MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six month periods ended March 31, 2014

Date and Background

This discussion and analysis of financial position and results of operations is prepared as at May 14, 2014 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six month periods ended March 31, 2014 for GoGold Resources Inc. (the "Corporation" or "GoGold"). Those financial statements have been prepared, in Canadian dollars (except as otherwise disclosed), in accordance with International Financial Reporting Standards ("IFRS"). Additional information relevant to the Corporation's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include the intention to complete an acquisition or disposition or financing transaction and the Corporation's plans for its mineral projects. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Corporation to obtain necessary financing, satisfy conditions under any acquisition agreement, or satisfy the requirements of the Toronto Stock Exchange ("TSX") with respect to an acquisition; consumer interest in the Corporation's services and products; competition; and anticipated and unanticipated costs. The forward-looking statements contained in this document are made as of the date of this document and the Corporation does not undertake to update publicly or revise the forward-looking information contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. These forward-looking statements should not be relied upon as representing the Corporation's views as of any date subsequent to the date of this document. Although the Corporation has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements include exploration and development risks, the failure to establish estimated mineral resources or mineral reserves, volatility of commodity prices, variations of recovery rates and global economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation. Additional factors are noted under "Risk Factors" in the Corporation's Annual Information Form for the year ended September 30, 2013, a copy of which may be obtained on the SEDAR website at www.sedar.com, as well as other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

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

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

Overall Performance and Corporation Overview

The Corporation was incorporated under the *Canada Business Corporations Act* (the "CBCA") on January 18, 2008. The head office and the registered office of the Corporation are located at 2000 Barrington Street, Suite 1301, Cogswell Tower, Halifax, Nova Scotia, B3J 3K1. On January 22, 2010, the Corporation received final receipts for a prospectus dated January 20, 2010 and became a reporting issuer in the Provinces of British Columbia, Alberta, Nova Scotia and Ontario. The Corporation completed its initial public offering (the "Offering") to raise gross proceeds of $500,000 on February 8, 2010 and had its common shares listed for trading on the TSX Venture Exchange ("TSXV") as a capital pool Corporation on February 12, 2010, under the symbol GGD.P.

On July 30, 2010, following the receipt of all necessary regulatory approvals for approval of its Qualifying Transaction, the common shares of the Corporation commenced trading on the TSX Venture Exchange under the symbol GGD as a Tier 2 mining exploration Corporation.

On April 13, 2011, the Corporation acquired all of the issued and outstanding shares of Mexican Gold Holdings Corporation Incorporated ("MHC"), a Canadian Corporation (the "MHC Transaction"). MHC and MHC's wholly owned Canadian subsidiary, North American Gold Holdings Corporation Incorporated ("NAHC"), together own 100% of Minera Dorango Dorado S.A. DE C.V., a Mexican Corporation, ("MDD"). MDD is a party to agreements to earn a 100-per-cent interest in five (5) gold and silver properties consisting of a number of Mexican mining concession titles (the "MDD Claims") in Durango, Mexico (the "MDD Agreements").

The terms of the MDD Agreements provide MDD with an option to acquire a 100% interest in the MDD Claims in exchange for the following:

i. a first year payment of US$140,000 (which has been paid);
ii. a total work commitment in total for all MDD Claims for the first three years of US$900,000 and a total work commitment for years four through eight in total for all MDD Claims of US$2,650,000; and,
iii. prepayment of future royalties of US$130,000 per annum starting in year three and ending in year eight. The future royalties will be based on a payment of up to US$4.00 per ounce of gold equivalent NI 43-101 compliant mineable reserves ("Reserves"). Any royalty prepayments will be applied against the final royalty payment due. After year eight of the MDD Agreements, MDD has agreed to pay the current optioners of the MDD Claims a royalty of up to US$4.00 per ounce of any additional increase in Reserves after the end of year eight.
iv. MDD may exercise the option to acquire the MDD Claims at any time by paying the total minimum advance royalty or at the end of the eight year period provided all payments above have been made.

The MDD agreements are all in good standing and the commitments required to exercise the option to own 100% of the concessions are included in the table below.

The Corporation issued 14,000,000 common shares to the shareholders of MHC and paid cash consideration of $1,100,000. The fair value of $10,920,000 pursuant to the share issuance has been included in share capital and acquisition cost for the MDD Claims (also called the "San Diego Project"). The cash payment has been included in the acquisition cost of the project.

On August 16, 2012, GoGold announced that MDD entered into an option agreement to acquire a 100% interest in a 2,000 hectare portion of the San Diego Project known as Mina La Blanca. Under the terms of the option agreement, the exercise of the option requires: (a) an initial payment of US$350,000, (b) four additional payments of US$100,000 on November 1, 2012, February 1, 2013, May 1, 2013, and August 1, 2013, and (c) a net smelter royalty of 1% if gold price per ounce is less than $1,000, 1.5% if gold price per ounce is between $1,000 and $1,500 or 2.0% if gold price per ounce is greater than $1,500 at the time of exercise. GoGold also acquired a 100% interest in two additional gold and silver mining concessions from Mexican prospectors for US$90,000. The commitments required to earn the 100% interest are included in the table below.

On July 30, 2012, the Corporation closed the acquisition of Absolute Gold Holdings Incorporated ("Absolute"). GoGold acquired all of the 83,000,000 issued and outstanding common shares of Absolute ("Absolute Shares") and the 15,000,000 common share purchase warrants of Absolute ("Absolute Warrants") in exchange for the issuance of 0.81 of a common share of GoGold ("GoGold Share") for each Absolute Share and 0.81 of a common share purchase warrant of GoGold ("GoGold Warrant") for each Absolute Warrant, through a plan of arrangement ("Plan of Arrangement") completed under the Canada Business Corporations Act (the "Acquisition Transaction").

Under the Acquisition Agreement, the Corporation acquired 100% of the issued and outstanding Absolute Shares and Absolute Warrants, such that Absolute, which owns the exclusive right to process 100% of the tailings material located at the Parral Tailings Project located in Chihuahua, Mexico, through its wholly-owned subsidiary Grupo Coanzamex S.A. Del C.V., is now a wholly-owned subsidiary of the Corporation.

Under the terms of the Acquisition Transaction, the 83,000,000 Absolute Shares and the 15,000,000 Absolute Warrants issued and outstanding are to be exchanged under the terms of the Acquisition Transaction into 67,230,000 GoGold Shares and 12,150,000 GoGold Warrants, in accordance with the terms of the Plan of Arrangement. Each GoGold Warrant is exercisable into one GoGold Share at an exercise price of $1.50 until January 24, 2015.

The Parral Tailings Project comprises dry land tailings deposited from the historical Mina la Prieta silver and base metal mine. Please see the NI 43-101 compliant technical report entitled "National Instrument 43-101 Independent Technical Report on the Parral Tailings Project Chihuahua, Mexico held by Grupo Coanzamex S.A. de C.V. (Coanzamex) a Subsidiary of GoGold Resources Incorporated (GoGold)" dated February 20, 2013, prepared by David S. Dodd, B.Sc (Hon) FSAIMM, David R. Duncan, P.Geo and Ken Kuchling, P.Eng., ("Parral Prefeasibility Study") on SEDAR for a complete description of the project. Permits have been received and construction has commenced. The project is currently approximately 90% complete.

The following table summarizes the minimum future financial commitments (in US$) as of the date of this document to keep the Parral Tailings Project and the MDD Agreements, including Mina La Blanca, in good standing:

	Fiscal year 2014	2015	2016	2017	2018	2019
Work commitments	-	150,000	150,000	150,000	150,000	-
Minimum advance royalty and rent of land	240,000	938,000	938,000	938,000	938,000	768,000
Advance 12% royalty	338,800	-	-	-	-	-
Total	$ 578,800	$ 1,088,000	$ 1,088,000	$ 1,088,000	$ 1,088,000	$ 768,000

On January 14, 2013, the Corporation obtained conditional approval to list its common shares (the "Common Shares") on the Toronto Stock Exchange (the "TSX") under the symbol "GGD" and on January 22, 2013, the Corporation's Common Shares began trading on the TSX. The Corporation's Common Shares were simultaneously delisted from the TSX Venture Exchange.

On January 22, 2013, the Corporation appointed Mr. Terry Cooper, QC to the board of directors of the Corporation as well as to the Audit Committee and the Corporate Governance Committee. At the same time, Mr. Daniel Whittaker resigned from both the board of directors, the audit committee and the corporate governance committee. The audit committee now consists of three independent directors.

On September 30, 2013, the Corporation closed a $35-million (U.S.) debt and equity financing with Orion Mine Finance Fund I ("Orion"). The financing transaction is more fully described below (see "Parral Project").

On January 23, 2014 the Corporation and Animas Resources Ltd. ("Animas") mailed to Animas securityholders the Corporation's takeover bid circular and Animas's directors' circular in connection with the takeover bid by the Corporation (the "Offer") for all of Animas's outstanding common shares ("Animas Shares") and share purchase warrants ("Animas Warrants"). Pursuant to the Offer, holders of Animas Shares received $0.07 in cash and 0.0851 of a common share of the Corporation (each a "GoGold Share") for each Animas Share (for a deemed offer price of $0.15 for each Animas Share based on the closing price of GoGold Shares on December 27, 2013 (the "Offer Price")), and one GoGold Share for each $0.94 of cumulative in-the-money value of Animas Warrants.

The Offer expired on February 28, 2014, and a total of 60,187,546 Animas Shares and 12,500,000 Animas Warrants, representing in the aggregate 81.74% of the outstanding Animas Shares, had been validly tendered to the Offer. GoGold took up and accepted for payment all such Animas Shares and Animas Warrants and paid for such Animas Shares and Animas Warrants on March 5, 2014. This stage of the transaction required the issuance of 5,786,841 common shares and the payment of $4,213,128.

On April 23, 2014, the Corporation successfully completed the acquisition whereby GoGold acquired, by way of court approved plan of arrangement, 100% of the issued and outstanding securities of Animas. This final stage of the transaction required the issuance of 1,149,339 common shares and the payment of $941,034. Animas' shares were delisted from the TSX Venture Exchange effective as of the close of business on April 23, 2014. In addition, Animas has applied to cease being a reporting issuer or the equivalent in the relevant Canadian provinces. Following the transaction, GoGold owns and controls 100% of the issued and outstanding Animas Shares. All outstanding Animas Options and other convertible securities were cancelled.

Summary of Quarterly Results (in $)

	Revenue	Expenses	Net Loss	Working Capital	Total Assets	Shareholder Equity	Loss per Share
March 31, 2014	**0**	**696,555**	**1,272,969**	**10,289,734**	**142,459,416**	**103,822,697**	**-**
December 31, 2013	**0**	**839,305**	**2,925,443**	**17,535,550**	**113,110,800**	**94,677,601**	**.02**
September 30, 2013	**0**	**826,913**	**754,245**	**28,672,964**	**112,448,680**	**96,744,092**	**.01**
June 30, 2013	**0**	**684,609**	**630,882**	**15,284,887**	**93,797,989**	**93,492,710**	**.01**
March 31, 2013	**0**	**1,620,879**	**1,557,183**	**18,265,551**	**94,635,205**	**94,277,442**	**.01**
December 31, 2012	**0**	**754,245**	**754,245**	**21,730,823**	**94,993,318**	**94,697,439**	**.01**
September 30, 2012	**0**	**722,414**	**722,414**	**24,495,431**	**96,040,317**	**95,183,786**	**.01**
June 30, 2012	**0**	**545,754**	**545,754**	**866,978**	**21,124,489**	**20,643,348**	**.01**

Note: Fully diluted loss per share equals Loss per Share

Results of Operations

The Corporation completed the acquisition of Absolute Gold and the Parral Tailings Project on July 27, 2012 and after receiving a positive prefeasibility study commenced construction in Q4 2013 and is approximately 90% complete as of the date of this document. The Corporation is carrying out a minimal amount of exploration on the San Diego property. The Corporation's exploration team continues to compile geological data on the Santa Gertrudis past producing gold mine acquired as part of the Animas Resources Ltd. transaction.

During the three and six month periods ended March 31, 2014 and 2013, the Corporation earned no revenue. The Corporation incurred general and administrative costs of $535,018 and $1,064,730 in the three and six month periods ended March 31, 2014 compared to $581,993 and 1,147,833 in the prior periods. The decrease is primarily a result of a lower non-cash stock based compensation expense of $87,426 and $163,004 in the current periods versus $229,929 and $440,300 in the prior periods. Regulatory costs were $64,772 and $144,415 in the three and six month periods ended March 31, 2014 compared to $71,411 and $79,252 in the prior periods. The increase in the six month expense resulted from additional exchange and other regulatory fees associated with listing the Corporation's common shares on the TSX effective January 2013. Marketing and public relations costs were $96,765 and $326,715 in the three and six month periods ended March 31, 2014 compared to $252,377 and $505,609 in the prior periods. The decrease in this expense item was due to fewer trade shows and marketing efforts as a result of the Corporation's focus on construction at Parral. In the prior period ended March 31, 2013, the Corporation incurred an impairment charge equal to the entire value of the Rambler project in Newfoundland as the Corporation determines the future of the project. The amount of the impairment charge was $715,098. There were no impairment charges in the three and six month periods ended March 31, 2014.

The Corporation received $nil finance income in the three and six month periods ended March 31, 2014 (2013 - $63,696 and $136,363). These figures represent interest income on Canadian dollar cash balances during the period. The Corporation incurred a foreign currency loss during the three and six month periods ended March 31, 2014 of $174,414 and $103,775 (2013 – $nil and $nil) which is the net effect of translating the long term debt owed to Orion denominated in US dollars and the US dollar cash balances to Canadian dollars. The Corporation also recorded a loss on derivative liability, which represents the change in the fair value of the Orion warrants which have a US dollar strike price of US$1.50, of $402,000 and $321,309 (2013 - $nil and $nil) due to the rising price of the Corporation's common shares trading on the TSX Exchange during the last quarter.

As a result of new tax legislation enacted by the Mexican Government, in the future the Company will not be permitted to deduct prior capital expenditures on the San Diego exploration project and therefore has recorded a deferred tax liability of $nil and $2,032,724 in the three and six month periods ended March 31, 2014 (2013 - $nil and $nil) associated with these assets. This tax does not apply to the Parral project as the Company is not the concession holder.

These net expenses resulted in a net loss prior to other comprehensive income for the three and six months ended March 31, 2014 of $1,272,969 and $3,993,668 (2013 - $1,557,183 and $2,311,429).

The Corporation realized a gain on foreign currency translation differences arising on translation of foreign subsidiaries of $1,536,739 and $2,307,210 in the three and six month periods ended March 31, 2014 (2013 - $889,601 and $924,941). The increase is due to the weakness of the Canadian dollar during the current period and the increased value of the installed improvements on the project. These amounts were classified as other comprehensive income.

The above resulted in a total comprehensive income (loss) for the three and six month periods ended March 31, 2014 of $263,770 and ($1,686,458) (2013 – ($667,582) and ($1,386,488)).

The Corporation's cash used in operations was $3,232,876 during the six months ended March 31, 2014 and $1,648,114 during the prior period. The increase is due to the increased level of business activity as a result of the Parral construction being well underway and the Corporation's offer to acquire Animas Resources Ltd. and associated activities. These initiatives require higher levels of head office general and administrative expenditures incurred in Canada in the form of consulting fees, professional fees, personnel and administrative work.

Cash used in investing activities amounted to $26,272,366 in the six months ended March 31, 2014 (2013 - $4,998,378). The total figure is comprised of $2,209,253 in resource property expenditures on the San Diego and Santa Gertrudis projects (2013 - $4,987,562), cash consideration on the Animas asset purchase of $4,390,090 (2013 - $nil) and purchase of property, plant and equipment amounting to $19,673,023 (2013 - $10,816). Property, plant and equipment expenditures are primarily those incurred during the construction of the Parral project as described in more detail below.

Cash provided by financing activity in the six months ended March 31, 2014 was $16,651,500 (2013 - $nil). This amount represents receipt of the second tranche of the Orion financing.

The above resulted in the Corporation's cash balance being reduced from $31,114,102 at September 30, 2013 to $19,086,052 at March 31, 2014. Total current assets were similarly reduced from $31,551,951 on September 30, 2013 to $22,708,374 on March 31, 2014.

Total non-current assets, consisting of property, plant and equipment and exploration and evaluation assets increased from $80,896,729 on September 30, 2013 to $119,751,042 on March 31, 2014 as a result of expenditures at Parral, the acquisition of Animas and exploration expenditures on the Santa Gertrudis and San Diego projects.

Current liabilities increased from $2,878,987 on September 30, 2013 to $12,418,640 on March 31, 2014 due to an increase in trade and other payables from $1,628,987 to $4,128,890 as a result of the increased activity during the construction of Parral and interest accrued on the Orion debt. In addition, the current portion of long term debt increased from $1,250,000 on September 30, 2013 to $8,289,750 as principal and interest payments on the debt are expected to begin September 30, 2014.

Long term liabilities consisting of long term debt, derivative liability and income taxes increased from $12,825,601 at September 30, 2013 to $26,218,079 at March 31, 2014. The increase is comprised of long term debt rising to $23,372,896 on March 31, 2014 from $12,421,726 on September 30, 2013 as a result of the receipt of the second tranche of the Orion financing. Also contributing to the increase was the growth in the amount of the derivative liability from $388,691 on September 30, 2013 to $710,000 on March 31, 2014 due to GoGold's rising share price, and the increase in deferred income tax to $2,135,183 on March 31, 2014 from $15,184 on September 30, 2013 for reasons outlined above.

Total equity increased from $96,744,092 on September 30, 2013 to $101,663,838 on March 31, 2014 due to the operating results and comprehensive loss recorded in the current period, the acquisition of approximately 82% of Animas during the current period (Animas became a 100% owned subsidiary of the Corporation on April 23, 2014) which resulted in an increase to share capital from $94,241,134 on September 30, 2013 to $100,648,686 on March 31, 2014 and a non-controlling interest amount of $2,158,859 on March 31, 2014 (September 30, 2013 - $nil).

Exploration Activities

During the three and six month periods ended March 31, 2014, the San Diego project remained classified as an exploration project. As a result of the Animas transaction, the Santa Gertrudis project is now classified as an exploration project which was acquired for $13,633,175.

Expenditures on the Santa Gertrudis project were $1,453,739 for the three and six month periods ending March 31, 2014 (2013 - $nil). Work was comprised of data compilation, field and site work, geological consulting and some confirmation drilling and sampling. The Corporation has contracted an independent party to complete a NI 43-101 resource report and expects to receive the final report in calendar Q2 2014. There was also a positive foreign exchange adjustment of $147,626 on the project during the current period (2013 - $nil).

Expenditures on the San Diego project totalled $414,774 and $755,514 in the current periods (2013 - $1,244,988 and $3,132,950). The Corporation has reduced expenditures on the San Diego project while it focuses on construction at Parral and to preserve cash. In addition, there was a $1,096,951 foreign exchange gain adjustment associated with the San Diego project in the current period versus $859,477 in the prior period which are included in other comprehensive income for the respective periods.

The carrying value of the San Diego project as of March 31, 2014 was $28,129,786 versus $26,277,321 as of September 30, 2013.

Santa Gertrudis and San Diego Project Future Plans

The Corporation has contracted with an independent party to complete a NI 43-101 resource estimate on the Santa Gertrudis project and intends to progress to a preliminary economic assessment immediately upon receipt of the final report.

The San Diego Property is an exploration project that is currently in the discovery stage. As a result of the current state of capital markets and commodity prices as well as the Corporation's shift in focus as described above, exploration expenditures on the San Diego Property slowed during the year and are expected to remain below 2013 levels for fiscal 2014. Depending on cash resources, the priorities for the San Diego Property are to outline a resource at both the San Diego South and Las Europas areas.

Property Plant and Equipment

On September 30, 2013, the Parral project balances were transferred to property, plant and equipment. During the current three and six month periods, additions totaled $11,988,032 and $20,638,812 (2013 - $21,968 and $29,967). The current additions were comprised of capitalized interest of $930,269 plus costs for mechanical work, earthworks, structural steel, pads and liners and EPCM (engineering, procurement and construction management) expenditures versus the prior period additions being purchases of miscellaneous equipment. In the current periods there were also foreign exchange adjustments of $6,528 and 1,144,140 (2013 - $nil and $nil). The change was due to the weakness in the Canadian dollar during the current period. The Corporation also acquired $8,374 net book value of furniture and equipment as a result of the Animas transaction.

Carrying value for the Parral project as of March 31, 2014 was $75,585,050 versus $53,802,098 as of September 30, 2013. In addition, the Corporation's carrying value of all furniture and equipment was $801,666 on March 31, 2014 versus $817,310 on September 30, 2013.

Parral Project

The Corporation announced on February 21, 2013 that it had completed the Parral prefeasiblity study on its Parral tailings project in Chihuahua state, Mexico, which defined a reserve of 35 million silver-equivalent ounces and a pretax internal rate of return of 80 percent (dollar amounts are in U.S. dollars). The study projects an initial capital cost of $35-million and a life of mine (LOM) of 12 years with an average annual production of 1.8 million silver-equivalent ounces (1.2 million ounces of silver and 11,000 ounces of gold). The mine production is planned at 5,000 tonnes per day on a conventional heap leach with a sustaining capital of $27.5-million over LOM. The Parral prefeasibility study was prepared by the MDM Group of South Africa, in accordance with the requirements of National Instrument 43-101.

The study includes a LOM reserve average silver grade of 38.4 grams per tonne silver and 0.31 g/t gold, and a recovery of 58 per cent for silver and 64 per cent for gold. Cash operating cost for silver of $6.48 an ounce using gold as a byproduct credit. This project as outlined in the prefeasibility study has a pretax IRR of 80 per cent, with pretax net cash flow of $230-million and a pretax net present value of $159-million using a 5-per-cent discount rate. The study is based on a gold and silver price of $1,475 (U.S.)/ounce gold and $29 (U.S.)/ounce silver. Based on the study, payback for the project is expected in the first 16 months of production.

On September 30, 2013, the Corporation closed a $35-million (U.S.) debt and equity financing with Orion Mine Finance Fund I (the "Orion Financing").

Orion Mine Finance Fund I ("Orion"), provided $30-million (U.S.) in senior secured debt in two tranches. The first tranche of $15,000,000 (U.S.) was received in September 2013 and the second tranche of

$15,000,000 (U.S.) was received in February 2014. The debt bears interest at London interbank offered rate (LIBOR) plus 6.5 per cent, repayable in equal quarterly instalments over a three-year period commencing in September, 2014.

In addition, on the closing date, Orion purchased 4,693,563 common shares of the Corporation through a non-brokered private placement for gross aggregate proceeds of $5-million (U.S.), representing a purchase price of approximately $1.103 (Canadian) per common share, which is a 5-per-cent premium to the volume-weighted average share price of the common shares on the Toronto Stock Exchange for the 20 trading days ended September 13, 2013. Orion also received two million common share purchase warrants. Each whole warrant will entitle Orion to acquire one common share at a price of US$1.50 for a period of two years from the closing date. The common shares and the warrants, and the common shares issuable on exercise of the warrants, are subject to a four-month hold period from the closing date.

Orion will have the right to purchase additional common shares and/or participate in future securities offerings by the Corporation in order to maintain its ownership share.

The net proceeds of the financing transactions will be used to finance the development and construction of the Parral tailings project and for general working capital purposes.

The Corporation and Orion also entered into a definitive off-take agreement, together with the Corporation's indirect wholly owned subsidiary, Grupo Coanzamex SA de CV. Under the off-take agreement, Coanzamex has agreed to sell and Orion has agreed to purchase all of the refined gold and refined silver produced from the Parral tailings project, up to an aggregate of 150,000 ounces of refined gold and 15 million ounces of refined silver. As part of the offtake agreement, Orion has a look back window and depending on volatility of commodity prices, management estimates this to represent a 1.5 – 3.0% reduction in the realized sale price of metal produced at Parral.

The Corporation, after having received the required permits, commenced construction of the Parral tailings project in Q4 of fiscal 2013. The Corporation estimates that construction is now 92% complete and the first precious metal pour is expected to occur in May of 2014.

Liquidity and Capital Resources

At March 31, 2014, the Corporation had cash of $19,086,052 (September 30, 2013 - $31,114,102) and 12,500,000 in-the-money warrants which expire January 24, 2015, that if exercised will provide $18,225,000 cash to the Corporation.

At March 31, 2014, the Corporation had working capital of $10,289,734 (September 30, 2013 - $28,672,964). Management expects this working capital to be sufficient for the Corporation to complete construction, commissioning and startup of the Parral tailings project. The Santa Gertrudis gold mine project may require additional capital and the Corporation is investigating alternatives to raise additional capital. The ability of the Corporation to raise the necessary funds cannot be guaranteed.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Transactions with Related Parties

Included in general and administrative expense during the three and six months ended March 31, 2014 are insurance premiums amounting to $49,415 and $110,155 (2013 - $26,711 and $46,710) paid to a Corporation in which a significant interest is owned by a director of the Corporation. The increase in the premiums from the prior periods is due to specific construction insurance put in place for the duration of construction at Parral and additional coverage generally.

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

Critical Accounting Estimates and Significant Accounting Policies

a) Foreign currency

i) Foreign currency transactions

In preparing the financial statements of each individual corporate entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

ii) Foreign operations

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

- shareholders' equity and intercompany loans are translated at historical rates of exchange;
- assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each income statement presented are translated at monthly average exchange rates; and
- all resulting exchange differences are recognized within Accumulated Other Comprehensive Income ("AOCI") which is a separate component of equity.

On the loss of control of a foreign operation, all the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in AOCI.

b) Exploration and evaluation assets:

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

Recent accounting pronouncements:

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

a) Consolidated Financial Statements

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

b) Joint Arrangements

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

c) Disclosure of Interests in Other Entities

IFRS 12, Disclosure of Interests in Other Entities, outlines the disclosures required surrounding an entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities, to enable users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. The requirements of IFRS 12 relate to disclosures only and are applicable for the first annual period after adoption. IFRS 12 does not require the disclosures to be included for periods that precede the first annual period for which IFRS 12 is applied. Therefore, any additional disclosures about interests in other entities that are required by this standard will be provided in the Company's consolidated financial statements for the year ended September 30, 2014.

d) Fair Value Measurement

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

e) Financial Instruments

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

f) Presentation of Financial Statements

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

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

a) Financial instruments

IFRS 9, Financial Instruments, will replace IAS 39, Financial Instruments: Recognition and Measurement, and some of the requirements of IFRS 7, Financial Instruments: Disclosures. The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. The IASB recently suspended the originally planned mandatory effective date of January 1, 2015 and at present the effective date has not been determined.

b) Levies

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

c) Recoverable amount disclosures for non-financial assets

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

Financial Instruments and Other Risks

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

As described above, the Corporation incurred a foreign currency gain arising from translation of foreign subsidiaries during the three and six months ended March 31, 2014 of $1,536,739 and $2,307,210 (2013 – gain of $889,601 and $924,941). The large gain in the current period is due to a significant weakening of the Canadian dollar versus the US Dollar and Mexican Peso during the current periods impacting the translation of the carrying value of the related assets. These amounts were recorded under other comprehensive income for the periods.

In addition, the Corporation received no finance income during the three and six months ended March 31, 2014 (2013 – $63,696 and $136,363).

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

Additional detail on risks and uncertainties is discussed in the Corporation's Annual Information Form dated December 31, 2013, a copy of which may be obtained on the SEDAR website at www.sedar.com, as well as other continuous disclosure materials filed from time to time with Canadian securities regulatory authorities.

Outstanding Share Data

As at March 31, 2014, the Corporation had a total of 138,768,735 common shares issued and outstanding with a recorded value of $100,648,686. Comparative figures for September 30, 2013 were 128,288,331 and $94,241,134.

On April 23, 2014, the Corporation completed the acquisition of Animas Resources Ltd. which required the issuance of 1,149,339 common shares in addition to the 5,786,841 common shares previously issued on March 5, 2014. As of the date of this document, the Corporation has 139,918,074 common shares issued and outstanding, 4,735,000 incentive options and broker's warrants outstanding and 14,150,000 warrants outstanding for a fully diluted common share total of 158,803,074.

Commitments

As at March 31, 2014, the Corporation had commitments to acquire plant and equipment relating to the Parral Tailing project of $8.2 million.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended March 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Events After the Reporting Period

As described above, on April 23, 2014 the Corporation completed the acquisition of Animas Resources Ltd. which is now a wholly owned subsidiary of the Corporation.

Future Outlook

Given the current state of the capital markets and commodity prices, the Corporation intends to focus on completing construction at Parral and commencing production. Simultaneously, the Corporation intends on completing the NI 43-101 resource report on the Santa Gertrudis project. Immediately thereafter, we intend to complete a prefeasibility or feasibility study on the Santa Gertrudis project, and in the event the study is positive, the Corporation intends to move to finance and construct facilities to put the Santa Gertrudis mine back into production. As well, the Corporation intends to continue investigating projects that meet our criteria of being advanced, capable of producing at a low all-in cost and of being developed in a short time frame.

Other Information

Additional information regarding the Corporation, including the Corporation's Annual Information Form dated December 31, 2013, is available on SEDAR at www.sedar.com.

Dated: May 14, 2014