5]	$ 8.61	$ 9.00	$ 9.62	$ 10.18	$ 11.18
Cash cost (per silver oz)[4]	$ (0.62)	$ 0.75	$ 2.24	$ 58.52	$ 8.73
Adjusted cash cost (per silver oz)[4,5]	$ (0.62)	$ 0.75	$ 2.24	$ 4.03	$ 7.90

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 2017 – 71, Q2 2017 – 71, Q3 2017 – 74, Q4 2017 – 76, Q1 2018 - 78.
2. Excluding ounces included in rehandled tailings.
3. Q3 2017 and Q4 2017 production figures were adjusted based on final assays obtained in Q1 2018.
4. Non-IFRS measure, reconciliation on page 10.
5. In Q4 2017, an adjustment of $7,652 to the net realizable value of inventory was charged to cash production costs. In Q1 2018, an adjustment of $187 was made. For comparability purposes, adjusted costs are calculated excluding this adjustment.

During the quarter ending December 31, 2017, Parral produced 392,406 silver equivalent ounces compared to 200,063 silver equivalent ounces in the quarter ending December 31, 2017 ("Q1 2017"), an increase of almost double. Production has increased quarterly since management implemented measures in 2017 focusing on higher quality agglomerated material, as well as stacking material at a lower lift height among other production enhancing measures. The Corporation expects to see continued increases in production in the near term. During the quarter, the Corporation improved its on-site lab processes to better assay and report production numbers from the site and how they compare to the ultimate sold ounces. As a result of final assays on metal produced in 2017, there were negative adjustments of 13,371 silver equivalent ounces to Q3 2017 production figures and 28,644 silver equivalent ounces to Q4 2017 figures. This resulted in no change in revenues or costs previously reported for Q3 2017 or Q4 2017. With the improvements to the processes, there should not be significant variances going forward.

In Q1 2018, cash costs per silver equivalent ounce were $11.69 compared to $8.61 in Q1 2017. The increase in cost per ounce is mainly attributed to the decrease in recoverable ounces placed, as there were no fresh tailings stacked in Q1 2018 while old material is reprocessed. As there are a number of fixed operating expenses attributed to the project, a decrease in the recoverable ounces placed results in an increase in the cost per ounce. The operation is also consuming more cement per ounce produced in Q1 2018 compared to Q1 2017, as more cement has been added to the agglomeration process to ensure appropriate agglomeration quality is achieved.

Both tailings tonnes placed on leach pad and recoverable silver equivalent ounces stacked were nil in Q1 2018, which is due to the reagglomeration program, where material which was previously stacked is being reworked in order to increase the speed at which metal will be recovered from it. As the reagglomerated material was previously recorded in in process inventory, the tonnage and recoverable ounces have been excluded from the figures in the table above. Tonnage placed increased from 233,699 in Q1 2017 to 361,934 in Q1 2018, as Q1 2017 stacking was affected by rains in the period. Stacking from the reagglomeration program in Q1 2018 approached the 5,000 tonnes per day target in the month of December 2017, and the Corporation has achieved that target rate in the month of January 2018.

Combined

Following is a summary of the combined key performance indicators including both the Parral and the discontinued Santa Gertrudis high grade material ("HGM") projects. From Q1 2017 to Q4 2017 both the HGM and Parral projects were in operation. In Q1 2018, only Parral was in operation.

Combined key performance indicators[1]:	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Gold production (oz)	4,249	4,065	2,487	2,002	1,708
Silver production (oz)	102,371	138,179	145,467	171,893	261,693
Silver equivalent production (oz)[2]	403,545	422,773	326,359	323,379	392,406
Cash cost (per silver equivalent oz)[3]	$ 6.70	$ 9.80	$ 16.20	$ 40.45	$ 11.69
Adjusted cash cost (per silver equivalent oz)[3,4]	$ 6.70	$ 9.80	$ 16.20	$ 11.26	$ 11.18
AISC (per silver equivalent oz)[3]	$ 9.06	$ 11.76	$ 25.91	$ 57.34	$ 15.25
Adjusted AISC (per silver equivalent oz)[3,4]	$ 9.06	$ 11.76	$ 25.91	$ 28.15	$ 14.74

1. Inclusive of Santa Gertrudis classified as assets held for sale and discontinued operations as at September 30, 2017.
2. "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 2017 – 71, Q2 2017 – 71, Q3 2017 – 74, Q4 2017 – 76, Q1 2018 – 78.
3. Non-IFRS measure, reconciliation on page 10. All in sustaining costs is abbreviated as AISC.
4. In Q4 2017, an adjustment of $7,652 to the net realizable value of inventory was charged to cash production costs. In Q1 2018, an adjustment of $187 was made. For comparability purposes, adjusted costs are calculated excluding this adjustment.

In September 2016, GoGold began toll processing high grade material from the Santa Gertrudis property located at the Greta deposit. The ore located at surface contained high grade gold and was being mined and then shipped to a facility for toll processing. In Q1 2018, there was no activity at the HGM project, as the activity had ceased due to the sale of the property. Q1 2017 includes production of 203,482 related to the HGM project.

All in sustaining costs ("AISC") per silver equivalent ounce increased from $9.06 in Q1 2017 to $15.25 in Q1 2018, which is attributed to an increase in the cash costs per silver equivalent ounce from $6.70 in Q1 2017 to $11.69 in Q1 2018. Q1 2017 included lower-cost HGM production at $4.43, as well as Parral cash costs per ounce of $8.61, while Q1 2018 AISC only relates to Parral. The increase in Parral operating costs is explained above. The remaining increase in AISC is attributed to sustaining capital at the Parral operation. There was no sustaining capital in Q1 2017, while in Q1 2018 there were expenditures of $230.

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, 2017	$ 5,832	$ 6,066	$ 1,041	$ (1,663)	$ 31,698	$ 30,035	$ 130,808	$ .18
Sep 30, 2017	4,444	13,183	1,488	(1,361)	(140)	(1,501)	87,826	.00
Jun 30, 2017	4,651	3,925	902	985	(1,340)	(355)	90,152	.00
Mar 31, 2017	4,276	3,253	263	(93)	703	610	90,694	.00
Dec 31, 2016	3,674	2,818	956	(932)	1,594	662	88,525	.00
Sep 30, 2016	2,220	1,346	1,589	(1,253)	(38)	(1,291)	88,098	(.01)
Jun 30, 2016	5,965	3,528	1,059	243	(35)	208	89,001	.00
Mar 31, 2016	5,081	3,532	915	(17,093)	(12)	(17,105)	82,710	(.10)

In Q1 2018, the Corporation recorded revenue of $5,832 on 366,374 silver equivalent ounces sold at an average realized price of $15.92, compared to sales of $3,674 on 224,990 ounces at a price of $16.33 in Q1 2017. The decrease in price is attributed to the decrease in market price of silver, which decreased from $17.19 in Q1 2017 to $16.70 in Q1 2018. The increase in ounces sold follows the increase in production.

Cost of sales in Q1 2018 were $6,066, which consists of cash production costs of $4,284 and amortization and depletion of $1,782. This is an increase of $3,248 from Q1 2017, where costs of sales were $2,818 including cash costs of $1,937 and amortization of $881. The increase in cash costs was $1,466, which is attributed to the increase in ounces sold, as well as the higher cash cost per ounce. Amortization and depletion in Q1 2018 was $4.86 per ounce compared to $3.92 in Q1 2017, with the increase attributed to a net realizable value inventory adjustment of $316, or $0.86 per ounce.

General and administrative expenses during the quarter ending Q1 2018 were $1,041 compared to $956 in Q1 2017. The increase is predominantly associated with the Mexican corporate office, where costs increased by $101. Marketing was slightly decreased in the Q1 2018 at $102 compared to $145 in Q1 2017. All costs associated with the sale of Santa Gertrudis were included in discontinued operations.

In Q1 2018, there was net income from discontinued operations of $31,698. The sale of Santa Gertrudis generated a gain on disposition of $56,701, less transaction costs of $2,357, and tax expense of $8,111. Also included in discontinued operations are the reclassification of $14,535 of foreign exchange losses from other comprehensive loss as the losses were associated with the Santa Gertrudis operation ($6,017), and losses on the San Diego operation ($8,518) which had the final claims dropped in the quarter. The majority of the losses were the result of foreign exchange translation losses previously recorded in other comprehensive loss which were associated mainly with net assets of the Santa Gertrudis and San Diego operations whose functional currency was Mexican pesos. As the peso had decreased in value compared to the USD, this had generated losses recorded through other comprehensive loss in prior years. As both operations are discontinued, these losses were recycled through net income in the quarter. Net income from discontinued operations in Q1 2017 was associated with the operation of the Santa Gertrudis HGM project.

In Q1 2018, GoGold realized net income of $30,035, which is attributed mainly to the net income from discontinued operations of $31,698, the operational loss, foreign exchange losses of $343, and finance costs of $622, offset by tax recoveries from continuing operations of $556. The foreign exchange losses are predominantly associated with net monetary assets held in Mexican pesos which devalued against the USD in the quarter. Net income in Q1 2017 was $662, of which $1,594 was associated with discontinued operations from the HGM project, offset by losses of $932 from continuing operations. Significant components of net loss from continuing operations in Q1 2017 were an operating loss of $100, foreign exchange losses of $509 and finance costs of $472.

Shareholders' equity increased from $87,826 in Q4 2017 to $130,808 in Q1 2018 as a result of comprehensive income of $42,907 and stock based compensation of $75.

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, debt, 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, 2017	Sept 30, 2017
Current assets	$ 49,190	$ 58,753
Current liabilities	4,931	69,113
Working capital (deficiency)	$ 44,259	$ (10,360)

At September 30, 2017, the Corporation had a working capital deficiency of $10,360. With the sale proceeds from the disposition of Santa Gertrudis, combined with cash used in operations, the Corporation had working capital of $44,259 at December 31, 2017. The working capital of $44,259 at December 31, 2017 is expected to be sufficient to fund the operations of the Corporation for the upcoming twelve months.

Contractual Obligations

The Corporation has annual commitments of $1,006 for the next five years related to the Parral project, which includes minimum royalty payments and land lease payments.

Outstanding Share Data

As at December 31, 2017, the Corporation had a total of 171,376,481 common shares with a carrying amount of $141,904, 3,615,000 stock options, and 4,480,539 warrants issued and outstanding. Comparative figures for September 30, 2017 were 171,376,481 common shares with a carrying amount of $141,904, 3,965,000 stock options, and 4,480,539 warrants issued and outstanding.

As of the date of this document, the Corporation has 171,376,481 common shares, 3,615,000 stock options, and 4,480,539 warrants issued and outstanding.

Off-Balance Sheet Arrangements

At the date of this document, the Corporation had no material 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, 2017 are consistent with those applied and disclosed in the Corporation's Consolidated Financial Statements for the year ended September 30, 2017. 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, 2017, which are available on the Corporation's website at www.gogoldresources.com or on SEDAR at www.sedar.com.

Change in Accounting Policies

The Corporation adopted IAS 7 Statement of Cash flows effective October 1, 2017, with no impact on the condensed consolidated interim financial statements.

Financial Instruments and Other Risks

Financial Instruments

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are based on inputs which have a significant effect on fair value that are observable, either directly or indirectly from market data; and
- Level 3 inputs are unobservable (supported by little or no market activity).

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

(in thousands USD)	**December 31, 2017**		**September 30, 2017**	
	Level 1	Level 2	Level 1	Level 2
Cash	$ 14,434	-	$ 4,606	-
Financial liabilities at fair value through profit and loss:				
Derivative liabilities	-	$ 443	-	$ 464

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 22, 2017, a copy of which may be obtained on the SEDAR website at www.sedar.com, as well as other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

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

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 $517 and value added tax from the Federal Government of Mexico of $8,554. Exposure on trade receivables is limited as all receivables are with customers who the Corporation has strong working relationships with, and are reputable large companies with a history of timely payment. Management believes the risk of loss with respect to financial instruments consisting of cash, input tax recoverable and trade receivables to be low.

Foreign Currency Risk:
The Corporation's major purchases are transacted in Canadian dollars, 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, 2017, GoGold Resources Inc. had net monetary assets in US dollars of $5,351 (September 30, 2017 – liabilities of $53,809), for which a 10% change in US exchange rates would change net income by approximately $535, and a corresponding change recorded through foreign currency translation differences recorded through other comprehensive income. At December 31, 2017, the Corporation had net monetary assets in Mexican Pesos of approximately $4,815 (September 30, 2017 – liabilities of $1,080), for which a 10% change in Mexican Peso exchange rates would change net income by approximately $330.

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, 2017, the Corporation had cash balances of $14,434 for settling current liabilities of $4,931, liquidity is 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 market average silver price, with payments continuing until tailings are completely mined. As the monthly royalty payment increases based on the market average 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, 2017 of $16.86 (September 30, 2017 - $16.86), as well as the historical volatility of silver market prices. The fair value of the liability under this method at December 31, 2017 was $443 (September 30, 2016 - $464).

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 consolidated financial statements. Cash costs and all in sustaining costs are calculated in line with guidance provided by the World Gold Council. 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.

Cash Cost Reconciliation – Combined[1]	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**Q1 2018**
Production costs, except amortization and depletion	$ 1,937	$ 2,296	$ 2,753	$ 10,367	$ 4,284
Production costs from discontinued operations	836	1,752	2,284	235	-
Cash costs	2,773	4,048	5,037	10,602	4,284
Silver equivalent ounces sold	413,941	413,073	310,883	262,095	366,374
Cash cost per silver equivalent ounce, Combined	**$6.70**	**$9.80**	**$16.20**	**$40.45**	**$11.69**
Net realizable value adjustment on inventory[2]	-	-	-	(7,652)	(187)
Adjusted production costs	2,773	4,048	5,037	2,950	4,097
Adjusted cash cost per silver equivalent ounce[2]	**$6.70**	**$9.80**	**$16.20**	**$11.26**	**$11.18**
Total cash costs, per above	2,773	4,048	5,037	10,602	4,284
General and administrative costs	961	281	902	1,491	1,041
Sustaining capital expenditures	-	509	2,089	2,910	230
Accretion expense	18	20	27	26	31
All in sustaining costs	3,752	4,858	8,055	15,029	5,586
Silver equivalent ounces sold	413,941	413,073	310,883	262,095	366,374
AISC per silver equivalent ounce, Combined	**$9.06**	**$11.76**	**$25.91**	**$57.34**	**$15.25**
Net realizable value adjustment on inventory[2]	-	-	-	(7,652)	(187)
Adjusted all in sustaining costs	3,792	4,858	8,055	7,377	5,399
Adjusted AISC per silver equivalent ounce[2]	**$9.06**	**$11.76**	**$25.91**	**$28.15**	**$14.74**

1. Inclusive of Santa Gertrudis classified as assets held for sale and discontinued operations as at September 30, 2017.

2. In Q4 2017, an adjustment of $7,652 to the net realizable value of inventory was charged to cash production costs. In Q1 2018, an adjustment of $187 was made. Adjusted costs are calculated excluding this adjustment to provide a comparison to prior quarters for costs associated with the quarter, and exclude the adjustment which includes out of period costs.

Cash Cost Reconciliation – Parral	**Q1 2017**	**Q2 2017**	**Q3 2017**	**Q4 2017**	**Q1 2018**
Production costs, except amortization and depletion	$ 1,937	$ 2,296	$ 2,753	$ 10,367	$ 4,284
Silver equivalent ounces sold	224,990	255,017	286,063	266,640	366,374
Cash cost per silver equivalent ounce, Parral	**$8.61**	**$9.00**	**$9.62**	**$38.88**	**$11.69**
Net realizable value adjustment on inventory[1]	-	-	-	(7,652)	(187)
Adjusted cash cost	1,937	2,296	2,753	2,715	4,097
Adjusted cash cost per silver equivalent ounce[1]	**$8.61**	**$9.00**	**$9.62**	**$10.18**	**$11.18**
Total cash costs, per above	1,937	2,296	2,753	10,367	4,284
Gold sales	(1,999)	(2,202)	(2,447)	(2,149)	(2,331)
Total cash costs, net of gold sales	(62)	94	306	8,218	1,953
Silver ounces sold	100,675	124,804	136,899	140,426	223,640
Cash cost per silver ounce, net of gold credits, Parral	**$(0.62)**	**$0.75**	**$2.24**	**$58.52**	**$8.73**
Net realizable value adjustment on inventory[1]	-	-	-	(7,652)	(187)
Adjusted cash cost, net of gold sales	(62)	94	306	566	1,766
Adjusted net cash cost per silver ounce[1]	**$(0.62)**	**$0.75**	**$2.24**	**$4.03**	**$7.90**

1. In Q4 2017, an adjustment of $7,652 to the net realizable value of inventory was charged to cash production costs. In Q1 2018, an adjustment of $187 was made. Adjusted costs are calculated excluding this adjustment 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 activities or policies during the quarter ended December 31, 2017 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 increasing production at Parral 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, 2017, a copy of which may be obtained on the SEDAR website at www.sedar.com, as well as other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

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

Technical Information

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

Other Information

Additional information regarding the Corporation, including the Corporation's Annual Information Form dated December 22, 2017, is available on SEDAR at www.sedar.com.

Dated: February 12, 2018