

GoGold Resources Inc. Announces NPV of US\$295M for Los Ricos South PEA

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HALIFAX, Jan. 20, 2021 - [GoGold Resources Inc.](#) (TSX: GGD) (OTCQX: GLGDF) ("GoGold", "the Company") is pleased to release the results of its initial Preliminary Economic Assessment ("PEA") at its Los Ricos South Project located in Jalisco State, Mexico.

Highlights of the PEA, with a base case silver price of US\$21.00/oz and gold price of US\$1,550/oz are as follows (all figures in US dollars unless otherwise stated):

- GoGold completes PEA at its first target in Los Ricos district; Los Ricos South;
- After-Tax NPV (using a discount rate of 5%) of \$295 Million with an After-Tax IRR of 46% (Base Case);
- 11-year mine life producing a total of 69.6 million payable silver equivalent ounces ("AgEq"), consisting of 42.9 million silver ounces, 352,000 gold ounces and 4.5 million copper pounds;
- Initial capital costs of \$125 million, including \$16 million in contingency costs, over an expected 18 month build, and additional sustaining capital costs of \$62 million over the life of mine ("LOM");
- Average LOM operating cash costs of \$8.65/oz AgEq, and all in sustaining costs ("AISC") of \$11.35/oz AgEq
- At approximate spot metal prices of \$24.40 silver/oz and \$1,800 gold/oz, provides an After-Tax NPV (using a discount rate of 5%) of \$408 million and an IRR of 58%;
- Average annual production of 8.7 million AgEq in years two through six;
- Approximately 2/3 of LOM production is open pit ("OP"), and approximately 1/3 is bulk underground ("UG") mining;
- 22 months from project acquisition to PEA, including initial Mineral Resource on first target at Los Ricos South.

"The acquisition of the Los Ricos district, only 22 months ago in March 2019, has proven to be a tremendous catalyst of growth for GoGold," said Brad Langille, President and CEO. "More importantly, this has been accomplished with the first of many targets in the Los Ricos district. This PEA demonstrates the strong economics of the district which will continue to expand as we drill additional targets. We feel the PEA is the first step in unlocking the significant potential of the Los Ricos district and creating additional value for our shareholders. With our strong balance sheet and cash flow from our operating mine, we are now aggressively advancing Los Ricos North with a 100,000m drill program and targeting an initial Mineral Resource in 2021."

What's Next for Los Ricos South

In 2021, the Company will continue the engineering studies required for a pre-feasibility study. These studies include further defining the capital and operating costs including geotechnical drilling and bedrock studies, civil earthworks, metallurgical studies, and socio-economic programs with the local, State and Federal authorities.

Plan for Resources and Discovery; Los Ricos North

The Company's focus for Los Ricos North in 2021 will be to define the initial NI 43-101 compliant Mineral Resource. During 2020, GoGold's exploration team identified over 100 targets on the Los Ricos North properties, demonstrating the significant exploration potential. The Company plans to drill 10 of these targets as part of its 2021 drilling program which is planned to exceed 100,000 metres of drilling and will be one of the largest in Mexico.

PEA Summary

The PEA was prepared by independent consultants P&E Mining Consultants Inc ("P&E"), with metallurgical test work completed by SGS Canada Inc.'s Lakefield office ("SGS"), geotechnical study by Golder & Associates of Tucson, process plant design and costing by D.E.N.M. Engineering Ltd., and environmental and permitting led by CIMA Mexico.

Table 1 below shows the key economic assumptions and results of the PEA, with Table 2 showing a

sensitivity analysis based on varying metal prices and assumptions, and Table 3 showing a sensitivity analysis based on changes to operating and capital costs.

Table 1 &#8211; Los Ricos South PEA Key Economic Assumptions and Results

Assumption / Result	Unit	Value	Assumption / Result	Unit	Value
Total OP Plant Feed Mined	Kt	10,228	Net Revenue	US\$M	1,437.6
Total UG Plant Feed Mined	Kt	4,983	Initial Capital Costs	US\$M	125.1
Total Plant Feed Mined	Kt	15,211	Sustaining Capital Costs	US\$M	62.3
Operating Strip Ratio	Ratio	7.7	OP Mining Costs	\$/t Feed	18.33
Silver Grade ¹	g/t	99.59	UG Mining Costs	\$/t Feed	30.31
Gold Grade ¹	g/t	0.78	LOM Mining Costs	\$/t Feed	22.32
AgEq Grade ¹	g/t	157.31	Operating Cash Cost	US\$/oz AgEq	8.65
Silver Recovery	%	88	All in Sustaining Cost	US\$/oz AgEq	11.35
Gold Recovery	%	93	Mine Life	Yrs	11
Silver Price	US\$/oz	21.00	Average process rate	t/day	5,000
Gold Price	US\$/oz	1,550	After-Tax NPV (5% discount)	US\$M	295.0
Copper Price	US\$/lb	3.00	Pre-Tax NPV (5% discount)	US\$M	465.9
Payable Silver Metal	Moz	42.9	After-Tax IRR	%	45.8
Payable Gold Metal	Koz	352.9	Pre-Tax IRR	%	64.1
Payable Copper	Mlb	4.5	After-Tax Payback Period	Yrs	2.0
Payable AgEq	Moz	69.6			

1. Grades shown are LOM average feed grades including both OP and UG sources. Dilution of approximately 15% for OP material and 34% for UG material was used.

Table 2 &#8211; Los Ricos South PEA Gold and Silver Price Sensitivities

Sensitivity				Base Case			
Gold Price (US\$/oz)	1,200	1,300	1,450	1,550	1,650	1,800	2,000
Silver Price (US\$/oz)	16.26	17.61	19.65	21.00	22.35	24.39	27.10
After-Tax NPV (5%) (US\$M)	136.5	181.8	249.7	295.0	340.2	408.1	498.7
After-Tax IRR	26.5%	32.4%	40.6%	45.8%	50.8%	58.1%	67.4%
After-Tax Payback (years)	3.6	3.0	2.5	2.0	1.9	1.8	1.7

Table 3 &#8211; Los Ricos South PEA Operating Expense and Capital Expense Sensitivities

Sensitivity	-20%	-10%	Base Case	10%	20%
Operating Costs – NPV (US\$M)	352.3	323.6	295.0	266.3	237.6
Operating Costs – IRR	52.2%	49.0%	45.8%	42.5%	39.1%
Capital Costs – NPV (US\$M)	318.4	306.7	295.0	283.2	271.5
Capital Costs – IRR	56.9%	50.3%	45.8%	40.2%	36.1%

Capital and Operating Costs

The Los Ricos South Project has been envisioned as a combined open pit and underground mining operation, with contract open pit mining in years one to six of the mine plan, and contract underground mining in years six to eleven.

The processing plant is comprised of conventional crushing and grinding followed by cyanide tank leaching. Back end filtration is required to maximize water recycling (dry stack tailings) as well as a SART (sulfidation, acidification re-neutralization and thickening) circuit to re-generate cyanide back to the process and to produce a saleable Cu₂S copper sulfide product. Water supply to the process plant is provided by a nearby seasonally charged water dam and high voltage grid power is provided by the local utility.

Key components of the capital cost estimate are provided in Table 4 and operating costs are provided in Table 5.

Table 4 – Capital Cost Estimate

Initial Capital	Cost (US\$M)	Sustaining Capital	Cost (US\$M)
Plant direct costs	68,008	Underground Development	45,723
Pre-stripping	17,628	Plant Direct Costs	7,800
Project indirect costs	9,098	Open Pit Development	680
EPCM	9,187		
Infrastructure	4,890		
Total	108,811	Total	54,203
Contingency (15%)	16,321	Contingency (15%)	8,130
Total – Initial Capital	125,132	Total – Sustaining Capital	62,333
Capital – Initial & Sustaining	187,465		

Table 5 – Operating Costs (Average LOM)

Operating Costs (Average LOM)	US\$/tonne	US\$/tonne Rock
Plant Feed		
Open Pit Mining ¹	18.33	1.89
Underground Mining ²	30.31	
Total LOM Mining ³	22.32	
Processing (\$/t processed)	16.26	
General and admin (\$/t processed)	1.54	
Total (\$/t processed)	40.12	

1. Open pit mining costs include a double-benched waste rock of \$1.82/t and mineralized material cost of \$2.52/t
2. Bulk underground long hole mining. \$30.31 is the cost of in-stope mining, additional development costs of \$12.35/t mined are included in sustaining capital in table 4, providing a total UG mining cost of \$42.66/t
3. Average LOM mining cost of both open pit and underground Mining

The open pit mining will be contracted and carried out by drill and blast followed by conventional loading and truck haulage to the waste rock storage facilities and the processing plant. The contract underground mining will involve long hole stoping and cemented paste back filling of the mined-out stopes. A cement reinforced plug will be placed in the bottom of the open pits after they are mined out to provide additional support for underground mining of the crown pillars to maximize mineralized material recovery.

Metallurgy

A metallurgical test program was carried out by SGS Lakefield of Ontario, Canada. The program included grinding and leaching as well as comminution testing. The leach samples comprised of drill core rejects representing the various zones of the Mineral Resource and whole HQ drill core for the comminution work. This preliminary test program estimated a gold and silver recovery of 93% and 88%, respectively.

Surface Rights Agreement

The Company has signed an agreement with the Ejido of Cinco Minas, which owns the surface rights over all of those concessions included in this PEA. The agreement allows GoGold to mine and explore the 1,280 hectares of land that is owned by the local Ejido for a period of twelve years with an option to renew for a further twelve years.

Mineral Resource Estimate

The basis for the PEA is the Mineral Resource Estimate completed by P&E in the National Instrument 43-101 Technical Report on the Initial Mineral Resource Estimate for the Los Ricos South Project located in Jalisco State, Mexico, which has an effective date of July 28, 2020. A summary of the Mineral Resource Estimate is provided in Table 6.

Table 6: Los Ricos South Mineral Resource Estimate – Pit Constrained and Out-of-Pit⁽¹⁻⁸⁾

Mining Method	Category	Tonnes	Average Grade				Contained Metal			
			Au	Ag	AuEq	AgEq	Au	Ag	AuEq	AgEq
		(Mt)	(g/t)	(g/t)	(g/t)	(g/t)	(koz)	(koz)	(koz)	(koz)
Pit Constrained ⁵	Measured	1.1	1.10	152	2.84	249	39	5,464	102	8,917
	Indicated	8.7	0.89	113	2.18	191	247	31,681	610	53,330
	Measured & Indicated	9.8	0.91	118	2.26	197	287	37,146	711	62,243
	Inferred	2.3	0.75	73	1.58	138	56	5,421	118	10,296
Out-of-Pit ^{6,7}	Indicated	0.2	1.23	185	3.35	293	6	907	16	1,434
	Inferred	0.9	1.21	209	3.60	315	37	6,360	110	9,588
Total	Measured	1.1	1.10	152	2.84	249	39	5,464	102	8,917
	Indicated	8.8	0.89	115	2.20	193	253	32,588	626	54,765
	Measured & Indicated	10.0	0.91	119	2.27	199	293	38,053	728	63,677
	Inferred	3.3	0.88	112	2.17	190	93	11,781	227	19,884

1. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
3. The Mineral Resources in this news release were estimated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
4. Historically mined areas were depleted from the Mineral Resource model.
5. The pit constrained AuEq cut-off grade of 0.43 g/t Au was derived from US\$1,400/oz Au price, US\$16/oz Ag price, 93% process recovery, US\$18/tonne process and G&A cost. The constraining pit optimization parameters were \$2.00/t mineralized mining cost, \$1.50/t waste mining cost and 50-degree pit slopes.
6. The out-of-pit AuEq cut-off grade of 1.4 g/t Au was derived from US\$1,400/oz Au price, US\$16/oz Ag price, 93% process recovery, \$40/t mining cost, US\$18/tonne process and G&A cost. The out-of-pit Mineral Resource grade blocks were quantified above the 1.4 g/t AuEq cut-off, below the constraining pit shell and within the constraining mineralized wireframes. Out-of-Pit Mineral Resources are restricted to the Los Ricos and Rascadero Veins, which exhibit historical continuity and reasonable potential for extraction by cut and fill and longhole mining methods.
7. No out-of-pit Mineral Resources are classified as Measured.

The Preliminary Economic Assessment Technical Report will be filed on SEDAR within 45 days of this news release. AgEq and AuEq were calculated at an Ag/Au ratio of 87.5:1.

Qualified Persons

Robert Harris, P.Eng. and David Duncan, P.Geo. are the GoGold Qualified Persons and Eugene Puritch,

P.Eng., FEC, CET, president of P&E Mining Consultants Inc. is the Independent Qualified Person all as defined by National Instrument 43-101 and whom are responsible for the technical information in this press release.

VRIFY Slide Deck and 3D Presentation

VRIFY is a platform being used by companies to communicate with investors using 360° virtual tours of remote mining assets, 3D models and interactive presentations. VRIFY can be accessed by website and with the VRIFY iOS and Android apps.

Access the GoGold Company Profile on VRIFY at: <https://vrify.com>

The VRIFY Slide Deck and 3D Presentation for GoGold can be viewed at:

<https://vrify.com/explore/decks/9404> and on the Company's website at: www.gogoldresources.com.

Los Ricos District Exploration Projects

The Company's two exploration projects at its Los Ricos property are in Jalisco state, Mexico. The Los Ricos South Project began in March 2019 and includes the 'Main' area, which is focused on drilling around a number of historical mines including El Abra, El Troce, San Juan, and Rascadero, as well as the Cerro Colorado, Las Lamas and East Vein targets. An initial Mineral Resource on the Los Ricos South project was announced on July 29, 2020 and indicated a Measured & Indicated Mineral Resource of 63.7 million ounces AgEq grading 199 g/t AgEq contained in 10.0 million tonnes, and an Inferred Mineral Resource of 19.9 million ounces AgEq grading 190 g/t AgEq contained in 3.3 million tonnes.

The Los Ricos North Project was launched in March 2020 and includes drilling at the El Favor, La Trini, and El Orito targets.

About GoGold Resources

GoGold Resources (TSX: GGD) is a Canadian-based silver and gold producer focused on operating, developing, exploring and acquiring high quality projects in Mexico. The Company operates the Parral Tailings mine in the state of Chihuahua and has the Los Ricos South and Los Ricos North exploration projects in the state of Jalisco. Headquartered in Halifax, NS, GoGold is building a portfolio of low cost, high margin projects. For more information visit gogoldresources.com.

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The securities described herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and may not be offered or sold within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act) except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities laws or pursuant to exemptions therefrom. This release does not constitute an offer to sell or a solicitation of an offer to buy of any of GoGold's securities in the United States.

This news release may contain "forward-looking information" as defined in applicable Canadian securities legislation. All statements other than statements of historical fact, included in this release, including, without limitation, statements regarding the Los Ricos South and North projects, and future plans and objectives of GoGold, including the NPV, IRR, initial and sustaining capital costs, operating costs, and LOM production of Los Ricos South, constitute forward looking information that involve various risks and uncertainties.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information but which may prove to be incorrect, including, but not limited to, assumptions in connection with the continuance of GoGold and its subsidiaries as a going concern, general economic and market conditions, mineral prices, the accuracy of Mineral Resource Estimates, and the performance of the Parral project. There can be no assurance that such information will prove to be accurate and actual results and future events could differ materially from those anticipated in such forward-looking information.

Important factors that could cause actual results to differ materially from GoGold's expectations include exploration and development risks associated with GoGold's projects, the failure to establish estimated Mineral Resources or Mineral Reserves, volatility of commodity prices, variations of recovery rates, and global economic conditions. For additional information with respect to risk factors applicable to GoGold, reference should be made to GoGold's continuous disclosure materials filed from time to time with securities regulators, including, but not limited to, GoGold's Annual Information Form. The forward-looking information

contained in this release is made as of the date of this release.

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Contact

Steve Low, Corporate Development, GoGold Resources, T: 416 855 0435, E: steve@gogoldresources.com

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