GOGOLD RESOURCES INC

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended December 31, 2018

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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 6, 2019 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended December 31, 2018 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, 2018.

The Corporation's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2018 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 12 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 11 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.

STRATEGIC UPDATE

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

The closing of the sale of the royalty concludes the Corporation's involvement with the Santa Gertrudis project which was initially acquired in 2014. Net consideration on the sale of assets associated with the Santa Gertrudis project was $88,607, less costs of $24,460 resulting in a pre-tax gain of $64,147 over the life of the project.

The Corporation maintains a strong balance sheet with a strong cash position and no debt. The Corporation is in a strong financial position and is seeking opportunities to be a consolidator of undervalued mining properties in Mexico.

OPERATIONAL UPDATE

Production in the quarter ending December 31, 2018 ("Q1 2019") was 325,148 silver equivalent ounces, compared to 392,406 in the quarter ending December 31, 2017 ("Q1 2018"). The decrease in production is attributed to the second lift testing completed in the spring and summer of 2018, which resulted in less ounces under irrigation at that time, which affected production levels at the beginning of Q1 2019. With the testing completed and more material coming under irrigation, Q1 2019 saw a 35% increase in production from Q4 2018, and each month within the quarter showing a production increase.

In Q1 2019, the Corporation stacked 355,613 tonnes on the leach pad, of which 295,015 were rehandled tonnes, and 60,598 were fresh tailings. This compares to 361,934 total tonnes stacked in Q1 2018, which were all rehandled. The rehandled material in Q1 2019 consisted of material which was previously stacked on the second lift of the heap leach without compacting the first lift as part of a test to determine if compaction was required. There are less than 100,000 tonnes of material remaining requiring rehandling in the quarter ending March 31, 2019. Recoverable silver equivalent ounces stacked in Q1 2019 were 54,000 compared to nil the prior year as the material was all rehandled in Q1 2018.

Following are key performance indicators of Parral's operations:

Key performance indicator:	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**	**Q1 2019**
Fresh tailings placed on leach pad	-	193,516	284,038	270,837	60,598
Tailings rehandled	361,934	245,860	162,975	99,751	295,015
Total tonnes placed and rehandled	361,934	439,376	447,193	370,558	355,613
Recoverable silver equivalent ounces stacked[1,2]	-	226,000	320,000	323,000	54,000
Gold production (oz)	1,708	1,908	1,630	1,665	1,858
Silver production (oz)	261,693	265,629	163,991	105,623	167,974
Silver equivalent production (oz)[1]	392,406	417,191	292,273	240,939	325,148
Cash cost (per silver equivalent oz)[3]	$11.69	$10.67	$16.61	$39.98	$15.80
Adjusted cash cost (per silver equivalent oz)[3,4]	$11.18	$10.67	$10.30	$7.92	$12.32
Cash cost (per silver oz)[3]	$8.73	$7.47	$16.69	$68.21	$17.29
Adjusted cash cost (per silver oz)[3,4]	$7.90	$7.47	$6.09	$1.07	$10.09
AISC per silver equivalent ounce[5]	$15.25	$15.97	$20.40	$44.55	$20.25
Adjusted AISC per silver equivalent ounce[4]	$14.74	$15.97	$14.09	$12.50	$16.77

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 2018 – 76, Q2 2018 – 79, Q3 2018 – 79, Q4 2018 – 81, Q1 2019 - 85.
2. Excluding ounces included in rehandled tailings.
3. Non-IFRS measure, reconciliation on page 11.
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 11.

Cash costs per silver equivalent ounce were $15.80 in Q1 2019, compared to $11.18 in Q1 2018. A $1,132,000 net realizable value adjustment on the heap leach inventory was taken in Q1 2019, due to a decrease in the consensus silver price, of which $944,000 was associated with cash costs included in inventory. Adjusting for this provides a cash cost of $12.32. The increase compared to prior year is attributed to higher input costs, predominantly due to an increase in the cost per ton and usage of cyanide, as well as the rehandling throughout the year which raises the cost per ounce due to having to handle the material twice.

All in sustaining costs ("AISC") were $20.25 in Q1 2019, compared to $15.25 in Q1 2018. The increase in AISC is similar to that of cash costs for similar reasons – cyanide, as well as the rehandling. Excluding the cash portion of the net realizable value adjustment provides an adjusted AISC of $16.77, compared to $14.74 in the prior year. Increasing the amount of fresh tailings placed on the pad – and the associated recoverable silver equivalent ounces stacked – in future quarters will aide in reducing the AISC.

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, 2018	$ 3,850	$ 5,437	$ 1,137	$ 8,153	$ -	$ 8,153	$ 66,449	$ 0.05
Sept 30, 2018	3,492	25,610	971	(67,915)	(605)	(68,520)	58,934	(0.39)
June 30, 2018	6,289	8,588	1,032	(3,626)	-	(3,626)	127,240	(0.02)
Mar 31, 2018	5,403	5,030	1,090	(41)	-	(41)	130,458	(0.00)
Dec 31, 2017[1]	5,832	6,066	1,041	(1,663)	30,157	28,494	130,808	0.15
Sep 30, 2017	4,444	13,183	1,488	(1,361)	(140)	(1,501)	87,826	(0.01)
Jun 30, 2017	4,651	3,924	902	985	(1,340)	(355)	90,152	(0.00)
Mar 31, 2017	4,276	3,254	263	(94)	704	610	90,694	0.00

[1] The amounts of cost of sales and income from continuing and discontinued operations reported in the quarter ending December 31, 2017 have been revised from the amounts previously reported to reclassify $1,541 of expenses related to the discontinued operations that had been originally reported as part of comprehensive loss.

In Q1 2019, the Corporation recorded revenue of $3,850 on 271,211 silver equivalent ounces sold at an average realized price of $14.20, compared to sales of $5,832 on 366,374 ounces at a price of $15.92 in Q1 2018. The average market price of silver decreased significantly to $14.55 in Q1 2019, compared to $16.70 in Q1 2018. The number of ounces sold decreased by 95,163, which is larger than the decrease in production as sales in Q1 2018 included significant amounts produced in prior quarters.

Cost of sales in Q1 2019 were $5,437, compared to $6,066 in Q1 2018. Both quarters included inventory net realizable value adjustments – $1,544 in Q1 2018 and $1,132 in Q1 2019. Increased costs associated with rehandling material throughout 2018 attributed to an increase in the cost expensed in Q1 2019, as the rehandling costs increased the carrying costs of inventory, as well an increases in the cost of cyanide are attributed to the variance. General and administrative expense increased from $1,041 in Q1 2018 to $1,137 in Q1 2019 predominantly as a result of an increase in costs associated with the Mexican corporate office which saw an increase of $78.

Net income from continuing operations was $8,153 in Q1 2019 compared to a loss of $1,663 in Q1 2018 – the increase is attributed mainly to the sale of the Santa Gertrudis royalty, which generated a gain of $11,837, which was partially offset by non-cash tax expense primarily attributed to that sale of $1,890. A positive fair market value adjustment on marketable securities of $452 was included in net income in Q1 2019 which is attributed to the increase in market price of the Metalla shares from CAD $0.78 at acquisition to CAD $0.84 at quarter end.

Shareholders' equity was $66,449 at December 31, 2018 compared to $58,934 at September 30, 2018, mainly due to comprehensive income for the period of $7,437.

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, 2018	Sept 30, 2018
Current assets	$ 28,970	$ 18,721
Current liabilities	(3,644)	(3,818)
Working capital	$ 25,326	$ 14,903

Working capital increased in the period, primarily attributed to the sale of the Santa Gertrudis net smelter royalty. The working capital of $25,326 at December 31, 2018 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, and annual commitments of $39 until 2022 related to the corporate office.

OUTSTANDING SHARE DATA

As at December 31, 2018, the Corporation had a total of 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. Comparative figures for September 30, 2018 were 171,776,481 common shares with a carrying amount of $142,465, 3,615,000 stock options, and 475,000 deferred share units issued and outstanding.

There were no changes in outstanding share data from December 31, 2018 to the date of this document.

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, 2018 are consistent with those applied and disclosed in the Corporation's Consolidated Financial Statements for the year ended September 30, 2018. 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, 2018, which are available on the Corporation's website at www.gogoldresources.com or on SEDAR at 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, 2018.

Financial Instruments ("IFRS 9")
The Corporation adopted IFRS 9, which replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"), beginning on October 1, 2018, the mandatory effective date. IFRS 9 includes a revised model for classifying financial assets, which results in classification according to a financial instruments' contractual cash flow characteristics and the business models under which they are held. The Corporation has adopted IFRS 9 on a modified retrospective basis in accordance with the transitional provisions of IFRS 9. As such, comparative figures have not been restated, and the adoption of the standard did not result in a change in carrying value of any of the Corporation's financial instruments upon transition.

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have a significant impact on the Corporation's financial statements.

An equity investment that is held for trading is measured at fair value through profit or loss. For other equity investments that are not held for trading, the Corporation may irrevocably elect to designate them as fair value through other comprehensive income. This election is made on an investment-by-investment basis.

The Corporation's financial instruments are accounted for as follows under IFRS 9 as compared to the previous policy in accordance with IAS 39:

	IAS 39	IFRS 9
Assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Trade receivables	Loans and receivables	Amortized cost
Marketable securities	Available-for-sale	Fair value through profit or loss
Trade and other payables	Other financial liabilities	Amortized cost
Derivative financial instruments	Fair value through profit or loss	Fair value through profit or loss
Term loan	Other financial liabilities	Amortized cost
Long term debt	Other financial liabilities	Amortized cost

As a result of the adoption of IFRS 9, the Corporation's accounting policy for financial instruments has been updated as follows:

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes party to the contractual provisions of the instruments. A financial asset is derecognized either when the Corporation has transferred substantially all the risks and rewards of ownership of the financial assets or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

The Corporation classifies and measures financial assets and liabilities on initial recognition as described below:

- Cash and equivalents include cash, term deposits, treasury bills and money market investments with original maturities of less than 90 days and are classified as and measured at fair value through profit or loss.
- Trade receivables are classified as and measured at fair value through profit or loss using the effective interest method less any allowance for impairment.
- Marketable securities, including equity instruments, are designated as fair value through profit or loss and are recorded at fair value on settlement date, net of transaction costs. Subsequent to initial recognition, changes in fair value are recognized in income.
- Derivative financial instruments are recorded at fair value through profit or loss. Subsequent to initial recognition, changes in estimated fair value at each reporting date are recognized through profit or loss. The fair value of derivative financial instruments is based on forward rates considering the market price, rate of interest and volatility and takes into account the credit risk of the counterparty.
- Trade and other payables, term loans and long term debt are classified and measured at amortized cost. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Revenue from Contracts with Customers ("IFRS 15")
The Corporation adopted IFRS 15 on October 1, 2018, the mandatory effective date, using the modified retrospective approach. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. Under the modified retrospective approach, the Corporation recognizes transition adjustments, if any, in retained earnings on the date of initial application (October 1, 2018), without restating the financial statements on a retrospective basis. Accordingly, the comparative information for prior periods have not been restated and the information presented for fiscal 2018 reflects the requirements of IAS 18, IAS 11, and the related interpretations.

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized, which the Corporation has used in reviewing its contracts with customers. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control requires judgment.

As a result of the adoption of IFRS 15, the Corporation's accounting policy for revenue recognition has been updated as follows:

Revenue from the sale of gold and silver contained in doré or precipitate is recognized when contracts with customers have been identified, performance obligations in the contract have been identified, transaction price is reasonably estimable, transaction price is allocated to the performance obligations in the contract, and performance obligation in the contract is satisfied. Generally, the performance obligations of the contract are met once shipments are received by the customer. Revenue is measured at the fair value of the consideration received or receivable and may be subject to adjustment once final weights and assays are determined.

On adoption of IFRS 15, trade receivables increased by $305 and finished goods inventory decreased by $305. There were no material differences recognized on the adoption of this standard.

Share based payments ("IFRS 2")
The Corporation adopted IFRS 2, Share-based Payments, effective October 1, 2018, with no impact on the condensed consolidated interim financial statements.

The Corporation has not adopted the following standard, as they are not yet effective for the year ending September 30, 2019:

Leases ("IFRS 16")
In January 2016, the IASB issued IFRS 16, *Leases*. This standard specifies the methodology to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. This standard replaces IAS 17, *Leases*. The standard is effective for annual reporting periods beginning on or after January 1, 2019 with early adoption permitted. The Corporation is currently assessing the impact of adopting this standard on its consolidated financial statements.

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, 2018		**September 30, 2018**	
	Level 1	Level 2	Level 1	Level 2
Marketable securities	$ 6,234	-	-	-
Derivative liabilities	-	$ 428	-	$ 352

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 20, 2018, 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 $95 and value added tax from the Federal Government of Mexico of $8,345. 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.

Equity Price Risk
The Corporation is exposed to equity price risk through its marketable securities. A 10% change in the market value of its marketable securities would change net income by approximately $623.

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, 2018, GoGold Resources Inc. had net monetary assets in US dollars of $10,084 (September 30, 2018 – $7,407), for which a 10% change in US exchange rates would change net income by approximately $1,010. At December 31, 2018, the Corporation had net monetary assets in Mexican Pesos of approximately $5,286 (September 30, 2018 – $6,255), for which a 10% change in Mexican Peso exchange rates would change net income by approximately $529.

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, 2018, the Corporation had cash balances of $10,880 for settling current liabilities of $3,644, 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 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, 2018 of $15.47 (September 30, 2018 - $14.31), as well as the historical volatility of silver market prices. The fair value of the liability under this method at December 31, 2018 was $428 (September 30, 2018 - $352).

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. 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	**Q1 2018**	**Q2 2018**	**Q3 2018**	**Q4 2018**	**Q1 2019**
Production costs, except amortization and depletion	$ 3,070	$ 3,605	$ 3,936	$ 2,942	$ 3,342
Net realizable value adjustment	1,544	-	3,201	7,981	1,132
Less: non-cash portion of NRV adjustment	(330)	-	(789)	(1,258)	(188)
Cash costs	4,284	3,605	6,348	9,665	4,286
Silver equivalent ounces sold	366,374	337,821	382,150	241,774	271,211
Cash cost per silver equivalent ounce	**$11.69**	**$10.67**	**$16.61**	**$39.98**	**$15.80**
Net realizable value cash adjustment on inventory[1]	(187)	-	(2,412)	(7,750)	(944)
Adjusted cash cost	4,097	3,605	3,936	1,915	3,342
Adjusted cash cost per silver equivalent ounce[1]	**$11.18**	**$10.67**	**$10.30**	**$7.92**	**$12.32**
Cash costs, per above	4,284	3,605	6,348	9,665	4,286
Gold sales	(2,331)	(2,000)	(2,548)	(1,792)	(2,019)
Total cash costs, net of gold sales	1,953	1,605	3,800	7,873	2,267
Silver ounces sold	223,640	214,862	227,744	115,426	131,119
Cash cost per silver ounce, net of gold credits	**$8.73**	**$7.47**	**$16.69**	**$68.21**	**$17.29**
Net realizable value cash adjustment on inventory[1]	(187)	-	(2,412)	(7,750)	(944)
Adjusted cash cost, net of gold sales	1,766	1,605	1,388	123	1,323
Adjusted net cash cost per silver ounce[1]	**$7.90**	**$7.47**	**$6.09**	**$1.07**	**$10.09**
Cash costs, per above	4,284	3,605	6,348	9,665	4,286
General and administrative costs	1,041	1,090	1,032	971	1,137
Sustaining capital expenditures	230	667	384	104	41
Accretion expense	31	32	32	32	29
All in sustaining costs	5,586	5,394	7,796	10,772	5,493
Silver equivalent ounces sold	366,374	337,821	382,150	241,774	271,211
AISC per silver equivalent ounce	**$15.25**	**$15.97**	**$20.40**	**$44.55**	**$20.25**

Net realizable value cash adjustment on inventory[1]	(187)	-	(2,412)	(7,750)	(944)
Adjusted all in sustaining costs	5,399	5,394	5,384	3,022	4,549
Adjusted AISC per silver equivalent ounce[1]	**$14.74**	**$15.97**	**$14.09**	**$12.50**	**$16.77**

1. 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 activities or policies during the quarter ended December 31, 2018 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, 2018, 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 20, 2018, is available on SEDAR at www.sedar.com.

Dated: February 6, 2019