



Santa Gertrudis

Location: 180km North of Hermosillo, Sonora, Mexico

Status: Development, Past Gold Producer; Restart Production Target - Beginning of 2016

Resource Estimate: 810,000 oz Indicated (23.3 Mt @ 1.08 g/t Au) & 255,000 oz Inferred (7.7 Mt @ 1.02 g/t Au)
†

Santa Gertrudis is a past-producing gold mine that was acquired in April 2014 as part of GoGold's purchase of Animas Resources. In September 2014, GoGold published an initial PEA that upgraded the previous historic resource estimate to 810,000 oz of gold indicated (23.3 Mt @ 1.08 g/t Au) and 255,000 oz gold inferred (7.7 Mt @ 1.02 g/t Au).† Details regarding the updated resource can be found in the [September 10, 2014 press release](#). Our team believes they will make a production decision early 2016 with the goal of quickly reinstating mining. As a past producer, the Santa Gertrudis property has infrastructure in place including numerous pits already stripped with haul roads ready to start mining. GoGold is continuing its exploration and expects the resource to grow and for additional potential high-grade targets to be identified.

Base Case Operating Highlights and Project Performance (\$US)

Gold price:	Base case economic evaluation: 1,250/oz Au
Updated Mineral Resource:	Indicated: 23.3 Mt @ 1.08 g/t Au containing 810,000 oz Au Inferred: 7.7 Mt @ 1.02 g/t Au containing 255,000 oz Au
Production:	56,000 oz Au/year (average) over 12-year mine life
After Tax Net Cash Flow	\$232 Million
Cash costs:	\$622 per ounce Au
All In Sustaining Cost:	\$699 per ounce Au
Initial CAPEX:	\$32 million (incl. 20% contingency)
NPV @ 5% (after tax):	\$150 million
IRR (after tax):	58%
Payback (after tax):	1.7 years
Sustaining Capital:	\$16 million
Low Gold Price Resilience:	34% IRR at \$1,000/oz Au

Note: The engineering and economic modelling work undertaken on the Santa Gertrudis property to date is considered to be at conceptual levels of study only. According to NI 43-101 disclosure guidelines, a Preliminary Economic Assessment is considered preliminary in nature and includes the use of inferred resources which are considered too speculative geologically to apply economic considerations that would enable them to be categorized as mineral reserves. As such, and according to the NI 43-101 Disclosure Guidelines, it is not possible to declare a mineral reserve.

Project Design and Economics

The proposed project is a 7,500-tonne-per-day heap leaching facility fed by several open pits, resulting in a projected 12-year mine life with total metal production of 671,000 ounces of gold. Start-up capital costs including owner's cost and a 20% contingency are estimated at US\$32 million. This includes the development of a centrally located heap leach pad, CIL plant and ADR plant required for the start of mining operations. Sustaining capital costs over the project's life are projected to be an additional US\$16 million and total life-of-mine capital costs are estimated at US\$48 million. Projected life-of-mine average cash operating costs are US\$622 per ounce of recovered gold. The total all-in cost of production (including cash operating costs and total capital (initial and sustaining) and contingency costs over the life of the mine) is estimated at US\$699 per ounce of gold, which represents one of the lower costs per gold ounce when compared to other producers in the region. Payback for initial capital comes after 1.7 years.†

Updated Mineral Resource Estimate

In June 2014, P&E completed a National Instrument 43-101 mineral resource estimate for the Santa Gertrudis project (see news release dated June 17, 2014). Since that date, a number of diamond drill holes along with further block modeling on the existing data base have increased the mineral resource estimate at Santa Gertrudis (see Table 1) which was used for the PEA.

Table1. Santa Gertrudis Property Updated Mineral Resource Estimate^{1,2,3,4,5}

Type	Cutoff Au (g/t)	Indicated			Inferred		
		kTonnes	Grade Au (g/t)	Au (kOz)	kTonnes	GradeAu (g/t)	Au (kOz)
Oxide	0.16	22,072	1.06	751.2	6,697	0.96	207.1
Mixed	0.25	816	1.47	38.5	852	1.44	39.4
Sulphide	0.6	174	1.9	10.6	4	2.32	0.3
Existing Pad	0.2	244	1.19	9.4	193	1.25	7.7
Total		23,306	1.08	809.7	7,746	1.02	254.5

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, sociopolitical, marketing, or other relevant issues.
2. The quantity and grade of reported Inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource, and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.
3. The mineral resources in this estimate were calculated in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines as prepared by the CIM Standing Committee on Reserve Definitions, as well as the requirements of National Instrument 43-101.
4. All resources are reported within an optimized pit shell developed using the following economic parameters: Gold Price \$1,300 per ounce. G&A cost \$0.80 per tonne. Mining cost \$1.40 per tonne. Processing cost \$4.00 per tonne for oxides, carbonaceous oxides and mixed oxide/sulphide deposits, and \$22.00 per tonne for sulphides. Process recoveries used are 75% for oxides and leach pad material, and 50% for mixed oxide/sulphide deposits, and 90% for sulphides. Optimized pit slopes are 50 degrees.
5. The mineral resource table incorporates 35 deposits and associated optimized pit shells as well as one leach pad.

The Santa Gertrudis Property updated mineral resource estimate incorporates results from thirty-five deposit areas constrained by optimized pit shells as well as three existing leach pads. The effective date of the updated mineral resource is August 22, 2014, and incorporates updated economic parameters, revised interpretation of local geological features, and a limited amount of additional drilling. The database used for the updated mineral resource estimate consists of 2,076 validated drill holes within the local area of interest, of which 1,217 drill holes directly intercept the modeled deposits. In addition to drill hole data, the database includes over 200,000 assayed production blast holes (digitized for modeling by GoGold), as well as metallurgical, geological, geotechnical, and geochemical data.

The updated mineral resource estimate represents an increase of 33% in total Au ounces over the previous mineral resource in the Indicated class, and 80% in the Inferred class. The increase is primarily attributable to the revised economic and optimization parameters developed for the PEA. The revised economic parameters developed for the PEA have also resulted in a decrease in the cut-off grade for oxide mineralization from 0.23 g/t Au to 0.16 g/t Au. The updated mineral resource includes oxide, sulphide, and mixed material.

Each deposit except the Amelia pads was defined by a series of mineralization wireframes based on a nominal 0.30 g/t Au assay grade cut-off, incorporating where possible the trend of the local geology and a revised interpretation of the local oxide boundaries. The mineral resource estimate involved three dimensional modeling methods and statistical and grade continuity analysis. Gemcom GEMS modeling software was used for the three dimensional block model and subsequent grade estimates. Grade capping of composite samples was used to restrict the influence of statistical outliers utilizing Inverse Distance Cubed ("ID3") interpolation of block grades. For each deposit except the Amelia pads, a two-pass ID3 linear weighting of capped composite grades was used for block estimation. Indicated resources were defined by blocks estimated during the first pass, and in general were located within 30 metres of two or more drill holes. All remaining blocks estimated during the second pass were classified as Inferred resources.

All mineral resources are based on a US\$1,300 per ounce gold price. With the exception of the Amelia pad material, the reported mineral resources are contained within optimized Lerchs-Grossmann pit shells, and are reported using a cut-off grade of 0.16 g/t Au for oxide material, 0.60 g/t Au for sulphide material and 0.25 g/t Au for mixed oxide and sulphide material. A cut-off grade of 0.20 g/t Au was used for the Amelia pad material.

The mineral resource estimate was completed by P&E of Brampton, Ontario, Canada. P&E prepared the mineral resource estimate for the Santa Gertrudis Property in accordance with the Canadian Securities Administrators (“CSA”) National Instrument 43-101 (“NI 43-101”) and mineral resources have been estimated using 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 CIM Council. An independent NI 43-101 PEA technical report including the updated Mineral Resource Estimate for the Santa Gertrudis Property will be filed on SEDAR within 45 days of this news release.

PEA Base Case Operating Highlights and Project Performance (US\$1,250 per ounce gold)

Financial Analysis	
Pre-tax	
IRR	79%
NPV @ 5%	US\$240 M
After-tax	
IRR	58%
NPV @ 5%	US\$150 M
Payback	1.7 Years

Capital Costs (US\$M)	
Pre-production (including 20% contingency)	32.1
Sustaining	15.6
Total (LOM)	47.7

Operating Costs (Average LOM)	US\$/tonne Feed	US\$/tonne Rock
Mining (\$/t)	10.04	1.54
Processing (\$/t processed)	3.54	
General and admin (\$/t processed)	0.71	
Total (\$/t processed)	14.29	

Unit Costs (Average LOM) US\$	
Direct Cash Operating Costs ¹ (\$/oz)	622
Total Cash Costs ² (\$/oz)	628
All-in Sustaining Cash Costs ³ (\$/oz)	699

1. Includes all mining costs, processing costs, on-site G&A

2. Includes all direct cash operating costs plus refining cost and royalties

3. Includes all total cash costs plus initial and sustaining capex

Operating Plan	
Pre-strip period (yrs)	1
Operating life (yrs)	12
Mining (days/yr)	360
Process (days/yr)	365

Mining	
Average mining rate (tpd)	46,000
Average annual mine production (Mt)	16.6
Total material mined (LOM Mt)	192.7
Overall average Strip ratio (W:O)	5.5:1

Processing	
Process rate (Mt/pta)	2.46
Average annual gold production (oz)	55,900
Total gold production (koz)	671,300
Metallurgical recovery (Avg LOM %)	73.3

Economic Sensitivities

Gold price sensitivity (after-tax US\$M)							
US\$/oz	1,000	1,150	1,200	1,250 ¹	1,300	1,350	1,500
NPV	74.3	120.5	135.4	150.4	165.3	180.2	224.9
IRR (%)	34	49.1	53.5	57.8	61.9	66	77.7
Payback (years)	2.6	1.8	1.8	1.7	1.7	1.6	1.6

1. Base Case

NPV sensitivity (after-tax US\$M)					
%	-20	-10	0 ¹	10	20
Capex (US\$)	157	153.7	150.4	147.1	143.8
Opex (US\$)	188.6	169.5	150.4	131.2	110.6

1. Base Case

IRR sensitivity (after-tax %)					
%	-20	-10	0 ¹	10	20
Capex	69.4	63.1	57.8	53.2	49.2
Opex	70.4	64.1	57.8	51.3	44.1

1. Base Case

Mining

The mining operation is planned to utilize conventional truck and shovel methods. Approximately 30 Mt of mineralized material would be mined from 27 individual open pits over the course of the estimated project life. No sulphide mining was considered in this PEA. Compared to the 35 deposits in the mineral resource estimate, in a few cases two deposits formed one pit when the pits were designed, and several small deposits did not contain enough gold to warrant a pit design. The open pits will be mined to deliver approximately 30 Mt of mineralized material to the process facility and 163 Mt of waste to storage facilities located near each pit over the mine life. The overall strip ratio for the project is 5.5:1 with mining being conducted 360 days/yr by a contractor-operated fleet at total material movement rates ranging from 31,000 to 55,000 tpd.

The contractor mining fleet will generally consist of CAT 992 type front-end loaders and 90 tonne haul trucks, along with support equipment such as drills, dozers, and graders. The waste stripped from the pits will be hauled to an adjacent waste dump a short distance from each pit. The heap leach feed material will be hauled to a

central leach pad facility, with haul distances ranging from 1 km to 15 km. In any given year, mining may be occurring in two to six different pits at the same time in order to better distribute waste over time and blend heap leach feed grades.

Processing

The Santa Gertrudis project is comprised of 35 discrete deposits; of which 13 have been subjected to preliminary metallurgical testing including bottle roll and column test work, and a few have been partially mined. Operating records for past operations are not available and recovery estimates are therefore based on the available test data.

The deposits are typically comprised primarily of oxide material with lesser amounts of mixed and some sulphide material. In portions of some deposits, there is an active carbonaceous component which is capable of adsorbing gold from solution. Sulphide material, representing a minor component of the mineralization, may be partially refractory to conventional processing. Oxide material leaches relatively rapidly with low reagent consumption and is fully amenable to heap leaching. Gold extraction under heap leach conditions is relatively insensitive to rock size and fine crushing is not required. Additionally, agglomeration of mineralized material is not beneficial based on the available testwork and is not included in the proposed flowsheet.

The metallurgical testwork (bottle roll and column tests) yielded a wide range of gold extractions for oxide material, although apparently insensitive to head grade. Gold extractions for oxide were typically between 75% and 90% and reagent consumptions were moderate. Recovery of gold from mixed material was typically lower and not well defined. For purposes of the PEA heap gold recoveries of 75% and 50% have been adopted for oxide and mixed material respectively and have been applied to all deposits.

The process design is based on the use of conventional heap leach technology with a production rate of 2.5 million tonnes/yr. Mined mineralization will be crushed in two stages and conveyed to the leach pad where it will be stacked in 6 metre or 8 metre lifts and irrigated with dilute cyanide solution. Leached gold will be adsorbed onto activated carbon in a carbon-in-column circuit. Gold will be eluted from the carbon, electrowon and smelted to produce doré on site.

Social Management

GoGold recently announced it has executed a land agreement to mine and explore on the Ejido property associated with the Santa Gertrudis Gold Mine in Mexico has been executed. The agreement allows GoGold to mine and explore the 2,006 hectares of land that is owned by the local Ejido for a period of ten years with an option to renew for a further five years. With the Company's intent to re-establish mining, this agreement will allow GoGold to fast track the Santa Gertrudis gold mine to production.

The compensation for the agreement is \$1,500,000 Mexican pesos (C\$123,450 at June 30, 2014 exchange rate) on signing and 500,000 Mexican pesos (C\$41,150 at June 30, 2014 exchange rate) paid each year on the anniversary date of the agreement. The old waste material from past production on the 2,006 hectares of land will remain with the Ejido.

About the Santa Gertrudis Mine

The Santa Gertrudis mine was discovered by Phelps Dodge in 1986 and advanced to open pit heap leach production in 1991. From May 1991 to October 2000, the Santa Gertrudis Gold Mine historic production was 564,000 ounces of gold with 75% recovery, required minimal crushing and had an average grade of 2.13 grams gold per tonne which is a relatively high grade for an open pit heap leach mine in Mexico. Phelps Dodge sold part of the Santa Gertrudis Gold Mine to Campbell Resources in 1994. Campbell Resources later ceased operations mid-mine life due to low gold prices (under \$300 per ounce) during the late 1990's.

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Factors that could cause actual results to differ materially from those in forward-looking information include market prices, mining and exploration results, continued availability of capital and financing and general economic, market or business conditions. GoGold does not assume any obligation to update such information, except as required by applicable law.

Mr. Terence F. Coughlan, P.Geo is the qualified person as defined by National Instrument 43-101 and has reviewed and is responsible for the preparation of this information. Mr. David Duncan, P.Geo is the qualified person as defined by National Instrument 43-101 and is responsible for the resource numbers presented in the Parral Tailings Project section of the site.